
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: April 20, 2018

Phone: (209) 724-4102

Fax: (209) 722-9020

Bloss Memorial Healthcare District will hold their Finance Committee meeting on Thursday, April 26, 2018 at 1:30 pm in the Board Room at 3605 Hospital Road, Atwater, CA 95301.

Bloss Memorial Healthcare District will hold their Board of Directors meeting on Thursday, April 26, 2018 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, April 26, 2018
2:00 pm**

AGENDA FOR PUBLIC SESSION

I. CALL TO ORDER

II. ROLL CALL

ACTION

EXHIBIT

III. APPROVAL OF AGENDA

*

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. March 26, 2018 CCDSC/CDSC Advisory Committee Meeting | * | 1 |
| B. March 26, 2018 Board of Directors Meeting | * | 1a |

VI. FINANCIAL REPORT

- | | | |
|--|---|---|
| A. March 26, 2018 Finance Committee Minutes | * | 2 |
| B. Chief Financial Officer Report | | 3 |
| C. March Payroll, Electronic Payments & Check Register | * | 4 |

VII. CHIEF EXECUTIVE OFFICER REPORT

VIII. OLD BUSINESS / REPORTS

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

IX. NEW BUSINESS

- | | | |
|--|---|---|
| A. Provider Credentialing / Privileging | * | |
| B. Approval of CCDSC / CDSC Policies & Procedures | * | |
| C. Request from CFHC, Inc for Supplement to Lease for Additional Lease Space | * | 6 |
| D. Approval of CDSC 2017 Financial Audit Draft | * | 7 |
| E. Approval of Purchase and Sale of Dental Surgery Centers | * | 8 |
| F. Merced County LAFCo Presentation by Bill Nicholson, CEO | | |

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 2018.

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 72 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, A Public Entity (BMHD)
CENTRAL CALIFORNIA DENTAL SURGERY CENTER (CCDSC)
CHILDREN'S DENTAL SURGERY CENTER (CDSC)
Advisory Committees' Meeting
Executive Conference Room
Monday, March 26, 2018
10:00 am**

CALL TO ORDER

Edward Lujano called the meeting to order at 10:05 am. We do not have a quorum and will conduct meeting as informational.

ROLL CALL

Present: Edward Lujano, Bloss CEO; Fily Cale, Executive Assistant;
Dawnita Castle, CFO and Kory Billings, CCDSC Committee Chair

Others Present: Kylene Powell, CCDSC / CDSC Administrator and David
Thompson, CCDSC / CDSC

Absent: Lloyd Weaver, CCDSC Committee Member and Glenn Arnold,
CDSC Committee Member

APPROVAL OF AGENDA

No quorum for approval.

APPROVAL OF MINUTES

A. February 27, 2018 CCDSC Meeting Minutes, Exhibit 1

No quorum for approval.

B. February 27, 2108 CDSC Meeting Minutes, Exhibit 1a

No quorum for approval.

FINANCIAL REPORT

A. February 2018 CCDSC Financials, Exhibit 2

Dawnita Castle reported CCDSC had treated 153 patients and had a net profit before overhead in the amount of \$54,347 and a net profit of \$49,403 after overhead allocation.

Patient revenue per case for February 2018 was \$1,694 and expense per case was \$1,339.

For February 2018, AR ended in \$550,561 and Days in AR at 63 days.

B. February 2018 CDSC Financials, Exhibit 2a

Dawnita Castle reported that in February 2018 CDSC had treated 101 patients and recorded a net loss in the amount of \$38,909.

Patient revenue per case was \$1,861 and expense per case was \$2,246.

The AR is at \$1M, however they have \$784,000 over for the health plan of SJ. Edward Lujano stated that we should take off the \$784,000.

Edward Lujano also clarified that the retro payments are coming in as the month they come in and we are not showing it as retro, but as revenue for that month. David Thompson stated that they are booking it as additional revenue for the month they post.

ADMINISTRATOR REPORT CCDSC

Kylene Powell reported that CCDSC referrals were up, although it was a shorter month and we had holidays. They treated less patients and authorizations are taking 7 days and they have had to adjust the schedule accordingly.

In the month of February she started a Leadership meeting, with the scheduling supervisor, Sonny Vasquez, Markeing and Carrie Meadows, RN, Director of Nursing. They have gone over areas of improvement such as privacy regarding medical records, confidentiality, and adverse reactions.

A quarterly staff meeting was also held and they reviewed different policies and processes related to medical records, emergency codes and med clears.

The quarterly pharmacy audit was also held and CCDSC is compliant.

Sonny Vasquez, Marketing, visited 100 dental offices, there were no dental screenings or health fairs. They will also participate at the Day of Service at Bloss on March 10, 2018.

ADMINISTRATOR REPORT CDSC

Kylene Powell reported that CDSC also have fewer OR days due to the shorter month. Referrals were also down compared to January 2018.

The quarterly pharmacy audit was also completed and they were compliant. There was a few recommendations to add additional information or box warnings, which was already done.

They had a perfect day on February 28, 2018, they had scheduled 8 patients and treated 8 patients. Staff was treated for lunch for that.

Sonny Vasquez visited 136 offices and there were no dental screenings or health fairs. He was able to drive to Livermore and further up north to West Sacramento and Roseville areas. They all had positive things to say about the center and Sonny Vasquez was able to talk to the staff and they were very receptive to that. Mid - March he plans to travel further to Chico, Yuba and Oroville.

As of today CCDSC has seen 158 patients with 6 OR days left. The next 2 days are 2 OR days and Thursday and Friday are 1 OR days. She is looking at 192 perhaps more.

CDSC has seen 84 patients with 5 OR days left. They have a 2 OR day today and the rest of Tuesday through Thursday is 1 OR day. She is looking at 113 perhaps a little higher.

OLD BUSINESS

None

NEW BUSINESS

A. Policies & Procedures Recommendation CCDSC

None

B. Credentialing Privileging Recommendation CCDSC

None.

C. Policies & Procedures Recommendation CDSC

None.

D. Credentialing Privileging Recommendation CDSC

None.

AGENDA FOR CLOSED SESSION

Section 1461 of the Health and Safety Code – Quality Management.

NEXT MEETING DATE

The next CCDSC Advisory Committee meeting will be held Tuesday, April 24, 2018 at 10:00 am.

The next CDSC Advisory Committee meeting will be held Tuesday, April 24, 2018 at 10:30 am.

ADJOURNMENT

As there was no further business, the meeting adjourned into closed session at 10:13 am for the Quality Report under Section 1461 Quality Management.

The meeting reconvened into public session at 10:23 am and adjourned. No action taken.

Respectfully Submitted,

Fily Cale
Executive Assistant

Kory Billings, CCDSC / CDSC
Advisory Committee Chair

**BLOSS MEMORIAL HEALTHCARE DISTRICT (BMHD)
BOARD OF DIRECTORS MEETING
BOARD ROOM
Monday, March 26, 2018
2:00 pm**

CALL TO ORDER

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

ROLL CALL

Board Members Present: Kory Billings, Chair; Al Peterson, Secretary / Treasurer and Lloyd Weaver, Board Member

Others Present: Edward Lujano, CEO; Fily Cale, Executive Assistant; Dawnita Castle, CFO; Ralph Temple, Jr., Legal Counsel; David Thompson, CCDSC/CDSC; Kylene Powell, CCDSC / CDSC Administrator; Sabrina Cooksey, CFHC HR Officer and Peter Mojarras, CFHC COO

Absent: Glenn Arnold, Vice Chair Al Peterson, Secretary / Treasurer

APPROVAL OF AGENDA

A motion was made / seconded, (Alfonse Peterson / Lloyd Weaver) to approve the March 26, 2018 agenda as presented. Motion carried.

PUBLIC COMMENTS

None.

APPROVAL OF MINUTES

- A. February 27, 2018 CCDSC Advisory Committee Meeting - Informational
- B. February 27, 2018 CDSC Advisory Committee Meeting - Informational

Items A and B are no longer informational. As there was no quorum at the CCDSC / CDSC Advisory Committee meetings, we will need to take action. They were both in the packets.

A motion was made /seconded, (Kory Billings / Alfonse Peterson) to accept and approve the February 27, 2018 CCDSC Advisory Committee Meeting and the February 27, 2018 CDSC Advisory Committee Meeting as presented. Motion carried.

- C. February 14, 2018 Special Board of Directors Meeting, Exhibit 1
- D. February 28, 2018 Board of Directors Meeting, Exhibit 1a

Lloyd Weaver commented that on page 3C it needs to be clarified that it should read, "...this includes a two or three *percent*" per year increase".

A motion was made / seconded, (Lloyd Weaver / Alfonse Peterson) to approve and accept the February 14, 2018 Special Board of Directors Meeting minutes as presented, Exhibit 1 and the February 28, 2018 Board of Directors Meeting with correction. Motion carried.

FINANCIAL REPORT

- A. February 28, 2018 Finance Committee Meeting Minutes, Exhibit 2

A motion was made / seconded, (Lloyd Weaver / Alfonse Peterson) to accept the February 28, 2018 Finance Committee Meeting Minutes as presented. Exhibit 2. Motion carried.

- B. Chief Financial Officer Report, Exhibit 3

Dawnita Castle, CFO, commented that her goal is to have a draft copy of the audit at the end of May 2018 for review. She will be meeting with maintenance to see what kind of fixed assets may need to be added to the budget.

For the month of February 2018, BMHD had recorded a net gain before depreciation in the amount of \$613,433 and a net gain in the amount of \$554,748 after depreciation. The majority of the large net gain is due to the Bloss Trust revenue recorded in Non-Operating Revenue in the amount of \$565,000.

The net gain also includes CCDSC net profit of \$54,347 and 65% of CDSC net loss of \$25,291 and Sierra Kings monthly expense of \$21,328. Note, Sierra Kings rent is done August 2023 (five more years).

For February 2018 ending Cash Balance as of today is \$2,225,795, this includes the Wells Fargo Bank annual distribution.

- C. January 2018 Payroll, Electronic Payments and Check Register, Exhibit 4

A motion was made / seconded, (Alfonse Peterson / Lloyd Weaver) to approve and accept the February 2018 Payroll in the amount \$126,653.95 and Accounts Payable in the amount of \$355,588.63 for a total Disbursement of \$482,242.58, Exhibit 4. Motion carried.

CHIEF EXECUTIVE OFFICER REPORT

Edward Lujano, CEO, reported that earlier this month he and Dawnita Castle, CFO, had participated in a Webinar about Assembly Bill 1728, related to District organizations that provide grants. Under this Bill it provides more guidelines as to what needs to be in place to meet the transparency and compliance. This was sponsored by the El Camino Healthcare District in Santa Clara County. They provide grants from education to health care. Last year they gave out a total of 53 grants totaling \$6.3M.

As we continue to grow, should we decide to move in this direction we will need to develop policies. They would be a good model to follow, they have separate committees' set up for the different grants, guidelines and expectations.

Edward Lujano was in Washington DC for a Legislative Conference through CFHC. He spoke to someone that mentioned they were looking at expanding in healthcare in Reedley and in particularly Parlier. Edward Lujano mentioned to the gentleman that he would like to discuss this expansion with him.

For February 2018, CDSC they scheduled 146 and completed 101 cases and as of last week they were at 84 cases with 5 more OR's to go. Sonny Vasquez visited 136 offices in the vicinity.

For February 2018, CCDSC scheduled 244 and completed 153 cases and as of last Friday they were at 158 with 6 more OR's to go. Sonny Vasquez visited 100 offices within the area.

OLD BUSINESS / REPORTS

A. Castle Family Health Centers, Inc Report, Exhibit 5

Peter Mojarras reported that funding was approved for all of the community health centers that receive funding. This makes no difference for CFHC, except that there may be a new round of funding that may happen this summer and CFHC will apply.

He reminded the Board that CFHC is holding their Groundbreaking Ceremony in Winton on Wednesday.

CFHC will have a federal audit in May. They will spend 3 days here and get to know about CFHC. They are looking for specific qualify and performance measures of how CFHC is doing. This is still required for Look-A-Likes.

We have a new pediatrician that will start April 2, 2018 and a new family nurse practitioner that will start April 16, 2018.

We have also been working diligently on the acquired space to make it operational in the next few month.

B. Bloss Board Member Report

Kory Billings reported that Fily Cale, Executive Assistant had attended a LAFCo meeting. A packet of the LAFCo presentation was provided for all board members. We have invited their presenter to do a smaller version of the presentation at the April board meeting.

Prior to this meeting Kory Billings and Alfonse Peterson discussed in brief, the investments. We still have not heard anything from Wells Fargo Bank and it has been a couple of months since we have seen a statement from Wells Faro Bank.

We will be setting an annual meeting with our other investment company to look at the strategy and see where we are with them, this will be requested in the next month.

NEW BUSINESS

A. Provider Credentialing / Privileging

None.

B. Approval of CCDSC / CDSC Policies & Procedures

None.

AGENDA FOR CLOSED SESSION

Ralph Temple, Legal Counsel, reported that he has three matters. Under Section 54954.5 (c); 54956.9 Conference with Legal Counsel, a update on Hernandez litigation and Lemas litigation.

Under Section 54954.5(h) Report Involving Trade Secrets an update on current negotiations regarding dental surgery centers. He does not expect that the board will take any action at the conclusion of the meeting.

NEXT MEETING DATE

The next Board of Directors Meeting will be held on Thursday, April 26, 2018 at 2:00 p.m. in the Board Room.

The Finance Committee will also meet on Thursday, April 26, 2018 at 1:30 p.m. in the Board Room.

ADJOURNMENT

As there was no further business, the meeting adjourned at 2:17 pm.

The meeting reconvened into public session at 3:02 pm.

Kory Billings stated that regarding an item on the Closed Session agenda, there were 2 purchase agreements presented for Children's Dental Surgery Center and Central California Dental Surgery Center known respectively as CDSC and CCDSC.

Ralph Temple, Legal Counsel, asked that the board consider taking a vote and generally approve the basic terms and provisions of these two agreements. He has discussed some minor changes and ramifications with the board that will be done by the Buyers attorney and himself and of course this is all subject to the approval of our partner for Children's Dental Surgery Center, Ms. Carol Freeman.

He would like the basic approval as the board has read the first drafts.

Ralph Temple, Legal Counsel, reported that the proposed purchaser is Dental Surgery Centers of America, which is a California Corporation.

A motion was made / seconded, (Alfonse Peterson / Lloyd Weaver) that the board tentatively accept the purchase agreements for CDSC and CCDSC with final details to be hammered out by both attorneys. Motion carried.

As there was no further business the meeting adjourned at 3:04 pm.

Respectfully Submitted,

Fily Cale
Executive Assistant

Kory Billings
Board Chair

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
FINANCE COMMITTEE MEETING
BOARD ROOM
Monday, March 26, 2018
1:30 p.m.**

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

Others Present: None

Absent: Glenn Arnold, Committee Member

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, (Kory Billings / Edward Lujano) to approve the March 26, 2018 agenda as presented. Motion carried.

PUBLIC COMMENTS

None.

APPROVAL OF FINANCE COMMITTEE MINUTES

A. February 28, 2018 Finance Committee Minutes, Exhibit 1

A motion was made / seconded, (Kory Billings / Edward Lujano) to approve and accept the February 28, 2018 Finance Committee Minutes as presented, Exhibit 1. Motion carried.

REVIEW OF DISTRICT FINANCIAL STATEMENTS, EXHIBIT 2

Dawnita Castle CFO, reported that the operating cash balance for February 2018 was at \$2,225,765. Days Cash on Hand was at 188 days, this includes the Wells Fargo Bank Bloss Trust of \$565,000. The \$565,000 is recorded in Non Other Operating Revenue.

BMHD recorded a net gain before depreciation in the amount of \$613,433 and a net gain of \$554,748 after depreciation.

A motion was made / seconded, (Kory Billing / Edward Lujano) to approve and accept the Review of District Financials as presented, Exhibit 2. Motion carried.

CCDSC FINANCIAL REPORT, EXHIBIT 3

Dawnita Castle reported that for February 2018, CCDSC had treated 153 patients and had a net profit before overhead \$54,374 and a net profit in the amount of \$49,403 after expense allocations.

SKDSC FINANCIAL REPORT, EXHIBIT 4

Dawnita Castle reported that SKDSC total expenses for February 2018 were \$21,328.

CDSC FINANCIAL REPORT, EXHIBIT 5

Dawnita Castle reported that for the month February 2018, CDSC treated 101 patients and recorded a net loss in the amount of \$38,909.

Edward Lujano mentioned that when he was at the Washington DC conference, he heard that a health center that was expanding and he mentioned to them that we had space in Parlier.

DENTAL CENTERS' COMPARISON, EXHIBIT 6

Dawnita Castle reported that she did YTD cases. CCDSC had 2,166 patients YTD 12-months and CDSC had YTD of 1,749.

CCDSC had YTD net gain of \$576,000 and CDSC has a net loss of \$617,000.

A motion was made / seconded, (Kory Billings / Edward Lujano) to approve and accept the CCDSC Financial Report, Exhibit 3; SKDSC Financial Report, Exhibit 4; CDSC Financial Report, Exhibit 5 and Dental Centers' Comparison, Exhibit 6 as presented. Motion carried.

WARRANTS AND PAYROLL

A. February 2018 Payroll, Electronic Payments & Check Register, Exhibit 7

A motion was made/seconded, (Kory Billings / Edward Lujano) to approve and accept the February 2018 Total Payroll in the amount \$126,653.95 and Total Accounts Payable in the amount of \$355,588.63 for a total Grand Total Disbursement of \$482,242.58, Exhibit 7. 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, April 26, 2018 at 1:30 pm.

As there was no further business, the meeting adjourned at 1:36 p.m.

Respectfully Submitted,

Fily Cale
Executive Assistant

Alfonse Peterson
Committee Chair

CHIEF FINANCIAL OFFICER REPORT

BMHD had a total net gain before depreciation of \$299,743 for the month compared to a net gain of \$51,114 last year. Expenses include \$21,335 of SKDSC costs.

The March 31, Operating Cash Balance was \$2,268,683 and Days Cash On Hand was 194 Days*. In February the DCH was 188 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.

Dental Surgery Center Summary :

	CCDSC	SKDSC	CDSC	COMBINED						
Net Operating Revenue and Non-Operating	\$488,532	\$0	\$332,728	\$821,260	*					
Operating Expenses	228,513	21,335	258,112	507,960						
Net Income (Loss)	260,019	(21,335)	74,615	313,299						
BMHCD % Share	100.00%	100.00%	65.00%	N/A						
Bloss Share of Net Income (Loss)	\$260,019	(\$21,335)	\$48,500	\$287,184						
A summary comparison of operations for the month and the prior year is as follows :										
	Mar-18	Mar-17	VARIANCE *	%		Y-T-D Mar-18	Y-T-D Mar-17	Y-T-D VARIANCE *	Y-T-D %	
Net Patient Revenue	488,532	324,208	164,324	50.68%		2,294,275	2,296,186	(1,911)	-0.08%	
Other Operating Revenue	944	510	434	85.10%		38,270	17,811	20,459	114.87%	
Total Net Operating Revenue	489,476	324,718	164,758	50.74%		2,332,545	2,313,997	18,548	0.80%	
Operating Expenses Excluding Depreciation	361,655	379,059	17,444	4.60%		2,974,236	3,253,842	279,606	8.59%	
Net Operating Income (Loss) Before Depreciation	127,821	(54,381)	182,202	335.05%		(641,691)	(939,845)	298,154	31.72%	
Net Non Operating-Gains/Losses										
Gain/Loss on Investments	(4,482)	(122)	(4,360)	N/A		11,121	15,595	(4,474)	-28.69%	
CDSC Gain/Losses	48,500	(19,778)	(68,278)	345.22%		(275,820)	(109,287)	(166,553)	-152.43%	
All Other Non-Operating Gains/Losses	127,904	125,394	(2,510)	-2.00%		1,730,250	1,691,218	39,032	2.31%	
Total Net Non-Operating Income: Losses/Gains	171,922	105,495	(66,427)	-62.97%		1,465,551	1,597,546	(131,995)	-8.26%	
Total Net Income (Loss) Before Depreciation	299,743	51,114	248,629	486.42%		823,860	657,701	166,159	25.26%	
Depreciation Expense	58,410	59,208	(798)	-1.35%		533,381	541,263	(7,882)	-1.46%	
Net Income (Loss) After Depreciation	241,333	(8,094)	249,427	-3081.63%		290,479	116,438	174,041	149.47%	

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

Total CFHC Inc. encounters for the month are 12,490 compared to 12,746 last year, a 2.01% decrease.
 CCDSC cases for the month are 22.27% less than last year.
 CDSC cases for the month are 50.21% less than last year.

Department	Mar-18	Mar-17	VARIANCE	%	Mar-18	Mar-17	VARIANCE *	Y-T-D	Mar-17	Y-T-D	VARIANCE *	%
Castle Clinic	4,889	4,335	554	12.78%	36,785	32,159	4,626	14.38%	32,159	4,626	14.38%	14.38%
Specialty Clinic	646	909	(263)	-28.93%	5,528	7,891	(2,363)	-29.95%	7,891	(2,363)	-29.95%	-29.95%
Bloss Clinic	1,331	1,311	20	1.53%	8,933	10,059	(1,126)	-11.19%	10,059	(1,126)	-11.19%	-11.19%
Winton Clinic	902	982	(80)	-8.15%	6,884	6,989	(105)	-1.50%	6,989	(105)	-1.50%	-1.50%
Urgent Care	382	511	(129)	-25.24%	2,988	4,493	(1,505)	-33.50%	4,493	(1,505)	-33.50%	-33.50%
Lab	2,075	2,077	(2)	-0.10%	16,588	15,572	1,016	6.52%	15,572	1,016	6.52%	6.52%
Radiology	714	760	(46)	-6.05%	5,128	5,162	(34)	-0.66%	5,162	(34)	-0.66%	-0.66%
Behavioral Health	209	238	(29)	-12.18%	1,908	1,964	(56)	-2.85%	1,964	(56)	-2.85%	-2.85%
Adult Day Health Care	439	580	(141)	-24.31%	4,430	4,657	(227)	-4.87%	4,657	(227)	-4.87%	-4.87%
Optometry	482	591	(109)	-18.44%	4,298	4,725	(427)	-9.04%	4,725	(427)	-9.04%	-9.04%
Ophthalmology	421	452	(31)	-6.86%	3,203	2,951	252	8.54%	2,951	252	8.54%	8.54%
TOTAL ENCOUNTERS	12,490	12,746	(256)	-2.01%	96,673	96,622	51	0.05%	96,622	51	0.05%	0.05%

CASTLE NEW PATIENTS

	Mar-18	Mar-17	VARIANCE	%	Mar-18	Mar-17	VARIANCE *	Y-T-D	Mar-17	Y-T-D	VARIANCE *	%
	425	350	75	21.43%	3,860	2,797	1,063	38.01%	2,797	1,063	38.01%	38.01%

Bloss Memorial Health Care District

	Mar-18	Mar-17	VARIANCE	%	Mar-18	Mar-17	VARIANCE *	Y-T-D	Mar-17	Y-T-D	VARIANCE *	%
Central California Dental Surgery Center	192	247	(55)	-22.27%	1,460	1,770	(310)	-17.51%	1,770	(310)	-17.51%	-17.51%
Childrens Surgery Center	117	235	(118)	-50.21%	972	1,992	(1,020)	-51.20%	1,992	(1,020)	-51.20%	-51.20%
Total Surgery Center Visits	309	482	(173)	-35.89%	2,432	3,762	(1,330)	-35.35%	3,762	(1,330)	-35.35%	-35.35%

March-18 Working Days 22
 March-17 Working Days 23

Bloss Memorial HealthCare District
 Operations Summary Report
 Nine Months Ending March 31, 2018

BMHD FULL TIME EQUIVALENTS SUMMARY :

(See FTE report included in Financial Reports for detail)

	Mar-18	Mar-17	VARIANCE	%	Y-T-D Mar-18	Y-T-D Mar-17	Y-T-D VARIANCE *	Y-T-D %
EMPLOYEE FTE'S	12.89	13.49	0.60	4.45%	13.08	13.08	0.00	0.00%
CONTRACT FTE'S	7.15	4.51	(2.64)	-58.54%	4.48	5.06	0.58	11.46%
TOTAL FTE'S	20.04	18.00	(2.04)	-11.33%	17.56	18.14	0.58	3.20%

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

Full Time Equivalent - Employees for the month are 4.45% less than the prior year with 0.60 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
All other departments < 1 fte var	0.60	0.00	Various departments less than 1 fte variance.
	0.60	0.00	Brackets () indicate a decrease (favorable) variance

**MARCH 2018 PAYROLL, ELECTRONIC PAYMENTS
& CHECK REGISTER**

Bloss Memorial Healthcare District
 Payroll, Accounts Payable and Funds Disbursements - Summary
 Month of March-18

Payroll			<u>\$112,706.36</u>
Total Payroll			<u><u>\$112,706.36</u></u>
Accounts Payable:			
A/P Checks	Bloss	<u>\$118,701.97</u>	<u>\$118,701.97</u>
Auto Debits		\$142.96	
Electronic Payments to Castle on Payable		<u>\$30,973.39</u>	
Total Auto Debits and Electronic Transfers		<u><u>\$31,116.35</u></u>	<u>\$31,116.35</u>
Electronic Payments - ACH		<u>\$212,465.26</u>	<u>\$212,465.26</u>
Total Accounts Payable			<u><u>\$362,283.58</u></u>
Grand Total Disbursements			<u><u>\$474,989.94</u></u>

BLOSS	Payroll Disbursements for		March-18
	Payroll dated		
Earnings	03/05/18	03/20/18	Total
Regular			-
Overtime			-
Vacation			-
Sick			-
Holiday			-
Salary	4,333.33	4,333.33	8,666.66
Double Time			-
Call In			-
On Call			-
Other			-
			-
CCDSC Surgery Center	23,000.54	27,118.52	50,119.06
CDSC Surgery Center	24,156.20	21,972.52	46,128.72
			-
Total	51,490.07	53,424.37	104,914.44
			-
Deductions			-
FICA (+)	3,938.98	4,086.97	8,025.95
Insurance (-)	(1,065.06)	(1,031.29)	(2,096.35)
Emp Deduction(-)/Reimb(+)	2,594.20	458.50	3,052.70
Christmas Fund (-)	(1,065.00)	(815.00)	(1,880.00)
Process Fee (+)	523.69	165.93	689.62
			-
Total	4,926.81	2,865.11	7,791.92
			-
			-
Net Payroll	\$ 56,416.88	\$ 56,289.48	112,706.36

RUN DATE: 03/30/18
 RUN TIME: 1600
 RUN USER: COOKS

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

C
 FROM 03/01/18 TO 03/30/18

DATE	CHECK NUM	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED/ CLEARED	VOIDED/ UNCLAIMED
03/05/18	037718	B0060	GLENN ARNOLD	ISSUED	03/05/18	400.00	
			REMITTED TO: ARNOLD, GLENN				
03/05/18	037719	B0072	BETA HEALTHCARE GROUP	ISSUED	03/05/18	2846.42	
03/05/18	037720	B0109	KORY BILLINGS	ISSUED	03/05/18	500.00	
03/05/18	037721	B0242	CHILDREN'S DENTAL SURGERY CENTER	ISSUED	03/05/18	300.00	
03/05/18	037722	B0100	FEDEX	ISSUED	03/05/18	17.11	
03/05/18	037723	B0153	GEIL ENTERPRISES INC.	ISSUED	03/05/18	3000.00	
03/05/18	037724	B0016	GUARDCO SECURITY SERVICES	ISSUED	03/05/18	9999.25	
03/05/18	037725	B0225	HOFFMAN SECURITY	ISSUED	03/05/18	558.00	
03/05/18	037726	B0059	LLOYD WEAVER	ISSUED	03/05/18	100.00	
03/05/18	037727	K0003	M-D VENTURES	ISSUED	03/05/18	19007.11	
03/05/18	037728	B0017	MERCED COUNTY - CASTLE AIRPORT	ISSUED	03/05/18	4004.03	
03/05/18	037729	B0226	NONSTOP ADMIN. & INS. SRVCS, INC.	ISSUED	03/05/18	12791.00	
03/05/18	037730	B0064	PETERSON, ALFONSE	ISSUED	03/05/18	100.00	
03/05/18	037731	K0044	PG&E (8300477674-2)	ISSUED	03/05/18	160.07	
03/05/18	037732	B0061	ROSALIE HEPFNER	ISSUED	03/05/18	200.00	
03/05/18	037733	B0173	CREATIVE PRODUCTS UNLIMITED	ISSUED	03/05/18	2765.32	
			REMITTED TO: THE SIGN GUYS				
03/05/18	037734	B0056	CARDMEMBER SERVICE-XXXXXXXXXX9140	ISSUED	03/05/18	95.28	
03/05/18	037735	B0229	SECRETARY OF STATE	ISSUED	03/05/18	1.50	
03/05/18	037736	B0229	SECRETARY OF STATE	ISSUED	03/05/18	1.50	
03/12/18	037737	K0035	CITY OF PARLIER	ISSUED	03/12/18	164.65	
03/12/18	037738	B0058	ENERGY SYSTEMS	ISSUED	03/12/18	3784.52	
03/12/18	037739	B0043	INSIGHT EMPLOYEE ASSISTANCE PRGRM	ISSUED	03/12/18	58.86	
03/12/18	037740	K0034	JOE S RODRIGUEZ	ISSUED	03/12/18	375.00	
03/12/18	037741	B0226	NONSTOP ADMIN. & INS. SRVCS, INC.	ISSUED	03/12/18	8448.00	
03/12/18	037742	B0014	PG&E (4705482162-5)	ISSUED	03/12/18	4386.55	
03/12/18	037743	B0042	RALPH TEMPLE	ISSUED	03/12/18	2947.50	
03/12/18	037744	B0102	THE HARTFORD	ISSUED	03/12/18	214.65	
03/12/18	037745	B0200	UPS	ISSUED	03/12/18	39.89	
03/12/18	037746	B0013	WEST COAST GAS CO, INC.	ISSUED	03/12/18	3860.50	
03/12/18	037747	B0015	WINTON, WATER & SANITARY DISTRICT	ISSUED	03/12/18	72.80	
03/19/18	037748	B0084	AMERICHEK	ISSUED	03/19/18	32.00	
03/19/18	037749	B0199	ANTHEM BLUE CROSS L AND H	ISSUED	03/19/18	1500.23	
03/19/18	037750	B0037	CARDMEMBER SERVICE-XXXXXXXXXX1793	ISSUED	03/19/18	2573.96	
03/19/18	037751	B0132	CLARK PEST CONTROL	ISSUED	03/19/18	78.00	
03/19/18	037752	B0030	HD SUPPLY FACILITIES MAINTENANCE	ISSUED	03/19/18	379.94	
03/19/18	037753	B0038	KINGS VIEW WEC	ISSUED	03/19/18	2018.00	
03/19/18	037754	B0025	MERCED IRRIGATION DISTRICT	ISSUED	03/19/18	229.36	
03/19/18	037755	B0026	MERCED IRRIGATION DISTRICT	ISSUED	03/19/18	14249.69	
03/19/18	037756	B0218	JOHN P. NIEMOTKA	ISSUED	03/19/18	400.00	
			REMITTED TO: OCTANE ADVERTISING & DESIGN				
03/19/18	037757	B0003	SIMPLEXGRINNELL	ISSUED	03/19/18	2227.67	
03/19/18	037758	K0057	SOCAL GAS (090 828 6930 7)	ISSUED	03/19/18	14.79	
03/19/18	037759	B0039	VALERO MARKETING AND SUPPLY CO.	ISSUED	03/19/18	352.90	
03/23/18	037760	B0027	CITY OF ATWATER (010448-000)	ISSUED	03/23/18	643.22	
03/23/18	037761	B0134	CITY OF ATWATER (020161-000)	ISSUED	03/23/18	654.34	

RUN DATE: 03/30/18
RUN TIME: 1600
RUN USER: COOKS

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

PAGE 2

C
FROM 03/01/18 TO 03/30/18

DATE	CHECK NUM	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED/ CLEARED	VOIDED/ UNCLAIMED
03/23/18	037762	B0030	HD SUPPLY FACILITIES MAINTENANCE	ISSUED	03/23/18	638.56	
03/23/18	037763	B0246	HENRY SHEIN MEDICAL	ISSUED	03/23/18	9334.80	
			REMITTED TO: HENRY SHEIN MEDICAL (1511260)				
03/23/18	037764	B0133	MERCED/MODESTO COMMERCIAL SWEEPERS	ISSUED	03/23/18	240.00	
03/27/18	037765	B0042	RALPH TEMPLE	ISSUED	03/27/18	1935.00	
TOTAL \$						118701.97	

Bloss Memorial Healthcare District
March-18

Bloss Electronic Transfers

Bloss Auto Debits

Bank Fees

142.96

Total

142.96

Electronic Payments to Castle on Payable

30,973.39

Total

30,973.39

Grand Total

31,116.35

RUN DATE: 03/30/18
 RUN TIME: 1555
 RUN USER: COOKS

Castle Family Health Centers AP **LIVE**
 ELECTRONIC PAYMENT NUMBER LIST

C
 FROM D114895 TO D115380

PMT NUM	DATE	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED	VOIDED
D114900	03/02/18	B0149	SUNG Y. CHO DDS, INC.	DIRECTD	03/02/18	22339.55	
D114901	03/02/18	B0178	CHRISTOPHER CHIU, D.D.S., INC.	DIRECTD	03/02/18	8980.00	
D114902	03/02/18	B0213	WONIL EDWARD JUNG DDS, INC.	DIRECTD	03/02/18	7600.00	
D114903	03/02/18	B0219	KAREN ANN DROSDIK	DIRECTD	03/02/18	10255.96	
D114904	03/02/18	B0221	CHRISTINA BAEK, DDS, PC	DIRECTD	03/02/18	10600.00	
D114905	03/02/18	B0222	FUTURE HEALTH SERVICES, LLC	DIRECTD	03/02/18	7500.00	
D114906	03/02/18	B0223	BEVERLY YI ZHANG HONG	DIRECTD	03/02/18	6899.88	
D114907	03/02/18	B0224	PERRY SOLOMON	DIRECTD	03/02/18	5000.00	
D115299	03/19/18	B0149	SUNG Y. CHO DDS, INC.	DIRECTD	03/19/18	17920.05	
D115300	03/19/18	B0178	CHRISTOPHER CHIU, D.D.S., INC.	DIRECTD	03/19/18	23070.00	
D115301	03/19/18	B0213	WONIL EDWARD JUNG DDS, INC.	DIRECTD	03/19/18	11000.00	
D115302	03/19/18	B0219	KAREN ANN DROSDIK	DIRECTD	03/19/18	14059.80	
D115303	03/19/18	B0221	CHRISTINA BAEK, DDS, PC	DIRECTD	03/19/18	13900.00	
D115304	03/19/18	B0222	FUTURE HEALTH SERVICES, LLC	DIRECTD	03/19/18	7500.00	
D115305	03/19/18	B0223	BEVERLY YI ZHANG HONG	DIRECTD	03/19/18	10895.12	
D115380	03/30/18	C0001	OMNI MEDICAL PROPERTIES	DIRECTD	03/30/18	34944.90	
TOTAL \$						212465.26	

CASTLE FAMILY HEALTH CENTERS, INC REPORT

Castle Family Health Centers Inc
 Operations Summary Report
 Nine Months Ending March 31, 2018

Total encounters for the month are 12,490 compared to 12,746 last year 2.01% decrease.

Department	Mar-18	Mar-17	VARIANCE	%	Y-T-D Mar-18	Y-T-D Mar-17	Y-T-D VARIANCE *	Y-T-D %
Castle Clinic	4,889	4,335	554	12.78%	36,785	32,159	4,626	14.38%
Specialty Clinic	646	909	(263)	-28.93%	5,528	7,891	(2,363)	-29.95%
Bloss Clinic	1,331	1,311	20	1.53%	8,933	10,059	(1,126)	-11.19%
Winton Clinic	902	982	(80)	-8.15%	6,884	6,989	(105)	-1.50%
Urgent Care	382	511	(129)	-25.24%	2,988	4,493	(1,505)	-33.50%
Lab	2,075	2,077	(2)	-0.10%	16,588	15,572	1,016	6.52%
Radiology	714	760	(46)	-6.05%	5,128	5,162	(34)	-0.66%
Behavioral Health	209	238	(29)	-12.18%	1,908	1,964	(56)	-2.85%
Adult Day Health Care	439	580	(141)	-24.31%	4,430	4,657	(227)	-4.87%
Optometry	482	591	(109)	-18.44%	4,298	4,725	(427)	-9.04%
Ophthalmology	421	452	(31)	-6.86%	3,203	2,951	252	8.54%
TOTAL ENCOUNTERS	12,490	12,746	(256)	-2.01%	96,673	96,622	51	0.05%

March-18 Working Days 22
 March-17 Working Days 23

NEW PATIENTS	Mar-18	Mar-17	VARIANCE *	%	Y-T-D Mar-18	Y-T-D Mar-17	Y-T-D VARIANCE *	Y-T-D %
	425	350	75	21.43%	3,860	2,797	1,063	38.01%

REQUEST FROM CFHC, INC FOR
SUPPLEMENT TO LEASE
FOR ADDITIONAL LEASE SPACE

SUPPLEMENT TO LEASE
EXHIBIT "C" TO AFFILIATION AGREEMENT

BLOSS MEMORIAL HEALTHCARE DISTRICT, a public entity, and CASTLE FAMILY HEALTH CENTERS, INC., a California Corporation, do hereby supplement their Lease Agreement for premises located at Castle as follows:

Commencing June 1, 2018, CASTLE shall lease an additional four thousand five hundred fourteen square feet (4,514) (\$1.38 per square foot) from BLOSS. Rent shall be in the sum of Six Thousand Two Hundred Twenty Nine Dollars and Thirty Two Cents (\$6,229.32) per month.

WHEREAS, said Lease became operative on July 1, 2010, with an initial term of five (5) years expiring on June 30, 2015; and

WHEREAS, CASTLE has exercised its option to extend the Lease for an additional two (2) year, term commencing June 1, 2018, and ending on June 30, 2020.

NOW, THEREFORE, it is mutually agreed that the Lease between the parties shall be extended to June 30, 2020, for a total of 71,945 square feet at the Castle premises and 9,790 square feet at the Grove Avenue premises.

CASTLE shall have the option to renew this Lease for an additional five (5) years in accordance with Article 2, Paragraph 2.2 of the original lease

This extension shall be subject to all other terms and conditions as set forth in the LEASE AGREEMENT (EXHIBIT "C" to the AFFILIATION AGREEMENT).

Dated: _____

Dated: _____

BLOSS MEMORIAL
HEALTHCARE DISTRICT

CASTLE FAMILY HEALTH CENTERS
INC

By: _____
Kory Billings, Chair
Board of Directors

By: _____
Dorothy Bizzini, Chair
Board of Directors

APPROVAL OF CDSC 2017 FINANCIAL AUDIT DRAFT

Audited Financial Statements

Children's Dental Surgery Center
(A General Partnership)

December 31, 2017

DRAFT

Children's Dental Surgery Center

Audited Financial Statements

December 31, 2017

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, 2017 and 2016, which comprise the balance sheets as of December 31, 2017 and 2016, 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, 2017 and 2016, 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 26, 2018

DRAFT

**Children's Dental Surgery Center
(a General Partnership)**

Balance Sheets

December 31, 2017 and 2016

Assets	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 225,867	\$ 232,246
Patient accounts receivable, net	192,842	306,876
Supplies	36,031	53,717
Prepaid expenses	72,803	68,014
Total current assets	<u>527,543</u>	<u>660,853</u>
Property and equipment, net	120,169	154,674
Total assets	<u><u>\$ 647,712</u></u>	<u><u>\$ 815,527</u></u>
 Liabilities and partners' equity		
Current liabilities		
Accounts payable and accrued expenses	\$ 49,432	\$ 72,682
Due to Bloss Memorial Healthcare District	3,425,051	3,017,856
Accrued payroll and related liabilities	36,771	38,925
Deferred revenue	5,000	-
Total current liabilities	<u>3,516,254</u>	<u>3,129,463</u>
 Total liabilities	<u>3,516,254</u>	<u>3,129,463</u>
 Partners' accumulated deficit	<u>(2,868,542)</u>	<u>(2,313,936)</u>
Total liabilities and partners' equity	<u><u>\$ 647,712</u></u>	<u><u>\$ 815,527</u></u>

See Accompanying Notes to Financial Statements

Children's Dental Surgery Center
(a General Partnership)

Statements of Operations

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue		
Patient service revenue, net	\$ 2,778,324	\$ 3,759,641
Other revenue	4,856	1,062
Total revenue	<u>2,783,180</u>	<u>3,760,703</u>
Expenses		
Salaries and employee benefits	830,077	829,473
Professional fees	1,254,152	1,598,306
Purchased services	305,397	348,086
Supplies	352,882	485,640
Utilities	69,199	60,906
Lease and rent	380,899	369,059
Depreciation	45,156	45,504
Insurance	21,754	20,375
Other	78,270	91,818
Total expenses	<u>3,337,786</u>	<u>3,849,167</u>
Net income (loss)	<u>\$ (554,606)</u>	<u>\$ (88,464)</u>

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

	<u>Bloss Memorial Healthcare District</u>	<u>U.S. Dental Surgery Centers, Inc.</u>	<u>Total</u>
Partners' deficit, December 31, 2015	\$ (1,446,556)	\$ (778,916)	\$ (2,225,472)
Partners' distribution	-	-	-
Net income	<u>(57,502)</u>	<u>(30,962)</u>	<u>(88,464)</u>
Partners' deficit, December 31, 2016	(1,504,058)	(809,878)	(2,313,936)
Partners' distribution	-	-	-
Net loss	<u>(360,494)</u>	<u>(194,112)</u>	<u>(554,606)</u>
Partners' deficit, December 31, 2017	<u>\$ (1,864,552)</u>	<u>\$ (1,003,990)</u>	<u>\$ (2,868,542)</u>

See Accompanying Notes to Financial Statements

**Children's Dental Surgery Center
(a General Partnership)**

Statement of Cash Flows

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Net loss	\$ (554,606)	\$ (88,464)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	45,156	45,504
Changes in		
Accounts receivable	114,034	162,803
Other receivables	-	39,607
Supplies	17,686	(9,955)
Prepaid expenses	(4,789)	(493)
Accounts payable	(23,250)	(29,774)
Due to Bloss Memorial Healthcare District	407,195	(55,629)
Accrued payroll	(2,154)	2,772
Deferred revenue	5,000	-
Net cash provided by operating activities	4,272	66,371
Cash flows from investing activities		
Purchase of property and equipment	(10,651)	-
Net cash used in investing activities	(10,651)	-
Net increase in cash and cash equivalents	(6,379)	66,371
Cash and cash equivalents, beginning of year	232,246	165,875
Cash and cash equivalents, end of year	\$ 225,867	\$ 232,246

See Accompanying Notes to Financial Statements

Children's Dental Surgery Center

Notes to Financial Statements

December 31, 2017 and 2016

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, 2017

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, 2017 and 2016, the allowance for doubtful accounts and contractual adjustments was \$840,397 and \$827,237, 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. Because of this dispute the Center has increased the allowance for doubtful accounts by approximately \$665,000 at December 31, 2017 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, 2017

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, 2017 and 2016 are \$15,690 and \$9,396, 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.

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.

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.

Children's Dental Surgery Center

Notes to Financial Statements

December 31, 2017

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

Reclassifications - Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 financial statement presentation. These reclassifications had no effect on the change in partners' equity.

Note 2 - Cash and cash equivalents

As of December 31, 2017 and 2016, the Center had deposits invested in various financial institutions in the form of cash amounting to \$225,467 and \$231,846, 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, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Medi-Cal	92%	91%
Other third-party payors	8%	9%
	<u>100%</u>	<u>100%</u>

Note 4 - Property and Equipment

Property and equipment at December 31, 2017 and 2016 consists of the following:

	<u>2017</u>	<u>2016</u>
Buildings and improvements	\$ 96,752	\$ 94,666
Equipment	503,995	495,430
	600,747	590,096
Less accumulated depreciation	(480,578)	(435,422)
	<u>\$ 120,169</u>	<u>\$ 154,674</u>

Children's Dental Surgery Center

Notes to Financial Statements

December 31, 2017

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, 2017 and 2016.

The Center has operating leases for certain facilities. Rental expense under operating leases was \$380,899 and \$369,059 for the years ended December 31, 2017 and 2016, 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, 2017 are \$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, 2017 and 2016 of 3,425,051 and 3,017,856, respectively. During 2017, the net amount advanced to the Center was \$407,195. The payable amount represents support to the Center for payroll and other various expense items.

**APPROVAL OF PURCHASE AND SALE OF
DENTAL SURGERY CENTERS**

This item unavailable at this time