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# PUBLIC NOTICE

Bloss Memorial Healthcare District, A Public Entity • 3605 Hospital Road, • Atwater, California 95301 •  
(209) 381-2000 x 7002 • fax: (209) 722-9020

**Date:** September 20, 2019

**Phone:** (209) 724-4102

**Fax:** (209) 722-9020

Bloss Memorial Healthcare District will hold their Finance Committee meeting on Thursday, September 26, 2019 at 1:30 pm in the Board Room at 3605 Hospital Road, Atwater, CA 95301.

Bloss Memorial Healthcare District will hold a **Board of Directors** meeting on Thursday, September 26, 2019 at 2:00 pm in the Board Room at 3605 Hospital Road, Atwater, Ca 95301.

I, Fily Cale, posted a copy of the agenda of the Board of Directors of Bloss Memorial Healthcare District, said time being at least 24 hours in advance of the meeting of the Board of Directors.

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)**  
**BOARD OF DIRECTORS MEETING**  
**BOARD ROOM**  
**Thursday, September 26, 2019**  
**2:00 pm**

**AGENDA FOR PUBLIC SESSION**

**I. CALL TO ORDER**

**II. ROLL CALL**

	<u>ACTION</u>	<u>EXHIBIT</u>
<b>III. APPROVAL OF AGENDA</b>	*	

**IV. PUBLIC COMMENTS**

**Comments can be made concerning any matter within the Board’s jurisdiction; but if the matter is not on the agenda, there will be no Board discussion of the issue. Anyone wishing to address the Board on any issue, please stand and approach the microphone.**

**V. APPROVAL OF MINUTES**

A. Approval of August 29, 2019 Board of Directors Meeting	*	1
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**VI. FINANCIAL REPORT**

A. Approval of August 29, 2019 Finance Committee Minutes	*	2
B. Chief Financial Officer Report		3
C. August Payroll, Electronic Payments & Check Register	*	4

**VII. CHIEF EXECUTIVE OFFICER REPORT**

**VIII. OLD BUSINESS**

A. Castle Family Health Centers, Inc Report		5
B. Bloss Board Member Report		

**IX. NEW BUSINESS**

A. Approval of FYE 2019 Draft Audit	*	6
B. CFHC Request of Grand Funds from Ung Goodwin Trust	*	7
C. Approval of Revised ByLaws	*	8

**X. AGENDA FOR CLOSED SESSION**

Closed Session Items Pursuant the Brown Act will be:  
 Section 54954.5(h) Report Involving Trade Secrets – Regarding New Services.  
 Estimated date of public disclosure will be in 2019.  
 Section 54954.5 (c); 54956.9 Conference with Legal Counsel for Initiation of Litigation.  
 Section 1461 of the Health and Safety Code – Quality Management.  
 Section 54957 Personnel Actions.

**XI. NEXT MEETING DATE**

**XII. ADJOURNMENT**

Assistance for those with disabilities: If you have a disability and need accommodation to participate in the meeting, please call Fily Cale at (209) 724-4102 or (209) 381-2000 extension 7000 for assistance so that any necessary arrangements may be made.

Any written materials relating to an agenda item to be discussed in open session of a regular meeting that is distributed within the 24 hours prior to the meeting is available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. These documents are available from the Executive Assistant in administration at 3605 Hospital Road, Suite F, Atwater, California 95301.

**BLOSS MEMORIAL HEALTHCARE DISTRICT (BMHD)  
BOARD OF DIRECTORS MEETING  
BOARD ROOM  
Thursday, August 29, 2019  
2:00 pm**

**CALL TO ORDER**

Kory Billings, Board Chair, called the meeting to order at 2:00 pm.

**ROLL CALL**

Board Members Present: Zone 1 Vacant; Kory Billings, Chair, Zone 2; Zone 3 Vacant; Al Peterson, Secretary / Treasurer, Zone 4 and Bob Boesch, Zone 5

Others Present: Edward Lujano, CEO; Fily Cale, Executive Assistant; Dawnita Castle, CFO; Ralph Temple, Jr., Legal Counsel; David Thompson, DSCA and Peter Mojarras @ 2:04 pm

Absent: None

Kory Billings announced that there is a vacancy in Zone 3. There was some confusion on what the County calls a District line, it was literally two different Zones, one on either side of the street.

**APPROVAL OF AGENDA**

**A motion was made / seconded, (Alfonse Peterson / Bob Boesch) to accept the August 29, 2019 agenda as presented. Motion carried.**

**PUBLIC COMMENTS**

None.

**APPROVAL OF MINUTES**

A. July 25, 2019 Board of Directors Meeting, Exhibit 1

**A motion was made / seconded, (Bob Boesch / Alfonse Peterson) to accept and approve the July 25, 2019 Board of Directors Meeting minutes as presented, Exhibit 1. Motion carried.**

**FINANCIAL REPORT**

A. July 25, 2019 Finance Committee Meeting Minutes, Exhibit 2

**A motion was made / seconded, (Alfonse Peterson / Bob Boesch) to accept and approve the July 25, 2019 Finance Committee Meeting minutes as presented, Exhibit 2. Motion carried.**

B. Chief Financial Officer Report, Exhibit 3

Dawnita Castle, CFO, reported that John Blomberg, Blomberg & Associates was here on Friday reviewing for the audit. The report will be available for the September Board meeting and she will ask Mr. Blomberg to be available by phone should the board have any questions.

For July, BMHD had a net gain before depreciation of \$185,073 compared to a loss last time this year. There was a net income after depreciation of \$26,616. Cash Days on Hand has gone up to 522 days. Last month it was at 448 days. Operating cash balance is doing well. Days Cash on Hand exclude the 2 investments.

C. July 2019 Payroll, Electronic Payments and Check Register, Exhibit 4

**A motion was made / seconded, (Alfonse Peterson / Bob Boesch) to approve and accept the July 2019 Payroll in the amount \$19,233.21 and Accounts Payable in the amount of \$510,188.39 for a total Disbursement of \$529,421.60, Exhibit 4. Motion carried.**

**CHIEF EXECUTIVE OFFICER REPORT**

Edward Lujano provided an update on the parking lots RFPs. The question came up about two areas. At the Castle site, about what the existing core was like under what was here and at the Bloss site the needed to know the drainage and how the city looked at that.

An engineer was contacted and did a core sample at the Castle site. The sand appears to be fine and can maintain the new grading. This passed the core testing.

QK Engineers did the Bloss site drainage test. There is no drainage on the north side and all of the water sits there, and on the other side a very small canal drips out onto the road. QK met with the City of Atwater and it was determined that the water can be discharged out onto the streets but they are requiring accessible path from stall to the door to be compliant. The existing railing is not compliant and could be too steep and this would need to be extended out.

This is being worked out and another RFP will be sent out afterward.

The Fire Marshall was here last month and wanted directional signage installed, they did approve a large directional sign in the main lobby as opposed to signage throughout the facility. This will be put up in the vestibule as you enter the main entrance.

The air conditioning system in working in Parlier and the circuit boards in question cost about \$5,500. Edward Lujano has written to Wes Isaac and to let him know that this is under maintenance and he proposed that the expense be split. BMHD also spent \$12,000 for the AC unit and the med vac system. After not hearing back from Mr. Isaac, Edward Lujano instructed the CFO to take half off the next payment.

Edward Lujano reported that BMHD's license expires September 21, 2019 and David Thompson, DSCA has already received his license for the facilities. Dr. Cho's enrollment is still pending and he is the dental director, which is how DSCA has been billing for the professional side.

David Thompson stated that all sites had been sent on the same day, and when he spoke to Denti-Cal last week he was informed that Parlier is done and the packet should be received shortly. This has nothing to do with the facility license. Dr. Cho as the dental director is enrolled with Denti-Cal.

Ralph Temple, Legal Counsel, asked if the license expiring in September, the facility license and is it for all 3 facilities. David Thompson replied that it is for just the Stockton and Atwater facilities. Parlier is a new license. Stockton license has been received and will be put up and take the old license down when Dr. Cho's enrollment is complete. The facility fees are already going to DSCA and BMHD will continue to bill for the professional fee.

Dawnita Castle stated that for July 2019, DSCA paid BMHD \$18,000.

## **OLD BUSINESS / REPORTS**

### **A. Castle Family Health Centers, Inc (CFHC) Report**

Peter Mojarras announced that he and Edward Lujano had attended the National Association of Community Health Centers (NACHC) Conference in Chicago, no announcement was made on the New Access Point (NAP) grant applications. It is unknown what will happen at the federal level.

A new OB/GYN has joined CFHC, and meetings continue with Mercy Hospital to strengthen relationships. There is potential funding from Mercy Hospital for recruitment of physicians. Children's Hospital will open a large center in Merced and hospitals are becoming more competitive in the community.

CFHC will qualify for the loan repayment program for providers that work 2 or more years for CFHC. CFHC's HPSA scores have increased to qualifying scores. There are State and Federal programs, one is matching and the other is not. This is a critical recruitment tool. Edward Lujano stated that this is for physicians, dentists and psychiatrists.

From July 22 – August 7, CFHC completed 438 sports physicals. The physicals have expanded with urine, vision and hearing testing which are performed by the Medical Assistant (MA) and then the provider provides the sports physical. Most clinics charge \$75 or more and CFHC charges \$25 and loses money. CFHC also took the Mobile Unit to Mitchell Senior on August 3<sup>rd</sup> and did 37 sports physicals and on August 7<sup>th</sup> did 76 sports physicals. Many students also came in in May / June for sports physicals to participate in summer programs. Peter Mojarras thanked BMHD for their partnership in continuing to support the school sports physicals program.

Kory Billings stated that BMHD had given \$5,000 toward the sports physical program and had requested that CFHC bring back some a report with some numbers. BMHD is requesting a report in writing letting them know how many students were served from within the geographic area and be placed on file.

Peter Mojarras presented the BMHD Board of Directors with a plaque in appreciation of their generous financial contribution of \$160,000 for the Day Break Adult Day Health Care Center Program. This plaque will be placed in the entry lobby at Day Break.

## B. Bloss Board Member Report

Kory Billings read some correspondence had been received from CFHC expressing their gratitude and appreciation of the financial support of the Day Break Adult Day Health Program, which helps so many in the community and they're proud to have BMHD as supporter of these services. This letter was signed by all CFHC Board of Directors.

The ByLaws Committee met yesterday, reviewed the ByLaws and have put together several recommendations and they will be coming back to the September Board of Directors meeting for approval.

## NEW BUSINESS

None.

## AGENDA FOR CLOSED SESSION

Discussion under Section 54944.5 (c); 54956.9 Conference with Legal Counsel for Initiation of Litigation. Brief discussion about Hernandez vs. BMHD, continuing litigation.

Section 54957 Personnel Actions. There will be a personnel discussion.

## NEXT MEETING DATE

The next Board of Directors Meeting will be held on Thursday, September 26, 2019 at 2:00 p.m. in the Board Room.

The Finance Committee will also meet on Thursday, September 26, 2019 at 1:30 p.m. in the Board Room.

## ADJOURNMENT

As there was no further business, the meeting adjourned into Closed Session at 2:37 pm.

Sabrina Cooksey, Human Resources was asked to come in to give advice on a personnel matter that was announced prior to the meeting.

**A motion was made / seconded, (Alfonse Peterson / Bob Boesch) to direct staff to renegotiate the current contract for Edward Lujano, CEO, down \$9,000 for the remainder of the contract, commencing September 1, 2019. Motion carried by unanimous consent, there were no objections or abstentions. An amendment will be made to Mr. Lujano's contract reflecting that change.**

The meeting reconvened into public session and adjourned at 3:22 pm.

Respectfully Submitted,

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Fily Cale  
Executive Assistant

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Alfonse Peterson  
Board Secretary



**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)  
FINANCE COMMITTEE MEETING  
BOARD ROOM  
Thursday, August 29, 2019  
1:30 p.m.**

Committee: Edward Lujano, CEO; Dawnita Castle, Chief Financial Officer; Fily Cale, Executive Assistant; Alfonse Peterson, Committee Chair and Kory Billings, Committee Member

Others Present: None

Absent: None

**CALL TO ORDER**

Alfonse Peterson, Committee Chair, called the meeting to order at 1:30 p.m. in the Board Room.

**APPROVAL OF AGENDA**

**A motion was made/seconded, (Edward Lujano / Kory Billings) to approve the August 29, 2019 agenda as presented. Motion carried.**

**PUBLIC COMMENTS**

None.

**APPROVAL OF FINANCE COMMITTEE MINUTES**

A. July 25, 2019 Finance Committee Minutes, Exhibit 1

**A motion was made / seconded, (Kory Billings / Edward Lujano) to approve and accept the July 25, 2019 Finance Committee Minutes as presented, Exhibit 1. Motion carried.**

**REVIEW OF DISTRICT FINANCIAL STATEMENTS, EXHIBIT 2**

Dawnita Castle, CFO, reported that the fiscal year for BMHD is off to a good start with a net income after depreciation in the amount of \$26,616. The last two months have had profits after depreciation. Operating Cash Balance was at \$1,849,190 and Days Cash on Hand increased to 522 days.

There was also some year-end property taxes that were deposited in the amount of \$50,579. This was a smaller amount than usual because this was year-end reconciliation.

The dental centers administration services, BMHD received \$18,318 on the 5%.

The Investments are decreasing with the stock market issues, but BMHD still had a small combined profit of \$2,590.

### **SKDSC FINANCIAL REPORT, EXHIBIT 3**

Dawnita Castle reported that SKDSC had expenses in the amount of \$11,517 for July 2019. There was one last payment of water / garbage in the amount of \$242. The generator is also being depreciated.

**A motion was made / seconded, (Kory Billings / Edward Lujano) to approve and accept the Review of District Financial Statements, Exhibit 2 and SKDSC Financial Report, Exhibit 3 as presented. Motion carried.**

### **WARRANTS AND PAYROLL**

A. July 2019 Payroll, Electronic Payments & Check Register, Exhibit 4

**A motion was made/seconded, (Kory Billings / Edward Lujano) to approve and accept the July 2019 Total Payroll in the amount \$19,233.21 and Total Accounts Payable in the amount of \$510,188.39 for a total Grand Total Disbursement of \$539,421.60, Exhibit 4. Motion carried.**

### **DISCUSSION**

None.

### **AGENDA FOR CLOSED SESSION**

There was no Closed Session item(s) for discussion.

### **NEXT MEETING DATE/ADJOURNMENT**

The next Finance Committee meeting will be held on Thursday, September 26, 2019 at 1:30 pm.

As there was no further business, the meeting adjourned at 1:38 p.m.

Respectfully Submitted,

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Fily Cale  
Executive Assistant

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Alfonse Peterson  
Committee Chair

**CHIEF FINANCIAL OFFICER REPORT**

BMHD had a total net gain before depreciation of \$20,857 for the month compared to a net loss of \$73,092 last year. Expenses include \$12,463 of SKDSC costs.

The August 31, Operating Cash Balance was \$1,825,845 and Days Cash On Hand decreased to 434 Days\*. In July the DCH was 522 Days.

\* Days Cash on Hand (DCH) = Operating Cash / Average Daily Expense (excluding depreciation). DCH indicates Bloss's ability to cover operating expenses. The Benchmark for Health Centers is a minimum of 90 Days.

A summary comparison of operations for the month and the prior year is as follows :

	Aug-19	Aug-18	VARIANCE *	%	Y-T-D Aug-19	Y-T-D Aug-18	Y-T-D VARIANCE *	Y-T-D %
Net Patient Revenue	0	0	0	NA	0	(44,688)	44,688	-100.00%
Other Operating Revenue	40,728	(62,597)	103,325	-165.06%	59,100	(62,208)	121,308	-195.00%
Total Net Operating Revenue	40,728	(62,597)	103,325	-165.06%	59,100	(106,896)	165,996	-155.29%
Operating Expenses Excluding Depreciation	130,334	173,675	43,341	24.96%	240,136	319,447	79,311	24.83%
Net Operating Income (Loss) Before Depreciation	(89,606)	(236,272)	146,666	62.08%	(181,036)	(426,343)	245,307	57.54%
Net Non Operating-Gains/Losses	(902)	2,298	(3,200)	-139.25%	1,688	9,754	(8,066)	-82.69%
All Other Non-Operating Gains/Losses	111,365	160,882	49,517	30.78%	285,278	318,126	(32,848)	-10.33%
Total Net Non-Operating Income: Losses/Gains	110,463	163,180	52,717	32.31%	286,966	327,880	(40,914)	-12.48%
Total Net Income (Loss) Before Depreciation	20,857	(73,092)	93,949	-128.54%	105,930	(98,463)	204,393	-207.58%
Depreciation Expense	58,428	70,427	(11,999)	-17.04%	116,885	118,968	(2,083)	-1.75%
Net Income (Loss) After Depreciation	(37,571)	(143,519)	105,948	-73.82%	(10,955)	(217,431)	206,476	-94.96%

\* Note: unfavorable variances are indicated by parenthesis ( ).

Bloss Memorial HealthCare District  
 Operations Summary Report  
 Two Months Ending August 31, 2019

**BMHD FULL TIME EQUIVALENTS SUMMARY :**

(See FTE report included in Financial Reports for detail)

	Aug-19	Aug-18	VARIANCE	%	Y-T-D Aug-19	Y-T-D Aug-18	Y-T-D VARIANCE *	Y-T-D %
EMPLOYEE FTE'S	0.30	0.97	0.67	69.07%	0.30	0.64	0.34	53.13%
CONTRACT FTE'S	5.14	4.36	(0.78)	-17.89%	4.53	3.64	(0.89)	-24.45%
TOTAL FTE'S	5.44	5.33	(0.11)	-2.06%	4.83	4.28	(0.55)	-12.85%

\* Note: unfavorable variances above are indicated by parenthesis ( ).

Full Time Equivalent - Employees for the month are 69.07% less than the prior year with 6 less FTE'S

The major (>1 fte) Total Employee FTE increases for the month are comprised primarily of the following :

Department	Cur. Mo. Increase (DECREASE)	YTD Increase (DECREASE)	Reason
Administration	0.67	0.34	
All other departments < 1 fte var	0.00	0.00	Various departments less than 1 fte variance.
	0.67	0.34	Brackets () indicate a decrease (favorable) variance

**AUGUST PAYROLL, ELECTRONIC PAYMENTS  
& CHECK REGISTER**

Bloss Memorial Healthcare District  
 Payroll, Accounts Payable and Funds Disbursements - Summary  
 Month of August-19

Payroll			<u>\$9,978.78</u>
<b>Total Payroll</b>			<u><u>\$9,978.78</u></u>

Accounts Payable:

A/P Checks	Bloss	<u>\$314,979.46</u>	<u>\$314,979.46</u>
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**BLOSS**

Auto Debits		\$93.50	
Electronic Payments to Payroll for Hosting Fee		\$0.00	
Electronic Payments to DSCA		<u>\$879,728.45</u>	
Total Auto Debits and Electronic Transfers		<u>\$879,821.95</u>	<u>\$879,821.95</u>

Electronic Payments - ACH		<u>\$0.00</u>	<u>\$0.00</u>
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<b>Total Accounts Payable</b>			<u><u>\$1,194,801.41</u></u>
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<b>Grand Total Disbursements</b>			<u><u>\$1,204,780.19</u></u>
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BLOSS	Payroll Disbursements for		August-19
	Payroll dated		
	08/05/19	08/20/19	Total
<b>Earnings</b>			
Regular			-
Overtime			-
Vacation			-
Sick			-
Holiday			-
Salary	4,541.67	4,541.67	9,083.34
Double Time			-
Call In			-
On Call			-
Other			-
			-
<b>Total</b>	<b>4,541.67</b>	<b>4,541.67</b>	<b>9,083.34</b>
			-
<b>Deductions</b>			
FICA (+)	347.43	347.43	694.86
Insurance (-)	-	-	-
Emp Deduction(-)/Reimb(+)	-	-	-
Christmas Fund (-)	-	-	-
Process Fee (+)	106.79	93.79	200.58
			-
<b>Total</b>	<b>454.22</b>	<b>441.22</b>	<b>895.44</b>
			-
			-
<b>Net Payroll</b>	<b>\$ 4,995.89</b>	<b>\$ 4,982.89</b>	<b>9,978.78</b>



RUN DATE: 08/30/19  
 RUN TIME: 1458  
 RUN USER: COOKS

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

C  
 FROM: 08/01/19 TO: 08/30/19

DATE	CHECK NUM	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED/ CLEARED	VOIDED/ UNCLAIMED
08/02/19	038478	B0016	GUARDCO SECURITY SERVICES	ISSUED	08/02/19	12377.12	
08/02/19	038479	B0225	HOFFMAN SECURITY	ISSUED	08/02/19	577.90	
08/02/19	038480	K0003	M-D VENTURES	ISSUED	08/02/19	19197.65	
08/02/19	038481	B0212	JAVIER L MENDOZA	ISSUED	08/02/19	2775.00	
		REMITTED TO: NATURAL GARDENS					
08/02/19	038482	B0056	CARDMEMBER SERVICE-XXXXXXXXXX9140	ISSUED	08/02/19	53.53	
08/06/19	038483	B0207	ALLIANT INSURANCE SERVICES, INC.	ISSUED	08/06/19	22174.45	
08/12/19	038484	B0054	CASTLE FAMILY HEALTH CENTERS, INC.	ISSUED	08/12/19	5000.00	
08/12/19	038485	B0054	CASTLE FAMILY HEALTH CENTERS, INC.	ISSUED	08/12/19	40000.00	
08/12/19	038486	K0035	CITY OF PARLIER	ISSUED	08/12/19	241.76	
08/12/19	038487	B0132	CLARK PEST CONTROL	ISSUED	08/12/19	299.00	
08/12/19	038488	B0099	EMPLOYMENT DEVELOPMENT DEPT	ISSUED	08/12/19	4651.85	
08/12/19	038489	B0241	HIGGS, FLETCHER & MACK LLP	ISSUED	08/12/19	570.00	
08/12/19	038490	B0017	MERCED COUNTY - CASTLE AIRPORT	ISSUED	08/12/19	5486.74	
08/12/19	038491	B0091	OFFICE DEPOT	ISSUED	08/12/19	2795.56	
		REMITTED TO: OFFICE DEPOT (32544746)					
08/12/19	038492	B0014	PG&E (4705482162-5)	ISSUED	08/12/19	6310.75	
08/12/19	038493	B0185	SJVAPCD	ISSUED	08/12/19	580.00	
08/12/19	038494	B0013	WEST COAST GAS CO, INC.	ISSUED	08/12/19	532.97	
08/15/19	038495	B0072	BETA HEALTHCARE GROUP	ISSUED	08/15/19	1897.25	
08/15/19	038496	B0025	MERCED IRRIGATION DISTRICT	ISSUED	08/15/19	338.05	
08/15/19	038497	B0026	MERCED IRRIGATION DISTRICT	ISSUED	08/15/19	24806.90	
08/15/19	038498	B0218	JOHN P. NIEMOTKA	ISSUED	08/15/19	400.00	
		REMITTED TO: OCTANE ADVERTISING & DESIGN					
08/19/19	038499	B0197	MASS MUTUAL	ISSUED	08/19/19	4800.00	
08/26/19	038500	B0054	CASTLE FAMILY HEALTH CENTERS, INC.	ISSUED	08/26/19	22586.85	
08/26/19	038501	B0027	CITY OF ATWATER (010448-000)	ISSUED	08/26/19	1063.07	
08/26/19	038502	B0134	CITY OF ATWATER (020161-000)	ISSUED	08/26/19	654.34	
08/26/19	038503	B0031	COOLING SHEDD AIR CONDITIONING CO.	ISSUED	08/26/19	3582.09	
08/26/19	038504	B0030	HD SUPPLY FACILITIES MAINTENANCE	ISSUED	08/26/19	1156.10	
08/26/19	038505	B0133	MERCED COMMERCIAL SWEEPING	ISSUED	08/26/19	240.00	
08/29/19	038506	B0275	BELFOR USA GROUP, INC	ISSUED	08/29/19	129830.53	
<b>TOTAL \$</b>						<b>314979.46</b>	

Bloss Memorial Healthcare District  
August-19

**Bloss Electronic Transfers**

**Bloss Auto Debits**

Bank Fees - Bloss	93.50
<b>Total</b>	<b><u>93.50</u></b>

Electronic Payments to Payroll for Hosting Fee	0.00
Electronic Payment to DSCA	879,728.45
Electronic Transfer to LAIF	0.00
<b>Total</b>	<b><u>879,728.45</u></b>

<b>Grand Total</b>	<b><u>879,821.95</u></b>
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**CASTLE FAMILY HEALTH CENTERS, INC REPORT**

Castle Family Health Centers Inc  
 Operations Summary Report  
 Two Months Ending August 31, 2019

Total encounters for the month are 12,609 compared to 11,319 last year 11.40% increase.

Department	Aug-19	Aug-18	VARIANCE	%	Y-T-D Aug-19	Y-T-D Aug-18	Y-T-D VARIANCE *	Y-T-D %
Castle Clinic	4,990	4,640	350	7.54%	9,585	8,575	1,010	11.78%
Specialty Clinic	1,233	606	627	103.47%	2,275	1,178	1,097	93.12%
Bloss Clinic	771	1,112	(341)	-30.67%	1,573	2,197	(624)	-28.40%
Winton Clinic	977	577	400	69.32%	1,614	1,136	478	42.08%
Urgent Care	295	293	2	0.68%	557	546	11	2.01%
Lab	2,130	2,112	18	0.85%	4,232	4,069	163	4.01%
Radiology	770	627	143	22.81%	1,416	1,200	216	18.00%
Behavioral Health	165	207	(42)	-20.29%	321	384	(63)	-16.41%
Adult Day Health Care	556	469	87	18.55%	1,028	865	163	18.84%
Optometry	347	302	45	14.90%	643	599	44	7.35%
Ophthalmology	0	374	(374)	-100.00%	0	738	(738)	-100.00%
Winton Dental	375	0	375	N/A	687	0	687	N/A
<b>TOTAL ENCOUNTERS</b>	<b>12,609</b>	<b>11,319</b>	<b>1,290</b>	<b>11.40%</b>	<b>23,931</b>	<b>21,487</b>	<b>2,444</b>	<b>11.37%</b>

August-19 Working Days 22  
 August-18 Working Days 23

NEW PATIENTS	Aug-19	Aug-18	VARIANCE *	%	Y-T-D Aug-19	Y-T-D Aug-18	Y-T-D VARIANCE *	Y-T-D %
	581	454	127	27.97%	1,002	875	127	14.51%

APPROVAL OF FYE 2019 DRAFT AUDIT

DRAFT

**BLOSS MEMORIAL  
HEALTHCARE DISTRICT**

**Audited Financial Statements**

**June 30, 2019 and 2018**

**Bloss Memorial Healthcare District**

**Audited Financial Statements**

**June 30, 2019 and 2018**

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Blomberg & Griffin Accountancy Corporation  
Certified Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Bloss Memorial Healthcare District  
Atwater, California

We have audited the accompanying balance sheet of Bloss Memorial Healthcare District (the District) as of June 30, 2019 and 2018, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the minimum audit standard for California Special District. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Bloss Memorial Healthcare District, as of June 30, 2019 and 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Blomberg & Griffin, A.C.  
Stockton, CA  
August 23, 2019

**Bloss Memorial Healthcare District**  
**Management's Discussion and Analysis**  
June 30, 2019

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The management of Bloss Memorial Healthcare District ("Bloss") has prepared the following analysis and discussion of the financial performance of the District for the fiscal year ended June 30, 2019 to accompany the financial statements prepared in accordance with the Governmental Accounting Standards Board Statement Numbers 34, 37 and 38. This discussion and the associated schedules are intended to provide an analysis, explanation, and historical basis of comparison for the reporting of financial results of the District for the Fiscal Year 2019. The audited financial statements included herewith have been prepared and submitted with an unqualified opinion from the District's independent auditor.

Bloss had a net gain in FY 2019 of \$264,947 which includes \$660,170 of depreciation expense.

Bloss continues its affiliation with Castle Family Health Centers, Inc (CFHC), which provided services to 132,211 patient visits during FY 2019. The affiliation with CFHC has allowed Bloss to continue its mission in the provision of healthcare services to the community. During FY 2019 Bloss provided grant funds from its Goodwin Trust to CFHC to provide Optometry Services, Flu Vaccines, and Financial Assistance for senior citizens residing within the District. During FY 2019 Bloss also sponsored a \$20,000 grant to assist CFHC in purchasing a Dental Panoramic X-Ray System for a new state of the art medical complex located in the community of Winton. The facility house eighteen medical exam rooms, five dental exam rooms, two behavioral health rooms, and a pharmacy.

**Comments on the Statement Net Position**

Total Cash and Cash Equivalents had a decrease by \$328,949 and is down 8.78% from the prior year. Other Receivables also decreased by \$227,795 with a 9.37% below the prior year. The decrease from FY 2018 is a payment received from Dental Sugary Centers of America DSCA in the amount of \$234,519 for interest payments, payroll payables, equipment, and supplies. FY 2019 Other Receivables includes Rent in the amount of \$600, Property Tax of \$50,580 from Merced County, CFHC of \$2,517, and three Note Receivable from Dental Surgery Centers of America totaling \$2,150,000 from the sale of two surgery centers in May 2018.

**Bloss Memorial Healthcare District**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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**Table 1**  
**Condensed Statements of Net Position:**

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and Other Assets	\$ 5,802,466	\$ 6,602,219	\$ (799,753)	-12.11%
Capital Assets, Net	<u>17,454,929</u>	<u>16,599,134</u>	<u>855,794</u>	<u>5.16%</u>
<b>Total Assets</b>	<b><u>23,257,395</u></b>	<b><u>23,201,353</u></b>	<b><u>56,042</u></b>	<b><u>0.24%</u></b>
Long-term Debt	-	-	-	-
Other Liabilities	<u>451,221</u>	<u>656,161</u>	<u>(204,940)</u>	<u>-31.23%</u>
<b>Total Liabilities</b>	<b><u>451,221</u></b>	<b><u>656,161</u></b>	<b><u>(204,940)</u></b>	<b><u>-31.23%</u></b>
Net Position Invested in Capital Assets, Net of Related Debt	17,454,929	16,599,134	855,795	5.16%
Temporarily restricted	169,926	173,892	(3,965)	-2.28%
Unrestricted	<u>5,181,319</u>	<u>5,772,166</u>	<u>(590,847)</u>	<u>-10.24%</u>
<b>Total Net Position</b>	<b><u>\$ 22,806,174</u></b>	<b><u>\$ 22,545,192</u></b>	<b><u>\$ 260,983</u></b>	<b><u>1.16%</u></b>

**Property Plant and Equipment**

Fixed Assets increased by \$855,794 (5.16%) during FY 2019 over the prior year. The increase is A Summary of changes in Fixed Assets is as follows:

Capital Expenditures:	
Building Upgrades and Repairs	\$ 736,149
SKDSC Equipment	83,640
SKDSC Leasehold Improvements	<u>36,005</u>
<b>Net Change in fixed assets</b>	<b><u>\$ 855,794</u></b>

Total Liabilities as of June 30, 2019 of \$451,221 decreased from the prior year by \$204,940 31.23%. A result of BMHD sale of two dental surgery centers as of May 31, 2018.

**Comments on the Statement of Revenue and Expenses**

Net patient revenues decreased by \$2,920,632 in FY 2019 over the prior year. The decrease is a result of a sale of Central California Dental Surgery Center (CCDSC). The District owned sole ownership of the dental center.

Bloss's other operating revenue consists of reimbursement for services provided to Dental Surgery Centers of America. Services Reimbursement Revenue earned in FY 2019 was \$67,746 compared to \$9,283 in FY 2018. Included in FY 2019 Other Operating Revenue is Bloss Trust income of \$549,685 and \$71,631 special dividends income from Beta and Alpha Funds.

**Bloss Memorial Healthcare District**  
**Management's Discussion and Analysis**  
 June 30, 2019

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Total expenses in FY 2019 was \$2,312,422 a decrease of \$2,309,113 from the prior year. The decrease can be attributed to the sale of a sole ownership CCDSC. Total surgery centers expenses account for \$2,322,928 of the FY 2018 BMHD total operating expense.

Major sources of Non-Operating Revenues in FY 2019 are Rental Income of \$1,416,410, Property Tax Revenue of \$394,879, and Interest Income of \$130,573 for Promissory Note at 6% interest on from the three Notes Receivable DSCA.

**Table 2**

Condensed Statements of Revenues, Expenses and Changes in Net Position:

	2019	2018	Dollar Change	Percent Change
Operating Revenues	\$ 572,891	\$ 3,609,385	\$ (3,036,494)	-84.13%
Nonoperating Revenues	2,004,478	2,340,679	(336,201)	-14.36%
<b>Total Revenues</b>	<b>2,577,369</b>	<b>5,950,064</b>	<b>(3,372,695)</b>	<b>-56.68%</b>
Depreciation Expense	660,170	706,697	(46,527)	-6.58%
Other Operating Expenses	1,588,878	3,100,235	(1,511,357)	-48.75%
Other Non-operating expenses	63,374	814,603	(751,229)	-92.22%
<b>Total Expenses</b>	<b>\$ 2,312,422</b>	<b>\$ 4,621,535</b>	<b>\$ (2,309,113)</b>	<b>-49.96%</b>

**ADDITIONAL FINANCIAL INFORMATION**

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information; please contact the Bloss Memorial Healthcare District's Office Manager at 3605 Hospital Road, Atwater, CA 95301.

**BLOSS MEMORIAL HEALTHCARE DISTRICT**

## Statement of Net Position

June 30, 2019 and 2018

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	June 30,	
	2019	2018
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents - Note 2	\$ 3,417,513	\$ 3,746,463
Patient accounts receivable, net of allowances	-	179,091
Other receivables and physician advances	53,697	281,492
Prepaid expenses and deposits	11,330	71,282
<b>Total Current Assets</b>	<b>3,482,540</b>	<b>4,278,328</b>
<b>Non-Current Assets:</b>		
Note Receivable - Note 8	2,150,000	2,150,000
<b>Total Non-Current Assets</b>	<b>2,150,000</b>	<b>2,150,000</b>
Assets limited as to use- UNG Goodwin Trust	169,926	173,892
Capital assets, net of accumulated depreciation - Note 9	17,454,929	16,599,134
<b>Total Assets</b>	<b>\$ 23,257,395</b>	<b>\$ 23,201,354</b>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 389,353	\$ 582,120
Accrued payroll and related liabilities	61,868	74,041
<b>Total Current Liabilities</b>	<b>451,221</b>	<b>656,161</b>
<b>Total Liabilities</b>	<b>451,221</b>	<b>656,161</b>
<b>Net Position:</b>		
Temporarily restricted	169,926	173,892
Invested in capital assets, net of related debt	17,454,929	16,599,134
Unrestricted	5,181,319	5,772,167
<b>Total Net Position</b>	<b>22,806,174</b>	<b>22,545,193</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 23,257,395</b>	<b>\$ 23,201,354</b>

See accompanying notes and auditor's report.

**BLOSS MEMORIAL HEALTHCARE DISTRICT**  
Statement of Revenues, Expenses and Changes in Net Position  
June 30, 2019 and 2018

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	Year Ended June 30	
	2019	2018
<b>Operating Revenues</b>		
Net patient service revenue	\$ -	\$ 2,875,944
Donations	549,685	565,000
Other operating revenue	23,206	168,441
	<u>572,891</u>	<u>3,609,385</u>
<b>Operating Expenses</b>		
Salaries and wages	113,228	711,605
Employee benefits	63,475	160,202
Professional fees	24,479	1,102,726
Purchased services	477,631	641,975
Supplies	9,614	358,148
Repairs and maintenance	135,779	78,962
Utilities	414,448	448,610
Rental and lease	229,131	229,629
Depreciation and amortization	660,170	706,697
Insurance	85,103	101,623
Other operating expenses	35,990	81,358
	<u>2,249,048</u>	<u>4,621,535</u>
<b>Operating Income (loss)</b>	<u>(1,676,157)</u>	<u>(1,012,150)</u>
<b>Non-Operating Revenues (Expenses)</b>		
District tax revenue	394,879	377,000
Investment income	130,573	10,947
Partnership income (Loss)	-	(318,950)
Sale of asset income (Loss)	-	1,060,524
Rental income	1,416,410	1,201,640
Other non-operating income (Loss)	(758)	9,518
	<u>1,941,104</u>	<u>2,340,679</u>
<b>Excess (deficit) of Revenues over Expenses</b>	<u>264,947</u>	<u>1,328,529</u>
<b>Net change in Temporarily Restricted Position</b>	<u>(3,966)</u>	<u>6,297</u>
<b>Increase (decrease) in Net Position</b>	<u>260,981</u>	<u>1,334,826</u>
<b>Net Position at Beginning of the Year</b>	<u>22,545,193</u>	<u>21,210,367</u>
<b>Net Position at End of the Year</b>	<u>\$ 22,806,174</u>	<u>\$ 22,545,193</u>

See accompanying notes and auditor's report

**BLOSS MEMORIAL HEALTHCARE DISTRICT**

Statements of Cash Flows

June 30, 2019 June 2018

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	Year Ended June 30	
	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from patients and third-parties on behalf of patients	\$ 406,886	\$ 3,081,209
Cash received for operations, other than patient services	632,843	1,469,888
Cash payments to suppliers and contractors	(1,604,942)	(2,746,032)
Cash payments to employees and benefit programs	(188,876)	(934,001)
Net cash used in operating activities	<u>(734,089)</u>	<u>871,064</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
District tax revenues	394,879	377,000
Net cash provided by non-capital financing activities	<u>394,879</u>	<u>377,000</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Purchase of capital assets, net of disposals	(1,511,999)	34,630
Principal payments on debt borrowings	-	(566)
Net cash used in capital and related financing activities	<u>(1,511,999)</u>	<u>34,064</u>
<b>Cash Flows from Investing Activities:</b>		
Net change in other liabilities	-	(1,773,233)
Partnership income (Loss)	-	(318,950)
Sale of Asset income (Loss)	-	1,060,524
Rental income	1,416,410	1,201,640
Other non-operating income (expenses)	(758)	13,409
Net change in temporarily net assets	(3,966)	6,297
Net income from investments	130,573	10,947
Net cash provided by investing activities	<u>1,542,259</u>	<u>200,634</u>
Net increase in cash and cash equivalents	(328,950)	1,482,762
Cash and cash equivalents at beginning of year	<u>3,746,463</u>	<u>2,263,701</u>
Cash and cash equivalents at end of year	<u>\$ 3,417,513</u>	<u>\$ 3,746,463</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating loss	\$ (1,676,157)	\$ (1,012,150)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	660,170	706,697
Changes in operating assets and liabilities:		
Patient accounts receivable	179,091	205,265
Other receivables and Note Receivable	227,795	736,447
Supplies	-	8,315
Prepaid expenses and deposits	59,952	33,205
Accounts payable and accrued expenses	(192,767)	255,479
Accrued payroll and related liabilities	(12,173)	(62,194)
Net cash used in operating activities	<u>\$ (754,089)</u>	<u>\$ 871,064</u>

See accompanying notes and auditor's report

## BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

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### NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES

**Reporting Entity:** Bloss Memorial Healthcare District (the District) is a public entity organized under Local District Law as set forth in the Health and Safety Code of the State of California. The District is a political subdivision of the State of California and is generally not subject to federal or state income taxes. The District is governed by a five-member Board of Directors, elected from within the healthcare District to four-year terms of office. The District is in Atwater, California and operates two dental clinics; CCDSC in Atwater and CDSC in Stockton, California, providing dental and oral surgical clinical services. The District also provides support to a local health care clinic located in Atwater, California which provides primary health care services primarily to individuals who reside in the local geographic area. On January 2, 2015, the District purchased all outstanding partnership shares of CCDSC and became the sole partner. The assets, liabilities and operations of CCDSC were consolidated into the District's accounting records and financial statements at that time and all intercompany balances were eliminated. Bloss has sold the assets of Stockton clinic and sold the Atwater clinic on May 31, 2018. See Note 13 for more details.

**Basis of Preparation:** The accounting policies and financial statements of the District 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 Governmental Accounting Standards Board (GASB). For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operational revenues and expenses.

In the statement of net position, and statement of revenues, expenses and changes in net position, business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or the economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with RTD's principle ongoing operational activities. Bloss major revenues is from providing health care services. Operating expenses include the cost of operating maintenance and support of health care system and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and/or expenses.

**Financial Statement Presentation:** The District applies the provisions of GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (Statements 34), as amended by GASB 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement 38, *Certain Financial Statement Note Disclosures*. Statement 34 established financial reporting standards for all state and local governments and related entities. Statement 34 primarily relates to presentation and disclosure requirements. The impact of this change was related to the format of the financial statements; the inclusion of management's discussion and analysis; and the preparation of the statement of cash flows on the direct method. The application of these accounting standards had no impact on the total net position.



**BLOSS MEMORIAL HEALTHCARE DISTRICT**

Notes to Financial Statements

June 30, 2019 and 2018

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**NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)**

**Management’s Discussion and Analysis:** GASB Statement 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the District’s financial activities in the form of “management’s discussion and analysis” (MD&A). This analysis is similar to the analysis provided in the annual reports of organizations in the private sector.

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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 and Investments:** The District considers cash and cash equivalents to include certain investments in highly liquid debt instruments, when present, with an original maturity of a short-term nature or subject to withdrawal upon request. Exceptions are for those investments which are intended to be continuously invested. Investments in debt securities are reported at market value. Interest, dividends and both unrealized and realized gains and losses on investments are included as investment income in non-operating revenues when earned.

**Accounts Receivable:** Accounts receivable is stated at net realizable value. The District accounts for uncollectible accounts by establishing a reserve. At June 30, 2019 and 2018, the allowance for doubtful accounts and contractual adjustments was \$-0- and \$113,383, respectively. Effective May 31, 2018, the District does not have patient service revenue due to the sale of two dental surgery centers.

**Supplies:** Supply inventory are stated at cost, which is determined using the first-in, first-out method (FIFO).

**Assets Limited as to Use:** Assets limited as to use include donor restricted funds. Assets limited as to use consist primarily of deposits on hand with banking and investments institutions.

**Capital Assets:** Capital assets consist of property and equipment and are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures which increase values, change capacities, or extend useful lives are capitalized. Depreciation of property and equipment and amortization of property under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 10 to 30 years for buildings and improvements, and 3 to 10 years for equipment. The District periodically reviews its capital assets for value impairment. As of June 30, 2019, and 2018, the District has determined that no capital assets are impaired.

**BLOSS MEMORIAL HEALTHCARE DISTRICT**

Notes to Financial Statements  
June 30, 2019 and 2018

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**NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)**

**Compensated Absences:** District 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 liabilities as of June 30, 2019 and 2018 are \$42,087 and \$34,447 respectively.

**Risk Management:** The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; errors and omissions; employee injuries and illness; natural disasters; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters.

**Net Position:** Net Position is presented in three categories. The first category is net position “invested in capital assets, net of related debt”. This category of net position consists of capital assets (both restricted and unrestricted), net of accumulated depreciation and reduced by the outstanding principal balances of any debt borrowings that were attributable to the acquisition, construction, or improvement of those capital assets.

The second category is “restricted” net position. This category consists of externally designated constraints placed on those net assets by creditors (such as through debt covenants), grantors contributors, law or regulations of other governments or government agencies, or law or constitutional provisions or enabling legislation.

The third category is “unrestricted” net-position. This category consists of assets that do not meet the definition or criteria of the previous two categories.

**District Tax Revenue:** The District receives financial support from property taxes. These funds are used to support operations and meet required debt service agreements. They are classified as non-operating revenue as the revenue is not directly linked to patient care. Property taxes are levied by the County on the District’s behalf during the year and are intended to help finance the District’s activities during the same year. Amounts are levied on the basis of the most current property values on record with the County. The County has established certain dates to levy, lien, and mail bills, and received payments from property owners during the year. Property taxes are considered delinquent on the day following each payment due date.

**BLOSS MEMORIAL HEALTHCARE DISTRICT**

Notes to Financial Statements

June 30, 2019 and 2018

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**NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)**

**Grants and Contributions:** From time to time, the District receives grants from various governmental agencies and private organizations. The District also receives contributions from related foundation and auxiliary organizations, as well as from individuals and other private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or capital acquisitions. These amounts, when recognized upon meeting all requirements, are reported as components of the statement of revenues, expenses and changes in net assets.

**Operating Revenues and Expenses:** The District's statement of revenues, expenses and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the District's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Non- operating revenues and expenses are those transactions not considered directly linked to providing health care services.

**Net Patient Service Revenue:** Net patient service revenue is reported at the estimated net realizable value amounts from patients, third-party payers and others for services rendered. The net patient service revenue for June 30, 2019, and 2018 is \$-0- and \$2,875,944, respectively. Effective May 31, 2018, the District has sold the two dental surgery centers.

**Reclassifications:** Certain financial statement amounts as presented in the prior year financial statements have been reclassified in these, the current year financial statements, in order to conform to the current year financial statement presentation.

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

As of June 30, 2019, and 2018, the District had deposits invested in various financial institutions in the form of cash equivalents amounting to \$3,587,439 and \$3,920,355, respectively. All of these funds were held in deposits, which are collateralized in accordance with the California Government Code (CGC), except for \$250,000 per account that is federally insured.

Under the provisions of the CGC, California banks and savings and loan associations are required to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of District's total deposits. The pledged securities are held by the pledging financial institution's trust department in the name of the District.

Investments consist of equity securities and real estate funds invested through an investment broker and are stated at quoted market values. Changes in market value between years are reflected as a component of investment income in the accompanying statement of revenues, expenses and changes in net assets.

**BLOSS MEMORIAL HEALTHCARE DISTRICT**

Notes to Financial Statements

June 30, 2019 and 2018

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**NOTE 3 – NET PATIENT SERVICE REVENUES AND REIMBURSEMENT PROGRAMS**

On January 2, 2015, the District purchased all outstanding partnership shares of CCDSC and became the sole partner. The assets, liabilities, and operations of CCDSC were consolidated into the District's accounting records and financial statements at that time and all intercompany balances were eliminated. See Note 13. The District through CCDSC now renders dental services to patients under contractual arrangements with Medicare and Medi-Cal programs, health maintenance organization (HMOs) and preferred provider organizations (PPOs). Patient service revenues from these programs approximate 98% of gross patient service revenues. Due to the sale of two dental surgery centers in prior fiscal year, the District did not have any patient service revenue in FY18-19.

Medicare and Medi-Cal Program dental services are generally paid under a fee for service arrangement.

Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that estimates will change by a material amount in the near term.

The District has sold the asset of Stockton on May 31, 2018. In addition, the District has sold the Atwater operation on May 31, 2018. See Note 13 for more detail.

**NOTE 4 – INVESTMENTS**

The District's investment balances, and average maturities were as follows at June 30, 2019 and 2018.

	2019			
	Investment Maturities in Years			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>Over 5</u>
Money Market Accounts	\$ 501,049	\$ 501,049	\$ -	\$ -
Mutual Funds Accounts	600,052	600,052	-	-
Marketable Securities	169,926	169,926	-	-
<b>Total Investments</b>	<b>\$ 1,271,027</b>	<b>\$ 1,271,027</b>	<b>\$ -</b>	<b>\$ -</b>

	2018			
	Investment Maturities in Years			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>Over 5</u>
Money Market Accounts	\$ 501,044	\$ 501,044	\$ -	\$ -
Mutual Funds Accounts	312,444	312,444	-	-
Marketable Securities	173,892	173,892	-	-
<b>Total Investments</b>	<b>\$ 987,380</b>	<b>\$ 987,380</b>	<b>\$ -</b>	<b>\$ -</b>

## BLOSS MEMORIAL HEALTHCARE DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

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### NOTE 4 – INVESTMENTS (Continued)

The District investments are reported at fair value as previously discussed. The District's investment policy allows for various forms of investments generally set to mature within a few months to others over 15 years. The policy identifies certain provisions which address interest rate risk, credit risk and concentration of credit risk.

**Interest Rate Risk:** Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District's exposure to interest rate risk is minimal as 100% of their investments have a maturity of less than one year. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the preceding schedules that shows the distribution of the District's investments by maturity.

**Credit Risk:** Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, such as Moody's Investor Service, Inc. The District's investments in such obligations are in U.S. government obligations. The District believes that there is minimal credit risk with these obligations at this time.

**Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. Broker-dealer), the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investments are generally held by banks or investment companies. The District believes that there is minimal custodial credit risk with their investments at this time. District management monitors the entities which hold the various investments to ensure they remain in good standing.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attribution to the magnitude of the District's investment in a single issuer. The District's investments are held as follows: banks 22% and investment companies 78%. The District believes that there is minimal custodial credit risk with their investments at this time. District management monitors the entities which hold the various investments to ensure they remain in good standing.

**BLOSS MEMORIAL HEALTHCARE DISTRICT**

Notes to Financial Statements

June 30, 2019 and 2018

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**NOTE 5 – CONCENTRATION OF CREDIT RISK**

The District grants credit without collateral to its patients and third-party payers. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the District and management does not believe that there are any credit risks associated with these governmental agencies. Concentration of patient accounts receivable at June 30, 2019, and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
MediCal	0%	80%
Medicare	0%	0%
Other 3rd Party Payors	0%	20%
Private Party	<u>0%</u>	<u>0%</u>
Total	<u>0%</u>	<u>100%</u>

**NOTE 6 – ASSETS LIMITED AS TO USE**

Assets limited as to use as of June 30, 2019 and 2018 were comprised of cash and cash equivalents held as donor restricted funds. Interest income, dividends and both realized and unrealized gains and losses are recorded as investment income. Total investment income was \$24,242 and \$17,244 for the years ended June 30, 2019 and 2018, respectively. Total investment income includes both income from unrestricted and assets limited as to use. Debt securities, when present are recorded at market price or the fair market value as of the date of each balance sheet.

**NOTE 7 – OTHER RECEIVABLES**

Other receivables as of June 30, 2019 and 2018 were comprised of the following:

	<u>2019</u>	<u>2018</u>
Property taxes receivable	\$ 50,580	\$ 35,721
Other	<u>3,117</u>	<u>245,770</u>
Total Other Receivables	<u>\$ 53,697</u>	<u>\$ 281,491</u>

**BLOSS MEMORIAL HEALTHCARE DISTRICT**  
Notes to Financial Statements  
June 30, 2019 and 2018

**NOTE 8 – NOTE RECEIVABLE**

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Receivables at June 30, 2019 consisted of the following:

	Beginning Balance	Additions	Balance Paid	Remaining Balance	Due Within One Year
Dental Surgery Centers of America	\$ 1,950,000	\$ -	\$ -	\$ 1,950,000	\$ -
Dental Surgery Centers of America	200,000	-	-	200,000	-
	<u>\$ 2,150,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,150,000</u>	<u>\$ -</u>

On May 31, 2018, Bloss Memorial Healthcare District has entered into a \$2,150,000 loan agreement with a Dental Surgery Center of America. The interest rate on the loan is 6% per annum. The interest is payable in a monthly installment and the principle will be due by May 31, 2021.

**NOTE 9 – CAPITAL ASSETS**

Capital assets as of June 30, 2019 and 2018 were comprised of the following:

	Balance June 30, 2018	Transfer & Additions	Retirement & Adjustments	Balance at June 30, 2019
Land and land improvements	\$ 2,257,611	\$ -	\$ -	\$ 2,257,611
Building and improvements	22,806,907	1,449,220	-	24,256,127
Equipment	8,206,988	66,746	(754,682)	7,519,052
Total at historical cost	33,271,506	1,515,966	(754,682)	34,032,790
Less accumulated depreciation	(16,672,372)	660,170	(565,659)	(16,577,861)
Capital Assets Net	<u>\$ 16,599,134</u>	<u>\$ 2,176,136</u>	<u>\$ (1,320,341)</u>	<u>\$ 17,454,929</u>
	Balance June 30, 2017	Transfer & Additions	Retirement & Adjustments	Balance at June 30, 2018
Land and land improvements	\$ 2,257,611	\$ -	\$ -	\$ 2,257,611
Building and improvements	22,792,794	14,113	-	22,806,907
Equipment	8,345,466	-	(138,478)	8,206,988
Total at historical cost	33,395,871	14,113	(138,478)	33,271,506
Less accumulated depreciation	(16,045,221)	(706,697)	79,546	(16,672,372)
Capital Assets Net	<u>\$ 17,350,650</u>	<u>\$ (692,584)</u>	<u>\$ (58,932)</u>	<u>\$ 16,599,134</u>

**BLOSS MEMORIAL HEALTHCARE DISTRICT**

Notes to Financial Statements

June 30, 2019 and 2018

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**NOTE 10 – RETIREMENT PLANS**

The District sponsors a 403(b) defined contribution plan (the plan). The District is the Plan's administrator as defined by section 316 of the Employee Retirement Income Security Act of 1974 (ERISA). All plan assets are held in a retirement trust with legal title held by the District's Board of Directors as Trustees.

All employees are eligible to participate in the Plan except for those who belong to a union, where the retirement benefits have been the subject of collective bargaining or contract negotiation or work less than 2,000 hours per year for the District.

The District also offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The plan is generally available to all District employees and permits them to defer a portion of their income. The compensation deferred is generally not available to employees until termination, retirement, death or certain hardship situations.

**NOTE 11 – INCOME TAXES**

The District is a political subdivision of the state of California organized under the Local Health Care District Law as set forth in the Health and Safety Code of the State of California. The District has been determined to be exempt from income taxes under Local Health Care District Law. Accordingly, no provision for income taxes is included in the accompanying financial statements. The District is no longer subject to examination by federal or state authorities for years prior to June 30, 2011, nor has it been notified of any impending examination and no examinations are currently in process.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**Operating Leases:** The District leases various equipment and facilities under operating leases expiring at various dates. Total building and equipment rent expense for the years ended June 30, 2019 and 2018, were \$229,131 and \$229,629, respectively. Future minimum lease payments for the succeeding years under operating leases as of June 30, 2019, with initial or remaining lease terms in excess of one year are not considered material.

**Litigation:** The District may from time-to-time be involved in litigation and regulatory investigations which arise in the normal course of doing business. After consultation with legal counsel, management estimates that matters existing as of June 30, 2019 will be resolved without material adverse effect on the District's future financial position, results from operations or cash flows.



**BLOSS MEMORIAL HEALTHCARE DISTRICT**

Notes to Financial Statements  
June 30, 2019 and 2018

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

**Workers Compensation Program:** The District is a participant in the Association of California Healthcare District's ALPHA Fund which administers a self-insured worker's compensation plan for employees of its member District's. The District pays a premium to the ALPHA Fund which is adjusted annually. If participation in the ALPHA Fund is terminated by the District, the District would be liable for its share of any additional premiums necessary for final disposition of all claims and losses covered by the ALPHA Fund.

**Health Insurance Portability and Accountability Act:** The Health Insurance Portability and Accountability Act (HIPAA) was enacted August 21, 1996, to ensure health insurance portability, reduce health care fraud and abuse, guarantee security and privacy of health information, and enforce standards for health information. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. Management continues to evaluate the impact of this legislation on its operations including future financial commitments that will be required.

**Health care Reform:** The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, governmental health care program participation requirements, and reimbursement for patient services, antitrust, anti-kickback and anti-referral by physicians, false claims prohibition and, in the case of tax exempt organizations, the requirements of tax exemption. In recent years, government activity has increased with respect to investigations

and allegations concerning possible violations by health care providers or reimbursement, false claims, anti-kickback statues and regulations, quality of care provided to patients, and handling of controlled substances. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Laws and regulations concerning government programs, including Medicare, Medicaid and various other programs, are complex and subject to varying interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. As a result of nationwide investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements.

Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines and penalties and exclusion from related programs. The District expects that the level of review and audit to which it and other health care providers are subject will increase. There can be no assurance that regulatory authorities will not challenge the District's compliance with these regulations, and it is not possible to determine the effect (if any) such claims, or penalties would have upon the District.

**BLOSS MEMORIAL HEALTHCARE DISTRICT**

Notes to Financial Statements

June 30, 2019 and 2018

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

*Current Economic Conditions:* Given the volatility of current economic conditions, the values of assets and liabilities recorded in the accompanying financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for accounts receivable that could negatively impact the District's ability to meet debt requirements or maintain sufficient liquidity.

**NOTE 13 – RELATED PARTIES**

The District is a partner in the Children Dental Surgery Center, a general partnership. The District's partnership share is 65%. The District recorded partnership income (loss) of \$-0- and \$(318,950) for the years ended June 30, 2019 and 2018 respectively. As of May 31, 2018, Bloss sold both Dental Surgery Centers to Dental Surgery Centers of America. Bloss Memorial Healthcare District recorded a Gain in Sale of Central California Dental Surgery Center in Atwater of \$1,851,149 and a Loss in Sale of Children's Dental Surgery Center in Stockton of \$790,624. Total net gain in the sale of the surgery centers is \$1,060,524.

**NOTE 14 – SUBSEQUENT EVENTS**

The management of Bloss Memorial Healthcare District has evaluated events subsequent to June 30, 2019 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 13, 2019, the date these financial statements were available to be issued.

CFHC REQUEST OF GRANT FUNDS FROM  
UNG GOODWIN TRUST



Castle Family  
Health Centers, Inc.

September 4, 2019

Bloss Memorial Healthcare District, Inc  
3605 Hospital Road, Suite F  
Atwater, CA 95301

Re: Request of Grant Funds from Ung Goodwin Trust

Castle Family Health Centers, Inc is requesting \$6,800 from the Ung Goodwin Trust required minimum distribution for 2018 990PF to provide flu shots, vision exams and other medical services for seniors (age 60+) who reside in Merced County and who have no other health insurance coverage for this type of care.

The time frame for these services is from September 1, 2019 to December 31, 2019.

Thank you for your consideration.

Peter Mojarras, COO  
Castle Family Health Centers, Inc

**APPROVAL OF REVISED BYLAWS**

**BLOSS MEMORIAL  
HEALTHCARE DISTRICT  
BY-LAWS**

**PREAMBLE**

Pursuant to the authority given by the local Healthcare District Law, Chapter 1 of Division 23 of the California Health and Safety code, commencing with Section 32000, et seq., these Amended Bylaws are adopted for the purpose of establishing rules and regulations, not inconsistent with law, necessary for the exercise of the powers conferred and the performance of the duties imposed upon the Board of Directors of Bloss Memorial Healthcare District by the laws of the State of California.

**ARTICLE I**

Section 1. Name. The name of this non-profit healthcare district organization shall be called Bloss Memorial Healthcare District, A public Entity.

Section 2. Offices. The principal office for the transaction of the business of the District is hereby fixed at 3605 Hospital Road, Suite F, Atwater, County of Merced, and State of California.

Section 3. Titled Property. The title of all property of the District shall be vested in the District, and the signature of the Board President or Chief Executive Officer authorized at any meeting of the Board of Directors shall constitute the proper authority for the purchase or sale of property, or for the investment or other disposal of trust funds which are subject to the control of the District.

**ARTICLE II**

Section 1. Scope of Bylaws. These Bylaws shall be known as the “District Bylaws” and shall govern the Bloss Memorial Healthcare District, its Board of Directors, and all of its affiliated and subordinate organization and group.

The Board of Directors may delegate certain powers to its Chief Executive Officer as needed to conduct District business in accordance with Board and policy direction. In the event the District Bylaws are in conflict with any statute of the State of California governing District, such statute shall prevail.

Section 2. Purposes. The purpose of the Bloss Memorial Healthcare District shall include, but not necessarily be limited to, the following:

- (a) Within the limits of District resources, to provide appropriate resources to meet the healthcare needs of the community and its residents, through its affiliation with Castle Family Health Centers, Inc., regardless of race, creed, age, gender, ~~or~~ national origin, **or sexual orientation.**
- ~~(b) To coordinate the resources of the District with its Dental Centers to provide specialized care to children and others in need.~~
- (b) To continue to expand and seek out new service lines ~~so to maximize the full use of its Ambulatory Surgery Centers~~ **enhance the health care in our community.**
- (c) To take all reasonable steps to conform to all applicable Federal, State, Healthcare District, and local laws and regulations including those related to licensure and other safety measures.

Section 3. Profit or Gain. There shall be no contemplation of profit or pecuniary gain, and no distribution of profits to any individual, under any guise whatsoever, nor shall there be any distribution of assets or surpluses to any individual on the dissolution of this District.

Section 4. Disposition of Surplus. Should the operation of the District result in a surplus of revenue over expenses during any particular period, such surplus may be used and dealt with by the Directors for improvement in the District's facilities, staff enhancements or developments, for the uncompensated care of the sick, injured, or disabled, or for other purposes not inconsistent with the Local, Healthcare District Law, or these Bylaws.

## ARTICLE III DIRECTORS

Section 1. Numbers and Qualifications. The Board of Directors shall consist of five (5) members, each of whom shall be a registered voter. The members of the Board of Directors shall be elected with one (1) representative from each of the five (5) areas within the District as outlined in the District map.

Section 2. Term. The term of a member of the Board of Directors shall be four (4) years, and the terms of each Director shall be staggered so that three (3) members of the Board are elected in one (1) year, and two (2) members of the Board are elected two (2) years thereafter.

Section 3. Powers and Duties. The Board of Directors shall have and exercise all the power of a Healthcare District as set forth in the Local Healthcare District Act. Specifically, the Board of Directors shall be empowered as follows:

- (a) To control and be responsible for the management of all operations and affairs of the District.
- (b) To make and enforce all rules and regulations necessary for the administration, government, protection, and maintenance of its facilities under District jurisdiction.
- (c) To appoint a Chief Executive Officer and to define the powers and duties of such appointee.
- (d) To approve and adopt policies for the operations of this District and any of its facilities.
- (e) To designate by resolution persons who shall have authority to sign checks drawn on the funds of the District.
- (f) To negotiate or enter into agreement with independent contractors to secure the ongoing business of the District.
- (g) To evaluate itself on an annual basis using established written guidelines.
- (h) To do any and all other acts and things necessary to carry out the provisions of these Bylaws or of the provisions of the Local Healthcare District Act.

Section 4. Compensation. The members of the Board of Directors shall **be compensated for attending the Board of Director meetings and other assigned / appointed meetings as authorized per Resolution 04-2 as approved by the Board of Directors.** ~~serve without compensation, except as provided under the applicable Health and Safety Code Sections, and except that~~ Each **member of the Board of Directors** shall be allowed his or **her** actual necessary traveling and incidental expenses incurred in the performance of official business of the District as approved by the Board.

Section 5. Vacancies. Any vacancy upon the Board of Directors shall be filled by appointment by the remaining members of the Board of Directors, for such term and under such conditions as may be specified by law.

## ARTICLE IV MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors of the District are normally scheduled within the last week of each calendar month and must be held at least quarterly. The announcement of the exact date and time for Board Meetings



shall be announced at the conclusion of each meeting. All meetings are posted in accordance with the Ralph M. Brown Act.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the Board President or three (3) Directors, and notice of the holding of such meeting shall be ~~mailed~~ delivered to each member of the Board of Directors at least forty-eight (48) hours before the meeting.

Section 3. Quorum. A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business.

Section 4. Adjournment. A quorum of the Board of Directors may adjourn any Director's meeting to meet again at a stated day and hour, provided, however, that in the absence of a quorum, a majority of the Directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors.

Section 5. Public Meetings. All meetings of the Board of Directors, whether regular, special, or adjourned, shall be open to the public, provided, however, that the foregoing shall not be construed to prevent the Board of Directors from holding Executive Sessions or other meetings in accordance with the provisions of the Ralph M. Brown Act, Chapter 9 of division 2 of Title 5 of the California Government Code, commencing with Section 54950.

Section 6. Minutes. The secretary of the Board shall cause to be kept at the principal office of the District, a book of minutes of all meetings of the Board of Directors, showing the time and place, whether regular or special, and if special, how authorized, the notice given, the names of the Directors present, and a statement of the vote of the Directors of all motions and resolutions.

## ARTICLE V OFFICERS

Section 1. Officers. The officers of the Board of Directors shall be a President, Vice-President, and a Secretary-Treasurer. All officers shall hold office at the pleasure of the Board of Directors.

Section 2. Elections of Officers. The officers of the Board of Directors shall be chosen every year by the Board of Directors at the first meeting of every calendar year, and each officer shall hold office for one (1) year or until his successor shall be elected and qualified, or until he is otherwise disqualified to serve.

Section 3. President. The Board of Directors shall elect one of their members to act as President. If at any time the President shall be unable to act, the Vice-President shall take his/her place and perform his/her duties. If the Vice-President shall also be unable to act, the Secretary/Treasurer shall take his/her place and perform his/her duties,

and such person shall be vested temporarily with all the functions and duties of the office of President.

The President or member of the Board of Directors acting as such as above provided:

- (a) Shall preside over all meetings of the Board of Directors.
- (b) Shall sign, as President, on behalf of the District, all instruments in writing He has been specifically authorized by the Board to sign.
- (c) Shall have, subject to the advice and control of the Board of Directors, general responsibility for management of the affairs of the District during his term of office.
- (d) Shall be, ex-officio, a member of all committees.

Section 4. Vice-President. The Vice-President shall, in the event of death, Absence, or other inability of the President, exercise all the powers and perform all the duties herein given to the President.

Section 5. Secretary-Treasurer. The Secretary-Treasurer shall keep, or cause to be kept, accurate and complete minutes of all meetings, call meetings on order of the President, attend to all correspondence of the Board, and perform such other duties as ordinarily pertain to his office.

The Secretary-Treasurer shall be responsible for ascertaining that all receipts are deposited and disbursements made in accordance with these Bylaws, the directions of the Board, and good business practice. The Board may appoint an Assistant Treasurer to maintain the financial records of the District, and to prepare such financial reports as are required by the Board or the Chief Executive Officer. The financial affairs of the District shall be reported to the Board of Directors at each regularly scheduled meeting.

## ARTICLE VI COMMITTEES

Section 1. Special Committees. The President with the concurrence of the Board, may, from time to time, appoint one or more members of the Board and other persons as necessary or appropriate, to constitute special committees for the investigation, study, or review of, specific matters. No committee so appointed shall have any power or authority to commit the Board of Directors or the District in any manner

Section 2. Standing Committees. Standing Committees may be appointed, and, if appointed, such Committees shall continue in existence until discharged by specific action of the Board of Directors.

Section 3. Executive Committee. The Executive Committee shall consist of the President and Secretary-Treasurer. It shall have the power to transact all regular and

routine business of the District during the interim between the meetings of the Board of Directors, provided any action which it may take shall not conflict with the policies and expressed wishes of the Board of Directors, and that it shall refer all matters of majority importance to the Board of Directors. Should any matter of extreme emergency arise between regular meetings of the Board of Directors, it shall be the duty of the Executive Committee to request a special meeting to handle the urgent matter.

## ARTICLE VII CHIEF EXECUTIVE OFFICER

The Board of Directors shall select and employ a Chief Executive Officer (CEO), who is subject to such policies as may be adopted, and such orders as may be issued by the Board of Directors, or by any of its committees to which it has delegated power for such action, shall have the responsibility, as well as the authority, to function as the Chief Executive Officer of the institution, translating the Board of Director's policies into actual operation. In such capacity he/she shall have the authority to:

- (a) Organize and departmentalize the District.
- (b) Delegate duties and establish formal means of accountability on the part of subordinates.
- (c) Establish, convene and adjourn interdepartmental meetings.
- (d) Maintain effective liaison among the Board of Directors, Management Staff and District Departments.
- (e) Plan, organize and direct operations of the District pursuant to policies established by the Board of Directors.
- (f) Establish and communicate personnel policies and practices that adequately support labor law practices.
- (g) Specifically implement systems necessary to control and effectively utilize the physical and financial resources of the District, including: Budgeting, control of accounts receivable, handling of cash, extending of credit, establishment of rates and charges, monitoring of the District's insurance program, and controlling of inventory not omitting the establishment of procedures involving purchasing, product selection, product evaluation and supply distribution.
- (h) Insure that the accreditation's (if done), licensing, fire and safety compliance are maintained.

- (i) Maintain a relationship with the community, and has the authority to speak for the District in matters of public relations.
- (j) Function as a resource and advisor to the Board in matters pertaining to health care.
- (k) Function as a planner and coordinator of institutional growth programs relating to the institution's master plan for expansion of services.
- (l) Present reports to the Board of Directors as appropriate, including the annual budget showing the expected receipts and expenditures as required by law.
- (m) Negotiate and execute, subject to Board policy, on behalf of the District:
  - i. Contracts, licenses, and leases for equipment, supplies, materials and services up to the bid limit provided by statute; and
  - ii. Contracts, licenses and leases for capital equipment items which have been budgeted by the Board of Directors, and which may be approved from time to time pursuant to the Board's regular procedures.

## ARTICLE VIII PROVIDER STAFF

Section 4. District Rules. The Bylaws of the District Provider Staff shall set forth the procedure by which eligibility for Provider Staff membership and establishment of professional privileges shall be determined. Such Bylaws shall provide that the Provider Staff or a committee or committees thereof, shall study the qualifications of all applications in the establishment of professional privileges, and shall submit to the Board of Directors recommendations thereon. Such recommendations shall be considered by the Board, but shall not be binding upon the Board. In addition, the medical staff establish's controls that are designed to ensure the achievement and maintenance of high standards of professional ethical practices including provision that all members of the provider staff be required to demonstrate their ability to perform invasive/non-invasive and/or other procedures competently and to the satisfaction of an appropriate committee or committees of the staff or Medical Director, at the time of original application for appointment to the staff and at least every two years thereafter.

## ARTICLE IX DISTRICT LAW

All rules and regulations for the conduct of the District, of the Board of Directors, the Staff, and all employees shall be in compliance with the local Healthcare District Law of the State of California.

ARTICLE X  
INSURANCE FOR BOARD OF DIRECTORS

The District shall provide Directors and Officers insurance coverage for the Board of Directors which provides that the word “insured” under any newly issued liability insurance policy for the District includes: The named insured or any District organization to which a Certificate has been issued under an insurance policy, and any partner, executive officer, director, trustee, or stockholder thereof, but only with respect to his legal liability when acting within the capacity and scope of his duties as such.

ARTICLE XI  
INDEMNITY OF OFFICERS AND EMPLOYEES

The District, may to the extent permitted, and subject to the conditions required by the California Government Code, indemnify and defend Directors, Officers, Employees, or former Directors, Officers, and Employees of the District against claims or actions arising out of an act or omission occurring within the scope of his or her employment or duties with the District.

ARTICLE XII  
SEAL

The Board of Directors shall have the power to adopt a form of corporate seal, and to alter it at pleasure.

ARTICLE XIII  
AMENDMENT

These Bylaws may be altered, amended, repealed, added to or deleted, at any regular meeting of the Board of Directors, with the consent of a majority of the members.

These Bylaws approved by a majority of the Board of Directors at its regular meeting on September 26, 2019.

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Secretary-Treasurer