

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
 CHILDREN’S DENTAL SURGERY CENTER (CDSC)
 Advisory Committee Meeting
 Executive Conference Room
 Tuesday, April 25, 2017
 11:00 am**

AGENDA FOR PUBLIC SESSION

I. PUBLIC COMMENTS

“Comments can be made concerning any matter within the Partnership’s jurisdiction; but if the matter is not on the agenda, there will be no discussion of the issue. A person addressing the Partnership will be limited to 5 minutes.”

| | <u>ACTION</u> | <u>EXHIBIT</u> |
|---|----------------------|-----------------------|
| II. CALL TO ORDER | | |
| III. ROLL CALL | | |
| IV. APPROVAL OF AGENDA | * | |
| V. APPROVAL OF MINUTES | | |
| A. March 21, 2017 Meeting Minutes | * | 1 |
| VI. FINANCIAL REPORT | | |
| A. March 2017 Financials | * | 2 |
| B. 2016 Draft Audit Recommendation | * | 2a |
| VII. ADMINISTRATOR REPORT | | |
| VIII. OLD BUSINESS | | |
| IX. NEW BUSINESS | | |
| A. Policies & Procedures Recommendation | * | |
| B. Credentialing / Privileging Recommendation | * | |
| X. AGENDA FOR CLOSED SESSION | | |
| Closed Session Items Pursuant the Brown Act will be: | | |
| 1. Section 54954.5(h) Report Involving Trade Secrets – Regarding New Services. Estimated date of public disclosure will be in 2017 | | |
| 2. Section 54954.5 (c); 54956.9 Conference with Legal Counsel for Initiation of Litigation. | | |
| 3. Section 1461 of the Health and Safety Code – Quality Management. | | |
| 4. Section 54957 Personnel Actions. | | |
| XI. NEXT MEETING DATE | | |
| XII. ADJOURNMENT | | |

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
U.S. DENTAL SURGERY
d/b/a CHILDREN'S DENTAL SURGERY CENTER (CDSC)
Advisory Committee Meeting
Executive Conference Room
Tuesday, March 21, 2017
10:00 a.m.**

PUBLIC COMMENTS

None.

CALL TO ORDER

Edward Lujano, Bloss CEO, called the meeting to order at 9:58 am.

ROLL CALL

Present: Edward Lujano, Bloss CEO; Fily Cale, Executive Assistant;
Alfonse Peterson, Committee Member and Kory Billings, Board
Member

Others Present: Dawnita Castle, Interim CFO and David Thompson, CDSC
Administrator

Absent: Rosalie Heppner, Committee Member

APPROVAL OF AGENDA

**A motion was made / seconded, (Kory Billings / Alfonse Peterson) to approve the
March 21, 2017 agenda as presented. Motion carried.**

APPROVAL OF MINUTES

A. February 21, 2017 Meeting Minutes, Exhibit 1

**A motion was made / seconded, (Alfonse Peterson / Kory Billings) to approve and
accept the February 21, 2017 Meeting minutes with correction. Exhibit 1. Motion
carried.**

FINANCIAL REPORT

A. February 2017 Financials, Exhibit 2

Dawnita Castle reported that for February 2017, CDSC had a loss in the amount of \$2,143 and treated 222 patients. The total patient revenue collections was \$259,207.

A motion was made / seconded, (Kory Billings / Alfonse Peterson) to approve and accept the January 2017 Financial Report as presented, Exhibit 2. Motion carried.

ADMINISTRATOR REPORT, EXHIBIT 3

David Thompson reported that during the month of February 2017 staff had focused on preparing for the upcoming state survey that was held last week.

The same life safety surveyor that has been at CCDSC was also the same one that they had at CDSC. The documentation surveyor has been a surveyor for many years and completes an average of 40 annual surveys. The survey went very well and David Thompson does not anticipate a large plan of corrections for CDSC.

Prefilled syringes with succinylcholine are now available and this is saving \$600 to \$800 per month. This will be of significant saving over the course of the year.

David Thompson will be traveling to Sacramento today to follow up on the bill that will increase rates for the top 15 dental procedures to commercial rates. This would be a 70% increase should it happen.

OLD BUSINESS

None.

NEW BUSINESS

A. Policies & Procedures Recommendation, Exhibit 4

None.

B. Credentialing / Privileging Recommendation

None.

AGENDA FOR CLOSED SESSION

Edward Lujano stated that there will be discussion under Section 1461 Quality Management.

NEXT MEETING DATE

The next Governance Meeting will be held Tuesday, April 25, 2017 at 11:00 a.m.

ADJOURNMENT

As there was no further business, the meeting adjourned into closed session at 10:04 am.

The meeting reconvened into public session at 10:22 am. No action taken.

Respectfully Submitted,

Alfonse Peterson
Committee Member

Edward Lujano
Chief Executive Officer

**CHILDREN'S DENTAL SURGERY CENTER (CDSC)
Period Ended March 2017**

March Financial Statements:

Balance Sheet (**yellow**)

Detail Income Statement Prior Month Comparison (**blue**)

Profit & Loss YTD Income Statement (**lilac**)

Income Statement per Case Analyses (**white**)

April Check Detail (**goldenrod**)

A/R Aging (**white**)

A/R Activity Summary (**pink**)

Monthly Billing by Insurance (**green**)

RUN DATE: 04/19/17
 RUN TIME: 1353
 RUN USER: DAMEDA

Castle Family Health Centers GL **LIVE**

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CHILDRENS DENTAL SURGERY CENTER
 DETAIL BALANCE SHEET
 PRIOR MONTH COMPARISON
 MAR 2017

| | MAR 2017 | FEB 2017 | \$ CHANGE | % CHANGE |
|-------------------------------------|-----------|-----------|-----------|-----------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| CASH AND EQUIVALENTS | | | | |
| CDSC CASH - NEW GENERAL CHK | 103,978 | 194,341 | (90,363) | (46.50)% |
| CDSC CASH - GENERAL CHECKING | 173,252 | 38,793 | 134,459 | 346.61% |
| CDSC CASH - PETTY | 300 | 300 | 0 | 0.00% |
| CDSC CASH - CHANGE FUNDS | 100 | 100 | 0 | 0.00% |
| TOTAL CASH AND EQUIVALENTS | 277,630 | 233,534 | 44,097 | 18.88% |
| PATIENT ACCOUNTS RECEIVABLE | | | | |
| CDSC A/R OPENDENT | 1,226,213 | 1,259,223 | (33,011) | (2.62)% |
| TOTAL PATIENT ACCOUNTS RECEIVABLE | 1,226,213 | 1,259,223 | (33,011) | (2.62)% |
| ALLOWANCES | | | | |
| CDSC ALLOWANCE - OPENDENT | (827,828) | (827,405) | (423) | 0.05% |
| NET PATIENT ACCOUNTS RECEIVABLE | 398,385 | 431,819 | (33,434) | (7.74)% |
| OTHER RECEIVABLES | | | | |
| CDSC OTHER ACCOUNTS RECEIVABLE | 111 | 0 | 111 | |
| ALLOWANCES FOR OTHER RECEIVABLES | | | | |
| NET OTHER ACCOUNTS RECEIVABLE | 111 | 0 | 111 | |
| INVENTORY | | | | |
| CDSC INVENTORY | 58,237 | 56,930 | 1,307 | 2.30% |
| CDSC TAX ON INVENTORY ITMES | (2,899) | (3,378) | 479 | (14.19)% |
| TOTAL INVENTORY | 55,338 | 53,551 | 1,786 | 3.34% |
| PREPAID EXPENSES AND DEPOSITS | | | | |
| CDSC PREAPIED INS | 3,000 | 3,000 | 0 | 0.00% |
| CDSC PREPAID RENT | 60,457 | 60,457 | 0 | 0.00% |
| CDSC PREPAID EXPENSE - MANUAL | 8,855 | 9,790 | (935) | (9.55)% |
| CDSC PREPAID EXPENSE-SYSTEM | 0 | 58 | (58) | (100.00)% |
| TOTAL PREPAID EXPENSES AND DEPOSITS | 72,312 | 73,304 | (993) | (1.35)% |
| TOTAL CURRENT ASSETS | 803,776 | 792,208 | 11,568 | 1.46% |

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Castle Family Health Centers GL **LIVE**

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CHILDRENS DENTAL SURGERY CENTER
 DETAIL BALANCE SHEET
 PRIOR MONTH COMPARISON
 MAR 2017

| | MAR 2017 | FEB 2017 | \$ CHANGE | % CHANGE |
|------------------------------------|-----------|-----------|-----------|-----------|
| NON-CURRENT ASSETS | | | | |
| PROPERTY, PLANT, AND EQUIPMENT | | | | |
| CDSC EQUIPMENT - FIXED | 88,850 | 88,850 | 0 | 0.00% |
| CDSC LEASEHOLD IMPROVEMENTS | 96,752 | 94,666 | 2,086 | 2.20% |
| CDSC EQUIPMENT - MAJOR MOVABLE | 327,951 | 327,951 | 0 | 0.00% |
| CDSC EQUIPMENT - MINOR | 78,629 | 78,629 | 0 | 0.00% |
| TOTAL PROPERTY PLANT AND EQUIPMENT | 592,182 | 590,096 | 2,086 | 0.35% |
| ACCUMULATED DEPRECIATION | | | | |
| CDSC ACCUM DEPREC BLDG IMPROV | (38,694) | (38,115) | (579) | 1.52% |
| CDSC ACCUM DEPREC - FIXED EQUI | (61,363) | (61,024) | (338) | 0.55% |
| CDSC ACCUM DEPEREC - MINOR | (60,299) | (59,566) | (734) | 1.23% |
| CDSC ACCUM DEPREC MAJOR EQP | (286,063) | (284,048) | (2,015) | 0.71% |
| TOTAL ACCUMULATED DEPRECIATION | (446,419) | (442,753) | (3,666) | 0.83% |
| NET PROPERTY, PLANT, AND EQUIPMENT | 145,764 | 147,343 | (1,579) | (1.07)% |
| ASSETS LIMITED AS TO USE | | | | |
| OTHER ASSETS | | | | |
| TOTAL ASSETS LIMITED AS TO USE | 145,764 | 147,343 | (1,579) | (1.07)% |
| TOTAL ASSETS | 949,540 | 939,551 | 9,989 | 1.06% |
| LIABILITIES AND FUND BALANCES | | | | |
| CURRENT LIABILITIES | | | | |
| ACCOUNTS PAYABLE | | | | |
| CDSC ACCOUNTS PAYABLE VENDORS | 45,609 | 44,718 | (892) | 1.99% |
| CDSC AP ACCRUALS | 24,146 | 312 | (23,834) | 7,642.07% |
| CDSC OTHER ACCOUNTS PAYABLE | 32,352 | 28,430 | (3,922) | 13.79% |
| CDSC BLOSS PAYABLE | 3,145,990 | 3,142,068 | (3,923) | 0.12% |

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CHILDRENS DENTAL SURGERY CENTER
 DETAIL BALANCE SHEET
 PRIOR MONTH COMPARISON
 MAR 2017

| | MAR 2017 | FEB 2017 | \$ CHANGE | % CHANGE |
|-------------------------------|-------------|-------------|-----------|----------|
| TOTAL ACCOUNTS PAYABLE | 3,248,097 | 3,215,527 | (32,570) | 1.01% |
| ACCRUED PAYROLL | | | | |
| CDSC ACCRUED SALARY AND WAGES | 39,280 | 33,421 | (5,859) | 17.53% |
| CDSC ACCRUED VACATION | 13,402 | 11,415 | (1,987) | 17.41% |
| TOTAL ACCRUED PAYROLL | 52,682 | 44,836 | (7,846) | 17.50% |
| OTHER CURRENT LIABILITIES | | | | |
| INTERCORPORATE TRANSFERS | | | | |
| TOTAL CURRENT LIABILITIES | 3,300,779 | 3,260,363 | (40,416) | 1.24% |
| LONG TERM LIABILITIES | | | | |
| TOTAL LIABILITIES | 3,300,779 | 3,260,363 | (40,416) | 1.24% |
| EQUITY | | | | |
| CAPITAL - CDSC BLOSS | (1,504,059) | (1,504,059) | 0 | 0.00% |
| CAPTIAL - CDSC US DENTAL | (809,878) | (809,878) | 0 | 0.00% |
| CURRENT YR NET INCOME (LOSS) | (37,302) | (6,875) | 30,427 | 442.61% |
| TOTAL EQUITY | (2,351,239) | (2,320,812) | 30,427 | 1.31% |
| TOTAL LIABILITIES AND EQUITY | 949,540 | 939,551 | (9,989) | 1.06% |

CHILDRENS DENTAL SURGERY CENTER
 SUMMARY INCOME STATEMENT
 PRIOR YEAR COMPARISON
 MAR 2017

| | MAR 2017 ACTUAL | MAR 2016 ACTUAL | \$ VARIANCE | % VARIANCE | MAR 2017 YTD ACTUAL | MAR 2016 YTD ACTUAL | \$ VARIANCE | % VARIANCE |
|-------------------------------|--------------------|--------------------|-------------|------------|------------------------|------------------------|--------------|------------|
| PATIENT SERVICES REVENUE | 350,565.91 | 413,971.15 | (63,405.24) | 15.32% | 1,000,905.61 | 1,102,811.25 | (101,905.64) | (9.24)% |
| SELF PAY / OTHER | 350,565.91 | 413,971.15 | (63,405.24) | 15.32% | 1,000,905.61 | 1,102,811.25 | (101,905.64) | (9.24)% |
| TOTAL PATIENT REVENUE | 17,528.30 | 20,698.56 | 3,170.26 | 15.32% | 50,045.28 | 95,618.94 | 45,573.66 | 47.66% |
| DEDUCTIONS FROM REVENUE | 17,528.30 | 20,698.56 | 3,170.26 | 15.32% | 50,045.28 | 95,618.94 | 45,573.66 | 47.66% |
| DENTAL SURGERY RD | 333,037.61 | 393,272.59 | (60,234.98) | 15.32% | 950,860.33 | 1,007,192.31 | (56,331.98) | (5.59)% |
| TOTAL DEDUCTIONS FROM REVENUE | 5.89 | 3.24 | 2.65 | (81.79)% | (163.53) | 18.89 | (182.42) | (965.70)% |
| NET PATIENT REVENUE | 333,043.50 | 393,275.83 | (60,232.33) | 15.32% | 950,696.80 | 1,007,211.20 | (56,514.40) | (5.61)% |
| OTHER REVENUE | | | | | | | | |
| TOTAL OPERATING REVENUE | 73,648.53 | 64,944.50 | (8,704.03) | (13.40)% | 205,109.95 | 178,069.97 | (27,039.98) | (15.19)% |
| OPERATING EXPENSES | 11,372.18 | 8,654.31 | (2,717.87) | (31.40)% | 31,492.14 | 25,403.07 | (6,089.07) | (23.97)% |
| SALARIES AND WAGES | 141,531.74 | 156,527.11 | 14,995.37 | 9.58% | 407,787.33 | 414,365.70 | 6,578.37 | 1.59% |
| EMPLOYEE BENEFITS | 50,883.50 | 52,912.39 | 2,028.89 | 3.83% | 115,114.52 | 125,549.97 | 10,435.45 | 8.31% |
| PROFESSIONAL FEES | 38,739.25 | 26,455.05 | (12,284.20) | (46.43)% | 86,969.10 | 73,068.99 | (13,900.11) | (19.02)% |
| SUPPLIES | 3,665.69 | 4,046.55 | 380.86 | 9.41% | 10,996.84 | 11,975.33 | 978.49 | 8.17% |
| PURCHASED SERVICES | 31,386.96 | 30,125.00 | (1,261.96) | (4.19)% | 93,514.96 | 90,555.00 | (2,959.96) | (3.27)% |
| DEPRECIATION | 3,891.16 | 4,645.01 | 753.85 | 16.23% | 13,639.42 | 10,612.28 | (3,027.14) | (28.52)% |
| RENTS AND LEASES | 1,706.04 | 1,658.44 | (47.60) | (2.87)% | 5,125.82 | 5,275.98 | 155.16 | 2.94% |
| UTILITIES | 6,645.46 | 8,790.80 | 2,145.34 | 24.40% | 18,253.22 | 25,018.11 | 6,764.89 | 27.04% |
| INSURANCE | | | | | | | | |
| OTHER EXPENSES | 363,470.51 | 358,759.16 | (4,711.35) | (1.31)% | 987,998.30 | 959,894.40 | (28,103.90) | (2.93)% |
| TOTAL OPERATING EXPENSE | (30,427.01) | 34,516.67 | (64,943.68) | 188.15% | (37,301.50) | 47,316.80 | (84,618.30) | (178.83)% |
| NET INCOME FROM OPERATIONS | | | 0.00 | 0.00% | | | 0.00 | 0.00% |
| NON-OPERATING EXPENSE | | | 0.00 | 0.00% | | | 0.00 | 0.00% |
| NET NON-OPERATING INCOME | | | | | | | | |
| NET INCOME | (30,427.01) | 34,516.67 | (64,943.68) | 188.15% | (37,301.50) | 47,316.80 | (84,618.30) | (178.83)% |

** STATISTICS **

CHILDRENS DENTAL SURGERY CENTER
 DETAIL INCOME STATEMENT
 PRIOR MONTH COMPARISON
 MAR 2017

| | MAR 2017 ACTUAL | FEB 2017 ACTUAL | \$ VARIANCE | % VARIANCE |
|-------------------------------|-----------------------|-----------------------|----------------------|---------------------|
| REVENUES | | | | |
| OTHER / OP | 350,566 | 329,442 | 21,124 | 6.41% |
| TOTAL PATIENT REVENUE | <u>350,566</u> | <u>329,442</u> | <u>21,124</u> | <u>6.41%</u> |
| DEDUCTIONS FROM REVENUES | | | | |
| DENTAL SURGERY REV DED | 17,528 | 16,472 | (1,056) | (6.41)% |
| TOTAL DEDUCTIONS FROM REVENUE | <u>17,528</u> | <u>16,472</u> | <u>(1,056)</u> | <u>(6.41)%</u> |
| NET PATIENT REVENUE | <u>333,038</u> | <u>312,970</u> | <u>20,067</u> | <u>6.41%</u> |
| OTHER OPERATING REVENUE | | | | |
| CDSC A/P DISCOUNTS TAKEN | 6 | 85 | (79) | (93.45)% |
| TOTAL OTHER OPERATING REVENUE | <u>6</u> | <u>85</u> | <u>(79)</u> | <u>(93.03)%</u> |
| TOTAL NET OPERATING REVENUE | <u><u>333,044</u></u> | <u><u>313,055</u></u> | <u><u>19,989</u></u> | <u><u>6.39%</u></u> |
| EXPENSES | | | | |
| SALARIES | | | | |
| MANAGEMENT AND SUPERVISION | 10,872 | 3,559 | (7,313) | (205.45)% |
| TECHNICAL AND SPECIALIST | 4,278 | 4,108 | (170) | (4.14)% |
| REGISTERED NURSE | 21,975 | 24,793 | 2,819 | 11.37% |
| LISCENSED VOCATIONAL NURSE | 7,947 | 6,703 | (1,245) | (18.57)% |
| MEDICAL ASSISTANTS | 14,821 | 14,457 | (364) | (2.52)% |
| CLERICAL | 13,755 | 12,621 | (1,134) | (8.98)% |
| TOTAL SALARIES | <u>73,649</u> | <u>66,242</u> | <u>(7,407)</u> | <u>(11.18)%</u> |
| BENEFITS | | | | |
| FICA | 5,390 | 4,958 | (433) | (8.72)% |
| HEALTH INSURANCE | 4,584 | 4,354 | (230) | (5.28)% |
| WORKERS COMPENSATION | 1,398 | 1,398 | 0 | 0.00% |
| TOTAL BENEFITS | <u>11,372</u> | <u>10,710</u> | <u>(662)</u> | <u>(6.19)%</u> |
| TOTAL SALARIES AND BENEFITS | <u>85,021</u> | <u>76,952</u> | <u>(8,069)</u> | <u>(10.49)%</u> |
| PROFESSIONAL FEES | | | | |

RUN DATE: 04/19/17
 RUN TIME: 1353
 RUN USER: DAMEDA

Castle Family Health Centers GL **LIVE**

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CHILDRENS DENTAL SURGERY CENTER
 DETAIL INCOME STATEMENT
 PRIOR MONTH COMPARISON
 MAR 2017

| | MAR 2017 ACTUAL | FEB 2017 ACTUAL | \$ VARIANCE | % VARIANCE |
|---------------------------------|--------------------|--------------------|-----------------|-----------------|
| CONSULTING & MANAGEMENT | 13,806 | 13,728 | (78) | (0.57)% |
| LEGAL | 0 | 38 | 38 | 100.00% |
| ACCOUNTING / AUDIT | 850 | 850 | 0 | 0.00% |
| OTHER CONTRACTED SERVICE | 10,266 | 8,179 | (2,087) | (25.51)% |
| ANESTHESIOLOGIST | 57,140 | 55,470 | (1,670) | (3.01)% |
| DENTIST | 59,470 | 56,377 | (3,093) | (5.49)% |
| TOTAL PROFESSIONAL FEES | 141,532 | 134,642 | (6,889) | (5.12)% |
| SUPPLIES | | | | |
| DENTAL SUPPLIES | 26,732 | 5,672 | (21,060) | (371.31)% |
| PHARMACEUTICALS | 3,794 | 3,839 | 44 | 1.15% |
| OTHER MEDICAL SUPPLIES | 14,163 | 14,133 | (30) | (0.21)% |
| FOOD | 160 | 86 | (74) | (85.34)% |
| LINEN | 3,457 | 3,188 | (269) | (8.44)% |
| OFFICE SUPPLIES | 1,851 | 1,160 | (691) | (59.59)% |
| INSTRUMENTS & MINOR EQUIPMENT | 0 | 188 | 188 | 100.00% |
| OTHER MINOR EQUIPMENT | 121 | 1,100 | 979 | 88.99% |
| OTHER NON-MEDICAL SUPPLIES | 253 | 438 | 185 | 42.20% |
| INVENTORY ADJUSTMENTS | 24 | (226) | (249) | 110.47% |
| FREIGHT ON PURCHASES | 264 | 141 | (123) | (86.95)% |
| GROSS VARIANCE | 1 | 0 | (1) | |
| SALES TAX AND VARIANCE | 64 | 386 | 322 | 83.36% |
| TOTAL SUPPLIES | 50,884 | 30,105 | (20,779) | (69.02)% |
| PURCHASED SERVICES | | | | |
| REPAIRS AND MAINTENANCE | 8,872 | 3,648 | (5,225) | (143.22)% |
| MANAGEMENT SERVICES | 200 | 200 | 0 | 0.00% |
| OTHER PURCHASED SERVICES | 29,667 | 21,064 | (8,603) | (40.84)% |
| TOTAL PURCHASED SERVICES | 38,739 | 24,912 | (13,828) | (55.51)% |
| DEPRECIATION | | | | |
| DEPREC-LEASEHOLD IMPROVEMENTS | 579 | 579 | 0 | (0.01)% |
| DEPREC-EQUIPMENT | 3,087 | 3,087 | 0 | (0.01)% |
| TOTAL DEPRECIATION | 3,666 | 3,666 | 0 | (0.01)% |
| RENTS AND LEASES | | | | |
| RENTAL - BUILDING | 31,064 | 31,064 | 0 | 0.00% |
| RENTAL - EQUIPMENT | 323 | 0 | (323) | |
| TOTAL RENTS AND LEASES | 31,387 | 31,064 | (323) | (1.04)% |
| UTILITIES | | | | |

RUN DATE: 04/19/17
 RUN TIME: 1353
 RUN USER: DAMEDA

Castle Family Health Centers GL **LIVE**

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CHILDRENS DENTAL SURGERY CENTER
 DETAIL INCOME STATEMENT
 PRIOR MONTH COMPARISON
 MAR 2017

| | MAR 2017 ACTUAL | FEB 2017 ACTUAL | \$ VARIANCE | % VARIANCE |
|-------------------------------|--------------------|--------------------|-----------------|-----------------|
| ELECTRICITY | 2,669 | 2,526 | (143) | (5.68)% |
| NATURAL GAS | 767 | 901 | 133 | 14.80% |
| UTILITIES - OTHER | 455 | 2,680 | 2,225 | 83.03% |
| TOTAL UTILITIES | <u>3,891</u> | <u>6,107</u> | <u>2,215</u> | <u>36.28%</u> |
| OTHER OPERATING EXPENSES | | | | |
| MALPRACTICE INSURANCE | 1,402 | 1,402 | 0 | 0.00% |
| INSURANCE | 304 | 306 | 3 | 0.82% |
| TAX AND LICENSE | 2,854 | 2,690 | (164) | (6.09)% |
| OTHER UNASSIGEND COSTS | 587 | 330 | (257) | (78.00)% |
| TELEPHONE | 921 | 1,000 | 80 | 7.96% |
| SUBSCRIPTIONS & DUES | 775 | 0 | (775) | |
| TRAINING | 0 | 765 | 765 | 100.00% |
| TRAVEL | 708 | 394 | (315) | (79.87)% |
| ADVERTISING | 325 | 381 | 56 | 14.69% |
| OTHER EXPENSES | 476 | 483 | 7 | 1.50% |
| TOTAL OTHER OPERATING EXPENSE | <u>8,352</u> | <u>7,752</u> | <u>(600)</u> | <u>(7.74)%</u> |
| TOTAL OPERATING EXPENSE | <u>363,471</u> | <u>315,198</u> | <u>(48,272)</u> | <u>(15.31)%</u> |
| NET INCOME FROM OPERATIONS | (30,427) | (2,143) | (28,284) | 1,319.55% |
| NET INCOME | (30,427) | (2,143) | (28,284) | 1,319.55% |
| ** STATISTICS ** | | | | |
| VISITS | 235 | 222 | (13) | (5.86)% |

BLOSS MEMORIAL HEALTHCARE DISTRICT

Month of March 2017

| | <u>INCOME STATEMENT</u> | <u>\$ PER CASE</u> |
|-----------------------------|-------------------------|--------------------|
| | CDSC | CDSC |
| NUMBER OF CASES | <u>235</u> | <u>235</u> |
| NET PATIENT REVENUE | 333,038 | 1,417 |
| OTHER REVENUE | <u>6</u> | <u>0</u> |
| TOTAL NET OPERATING REVENUE | <u>333,044</u> | <u>1,417</u> |
| OPERATING EXPENSES | | |
| SALARIES AND WAGES | 73,649 | 313 |
| EMPLOYEE BENEFITS | 11,372 | 48 |
| PROFESSIONAL FEES | 141,532 | 602 |
| SUPPLIES | 50,884 | 217 |
| PURCHASED SERVICES | 38,739 | 165 |
| DEPRECIATION | 3,666 | 16 |
| RENT | 31,387 | 134 |
| UTILITIES | 3,891 | 17 |
| INSURANCE | 1,706 | 7 |
| OTHER EXPENSES | <u>6,645</u> | <u>28</u> |
| TOTAL OPERATING EXPENSE | <u>363,471</u> | <u>1,547</u> |
| NET INCOME FROM OPERATIONS | (30,427) | (129) |
| NON-OPERATING REVENUE | <u>0</u> | <u>0</u> |
| NET INCOME | <u>(30,427)</u> | <u>(129)</u> |

**Children's Dental Surgery Center
March-17**

Auto Debits - Old Account

| | |
|--------------------|--------|
| Bank Fees | 516.59 |
| Returned NSF Check | 0.00 |

| | |
|--------------------|----------------------|
| Grand Total | <u>516.59</u> |
|--------------------|----------------------|

Children's Dental Surgery Center

Auto Debits - New Account

| | |
|----------------------------------|----------|
| Bank Fees | 69.95 |
| The Hartford - Automatic Payment | 176.00 |
| Midwest Insurance | 1,398.00 |

| | |
|--------------------|------------------------|
| Grand Total | <u>1,643.95</u> |
|--------------------|------------------------|

RUN DATE: 04/03/17
 RUN TIME: 1001
 RUN USER: COOKS

Castle Family Health Centers AP **LIVE**
 CHECK REGISTER BY DATE

CDSC
 FROM 03/01/17 TO END

| DATE | CHECK NUM | VENDOR NUM | VENDOR NAME | STATUS | STATUS DATE | AMOUNT | |
|---------------------|-----------|------------|-------------------------------------|--------|-------------|--------------------|----------------------|
| | | | | | | ISSUED/ CLEARED | VOIDED/ UNCLAIMED |
| 03/09/17 | 005334 | C0029 | A SIMPLE SOLUTION INC. | ISSUED | 03/09/17 | 368.10 | |
| 03/09/17 | 005335 | C0089 | ACCREDITATION ASSOCIATION FOR | ISSUED | 03/09/17 | 12310.00 | |
| 03/09/17 | 005336 | C0016 | AIRGAS USA, LLC | ISSUED | 03/09/17 | 840.78 | |
| 03/09/17 | 005337 | C0020 | ALSCO | ISSUED | 03/09/17 | 1593.84 | |
| 03/09/17 | 005338 | C0066 | CHARLIE'S DAY & NITE | ISSUED | 03/09/17 | 1503.61 | |
| 03/09/17 | 005339 | C0040 | DENOVO | ISSUED | 03/09/17 | 130.94 | |
| 03/09/17 | 005340 | C0063 | FEDEX | ISSUED | 03/09/17 | 11.35 | |
| 03/09/17 | 005341 | C0005 | HENRY SCHEIN DENTAL (1542017) | ISSUED | 03/09/17 | 458.71 | |
| 03/09/17 | 005342 | C0049 | OVERNIGHT HANDPIECE REPAIR | ISSUED | 03/09/17 | 939.00 | |
| 03/09/17 | 005343 | C0003 | MCKESSON MEDICAL SURGICAL(54363856) | ISSUED | 03/09/17 | 4180.71 | |
| 03/09/17 | 005344 | C0037 | NUSMILE PEDIATRIC CROWNS (CDSC) | ISSUED | 03/09/17 | 712.10 | |
| 03/09/17 | 005345 | C0013 | OFFICE DEPOT | ISSUED | 03/09/17 | 356.84 | |
| 03/09/17 | 005346 | C0071 | OFFICETEAM | ISSUED | 03/09/17 | 1800.29 | |
| 03/09/17 | 005347 | C0017 | SOMTHIN' FISHY | ISSUED | 03/09/17 | 90.00 | |
| 03/09/17 | 005348 | C0028 | TELEPACIFIC COMMUNICATIONS | ISSUED | 03/09/17 | 427.25 | |
| 03/15/17 | 005349 | C0030 | BLOSS MEMORIAL HEALTHCARE DISTRICT | ISSUED | 03/15/17 | 197660.34 | |
| 03/15/17 | 005350 | C0016 | AIRGAS USA, LLC | ISSUED | 03/15/17 | 567.86 | |
| 03/15/17 | 005351 | C0055 | ISING'S CULLIGAN/SAN JOAQUIN | ISSUED | 03/15/17 | 37.00 | |
| 03/15/17 | 005352 | C0063 | FEDEX | ISSUED | 03/15/17 | 11.38 | |
| 03/15/17 | 005353 | C0059 | HENRY SCHEIN MEDICAL (02696956) | ISSUED | 03/15/17 | 4770.64 | |
| 03/15/17 | 005354 | C0039 | HcBIntel | ISSUED | 03/15/17 | 12960.36 | |
| 03/15/17 | 005355 | C0003 | MCKESSON MEDICAL SURGICAL(54363856) | ISSUED | 03/15/17 | 321.10 | |
| 03/15/17 | 005356 | C0013 | OFFICE DEPOT | ISSUED | 03/15/17 | 269.39 | |
| 03/15/17 | 005357 | C0087 | SORAYA VELASQUEZ - PETTY CASH | ISSUED | 03/15/17 | 87.81 | |
| 03/21/17 | 005358 | | | VOIDED | 03/21/17 | | |
| COMMENT: FOR DENTAL | | | | | | | |
| 03/21/17 | 005359 | C0016 | AIRGAS USA, LLC | ISSUED | 03/21/17 | 1217.47 | |
| 03/21/17 | 005360 | C0020 | ALSCO | ISSUED | 03/21/17 | 1593.84 | |
| 03/21/17 | 005361 | C0030 | BLOSS MEMORIAL HEALTHCARE DISTRICT | ISSUED | 03/21/17 | 48268.82 | |
| 03/21/17 | 005362 | C0034 | DENNEHY DENTAL SUPPLY | ISSUED | 03/21/17 | 183.75 | |
| 03/21/17 | 005363 | C0051 | FIRST INSURANCE FUNDING CORP. | ISSUED | 03/21/17 | 1402.20 | |
| 03/21/17 | 005364 | C0005 | HENRY SCHEIN DENTAL (1542017) | ISSUED | 03/21/17 | 9464.00 | |
| 03/21/17 | 005365 | C0044 | JIVE COMMUNICATIONS INC | ISSUED | 03/21/17 | 462.60 | |
| 03/21/17 | 005366 | C0071 | OFFICETEAM | ISSUED | 03/21/17 | 2238.58 | |
| 03/21/17 | 005367 | C0025 | OPEN DENTAL SOFTWARE | ISSUED | 03/21/17 | 99.00 | |
| 03/21/17 | 005368 | C0032 | PURCHASE POWER | ISSUED | 03/21/17 | 115.25 | |
| 03/21/17 | 005369 | C0012 | VALLEY YELLOW PAGES | ISSUED | 03/21/17 | 300.11 | |
| 03/21/17 | 005370 | C0014 | VANGUARD CLEANING SYSTEMS | ISSUED | 03/21/17 | 1095.00 | |
| 03/27/17 | 005371 | C0067 | ABM BUILDING SOLUTIONS, LLC | ISSUED | 03/27/17 | 457.00 | |
| 03/27/17 | 005372 | C0016 | AIRGAS USA, LLC | ISSUED | 03/27/17 | 452.84 | |
| 03/27/17 | 005373 | C0015 | COMCAST (8155 60 067 0975070) | ISSUED | 03/27/17 | 139.73 | |
| 03/27/17 | 005374 | C0040 | DENOVO | ISSUED | 03/27/17 | 2733.90 | |
| 03/27/17 | 005375 | C0059 | HENRY SCHEIN MEDICAL (02696956) | ISSUED | 03/27/17 | 1126.50 | |
| 03/27/17 | 005376 | C0049 | OVERNIGHT HANDPIECE REPAIR | ISSUED | 03/27/17 | 1065.00 | |
| 03/27/17 | 005377 | C0003 | MCKESSON MEDICAL SURGICAL(54363856) | ISSUED | 03/27/17 | 1075.92 | |
| 03/27/17 | 005378 | C0013 | OFFICE DEPOT | ISSUED | 03/27/17 | 794.94 | |
| 03/27/17 | 005379 | C0071 | OFFICETEAM | ISSUED | 03/27/17 | 1269.67 | |

RUN DATE: 04/03/17
RUN TIME: 1001
RUN USER: COOKS

Castle Family Health Centers AP **LIVE**
CHECK REGISTER BY DATE

PAGE 2

CDSC
FROM 03/01/17 TO END

| DATE | CHECK NUM | VENDOR NUM | VENDOR NAME | STATUS | STATUS DATE | AMOUNT | |
|-----------------|-----------|------------|-------------------------------|--------|-------------|--------------------|----------------------|
| | | | | | | ISSUED/ CLEARED | VOIDED/ UNCLAIMED |
| 03/27/17 | 005380 | C0022 | PGE (1178141465-8) | ISSUED | 03/27/17 | 3436.30 | |
| 03/27/17 | 005381 | C0011 | SHRED-IT USA LLC, | ISSUED | 03/27/17 | 20.00 | |
| 03/27/17 | 005382 | C0017 | SOMTHIN' FISHY | ISSUED | 03/27/17 | 90.00 | |
| 03/27/17 | 005383 | C0087 | SORAYA VELASQUEZ - PETTY CASH | ISSUED | 03/27/17 | 76.00 | |
| TOTAL \$ | | | | | | 321587.82 | |

RUN DATE: 04/03/17
RUN TIME: 1001
RUN USER: COOKS

Castle Family Health Centers AP **LIVE**
CHECK REGISTER BY DATE

OLDCDSC
FROM 03/01/17 TO END

| DATE | CHECK NUM | VENDOR NUM | VENDOR NAME | STATUS | STATUS DATE | AMOUNT | |
|----------|-----------|------------|----------------|--------|-------------|--------------------|----------------------|
| | | | | | | ISSUED/ CLEARED | VOIDED/ UNCLAIMED |
| 03/15/17 | 001541 | CBLOS | BLOSS/USDENTAL | ISSUED | 03/15/17 | 150000.00 | |
| TOTAL \$ | | | | | | 150000.00 | |

CHILDREN'S DENTAL SURGERY CENTER
 ACCOUNTS RECEIVABLE AGING SCHEDULE
 EXCLUDES OUTSIDE COLLECTIONS ACCOUNTS
 12 MONTH SUMMARY

| | TOTAL | 0 - 30 | 31 - 60 | 61 - 90 | 90 + | % < 60 DAYS |
|------------|-----------|---------|---------|---------|---------|-------------|
| Apr-16 | 1,350,192 | 297,039 | 105,097 | 38,675 | 909,381 | 29.78% |
| May-16 | 1,182,011 | 209,957 | 22,461 | 19,566 | 930,027 | 19.66% |
| Jun-16 | 1,167,290 | 195,664 | 35,291 | 7,427 | 928,908 | 19.79% |
| Jul-16 | 1,205,837 | 210,806 | 56,960 | 15,517 | 922,554 | 22.21% |
| Aug-16 | 1,254,267 | 292,326 | 28,788 | 13,535 | 919,618 | 25.60% |
| Sep-16 | 1,218,207 | 234,017 | 59,155 | 8,569 | 916,466 | 24.07% |
| Oct-16 | 1,192,054 | 216,116 | 39,213 | 6,248 | 930,477 | 21.42% |
| Nov-16 | 1,293,461 | 326,384 | 32,464 | 24,918 | 909,694 | 27.74% |
| Dec-16 | 1,134,114 | 129,521 | 93,250 | 20,695 | 890,648 | 19.64% |
| Jan-17 | 1,204,616 | 223,549 | 50,966 | 44,158 | 885,943 | 22.79% |
| Feb-17 | 1,259,223 | 269,682 | 57,752 | 32,399 | 899,391 | 26.00% |
| Mar-17 | 1,226,213 | 236,682 | 61,627 | 32,487 | 895,418 | 24.33% |
| % OF TOTAL | | 19.30% | 5.03% | 2.65% | 73.02% | |

CHILDRENS DENTAL SURGERY CENTER
 12 MONTH SUMMARY
 SUMMARY A/R ACTIVITY REPORT

| | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17 | Feb-17 Mar-17 CHANGE |
|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------------------|
| BEG BALANCE | 1,418,353 | 1,350,192 | 1,182,011 | 1,167,290 | 1,205,837 | 1,254,267 | 1,218,207 | 1,192,054 | 1,293,461 | 1,134,114 | 1,204,616 | 1,259,223 | |
| CHARGES | 308,673 | 354,508 | 412,569 | 255,987 | 359,115 | 309,618 | 334,488 | 386,882 | 238,111 | 320,897 | 329,442 | 350,566 | 21,124 |
| PAYMENTS LESS REFUN | (354,734) | (500,962) | (407,591) | (202,030) | (296,040) | (332,807) | (348,017) | (266,145) | (387,215) | (233,673) | (259,207) | (366,471) | 107,264 |
| ADJUSTMENTS | (22,099) | (21,727) | (19,699) | (15,410) | (14,645) | (12,871) | (12,624) | (19,331) | (10,243) | (16,722) | (15,627) | (17,105) | 1,478 |
| NET IN(DE)CREASE | (68,161) | (168,181) | (14,722) | 38,547 | 48,430 | (36,061) | (26,153) | 101,407 | (159,347) | 70,502 | 54,608 | (33,010) | |
| END BALANCE | 1,350,192 | 1,182,011 | 1,167,290 | 1,205,837 | 1,254,267 | 1,218,207 | 1,192,054 | 1,293,461 | 1,134,114 | 1,204,616 | 1,259,223 | 1,226,213 | (33,010) |
| COLLECTION % * | 94.14% | 95.84% | 95.39% | 92.91% | 95.29% | 96.28% | 96.50% | 93.23% | 97.42% | 93.32% | 94.31% | 95.54% | 1.23 |
| ADJUSTMENT % | 5.86% | 4.16% | 4.61% | 7.09% | 4.71% | 3.72% | 3.50% | 6.77% | 2.58% | 6.68% | 5.69% | 4.46% | -1.23 |
| DAYS IN A/R *** | 107.29 | 100.96 | 98.74 | 108.44 | 112.29 | 121.20 | 109.32 | 114.17 | 108.74 | 117.16 | 127.56 | 110.26 | -17.30 |

*COLLECTION % = PAYMENTS DIVIDED BY TOTAL PAYMENTS & ADJUSTMENTS.
 *** 3 MONTH ROLLING AVERAGE CHARGES / LAST 3 MONTHS # WORKDAYS

| | NET | GROSS |
|--------------------------------------|----------------------|------------------------|
| Anesthesia | | |
| FLAT | 291.35 | 500.00 |
| *Denti-Cal | 32,005.95 | 163,050.00 |
| Delta Dental of California | 900.00 | 900.00 |
| North East Delta Dental | 750.00 | 750.00 |
| | <u>\$ 33,947.30</u> | <u>\$ 165,200.00</u> |
| Dental Common | | |
| FLAT | 7,260.00 | 7,314.00 |
| *Denti-Cal | 220,412.00 | 427,323.00 |
| Cypress Ancillary Benefits | 760.00 | 760.00 |
| Delta Dental of California | 4,757.00 | 4,757.00 |
| Humana Dental | 2,330.00 | 2,330.00 |
| North East Delta Dental | 1,620.00 | 1,620.00 |
| Premier Access Insurance | 1,210.00 | 1,210.00 |
| | <u>\$ 238,349.00</u> | <u>\$ 445,314.00</u> |
| Facility Fees | | |
| FLAT | 1,100.00 | 1,100.00 |
| *California Health and Wellness | 5,077.58 | 74,340.00 |
| ACS Medi-cal | 278.02 | 4,230.00 |
| Anthem Blue Cross | 2,435.00 | 2,435.00 |
| Anthem Blue Cross Medi-cal | 3,844.13 | 43,650.00 |
| Contra Costa Health Plan | 288.41 | 4,230.00 |
| Health Net Medi-cal | 834.06 | 12,690.00 |
| HPSJ Medi-cal | 55,575.00 | 354,825.00 |
| O/P Medi-cal | 2,885.91 | 47,520.00 |
| Partnership Healthplan of California | 5,951.50 | 85,950.00 |
| | <u>\$ 78,269.61</u> | <u>\$ 630,970.00</u> |
| | \$ 350,565.91 | \$ 1,241,484.00 |

| INSURANCE PAYMENTS | | PATIENT PAYMENTS | | ADJUSTMENTS | | INSURANCE WRITEOFFS | |
|--------------------|-----------------------|------------------|---------------------|----------------|----------------------|------------------------|--------|
| *Denti-Cal | -278,774.91 | 5805 | -775.00 | DF-Contractual | -3,199.83 | *California Health and | -97.93 |
| Aetna | -1,771.00 | 18743 | -750.00 | DP-Contractual | -11,242.50 | | |
| Anthem Blue | -500.00 | 18866 | -597.00 | DA-Contractual | -2,565.00 | | |
| Anthem Blue | -783.98 | 18810 | -796.00 | | | | |
| Blue Shield Of | -1,906.05 | 18739 | -597.00 | | | | |
| Contra Costa | -247.65 | 18770 | -398.00 | | | | |
| Delta Dental of | -1,465.20 | 18867 | -398.00 | | | | |
| Health Net | -2,176.55 | 18831 | -199.00 | | | | |
| HPSJ Medi-cal | -61,750.00 | 18750 | -597.00 | | | | |
| Humana Dental | -1,734.40 | 18816 | -597.00 | | | | |
| O/P Medi-cal | -1,599.01 | 18799 | -796.00 | | | | |
| Partnership | -3,425.56 | 18813 | -398.00 | | | | |
| Zenith American | -2,244.80 | 18823 | -398.00 | | | | |
| | | 18882 | -796.00 | | | | |
| | <u>-\$ 358,379.11</u> | | | | <u>-\$ 17,007.33</u> | | |
| | | | <u>-\$ 8,092.00</u> | | | | |

| TOTAL ACCOUNTS RECEIVABLE | |
|---------------------------|------------------------|
| Beginning A/R: | 1,259,223.40 |
| Net Charges: | 350,565.91 |
| Insurance Payments: | -358,379.11 |
| Patient Payments: | -8,092.00 |
| Adjustments: | -17,007.33 |
| Writeoffs: | -97.93 |
| Total A/R: | \$ 1,226,212.94 |

2016 DRAFT AUDIT RECOMMENDATION

Audited Financial Statements

Children's Dental Surgery Center
(A General Partnership)

December 31, 2016

DRAFT

Children’s Dental Surgery Center

Audited Financial Statements

December 31, 2016

Report of Independent Auditors..... 1
Balance Sheets 3
Statements of Operations 4
Statements of Changes in Partners’ Equity 5
Statements of Cash Flows 6
Notes to Financial Statements..... 7

DRAFT

JWT & Associates, LLP

Advisory Assurance Tax

1111 E. Herndon Avenue, Suite 211, Fresno, CA 93720

Voice: (559) 431-7708 Fax: (559) 431-7685

Report of Independent Auditors

To The Partners
Children's Dental Surgery Center
Atwater, California

Report on the Financial Statements

We have audited the accompanying balance sheets of Children's Dental Surgery Center (the Center) as of December 31, 2016 and 2015, which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations and changes in partners' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Dental Surgery Center at December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

JWT & Associates, LLP

Fresno, California
April 27, 2017

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Children's Dental Surgery Center
(a General Partnership)

Balance Sheets

December 31, 2016 and 2015

| Assets | <u>2016</u> | <u>2015</u> |
|---|--------------------------|--------------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 232,246 | \$ 165,875 |
| Patient accounts receivable, net | 306,876 | 469,679 |
| Other receivables | - | 39,607 |
| Supplies | 53,717 | 43,762 |
| Prepaid expenses | 68,014 | 67,521 |
| Total current assets | <u>660,853</u> | <u>786,444</u> |
| Property and equipment, net | <u>154,674</u> | <u>200,178</u> |
| Total assets | <u><u>\$ 815,527</u></u> | <u><u>\$ 986,622</u></u> |
| Liabilities and partners' equity | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 72,682 | \$ 102,456 |
| Due to Bloss Memorial Healthcare District | 3,017,856 | 3,073,485 |
| Accrued payroll and related liabilities | <u>38,925</u> | <u>36,153</u> |
| Total current liabilities | <u>3,129,463</u> | <u>3,212,094</u> |
| Total liabilities | <u>3,129,463</u> | <u>3,212,094</u> |
| Partners' accumulated deficit | <u>(2,313,936)</u> | <u>(2,225,472)</u> |
| Total liabilities and partners' equity | <u><u>\$ 815,527</u></u> | <u><u>\$ 986,622</u></u> |

See Accompanying Notes to Financial Statements

Children's Dental Surgery Center
(a General Partnership)

Statements of Operations

Years Ended December 31, 2016 and 2015

| | <u>2016</u> | <u>2015</u> |
|--------------------------------|--------------|--------------|
| Revenue | | |
| Patient service revenue, net | \$ 3,759,641 | \$ 3,684,955 |
| Total revenue | 3,759,641 | 3,684,955 |
| Expenses | | |
| Salaries and employee benefits | 829,473 | 735,338 |
| Professional fees | 1,598,306 | 1,556,920 |
| Purchased services | 345,087 | 249,084 |
| Supplies | 484,580 | 644,956 |
| Repairs and maintenance | - | 38,802 |
| Utilities | 60,906 | 71,046 |
| Lease and rent | 368,805 | 359,429 |
| Depreciation | 45,504 | 43,875 |
| Insurance | 20,375 | 19,693 |
| Other | 95,069 | 81,861 |
| Total expenses | 3,848,105 | 3,801,004 |
| Net income (loss) | \$ (88,464) | \$ (116,049) |

See Accompanying Notes to Financial Statements

Children's Dental Surgery Center
(a General Partnership)

Statements of Changes In Partners' Capital

Years Ended December 31, 2016 and 2015

| | Bloss Memorial Healthcare District | U.S. Dental Surgery Centers, Inc. | Total |
|--------------------------------------|---------------------------------------|--------------------------------------|-----------------------|
| Partners' deficit, December 31, 2014 | \$ (1,371,124) | \$ (738,299) | \$ (2,109,423) |
| Partners' distribution | - | - | - |
| Net income | (75,432) | (40,617) | (116,049) |
| Partners' deficit, December 31, 2015 | (1,446,556) | (778,916) | (2,225,472) |
| Partners' distribution | - | - | - |
| Net loss | (57,502) | (30,962) | (88,464) |
| Partners' deficit, December 31, 2016 | <u>\$ (1,504,058)</u> | <u>\$ (809,878)</u> | <u>\$ (2,313,936)</u> |

See Accompanying Notes to Financial Statements

Children's Dental Surgery Center
(a General Partnership)

Statement of Cash Flows

Years Ended December 31, 2016 and 2015

| | <u>2016</u> | <u>2015</u> |
|--|-------------|--------------|
| Cash flows from operating activities | | |
| Net income (loss) | \$ (88,464) | \$ (116,049) |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation | 45,504 | 43,875 |
| Changes in | | |
| Accounts receivable | 162,803 | (302,059) |
| Other receivables | 39,607 | (39,607) |
| Supplies | (9,955) | 91,466 |
| Prepaid expenses | (493) | 2,320 |
| Accounts payable | (29,774) | 27,258 |
| Due to Bloss Memorial Healthcare District | (55,629) | 374,575 |
| Accrued payroll | 2,772 | (2,491) |
| Net cash provided by operating activities | 66,371 | 79,288 |
| Cash flows from investing activities | | |
| Purchase of property and equipment | - | (32,093) |
| Net cash used in investing activities | - | (32,093) |
| Net increase in cash and cash equivalents | 66,371 | 47,195 |
| Cash and cash equivalents, beginning of year | 165,875 | 118,680 |
| Cash and cash equivalents, end of year | \$ 232,246 | \$ 165,875 |

See Accompanying Notes to Financial Statements

Children's Dental Surgery Center

Notes to Financial Statements

December 31, 2016 and 2015

Note 1 - Description of Organization and Summary of Significant Accounting Policies

Organization - Children's Dental Surgery Center (the Center) is a general partnership, pursuant to the provisions of the California Corporation Law. The Center provides dental services to diverse patients in and around San Joaquin County. The partners of the Center are the Bloss Memorial Healthcare District (the District) (65%) and the U.S. Dental Surgery Centers, Inc. (35%). The Center is operated by a governing board comprised of members from the board of the District and its staff and the members and staff of U.S. Dental Surgery Centers, Inc.

Basis of Financial Statements Preparation - The accounting policies and financial statements of the Center generally conform to the recommendations of the audit and accounting guide, Health Care Organizations, published by the American Institute of Certified Public Accountants. The financial statements are presented in accordance with the pronouncements of the Financial Accounting Standards Board.

Use of Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents include all deposits and investments in highly liquid debt instruments with a maturity of three months or less.

Patient Accounts Receivable - The Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Center provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Center bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

Children's Dental Surgery Center

Notes to Financial Statements

December 31, 2016

Note 1 - Description of Organization and Summary of Significant Accounting Policies (continued)

Allowance for doubtful accounts - Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Center analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients and non-contracted insurance (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Center records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. At December 31, 2016 and 2015, the allowance for doubtful accounts and contractual adjustments was \$827,237 and \$725,863, respectively.

During the year ended December 31, 2014, the Center was notified by one of its third-party payers, Health Plan of San Joaquin (HPSJ), that it would no longer honor certain patient/insured billing submitted by the Center related to certain facility fees charges. HPSJ had historically reimbursed the Center for these facility fees until September 2014 when such payments were discontinued. These facility fees were denied until December 2015, when they began to be paid again. As a result of this dispute the Center has increased the allowance for doubtful accounts by approximately \$665,000 at December 31, 2016 based on the significant uncertainty on their ability to collect these charges. Center management, along with a coalition of other California dental surgery providers, dispute this action and are pursuing the matter with State Officials. Although favorable progress on this matter has been made, as of this date there has been no resolution.

Supplies - Supply inventories are stated at cost, which is determined using the first-in, first-out method.

Property and Equipment - Property and equipment are recorded at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets.

Impairment - Impairment of long-lived assets is recognized whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Measurement of the amount of impairment may be based on market values of similar assets or estimates of future discounted cash flows resulting from use and ultimate disposition of the assets.

Children's Dental Surgery Center

Notes to Financial Statements

December 31, 2016

Note 1 - Description of Organization and Summary of Significant Accounting Policies (continued)

Compensated absences - The Center employees earn vacation benefits at varying rates depending on years of service. Employees also earn sick leave benefits based on varying rates depending on years of service. Both benefits can accumulate up to specified maximum levels. Employees are not paid for accumulated sick leave benefits if they leave either upon termination or before retirement. However, accumulated vacation benefits are paid to an employee upon either termination or retirement. Accrued vacation and sick leave liabilities as of December 31, 2016 and 2015 are \$9,396 and \$15,821, respectively.

Fair value of financial instruments - The financial statements include financial instruments for which the fair market value may differ from amounts reflected on a historical basis. Financial instruments of the Center consists of cash deposits, accounts receivable, accounts payable and certain accrued liabilities. The Center's other financial instruments generally approximate fair market value based on the short-term nature of these instruments.

Net patient service revenue - The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per procedure, reimbursement costs and discounted charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Charity care - The Center provides care to patients who meet certain criterion under its charity care policy. The Center provides medical care to patients regardless of their ability to pay. The evaluation of the necessity for medical treatment of any patient is based upon clinical judgment, irrespective of the financial status of the patient. Because the Center does not pursue collection of amounts determined to qualify as charity care, they are not included in net patient service revenue. The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) No. 2010-23, *The Basis for Measuring the Amount of Charity Care Provided by Health Care Entities*. The ASU requires all health care entities to measure the amount of charity care provided based on direct and indirect costs incurred in providing such care; no other measurement basis is considered acceptable.

Grants and contributions - From time to time, the Center receives grants from various governmental agencies and private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met.

Income Taxes - The Center is a general partnership and as such is not subject to taxation. Each year any net income or loss is passed through to ownership partners based on ownership percentage.

Children's Dental Surgery Center

Notes to Financial Statements

December 31, 2016

Note 1 - Description of Organization and Summary of Significant Accounting Policies (continued)

Reclassifications - Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 financial statement presentation. These reclassifications had no effect on the change in partners' equity.

Subsequent events - Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are available to be issued. The Center recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Center's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements were available to be issued. The Center has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Note 2 - Cash and cash equivalents

As of December 31, 2016 and 2015, the Center had deposits invested in various financial institutions in the form of cash amounting to \$232,246 and \$165,875, respectively.

Note 3 - Concentration of Credit Risk

The Center grants credit without collateral to its patients and third party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the Center and management does not believe that there is any credit risk associated with these governmental agencies. Concentration of patient accounts receivable at December 31, 2016 and 2015 was as follows:

| | <u>2016</u> | <u>2015</u> |
|--------------------------|-------------|-------------|
| Medi-Cal | 91% | 91% |
| Other third-party payors | 9% | 9% |
| | <u>100%</u> | <u>100%</u> |

Children's Dental Surgery Center

Notes to Financial Statements

December 31, 2016

Note 4 - Property and Equipment

Property and equipment at December 31, 2016 and 2015 consists of the following:

| | <u>2016</u> | <u>2015</u> |
|-------------------------------|-------------------|-------------------|
| Buildings and improvements | \$ 94,666 | \$ 94,666 |
| Equipment | 495,430 | 495,430 |
| | <u>590,096</u> | <u>590,096</u> |
| Less accumulated depreciation | <u>(435,422)</u> | <u>(389,918)</u> |
| | <u>\$ 154,674</u> | <u>\$ 200,178</u> |

Note 5 - Contingencies

The Center is party to legal proceedings and claims, which arise during the ordinary course of business. In the opinion of management, the ultimate outcome of any claims and litigation will not have a material adverse effect on the center's financial position.

The Center insures its medical malpractice risks under an occurrence basis policy with limit up to \$5,000,000 and with a \$1,000 deductible per occurrence. Management is unaware of any claims against the Center that would cause expenses for medical malpractice risks to materially exceed the amounts provided. There were no malpractice expenditures for the year ended December 31, 2016 and 2015.

The Center has operating leases for certain facilities. Rental expense under operating leases was \$368,805 and \$359,429 for the years ended December 31, 2016 and 2015, respectively. Estimated future minimum lease payments for the succeeding years under operating leases with a remaining term in excess of one year as of December 31, 2016 are as follows: \$355,858 in 2017; and \$150,095 in 2018.

Note 6 – Related Party Transactions

The Center has an amount payable to Bloss Memorial Healthcare District, a related party, at December 31, 2016 and 2015 of 3,017,856 and 3,073,485, respectively. During 2016, the net amount paid by the Center was \$55,629. The payable amount represents support to the Center for payroll and other various expense items.