

**NOTICE AND AGENDA OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
MENDOCINO COAST HEALTH CARE DISTRICT**

Thursday, August 26, 2021

5:00 P.M. Closed Session

6:00 P.M. Open Session



ZOOM MEETING INVITATION:

Topic: Regular Meeting of the MCHCD Board of Directors
Time: Aug 26, 2021 05:00 PM Pacific Time (US and Canada)
Meeting ID: 837 0100 6459
Passcode: 085694

Please click the link below to join the meeting via Zoom:

<https://us06web.zoom.us/j/83701006459?pwd=dXJjaTBBLyt3VWZoYnpaWi84eG4wQT09>

Or dial by your location to join by telephone (**6 mute/unmute; *9 raise hand*)

+1 720 707 2699 US (Denver)

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 646 558 8656 US (New York)

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

PLEASE TAKE NOTICE a Regular Board of Directors meeting has been called for Thursday, August 26 2021 at 5:00 pm. **This meeting will be held via Zoom Conference only in order to reduce the risk of spreading coronavirus (COVID-19) and pursuant to the Governor's Executive Orders N-25-20, N-29-20, and N-08-21.**

No physical location from which members of the public may observe the meeting and offer public comment will be provided. Public Comment regarding matters on the agenda may be made by joining the Zoom video conference and using the Raise Hand feature when the Board Chair calls for public comment.

CONDUCT OF BUSINESS:

1. **5:00 P.M. CALL TO ORDER:** Ms. Jessica Grinberg, Chair
2. **ROLL CALL**
3. **PUBLIC COMMENTS**

This portion of the meeting is reserved for persons desiring to address the Board of Directors on any matter over which the District has jurisdiction, including those not listed on this agenda. You may state your name and address for the record. Time is limited to three minutes per speaker.

BROWN ACT REQUIREMENTS: Pursuant to the Brown Act, the Board of Directors cannot discuss issues or take action on items not on this agenda. This will limit the Board's response to requests and questions made during this comment period.

4. **CLOSED SESSION**

a. **Information/Action:** Public Employment: District Manager
Government Code § 54957

b. **Information/Action:** Proprietary strategies on community outreach survey
Government Code §37606 and Health and Safety Code §32106
Discussion will concern potential new programs
Estimated Date of Public Disclosure: November 1, 2021

5. **6:00 P.M. OPEN SESSION CALL TO ORDER-** *Ms. Jessica Grinberg, Chair*

6. **ROLL CALL**

7. **REPORT ON CLOSED SESSION ITEMS**

a. **Information/Action:** Public Employment: District Manager

b. **Information/Action:** Proprietary strategies on community outreach survey

8. **PUBLIC COMMENTS**

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9. **APPROVAL OF THE AGENDA:** *Ms. Jessica Grinberg, Chair*

OLD BUSINESS:

10. **INFORMATION/ACTION:** Ratification or reconsideration of the action items from the August 12, 2021 meeting.

Jessica Grinberg, Chair

TAB 1 – Agenda packet for August 12, 2021 meeting

- a) Assignment and Assumption of lease 155 Boatyard Drive
- b) Approval of professional services agreement with District legal counsel

11. **INFORMATION/ACTION:** Consideration of potential sublease of 516 Cypress Drive, Fort Bragg, California.

Jessica Grinberg, Chair

TAB 2 – Sublease terms and draft resolution approving sublease

NEW BUSINESS:

12. **INFORMATION/ACTION:** Discussion of means of public engagement, including meeting notice methods and procedures, physical and electronic agenda posting locations, and district email accounts. Consider action to identify and recognize an official District notice board location, official District website, official District email accounts, and future hours of operation for the District Office.

Amy McColley, Vice Chair

13. **INFORMATION/ACTION:** Discussion of District policies and procedures for the potential disposition of surplus property owned or leased by the District. Consider declaring surplus and approving the potential disposition of District property identified as non-functioning or obsolete by Adventist Health and direct staff or District Legal Counsel to coordinate with Adventist Health concerning the disposition of that property.

Jessica Grinberg, Chair

TAB 3 – List and photos of potential surplus property provided by AH

REPORTS:

14. **INFORMATION/ACTION:** Receive report and presentation of the results of the FY 2020 audit by Kami Matzek and Josh Rettinghouse of DZA.

John Redding, Treasurer

TAB 4 – DZA audit letters and reports

15. **INFORMATION/ACTION:** Receive finance report and proposed budget amendments. Consider adopting proposed budget amendments and other related actions.

John Redding, Treasurer

TAB 5 – Budget documents

16. **FUTURE AGENDA ITEMS:** *Ms. Jessica Grinberg, Chair*

17. **PUBLIC COMMENTS**

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18. **COMMENTS AND MATTERS FROM BOARD OF DIRECTORS AND STAFF**

19. **ADJOURNMENT:** *Ms. Jessica Grinberg, Chair*

Dated: August 23, 2021

STATE OF CALIFORNIA)
COUNTY OF MENDOCINO

I declare under penalty of perjury that I am a member of the Mendocino Coast Health Care District Board of Directors; and that I posted this notice at the east entrance to the Neva Cannon Room at the Mendocino Coast Health Care District facility at 775 River Drive, Fort Bragg, California, and at the north and Patient Services Building lobby entrances to the Adventist Health Mendocino Coast Hospital at 700 River Drive, Fort Bragg, California, on August 23, 2021.

 8.23-21
By Jessica Grinberg, Chair of the Board of Directors
On behalf of Sara Spring, Secretary of the Board of Directors

All persons who wish to request disability-related modifications or accommodations in order to participate in a public meeting of the Mendocino Health Care District, including auxiliary aids or service, may make such request to Sara Spring, Secretary of the Board of Directors, by email to sspring@mcdh.org, or postal mail to 700 River Drive, Fort Bragg, CA 95437, no later than one working day prior to the meeting in order to provide adequate time for the District to make reasonable arrangements to ensure accessibility.

*Per District Resolution, each member of the public who wishes to speak shall be limited to three minutes each per agenda item. Please identify yourself prior to speaking. Thank you.

TAB 1

**NOTICE AND AGENDA OF SPECIAL MEETING
OF THE BOARD OF DIRECTORS
MENDOCINO COAST HEALTH CARE DISTRICT**

Thursday, August 12, 2021

**6:00 P.M. Open Session
5:00 P.M. Closed Session**

Meeting via Zoom Conference

Jessica Grinberg is inviting you to a scheduled Zoom meeting.

Topic: BOD Special Meeting

Join Zoom Meeting

<https://us06web.zoom.us/j/85411363379?pwd=SkdmNUtNOW8waWNjL0oxTXlpS3p5QT09>

Meeting ID: 854 1136 3379

Passcode: 647136

One tap mobile

+13462487799,,85411363379#,,,,*647136# US (Houston)

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Meeting ID: 854 1136 3379

Passcode: 647136

Find your local number: <https://us06web.zoom.us/j/85411363379?pwd=SkdmNUtNOW8waWNjL0oxTXlpS3p5QT09>

PLEASE TAKE NOTICE a Regular Board of Directors meeting has been called for Thursday, August 12 2021 at 6:00 pm. **This meeting will be held via Zoom Conference only in order to reduce the risk of spreading coronavirus (COVID-19) and pursuant to the Governor's Executive Orders N-25-20 and N-29-20.**

No physical location from which members of the public may observe the meeting and offer public comment will be provided.

CONDUCT OF BUSINESS:

1. **5:00 P.M. CALL TO ORDER:** Ms. Jessica Grinberg, Chair

2. **ROLL CALL**

3. **PUBLIC COMMENTS**

This portion of the meeting is reserved for persons desiring to address the Board of Directors on any matter which the District has jurisdiction. You may state your name and address for the record. Time is limited to 3 minutes per speaker. The Board of Directors can take no action on your presentation, but can seek clarification to points made in your presentation or comments.

BROWN ACT REQUIREMENTS: Pursuant to the Brown Act, the Board of Directors cannot discuss issues or take action on requests during this comment period.

4. **CLOSED SESSION**

a) **Information/Action:** Public Employment: District Manager.
Government Code §54954.5 & 54957.

b) **Information/Action:** Proprietary strategies on community outreach
Government Code §37606 and Health and Safety Code §32106.
Discussion will concern potential new programs.
Estimated Date of Public Disclosure: November 1, 2021

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9. **APPROVAL OF THE AGENDA:** Ms. Jessica Grinberg, Chair

NEW BUSINESS:

10. **INFORMATION/ACTION:** Consideration of potential sublease of 516 Cypress Drive, Fort Bragg CA.
Jessica Grinberg, Chair **TAB 1**

11. **INFORMATION/ACTION:** Consideration of Assignment and Assumption of lease 155 Boatyard Drive
Jessica Grinberg, Chair **TAB 2**

12. **INFORMATION/ACTION:** Consideration of approval of professional services agreement with District
legal counsel.
Jessica Grinberg, Chair **TAB 3**

13. **FUTURE AGENDA ITEMS:** Ms. Jessica Grinberg, Chair

14. **PUBLIC COMMENTS**

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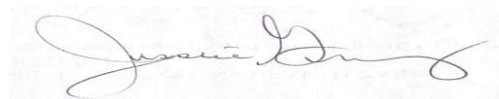
15. **COMMENTS FROM BOARD OF DIRECTORS**

16. **ADJOURNMENT:** Ms. Jessica Grinberg, Chair

Dated: August 11, 2021

STATE OF CALIFORNIA)
COUNTY OF MENDOCINO

I declare under penalty of perjury that I am employed by the Mendocino Coast Health Care District Board of Directors; and that I posted this notice at the North and Patient Services Building Lobby entrances to the Adventist Health Mendocino Coast Hospital on August 11, 2021



Jessica Grinberg, Chair of the Board of Directors
On behalf of Sara Spring, Secretary of the Board of Directors

All disabled persons requesting disability related modifications or accommodations, including auxiliary aids or service may make such request in order to participate in a public meeting to Sara Spring, Secretary of the Board of Directors, 700 River Drive, Fort Bragg, CA 95437 no later than 1 working day prior to the meeting that such matter be included on that month's agenda.

*Per District Resolution, each member of the public who wishes to speak shall be limited to three minutes each per agenda item. Please identify yourself prior to speaking. Thank you.

TAB 1

RESOLUTION NO. 2021-XX

RESOLUTION OF THE MENDOCINO COAST HEALTH CARE DISTRICT BOARD OF DIRECTORS APPROVING ADVENTIST HEALTH MENDOCINO COAST'S PROPOSED SUBLEASE OF 516 CYPRESS TO REDWOOD COMMUNITY SERVICES

WHEREAS, on May 5, 2020, Mendocino Coast Health Care District (the “**District**”) and Adventist Health Mendocino Coast (“**AHMC**”) executed a lease whereby AHMC leased several District owned and leased real properties (the “**Lease**”). Among the properties leased by AHMC is the property located at 516 Cypress St., Fort Bragg, CA 95437 (the “**Sublease Premises**”).

WHEREAS, AHMC desires to sublease the Sublease Premises to Redwood Community Services (“**RCS**”), a California nonprofit organization, the sole provider of emergency crisis response in Mendocino County. RCS will in turn sub-sublease a portion of the Sublease Premises to Redwood Quality Management Company (“**RQMC**”), which is an affiliated organization of RCS. The material terms of the proposed sublease and sub-sublease were presented to the Board at its regularly scheduled meeting on July 29, 2021.

WHEREAS, under Section 16 of the Lease, District consent is required for any transfers by AHMC of the Leased premises.

WHEREAS, RCS intends on using the Sublease Premises for crisis intervention services including emergency mental health, evaluation, assessments, intervention, aftercare and follow up services. RQMC intends on using its sub-subleased portion of the Sublease Premises for certain medication services. The Board finds the proposed uses of the Sublease Premises by RCS and RQMC will benefit members of the community, specifically children, youth, adults who struggle with mental illness, and their families.

The Board of Directors of the Mendocino Coast Health Care District does hereby resolve as follows:

RESOLVED, by the Board of Directors of Mendocino Coast Health Care District hereby approves the sublease of 516 Cypress St., Fort Bragg, CA 95437 by Adventist Health Mendocino Coast to Redwood Community Services and the related sub-sublease by Redwood Community Services to Redwood Quality Management Company.

The foregoing Resolution was adopted by the Board of Directors of the Mendocino Coast Health Care District at a special meeting held on August 9, 2021 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jessica Grinberg
Chair, Board of Directors
Mendocino Coast Health Care District



JLL
 One Adventist Health Way
 Roseville, CA 95678
eric.antonini@am.jll.com

July 8, 2021

Dan Anderson MFT
 Director Capital Development and Special Projects
 Redwood Community Services
 631 S. Orchard Ave.
 Ukiah CA, 95482

Re: Proposal to Sublease
 516 Cypress Street, Fort Bragg, CA 95437

Dear **Mr.** Anderson,

Thank you in advance for your time and consideration towards this matter. On behalf of *Adventist Health Mendocino Coast, a California non-profit public benefit corporation* (“Landlord”) *Jones Lang LaSalle* is authorized to submit the following sublease proposal for the Sublease Premises described below.

1. **Building:** The Building is located at 516 Cypress Street, Fort Bragg, California 95437.
2. **Sublease Premises:** The Sublease Premises shall consist of the entire lot and all improvements thereon, including a medical office building, totaling approximately five thousand two hundred sixteen (5,216) rentable square feet (RSF), and parking area (collectively the “Premises”).
3. **Subtenant:** Redwood Community Services (RCS).
4. **Sublandlord:** Adventist Health Mendocino Coast, a California non-profit public benefit corporation.
5. **Term:** Five (5) Years
6. **Commencement Date:** October 1, 2021
7. **Expiration Date:** September 30, 2026
8. **Use:** Subtenant shall use the Premises as transitional housing and related office use. Subtenant’s use shall comply with applicable laws.
9. **Base Rental Rate:** The monthly Base Rental Rate on a modified gross (MG) basis per RSF shall be as follows:

Months	Rent/RSF	Monthly Rent*
September 1, 2021 – August 30, 2022	\$1.15	\$5,998.40

September 1, 2022 – August 30, 2023	\$1.18	\$6,178.35
September 1, 2022 – August 30, 2024	\$1.22	\$6,363.70
September 1, 2024 – August 30, 2025	\$1.26	\$6,554.61
September 1, 2025 – August 30, 2026	\$1.29	\$6,751.25

Notwithstanding the foregoing, the Base Rent shall be abated for the first six (6) months of the Sublease Term.

10. Services, Repairs & Maintenance: Subtenant, at its sole cost and expense, shall contract directly with the local utility companies, waste management and janitorial service providers. Subtenant shall also, at its sole cost and expense, be responsible for all repairs and maintenance obligations inside the four (4) walls of the Building. Sublandlord shall be responsible for the repair and maintenance of all structural portions of the Building, including mechanical, electrical and plumbing systems, the parking lot, and landscaping.
11. Tenant Improvements: Subtenant shall accept the Sublease Premises in its as-is condition. No improvements or alterations to be completed without Sublandlord's written approval.
12. Termination Option: Sublandlord and Subtenant shall have the mutual right to terminate the Lease after the thirty-sixth (36th) month of the Term with or without cause by providing at least one hundred eighty (180) days' written notice.
13. Building Signage: All sign installation and maintenance costs shall be borne by Subtenant. Signage shall be subject to Subtenant's compliance with all applicable laws and Sublandlord's approval. Any new signage must be removed at Subtenant's sole expense at the end of the Term.
14. Subleasing & Assignment: Per the Master Lease. Subtenant shall not assign or sublease the Sublease Premises without the express written consent of the Sublandlord.
15. Parking: Subtenant shall have exclusive use of the parking lot.
16. Security Deposit: Equal to the first months' base rent.
17. Lease Document: Sublandlord shall provide its standard sublease form.
18. Holdover: If Subtenant holds over after the expiration or earlier termination of the Sublease without Sublandlord's prior written consent, Subtenant shall become a sublessee at sufferance only, at a rental rate equal to one hundred fifty percent (150%) of the rate then in effect on the date immediately prior to the expiration or termination and otherwise upon the terms, covenants and

conditions specified in the Sublease.

19. Confidentiality Agreement:

Sublandlord and Subtenant will treat this proposal to sublease in a confidential manner and will not disclose its requirements to other parties aside from Sublandlord's and Subtenant's agents or consultants. Neither party shall disclose any terms or conditions of this contemplated transaction without the express written consent of the other.

This proposal is intended to be an outline of the major sublease provisions only and whether or not countersigned, shall not be a binding agreement by either party to sublease the subject space. No party shall have any legal rights or obligations with respect to any other party because of the existence of this proposal or by taking any action in reliance thereon. All terms and conditions set forth above shall be subject to the satisfactory review by each party and its counsel, and shall not be binding upon Sublandlord or Subtenant until the sublease, consent and related documents have been approved by the each party and such sublease, consent and related documents have been fully executed and delivered by both Sublandlord and Subtenant, and subsequently approved by Sublandlord's Board of Directors.

Please respond to this proposal by **2:00 p.m., five (5) working days from the date of this proposal** when it shall become null and void. On behalf of Landlord, we look forward to receiving a favorable response and a successful lease negotiation.

Sincerely,
JONES LANG LASALLE




Eric Antonini
Real Estate Director
Adventist Health Mendocino Coast

Agreed and accepted this _____ day of _____ 2021

SUBLANDLORD:

By: _____
Its: _____

SUBTENANT:

By:  _____
Its: Chief Executive Officer _____

TAB 2

ASSIGNMENT AND ASSUMPTION OF LEASE AND CONSENT TO ASSIGNMENT

This Assignment and Assumption of Lease and Consent to Assignment ("Assignment") is made as of this ___ day of _____, 2021 by and between MENDOCINO COAST HEALTH CARE DISTRICT, a local healthcare district of the State of California ("Assignor"), ADVENTIST HEALTH MENDOCINO COAST, a California nonprofit public benefit corporation ("Assignee"), and BOATYARD ASSOCIATES PHASE II, a California limited partnership ("Landlord") with respect to the following facts. Each of the foregoing entities is herein sometimes referred as "Party" and all collectively referred to as "Parties".

Recitals

- A. Assignor and Landlord are parties to that certain "Commercial Lease and Deposit Receipt" dated as of September 30, 2016 with respect to certain property commonly known as 155 Boatyard Drive, Fort Bragg, California 95437 ("Property") whereby Landlord leased to Assignor premises known as L2, L3 and L4 consisting of approximately 4,500 sq. ft. ("Premises") on the terms and conditions therein stated ("Lease"), a copy of which is attached hereto as Exhibit A hereto. All Capitalized terms not specifically defined hereunder shall have the same meaning as set forth in the Lease.
- B. Assignor and Assignee have entered into certain agreements, including without limitation Transfer of Business Operations Agreement and First Amendment to Transfer of Business Operations Agreement ("Transfer Documents") whereby Assignor is selling, transferring and assigning certain of Assignor's assets and interests to Assignee ("Transfer") on terms and conditions therein stated.
- C. Pursuant to the Transfer Documents, Assignee has certain rights to terminate the transfer effected thereby and reconvey the assets and interest back to Assignor (collectively "Termination Rights").
- D. Pursuant to the Transfer, Assignor and Assignee contemplate that Assignor's rights under the Lease shall be assigned to Assignee.
- E. Assignor and Assignee now desire to assign the Lease to Assignee commencing as of August 1, 2021, subject to the terms and conditions of this Assignment.

Agreement

Therefore, the Parties agree as follows:

1. **Assignment.** Assignor assigns and transfers to Assignee all right, title, and interest in the Lease and Assignee accepts from Assignor all right, title, and interest, subject to the terms and conditions set forth in this Assignment.
2. **Assumption.** Assignee assumes and agrees to perform and fulfill all the terms, covenants, conditions, and obligations required to be performed and fulfilled by Assignor as Tenant under the Lease from and after the date of this Assignment, including the making of all Rent or other payments due to or payable by Assignor and performance of all obligations under the Lease as they become due and payable, and

Assignee shall indemnify, defend and hold harmless Assignor from any obligations accruing under the Lease accruing from and after the date of this Assignment. Assignor hereby indemnifies and holds harmless Assignee from and against any and all claims, losses, liabilities, obligations, damages, costs and expenses (including reasonable attorneys' fees and costs) arising or accruing under the Lease with respect to periods, events or circumstances occurring prior to the date of this Assignment.

3. **Surrender.** On the date of this Assignment, Assignor agrees to vacate, surrender, remise and quitclaim to Assignee, its successors and assigns, its rights, including without limitation the right to possession, under the Lease.

4. **Utilities.** On or before the date of this Assignment, Assignor shall notify the utility companies servicing the Premises that Assignee shall be responsible for payment of all utility obligations incurred after the date of this Assignment and shall, if possible, cause meters to be read on the date of this Assignment. Assignor shall be responsible for the payment in accordance with the Lease terms for all utility services furnished to the Premises on or prior to the date of this Assignment.

5. **Representations and Warranties Concerning the Lease.** Assignor represents and warrants to Assignee and to Landlord that: (a) the Lease is in full force and effect, and unmodified; (b) to Assignor's knowledge, Assignor's interest in the Lease is free and clear of any liens, encumbrances or adverse interests of third parties; (c) Assignor has the full and lawful authority to assign its interest in the Lease; and (d) to Assignor's knowledge, there is no default by Assignor or Landlord under the Lease or any circumstance by which lapse of time or giving a notice would constitute a default under the Lease. As used herein, the term "Assignor's knowledge" shall mean Assignor's actual knowledge as of the date of execution of this Assignment, without any duty of inquiry or investigation. Landlord hereby represents and warrants to Assignor and Assignee as follows: (a) the Lease is in full force and effect and unmodified; and (b) to Assignor's knowledge, there is no default by Assignor or Landlord under the Lease or any circumstance by which lapse of time or giving a notice would constitute a default under the Lease. As used herein, the term "Landlord's knowledge" shall mean Landlord's actual knowledge as of the date of execution of this Assignment, without any duty of inquiry or investigation. Neither Assignor nor Landlord has received any written notice of (i) any pending eminent domain proceedings pertaining to the Premises, nor (ii) any governmental actions or any judicial actions of any kind against Landlord's interest in the Premises, including, without limitation, any relating to any environmental laws or the Americans with Disabilities Act, and Landlord has no reason to believe that there are grounds for any claim of any such violation. The Parties each for themselves represent and warrant that they have not retained any broker in connection with the negotiations of this Assignment. Landlord and Assignor each acknowledge that Assignor has paid to Landlord all rentals, additional rentals and other monetary sums due under the Lease through the date of this Assignment. The warranties contained in this paragraph are true as of the date of this Assignment, and shall survive that date

6. **Covenants and Agreements respecting the Lease.**

(a) Lease Extension; Option to Extend Lease. Landlord, Assignor, and Assignee hereby acknowledge and agree that the initial Term of the Lease ("Original Term") expires on November 1, 2021. By this Assignment, the Parties hereby agree that the Term of the Lease shall be extended from November 1, 2021 through October 31, 2026 ("Extended Term"). It is the intent of the Parties that this agreement to the Extended Term shall be in lieu of the five (5) year option to extend the Lease as set forth in Paragraph 31 of the Lease which is hereby terminated and of no further force or effect. Commencing on November 1, 2021, the monthly Base Rent shall be increased to \$4,431.28. Thereafter monthly Base Rent shall be adjusted on each succeeding November 1st for the remainder of the Extended Term (each, an "Adjustment Date") as follows: on each Adjustment Date, the monthly Base Rent then in effect shall be increased by four (4) percent.

(b) Assignor Improvements. The Parties hereto acknowledge and agree that there are no alterations or improvements (as such terms are used in the Lease) which are required to be removed by the Tenant under the Lease at the end of the Term.

(c) Security Deposit. Landlord acknowledges that it is currently holding the sum of \$4,700 as Security Deposit from Assignor under the Lease. Assignor hereby assigns to Assignee the right to recover directly from Landlord that portion of the Security Deposit that would otherwise be due from Landlord to Assignor, if and when due and Assignor agrees that Landlord may deal solely with Assignee with respect to same.

(d) Signage. Assignee shall have the right to install and retain approved signage pursuant to the terms of the Lease.

(e) Fixtures. Assignor hereby grants to Assignee all right, title and interest in and to Assignor's trade fixtures and equipment described on Exhibit B attached hereto and made a part hereof. In the event that Assignee fully and faithfully performs each and every obligation to be performed on Assignee's part under this Assignment and the Lease, such fixtures shall, subject to all limitations in the Lease, become the property of Assignee.

(f) Rents. Assignor shall be responsible for payment of the Rent payable for the month of July, 2021. Assignor has paid any and all additional Rent due through July 2021. Landlord and Assignor hereby agree that all Rent paid by Assignor through July 2021 shall be deemed fully earned and paid, there shall be no subsequent adjustment or reconciliation requiring the payment of any additional rents or other expenses made by Assignor under the Lease and the foregoing shall amend the Lease to the extent inconsistent therewith. Assignee shall be responsible for payment of any additional Rent beginning on August 1, 2021 and all amounts paid by Assignee shall be reconciled in accordance with the terms of the Lease.

(g) Property Tax Exemption. The Parties acknowledge and agree that Assignee is a tax exempt entity and may utilize the Premises for a tax exempt purpose. Accordingly, the following is hereby added to the end of Section 28 "Should Tenant apply for and receive a property tax "welfare exemption" pursuant to the provisions of the California Revenue and Taxation Code, then in such event the Tenant's obligation to pay real property tax increases under this Lease shall be reduced dollar for dollar by the amount of the exemption received for the Premises."

(h) Insurance. Landlord acknowledges that Assignee has a self-insurance program. Accordingly, the following is hereby added to the end of Paragraph 11 of the Lease: "Tenant shall be permitted to self-insure all of Tenant's insurance requirements under this Lease. Notwithstanding any provision of this Lease to the contrary, including without limitation paragraph 11, Tenant shall be deemed to have satisfied in full all of Tenant's insurance requirements under this Lease if (a) it participates in programs of self-insurance maintained by Adventist Health (including the provision of coverages for Landlord similar to that of Landlord being an additional insured with respect only to the acts and omissions of Tenant related to the Premises)."

(i) Right To Assign to Affiliates. Notwithstanding the restrictions contained in Paragraph 5 of the Lease, Tenant shall have the right at any time to sublease or assign all or any portion of its Premises for the then existing use to any parent company, subsidiary, affiliate, or related corporate entity of Tenant, whether by merger or consolidation, or any successor, corporation, without the Landlord's approval or consent, provided that Tenant shall remain primarily responsible for the Tenant's obligations pursuant to the Lease.

(j) Base Year. Effective November 1, 2021, the year “2016/2017” referred to in paragraph 28 of the Lease shall be changed to “2021/2022” and the “base year” for the purposes of paragraph 29 shall be deemed to be 2021.

7. **Landlord Consent to Assignment.** Landlord hereby consents to the terms of this Assignment provided, however, that nothing in the granting of this consent shall release Assignor from its obligations under the Lease which shall continue unabated notwithstanding this Assignment.

8. **Right to Reassign Lease.** The Parties acknowledge and agree that should Assignee exercise one or more of its Termination Rights under the Transfer Documents, it may desire that the Lease be assigned back to Assignor. Accordingly, should Assignee validly exercise one or more of its Termination Rights, Assignee shall have the right, but not the obligation, to assign the Lease back to Assignor by delivery of not less than 30 days advance written notice to Assignor and Landlord so stating. In such event, Assignor and Assignee shall execute a formal assignment and assumption agreement with the assignment effective on the date set forth in Assignee’s notice and reflecting that the Lease interest and the Premises are being returned to Assignor in their as is, where is condition without modification or compensation, and with the assignment otherwise containing customary terms and conditions reasonably acceptable to Assignee and Assignor. Landlord hereby consents to this reassignment right on the forgoing terms and conditions.

10. **Successors and Assigns.** This Assignment shall be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

11. **Governing Law.** This Assignment shall be governed by and construed in accordance with California law.

12. **Attorneys’ Fees.** In the event of any dispute by and between the parties hereto arising out of or related to this Assignment, the prevailing party in any action shall be entitled to recover its, his or her attorneys’ fees and costs therefor.

13. **Notices.** All notices required or permitted to be given hereunder shall be in writing and shall be delivered personally, by overnight air express service or by registered or certified mail, postage prepaid, return receipt requested, addressed to the parties hereto at their respective addresses set forth below. Such notices shall be deemed given (a) upon receipt or upon refusal to accept delivery if delivered personally, (b) one (1) business day after tendering to an overnight air express service, and (c) three (3) business days after mailing if by registered or certified mail.

To Assignor:
To Assignee:
To Landlord:

14. **Authority.** Landlord is a limited partnership duly organized, validly existing and in good standing under the laws of the State of California and is qualified to do business in the State of California. Landlord is the record and beneficial owner of the Premises, the persons signing this Assignment on behalf of Landlord have the full right, power and authority to enter into and perform the Landlord’s obligations hereunder, and no consents, approvals or actions need to be obtained or taken in connection herewith that have not been so obtained and taken. Assignor represents and warrants that it is a corporate body politic duly organized, validly existing, and in good standing under the laws of the State of California, and the persons signing this Assignment on behalf of such entity have the full right, power and authority to enter into and perform its obligations under this Assignment and that no consents or approvals or actions need to be taken in connection herewith that have not been so obtained and taken. Assignee represents and warrants that it is a corporation duly organized, validly existing, and in good standing under the laws of the State of California

and the persons signing this Assignment on behalf of such entity have the full right, power and authority to enter into and perform its obligations under this Assignment and that no consents or approvals or actions need to be taken in connection herewith that have not been so obtained and taken.

15. **Amendment.** This Assignment may not be modified or amended except by a written agreement executed by the parties hereto.

16. **Counterparts.** This Assignment may be executed in several counterparts, each of which shall be deemed an original. The signatures of this Assignment may be executed on separate pages, and when attached to this Assignment shall constitute one complete document.

17. **Entire Agreement.** This Assignment constitutes the entire agreement between the parties hereto and supersedes any prior understandings, agreements or representations by or between the parties hereto, written or oral, to the extent that such understandings, agreements or representations relate to the subject matter of this Assignment. This Assignment may not be amended, modified or altered except by a writing signed by both of the parties.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first above written.

"Assignor"

MENDOCINO COAST HEALTH CARE DISTRICT

By: _____

Its: _____

"Assignee"

ADVENTIST HEALTH MENDOCINO COAST, a
California nonprofit public benefit corporation

By: _____

Its: _____

"Landlord"

BOATYARD ASSOCIATES PHASE II, a California
limited partnership

By: _____

Its: _____

TAB 3

**REPRESENTATION AGREEMENT
FOR DISTRICT LEGAL COUNSEL SERVICES
MENDOCINO COAST HEALTH CARE DISTRICT**

June 10, 2021

LAW OFFICE OF JACOB R. PATTERSON (“Patterson”) and MENDOCINO COAST HEALTH CARE DISTRICT (“District”) hereby agree that Patterson will provide legal and non-legal consulting services (collectively “Professional Services”) to District on the terms set forth below.

1. APPOINTMENT AS DISTRICT LEGAL COUNSEL

Jacob R. Patterson is hereby designated and appointed as contract District Legal Counsel of the Mendocino Coast Health Care District, effective June 10, 2021, and shall serve and be compensated as provided by this Agreement.

District reserves the right to retain, at its sole option, other legal counsel for specialized legal matters. Patterson will supervise outside legal counsel’s work. This reservation of rights does not preclude District from assigning these matters to Patterson or requesting his recommendations concerning the selection of outside legal counsel.

2. TERM

The term of this agreement shall retroactively commence on June 10, 2021 and shall continue unless it is terminated in accordance the provisions of this Agreement, or amended by mutual written agreement of the parties.

3. SCOPE OF SERVICES AND PATTERSON’S DUTIES

District hires Patterson to provide Professional Services for District as contract District Legal Counsel and as assigned by the District Board or District Manager (“Assigned Matters”). The scope of work for individual Assigned Matters will be determined on a case-by-case basis. Patterson will provide those legal services reasonably required to represent District in all legal matters within the scope of his representation of District, including Assigned Matters. Patterson will take reasonable steps to keep the District Board and/or District Manager informed of progress on all matters and to respond to District’s inquiries.

As part of his representation of District, Patterson shall: attend regular and special meetings of the District Board, as requested; advise the District Board, District committees, District staff, and other District officials on all legal matters pertaining to District business; prepare, review, and approve as to form, contracts, agreements, resolutions, and all other standard District documents; prepare such written and oral legal opinions as shall be requested by District; represent the District in litigation and administrative proceedings as directed by the District Board or District Manager;; and perform other such routine legal services as are required by the District Board or District Manager.

4. DISTRICT’S DUTIES

Through its officers and employees, District agrees to be truthful with Patterson and not to withhold information relevant to his representation of District, to cooperate, to keep Patterson informed of any information or developments relevant to Assigned Matters which may come

to District's attention, to abide by this Agreement, to pay Patterson's bills on time, and to keep Patterson advised of changes in the scope of work for individual Assigned Matters. District will assist Patterson by timely providing necessary information and documents relevant to Assigned Matters. District agrees that the District Board or District Manager will evaluate the need for, and communicate with Patterson about, the status of existing Assigned Matters and potential future Assigned Matters prior to the end of each month this Agreement remains in effect. District agrees that Patterson may reasonably rely upon the statements and decisions of the Chair of the District Board or District Manager concerning the provision of Professional Services under this Agreement.

5. FEES AND BILLING PRACTICES

Patterson shall be compensated by District under the terms of this Agreement as follows:

- (a) District agrees to pay Patterson a flat fee of three-thousand-dollars (\$3,000) per month for up to ten (10) hours of legal services. This fee is fixed and does not depend on the amount of work performed. District acknowledges that this fee is negotiated and is not set by law.
- (b) For additional hours of Professional Services beyond those included in the monthly flat fee, District agrees to pay Patterson at the rate of three-hundred dollars (\$300) per hour for legal services and one-hundred-fifty dollars (\$150) per hour for non-legal consulting services.
- (c) The time charged will include, but is not limited to, the time Patterson spends on telephone calls, e-mails and other electronic communications relating to Professional Services, including calls and e-mails with District staff and officials, and with other parties and attorneys in Assigned Matters. Patterson will not charge for waiting time or travel time. Additionally, it is agreed that time spent on administrative or clerical duties related to legal services will not be billable time.
- (d) Time is billed in minimum increments of one-tenth (.1) of an hour.

6. BILLING RATE INCREASES

The forgoing hourly rates shall remain in full force and effect through June 30, 2022. On July 1, 2022 and annually thereafter, the forgoing billing rates shall be adjusted annually to reflect any increase in the cost of living based on the Consumer Price Index increase for the prior year utilizing the standard as established by the Bureau of Labor Statistics of the U.S. Department of Labor for consumers in the geographic area closest to Mendocino County, or another mutually agreed upon index based on comparable data should the Consumer Price Index established by the Bureau of Labor Statistics be unavailable. Any such cost of living increase shall not exceed five (5) percent per year.

7. OTHER FEE ARRANGEMENTS

District may negotiate a cap on hourly fees or a flat fee for individual Assigned Matters. District and Patterson mutually agree to negotiate, in good faith, any desired cap on hourly fees or a flat fee for individual Assigned Matters. Individual Assigned Matters with an agreed upon flat fee shall be charged at the flat fee rather than on an hourly basis. All flat fees will be due

and payable after the entire matter or defined milestone is deemed complete by mutual agreement of the District and Patterson.

8. OPERATING ACCOUNT DISCLOSURE

Pursuant to Rule 1.15(b)(1) of the California Rules of Professional Conduct, Patterson hereby discloses that he may deposit flat fees received from District into an operating account rather than a Client Trust Account regardless of their nature as earned or unearned at the time of receipt and District would be entitled to the unearned portion of the fee if the representation is terminated or the services are not completed. By entering into this Agreement, District consents to Patterson depositing any fees paid that may be deemed an advance fee in Patterson's operating accounts. Notwithstanding this prior consent, District has a right to withdraw consent at any time and thereafter require Patterson deposit and maintain any advance fee in a Client Trust Account until such time that the fee, or portion thereof, is earned and payable to Patterson. District agrees to provide written notice to Patterson of any election to withdraw such consent.

Pursuant to Rule 1.16(e)(2) of the California Rules of Professional Conduct, upon termination of representation for any reason, District would be entitled to a refund of any amount of deposited fees that are unearned because Professional Services are not completed when representation terminates. By entering into this Agreement, District agrees to and accepts the risk that any unearned fees it may be entitled to recover from Patterson upon termination of representation may be more difficult to recover than if such funds had been deposited into a Client Trust Account.

9. COSTS AND OTHER CHARGES

(a) Patterson may incur various costs and expenses in performing Professional Services under this Agreement. District agrees to pay for all approved costs, disbursements and expenses for Assigned Matters in addition to hourly or flat fees. Costs and expenses commonly include notary fees, messenger and other delivery fees, postage, outside photocopying and other reproduction costs, investigation expenses, translator/interpreter fees, consultants' fees, and computerized legal research fees. The foregoing external costs and expenses will be charged at Patterson's actual cost with no markup.

(b) If approved by the Chair of the District Board, District Treasurer, or District Manager, District agrees to pay parking, mileage, transportation, meals, lodging, and all other costs of any necessary out-of-town travel by Patterson. If applicable, Patterson will bill automobile mileage at the standard rate for business use as announced from time-to-time by the Internal Revenue Service for approved travel. District will not be charged for Patterson's travel time.

(c) Patterson does not bill local mileage, fax, word processing, small reproduction matters, or simple computerized legal research costs.

10. BILLS

Patterson will send periodic bills for fees and costs incurred to the District. Each bill will be payable within thirty (30) days of its mailing or delivery date. District may request a bill at intervals of no less than thirty (30) days. If District so requests, Patterson will provide one

within ten (10) days. Bills for the fee portion of the bill will include the amount, rate, basis for calculation, or other method of determination of the Patterson's fees attributable to Professional Services. Bills for the cost and expense portion of the bill will clearly identify the costs and expenses incurred and the amount of the costs and expenses. District agrees to promptly review all bills rendered by Patterson and to promptly communicate any objections, questions, or concerns about their contents.

11. CONFLICT OF INTEREST

Patterson shall at all times avoid conflicts of interest in the performance of this Agreement. In the event a conflict arises, Patterson shall immediately notify District. If and when required, Patterson agrees to file a conflict of interest disclosure statement with the District setting forth any information related to potential conflicts of interest to the extent such disclosure is required by law, including District's adopted conflict of interest code.

12. INDEPENDENT CONTRACTOR

Patterson shall perform all Professional Services under this Agreement as an independent contractor of District, and shall remain at all times as to District a wholly independent contractor with only such obligations as are consistent with that role.

13. PROHIBITION AGAINST SUBCONTRACTING, DELEGATING, OR ASSIGNMENT

Patterson will not contract or delegate to any individual or other entity to perform on the District's behalf, in whole or in part, any of the Professional Services under this Agreement without the prior approval of the District Board or District Manager. In addition, neither this Agreement nor any interest herein may be assigned or transferred, voluntarily or by operation of law, without the prior express approval of the District.

14. RECORDS AND REPORTS

All reports, records, documents, and other materials prepared by Patterson in the performance of this Agreement (collectively the "District File") shall be the property of District. The District File includes "client materials and property" as defined in Rule 1.16(e)(1) of the California Rules of Professional Conduct. District may have access to all records in the District File at any reasonable time during the term of this Agreement and the District File shall be delivered to District upon request or upon termination of this Agreement. No record in the District File shall be released publicly without prior approval of the District, except as may be required by law.

15. DISCHARGE AND WITHDRAWAL

(a) Termination by District. Patterson shall at all times serve under the terms of this Agreement at the pleasure of the District Board, and the District hereby reserves the right to discharge Patterson and/or terminate this Agreement at will, with or without cause, by providing sixty (60) days' advance written notice to Patterson. Upon the effective date of any notice of termination, Patterson shall cease all services under this Agreement except as may be specifically approved by the Chair of the District Board or District Manager. At that time, all obligations of District to pay Patterson for further Professional Services shall thereupon cease, except as set forth in Section 16(c) below.

(b) Termination by Patterson. Patterson may withdraw from continuing to provide Professional Services under this Agreement with District's consent or for good cause if

permitted under the Rules of Professional Conduct of the State Bar of California and/or applicable law by providing written notice to District. Among the circumstances under which Patterson may withdraw are: (i) with the consent of District; (ii) District's conduct renders it unreasonably difficult for the Patterson to carry out the Assigned Matters effectively; or (iii) District fails to pay Patterson's fees or costs as required by this Agreement. Patterson further reserves the right to terminate this Agreement by giving sixty (60) days' advance written notice to District.

- (c) Automatic Termination. Unless amended or otherwise terminated by either party, this Agreement will automatically terminate when one or more of the following conditions occur: (i) if and when Patterson is hired by District to serve as a direct employee rather than an independent contractor; or (ii) if and when Patterson assumes office as an elected or appointed official of District and such office is incompatible with continuing to provide Professional Services to District.
- (d) Notwithstanding the discharge, withdrawal, or termination, District will remain obligated to pay Patterson at the agreed rates for all services previously provided and to reimburse Patterson for all costs advanced, including reasonable fees for services actually performed for individual Assigned Matters involving an agreed-upon flat fee even if such matters are not yet complete.

16. CONCLUSION OF SERVICES UNDER THIS AGREEMENT

- (a) When Patterson's Professional Services conclude, whether by completing the services for all individual Assigned Matters, or by discharge, withdrawal or termination of this Agreement, all unpaid charges for fees or costs will be due and payable immediately.
- (b) In the event of the termination of this Agreement by either party, Patterson shall cooperate with District in transferring the District File to the District Secretary or District Manager or any other person or entity designated by the District Board, or dispose of the District File consistent with the District's directions. Patterson is hereby authorized to retain copies of any document in the District File unless the District provides explicit direction otherwise.
- (c) Patterson shall be compensated at the hourly rates set forth in Sections 5 and 6 of this Agreement should Patterson be called upon to perform any Professional Services for District after the effective date of termination, including but not limited to the transfer of files and assignments and additional matters mutually agreed upon by the District Manager and Patterson.

17. DISCLAIMER OF GUARANTEE AND ESTIMATES

Nothing in this Agreement and nothing in Patterson's statements to District will be construed as a promise or guarantee about the outcome of individual legal matters, including Assigned Matters. Patterson makes no such promises or guarantees. Patterson's comments about the outcome of legal matters are expressions of opinion only, are neither promises nor guarantees, and will not be construed as promises or guarantees. Except as provided in Section 7, above, any estimate of fees given by Patterson are not a representation of a flat fee and will not be a limitation on fees or a guarantee that fees and costs will not exceed the amount of the estimate. Actual fees may vary significantly from estimates given.

18. INSURANCE

- (a) During the term of this Agreement, Patterson shall procure and maintain, at his cost, the following insurance policies in accordance with District requirements:
- General liability insurance with limits of not less than \$1,000,000 per occurrence, \$2,000,000 aggregate.
 - Workers' compensation insurance as required by California law and employer's liability insurance with limits not less than \$1,000,000 per occurrence for bodily injury or disease. Patterson does not currently have employees but agrees to obtain such insurance prior to hiring any employees that would trigger the need for worker's compensation insurance during the term of this Agreement.
 - Professional liability insurance with limits not less than \$1,000,000 per occurrence. Pursuant to California Rule of Professional Conduct 1.4.2, Patterson is informing District in writing that he has and will maintain professional liability insurance at all times during the term of this Agreement.
- (b) Patterson agrees to furnish District with certificates evidencing compliance with the insurance requirements above and to provide complete, certified copies of all insurance policies if requested to do so by District.

19. INDEMNIFICATION

Patterson agrees to defend, indemnify, and hold harmless District, and its officers and employees, from and against any and all actions, suits, proceedings, claims, demands, losses, costs and expenses, including legal costs and attorneys' fees, for injury to persons(s) or damages to property (including property owned by District), and for errors and omissions committed by Patterson to the extent arising out of Patterson's performance under this Agreement, except where such injury, damage, error(s) or omission(s) may be caused by District's sole negligence, active negligence, or willful misconduct or that of the District's officers or employees.

20. DISPUTE RESOLUTION

If any dispute or disagreement arises between District and Patterson concerning any matter relating to this Agreement, District and Patterson agree to meet and confer and attempt to resolve the matter informally. If the parties cannot agree, they may refer the matter to mediation to the fullest extent permitted by law. The parties are aware that mediation is a voluntary process and pledge to cooperate with the mediator in an attempt to reach a mutually satisfactory compromise of any dispute or disagreement. The mediator shall be chosen by mutual agreement of the parties, and mediation shall commence within thirty (30) days of either party's written request to the other for mediation. Each party shall bear its own fees and costs for the mediation. This provision for mediation is an effort to protect, preserve, and respect the requisites of a productive attorney-client relationship, but shall be without prejudice to either party pursuing its other lawful remedies. Pursuant to Evidence Code section 1129(a), Patterson is required to provide notice and have District acknowledge certain confidentiality restrictions prior to participating in any mediation. Patterson will provide District with this notice.

21. NONDISCRIMINATION

The parties to this Agreement pledge that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, gender identity, marital status, sexual orientation, national origin, ancestry, or disability in the performance of their respective obligations under this Agreement.

22. CONSENT TO USE OF E-MAIL AND CLOUD SERVICES

In order to provide District with efficient and convenient Professional Services, Patterson may communicate and transmit documents using electronic communication methods, including e-mail. Because electronic communication methods continue to evolve, there may be risks associated with communicating in this manner, including risks related to confidentiality and security. By entering into this Agreement, District is consenting to such electronic communication methods with District's staff, elected and appointed officials, representatives and agents.

23. NOTICES

District's representative for purposes of this Agreement is the Chair of the District Board, currently Jessica Grinberg. Notices regarding this Agreement shall be given in writing to the parties at the following addresses:

Jessica Grinberg, Chair of the Board of Directors
Mendocino Coast Health Care District
775 River Drive
Fort Bragg, CA 95437
jgrinberg@mcdh.org

Jacob R. Patterson
Law Office of Jacob R. Patterson
PO Box 2814
Fort Bragg, CA 95437
jacob@lawjrp.com

24. ENTIRE AGREEMENT

This Agreement contains the entire agreement of the parties. No other agreement, statement, or promise made on or before the effective date of this Agreement will be binding on the parties.

25. APPLICABLE LAW

The laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement, and the interpretation of this Agreement.

26. SEVERABILITY IN EVENT OF PARTIAL INVALIDITY

If any provision of this Agreement is held in whole or in part to be unenforceable for any reason, the remainder of that provision and of the entire Agreement will be severable and remain in effect.

27. MODIFICATION BY SUBSEQUENT AGREEMENT

This Agreement may be modified by subsequent agreement of the parties only by an instrument in writing signed by both of them.

28. LEGAL REPRESENTATION

Both parties have had the opportunity to consult with legal counsel of its choice in the negotiation, review, and execution of this Agreement. Each party shall bear its own fees in connection with the preparation and negotiation of this Agreement.

29. COUNTERPARTS

This Agreement may be executed by multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

30. WARRANTY OF AUTHORIZED SIGNATURES

Each of the signatories hereto warrants and represents that he or she is competent and authorized to enter into this agreement on behalf of the party for whom he or she purports to sign.

THE PARTIES HAVE READ AND UNDERSTOOD THE FOREGOING TERMS AND AGREE TO THEM AS OF THE DATE PATTERSON FIRST PROVIDED SERVICES. DISTRICT AGREES TO BE LIABLE FOR ALL OBLIGATIONS UNDER THIS AGREEMENT. DISTRICT WILL RECEIVE A FULLY EXECUTED COPY OF THIS AGREEMENT.

[Signatures on following page.]

IN WITNESS WHEREOF, this Agreement has been executed in duplicate by the duly authorized representatives of the parties hereto.

MENDOCINO COAST HEALTH CARE DISTRICT

DATED: _____

By: _____
Jessica Grinberg, Board Chair

ATTEST:

Sara Spring, Board Secretary

LAW OFFICE OF JACOB R. PATTERSON

DATED: _____

By: _____
Jacob R. Patterson, Owner

TAB 2



JLL
 One Adventist Health Way
 Roseville, CA 95678
eric.antonini@am.jll.com

July 8, 2021

Dan Anderson MFT
 Director Capital Development and Special Projects
 Redwood Community Services
 631 S. Orchard Ave.
 Ukiah CA, 95482

Re: Proposal to Sublease
 516 Cypress Street, Fort Bragg, CA 95437

Dear **Mr.** Anderson,

Thank you in advance for your time and consideration towards this matter. On behalf of *Adventist Health Mendocino Coast, a California non-profit public benefit corporation* (“Landlord”) *Jones Lang LaSalle* is authorized to submit the following sublease proposal for the Sublease Premises described below.

1. **Building:** The Building is located at 516 Cypress Street, Fort Bragg, California 95437.
2. **Sublease Premises:** The Sublease Premises shall consist of the entire lot and all improvements thereon, including a medical office building, totaling approximately five thousand two hundred sixteen (5,216) rentable square feet (RSF), and parking area (collectively the “Premises”).
3. **Subtenant:** Redwood Community Services (RCS).
4. **Sublandlord:** Adventist Health Mendocino Coast, a California non-profit public benefit corporation.
5. **Term:** Five (5) Years
6. **Commencement Date:** October 1, 2021
7. **Expiration Date:** September 30, 2026
8. **Use:** Subtenant shall use the Premises as transitional housing and related office use. Subtenant’s use shall comply with applicable laws.
9. **Base Rental Rate:** The monthly Base Rental Rate on a modified gross (MG) basis per RSF shall be as follows:

Months	Rent/RSF	Monthly Rent*
September 1, 2021 – August 30, 2022	\$1.15	\$5,998.40

September 1, 2022 – August 30, 2023	\$1.18	\$6,178.35
September 1, 2022 – August 30, 2024	\$1.22	\$6,363.70
September 1, 2024 – August 30, 2025	\$1.26	\$6,554.61
September 1, 2025 – August 30, 2026	\$1.29	\$6,751.25

Notwithstanding the foregoing, the Base Rent shall be abated for the first six (6) months of the Sublease Term.

10. Services, Repairs & Maintenance: Subtenant, at its sole cost and expense, shall contract directly with the local utility companies, waste management and janitorial service providers. Subtenant shall also, at its sole cost and expense, be responsible for all repairs and maintenance obligations inside the four (4) walls of the Building. Sublandlord shall be responsible for the repair and maintenance of all structural portions of the Building, including mechanical, electrical and plumbing systems, the parking lot, and landscaping.
11. Tenant Improvements: Subtenant shall accept the Sublease Premises in its as-is condition. No improvements or alterations to be completed without Sublandlord's written approval.
12. Termination Option: Sublandlord and Subtenant shall have the mutual right to terminate the Lease after the thirty-sixth (36th) month of the Term with or without cause by providing at least one hundred eighty (180) days' written notice.
13. Building Signage: All sign installation and maintenance costs shall be borne by Subtenant. Signage shall be subject to Subtenant's compliance with all applicable laws and Sublandlord's approval. Any new signage must be removed at Subtenant's sole expense at the end of the Term.
14. Subleasing & Assignment: Per the Master Lease. Subtenant shall not assign or sublease the Sublease Premises without the express written consent of the Sublandlord.
15. Parking: Subtenant shall have exclusive use of the parking lot.
16. Security Deposit: Equal to the first months' base rent.
17. Lease Document: Sublandlord shall provide its standard sublease form.
18. Holdover: If Subtenant holds over after the expiration or earlier termination of the Sublease without Sublandlord's prior written consent, Subtenant shall become a sublessee at sufferance only, at a rental rate equal to one hundred fifty percent (150%) of the rate then in effect on the date immediately prior to the expiration or termination and otherwise upon the terms, covenants and

conditions specified in the Sublease.

19. Confidentiality Agreement:

Sublandlord and Subtenant will treat this proposal to sublease in a confidential manner and will not disclose its requirements to other parties aside from Sublandlord's and Subtenant's agents or consultants. Neither party shall disclose any terms or conditions of this contemplated transaction without the express written consent of the other.

This proposal is intended to be an outline of the major sublease provisions only and whether or not countersigned, shall not be a binding agreement by either party to sublease the subject space. No party shall have any legal rights or obligations with respect to any other party because of the existence of this proposal or by taking any action in reliance thereon. All terms and conditions set forth above shall be subject to the satisfactory review by each party and its counsel, and shall not be binding upon Sublandlord or Subtenant until the sublease, consent and related documents have been approved by the each party and such sublease, consent and related documents have been fully executed and delivered by both Sublandlord and Subtenant, and subsequently approved by Sublandlord's Board of Directors.

Please respond to this proposal by **2:00 p.m., five (5) working days from the date of this proposal** when it shall become null and void. On behalf of Landlord, we look forward to receiving a favorable response and a successful lease negotiation.

Sincerely,
JONES LANG LASALLE




Eric Antonini
Real Estate Director
Adventist Health Mendocino Coast

Agreed and accepted this _____ day of _____ 2021

SUBLANDLORD:

By: _____
Its: _____

SUBTENANT:

By:  _____
Its: Chief Executive Officer _____

RESOLUTION NO. 2021-XX

RESOLUTION OF THE MENDOCINO COAST HEALTH CARE DISTRICT BOARD OF DIRECTORS APPROVING ADVENTIST HEALTH MENDOCINO COAST'S PROPOSED SUBLEASE OF 516 CYPRESS TO REDWOOD COMMUNITY SERVICES

WHEREAS, on May 5, 2020, Mendocino Coast Health Care District (the “**District**”) and Adventist Health Mendocino Coast (“**AHMC**”) executed a lease whereby AHMC leased several District owned and leased real properties (the “**Lease**”). Among the properties leased by AHMC is the property located at 516 Cypress St., Fort Bragg, CA 95437 (the “**Sublease Premises**”).

WHEREAS, AHMC desires to sublease the Sublease Premises to Redwood Community Services (“**RCS**”), a California nonprofit organization, the sole provider of emergency crisis response in Mendocino County. RCS will in turn sub-sublease a portion of the Sublease Premises to Redwood Quality Management Company (“**RQMC**”), which is an affiliated organization of RCS. The material terms of the proposed sublease and sub-sublease were presented to the Board at its regularly scheduled meeting on August 26, 2021.

WHEREAS, under Section 16 of the Lease, District consent is required for any transfers by AHMC of the Leased premises.

WHEREAS, RCS intends on using the Sublease Premises for crisis intervention services including emergency mental health, evaluation, assessments, intervention, aftercare and follow up services. RQMC intends on using its sub-subleased portion of the Sublease Premises for certain medication services. The Board finds the proposed uses of the Sublease Premises by RCS and RQMC will benefit members of the community, specifically children, youth, adults who struggle with mental illness, and their families.

The Board of Directors of the Mendocino Coast Health Care District does hereby resolve as follows:

RESOLVED, by the Board of Directors of Mendocino Coast Health Care District hereby approves the sublease of 516 Cypress St., Fort Bragg, CA 95437 by Adventist Health Mendocino Coast to Redwood Community Services and the related sub-sublease by Redwood Community Services to Redwood Quality Management Company.

The foregoing Resolution was adopted by the Board of Directors of the Mendocino Coast Health Care District at a regular meeting held on August 26, 2021 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jessica Grinberg
Chair, Board of Directors
Mendocino Coast Health Care District

TAB 3

August 5, 2021

Retired Equipment

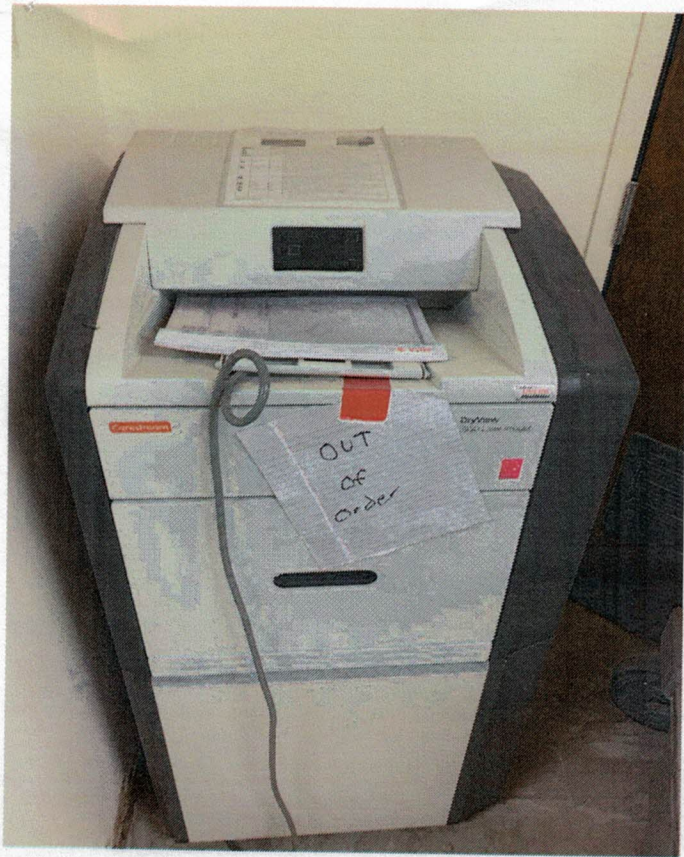
List and photos from Erik Lingard

1. AMX 4 PLUS
Outdated portable X-ray
2. Carestream Laser Imager
Non-functioning
3. Carestream CR975 VIDEO IMAGE PROCESSOR
Non-Functioning
4. OEC 9600ESP (FLUOROSCOPIC UNIT, PORTABLE)
Outdated (1997), paired with old C arm (#5)
- 5 C arm
Outdated

Not pictured:

6. One NON-Functioning: SIEMENS HEALTHCARE USA SEQUOIA 512 (ULTRASOUND)
7. One Functioning: Toshiba America Medical Systems Inc APLIO MX (Ultrasound System)
That a local veterinarian is interested in purchasing for \$2500.00, the same amount offered by the company the new unit was purchased from. Confirmed through Honalee Newman.
8. Three Functioning: Philips HeartSmart AEDs that can be donated to the local fire department through Davey Beak

1-6 can be taken away and disposed of by GE.





Ultrasound machine # 7.





TAB 4



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Board of Directors
Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Fort Bragg, California

We have audited the financial statements of Mendocino Coast Health Care District doing business as Mendocino Coast District Hospital (the District) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 29, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Management's estimate of the allowance for uncollectible patient accounts and contractual adjustments is based on experience, third-party collection history, and analysis of the collectibility of the individual accounts.
- Management's estimate for third-party settlements is based on interim payments, District expenses, patient revenues, and patient statistical data.
- CARES Act Provider Relief Fund – Management's estimate is based on qualifying expenses and lost revenues based on current guidance.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

The completion of the audit was delayed because a reconciled trial balance, supporting schedules, and other information was not gathered on a timely basis.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were by management: allowance for contractual adjustments and bad debts, patient accounts receivable, third-party settlements, Medicaid supplemental payments, and revenue bond activity.

Management has determined that the exclusion of the Mendocino Coast Healthcare Foundation. (the Foundation), from the financial statements is immaterial to the financial statements taken as a whole. The Foundation's total assets at December 31, 2019, were approximately \$2,979,000.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 22, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Mendocino Coast Health Care District doing business as Mendocino Coast District Hospital and is not intended to be, and should not be, used by anyone other than these specified parties.

Dingus, Zarecor & Associates, PLLC

Spokane Valley, Washington
July 22, 2021



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Board of Directors
Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Fort Bragg, California

In planning and performing our audit of the financial statements of Mendocino Coast Health Care District doing business as Mendocino Coast District Hospital (the District) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as described below, we identified deficiencies in internal control that we consider to be material weaknesses.

Auditor detected adjustments – Numerous auditor detected adjustments were proposed by the audit team in order to correct the financial statements, related to the allowance for contractual adjustments and bad debts, patient accounts receivable, third-party settlements, Medicaid supplemental payments, and revenue bond activity. Adjustments should not be necessary in the audit process, and such adjustments indicate weakness in internal controls over financial reporting and preparation. As a result, financial statements being used by management and the Board for decision making purposes were not accurate. Adequate internal controls should be implemented to reconcile all accounts on the general ledger prior to the audit process. There should also be a review and approval of all manual journal entries and reconciliations by an individual who did not prepare the entry or reconciliation.

Clinic receivables – The District's accounts receivable related to the clinic were not reconciled at year end. The District should have a process of reconciling balance to ensure accurate financial reporting. We recommend the implementation of a formal reconciliation and review process to ensure these are reconciled on a monthly basis.

Internal Controls

During our audit, we also became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated July 22, 2021, on the financial statements of the District.

We will review the status of the comments during our next audit engagement. Our comments are summarized as follows:

Internal controls are deterrents to fraud and errors. The following internal control structure comments should be considered along with available resources, the cost, benefits of the particular control, and other mitigating controls. The inability to optimally segregate incompatible duties increases the importance of management's and the Board of Director's oversight in the internal control process. Although nothing has come to our attention that would lead us to believe fraud has occurred, we recommend the following procedures to help minimize the risk of errors and fraud in your organization:

- The District does not have updated and complete policies and procedures. Policies and procedures help ensure proper procedures are consistently followed and that new employees or temporary employees have adequate instruction to perform their tasks and follow proper internal control processes. We recommend all policies and procedures be reviewed and updated during the year.
- The District does not have a formal policy for reviewing manual journal entries or bank reconciliations. It was noted during the internal control walkthroughs that journal entries created and posted by the Controller were not being reviewed. We recommend the implementation of a formal review process to ensure all journal entries are reviewed after posted to the general ledger.

Lease Standard Implementation

The District will be required to implement Governmental Accounting Standards Board Statement No. 87, *Leases* (or Financial Accounting Standards Board No. 2016-02, *Leases*), in the year ending June 30, 2021. The District will also be required to restate the year ending June 30, 2022, when implementing the new lease accounting standard. The District will need to be prepared to account for currently reported operating leases as capital leases on July 1, 2021.

We expect a material amount of lease obligations and the related assets will be added to the District's statement of net position in 2022.

We recommend the District develop and implement a plan to evaluate all leases during 2021. The implementation plan should include the following:

- Develop a system (spreadsheet or software) for monitoring leases.
- Prepare an inventory of all leased equipment and real estate.
- Review lease expense accounts while preparing the inventory.
- Develop written policies and procedures for all staff involved in equipment and real estate leases (accounting, department managers, purchasing, etc.).
- Review existing service and supplies agreements for implicit equipment leases (an example is a laboratory analyzer provided if a certain amount of reagents are purchased from a vendor) Develop a lease capitalization threshold. This would allow for leases with total payments under a certain dollar threshold to be expensed as paid (the current practice for operating leases).

The District has very significant real estate leases. Such leases often contain renewal options which will need to be evaluated to determine *if it is reasonably certain, based on all relevant factors*, that the lessee will exercise the option or not.

We can assist with the implementation of the new lease standard.

Board of Directors
Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Page 3

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
July 22, 2021

**Mendocino Coast Health Care District
doing business as
Mendocino Coast District Hospital**

Basic Financial Statements and
Independent Auditors' Report

June 30, 2020 and 2019



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Table of Contents

	Page
<i>INDEPENDENT AUDITORS' REPORT</i>	1-2
<i>BASIC FINANCIAL STATEMENTS:</i>	
Statements of net position	3-4
Statements of revenues, expenses, and changes in net position	5
Statements of cash flows	6-7
Notes to basic financial statements	8-21

INDEPENDENT AUDITORS' REPORT

Board of Directors
Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Fort Bragg, California

Report on the Financial Statements

We have audited the accompanying financial statements of Mendocino Coast Health Care District doing business as Mendocino Coast District Hospital (the District) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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.

Auditors' 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. 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 auditors' 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 auditors consider 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 the District as of June 30, 2020 and 2019, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – COVID-19 Pandemic

As discussed in Note 14 to the financial statements, the COVID-19 pandemic has created economic uncertainties which may negatively impact the District's financial position. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 14. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the combined basic financial statements. Such missing information, although not a part of the combined 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 combined basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the combined basic financial statements is not affected by the missing information.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
July 22, 2021

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Net Position
June 30, 2020 and 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2020	2019
<i>Current assets</i>		
Cash and cash equivalents	\$ 8,314,306	\$ 2,038,841
Cash and cash equivalents restricted as to use	675,316	754,868
Receivables:		
Patient accounts	5,526,900	4,832,481
Estimated third-party payor settlements	5,104,908	3,976,836
Other	758,803	1,133,896
Taxes	171,081	192,601
Inventories	1,013,423	839,076
Prepaid expenses	371,230	470,323
Total current assets	21,935,967	14,238,922
<i>Noncurrent assets</i>		
Investments limited as to use in local agency investment fund	3,456,956	4,376,979
Cash and cash equivalents restricted as to use, less current portion	407,350	407,350
Capital assets, net	14,549,614	14,554,638
Total noncurrent assets	18,413,920	19,338,967
<i>Deferred outflows of resources, bond refunding</i>	422,501	471,251
Total assets and deferred outflows of resources	\$ 40,772,388	\$ 34,049,140

See accompanying notes to basic financial statements.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Net Position (Continued)
June 30, 2020 and 2019

LIABILITIES AND NET POSITION	2020	2019
<i>Current liabilities</i>		
Accounts payable	\$ 3,834,011	\$ 4,511,676
Accrued compensation and related liabilities	3,009,765	3,191,861
Unearned CARES Act Provider Relief Fund	5,811,277	-
Estimated third-party payor settlements	2,272,136	1,618,185
Accrued interest	874,424	1,011,655
Current maturities of long-term debt	1,083,601	1,492,204
Total current liabilities	16,885,214	11,825,581
Long-term debt, less current maturities	10,333,471	11,486,879
Total liabilities	27,218,685	23,312,460
<i>Net position</i>		
Net investment in capital assets	3,520,619	2,274,461
Restricted for debt service and reserve	1,082,666	1,162,218
Unrestricted	8,950,418	7,300,001
Total net position	13,553,703	10,736,680
Total liabilities and net position	\$ 40,772,388	\$ 34,049,140

See accompanying notes to basic financial statements

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2020 and 2019

	2020	2019
<i>Operating revenues</i>		
Net patient service revenue	\$ 58,589,538	\$ 58,142,969
Other revenue	1,020,625	911,354
Total operating revenues	59,610,163	59,054,323
<i>Operating expenses</i>		
Salaries and wages	20,656,140	21,015,322
Employee benefits	6,312,780	6,291,887
Professional fees	9,644,912	7,885,520
Registry	6,687,945	6,435,009
Purchased services	1,692,269	1,936,630
Supplies	8,402,572	9,044,465
Depreciation	1,360,849	1,481,931
Repairs and maintenance	767,054	817,116
Utilities	889,067	880,404
Leases and rentals	780,169	650,751
Insurance	632,453	535,214
Other	1,738,540	1,580,271
Total operating expenses	59,564,750	58,554,520
Operating income	45,413	499,803
<i>Nonoperating revenues (expenses)</i>		
Taxation for operations	2,497,870	2,594,047
Taxation for debt service	479,263	476,848
Interest expense	(572,858)	(548,102)
Loss on disposal of assets	-	(66,338)
Total nonoperating revenues, net	2,404,275	2,456,455
Excess of revenues before capital contributions	2,449,688	2,956,258
<i>Capital contributions</i>	367,335	188,429
Change in net position	2,817,023	3,144,687
Net position, beginning of year	10,736,680	7,591,993
Net position, end of year	\$ 13,553,703	\$ 10,736,680

See accompanying notes to basic financial statements.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Receipts from and on behalf of patients	\$ 57,420,998	\$ 57,308,784
Other receipts	1,395,718	533,754
Payments to and on behalf of employees	(27,151,016)	(26,958,961)
Payments to suppliers and contractors	(31,987,900)	(31,754,699)
Net cash used in operating activities	(322,200)	(871,122)
<i>Cash flows from noncapital financing activities</i>		
Proceeds from CARES Act Provider Relief Fund	5,811,277	-
District tax receipts for maintenance and operations	2,519,390	2,471,836
Principal payments on long-term debt	(399,310)	(210,000)
Interest paid	(34,125)	(47,801)
Net cash provided by noncapital financing activities	7,897,232	2,214,035
<i>Cash flows from capital and related financing activities</i>		
District tax receipts for bond principal and interest	479,263	476,848
Capital contributions	367,335	188,429
Principal payments on long-term debt	(1,092,894)	(1,056,316)
Proceeds from issuance of long-term debt	-	1,500,000
Interest paid	(697,021)	(630,404)
Purchase of capital assets	(1,355,825)	(1,530,624)
Net cash used in capital and related financing activities	(2,299,142)	(1,052,067)
<i>Cash flows from investing activities</i>		
Sale of investments in local agency investment fund	920,023	-
Purchase of investments in local agency investment fund	-	(96,928)
Net cash provided by (used in) investing activities	920,023	(96,928)
Net increase in cash and cash equivalents	6,195,913	193,918
Cash and cash equivalents, beginning of year	3,201,059	3,007,141
Cash and cash equivalents, end of year	\$ 9,396,972	\$ 3,201,059

See accompanying notes to basic financial statements.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Cash Flows (Continued)
Years Ended June 30, 2020 and 2019

	2020	2019
<i>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</i>		
Cash and cash equivalents	\$ 8,314,306	\$ 2,038,841
Cash and cash equivalents restricted, current	675,316	754,868
Cash and cash equivalents restricted, long-term	407,350	407,350
Total cash and cash equivalents	\$ 9,396,972	\$ 3,201,059
<i>Reconciliation of Operating Income to Net Cash Used in Operating Activities</i>		
Operating income	\$ 45,413	\$ 499,803
<i>Adjustments to reconcile operating income to net cash used in operating activities</i>		
Depreciation	1,360,849	1,481,931
Provision for bad debts	1,087,218	779,129
(Increase) decrease in assets:		
Receivables:		
Patient accounts	(1,781,637)	(458,625)
Estimated third-party payor settlements	(1,128,072)	(1,123,889)
Other	375,093	(377,600)
Inventories	(174,347)	(27,716)
Prepaid expenses	99,093	(50,778)
Increase (decrease) in liabilities:		
Accounts payable	(677,665)	(1,910,825)
Accrued compensation and related liabilities	(182,096)	348,248
Estimated third-party payor settlements	653,951	(30,800)
Net cash used in operating activities	\$ (322,200)	\$ (871,122)

See accompanying notes to basic financial statements.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Notes to Basic Financial Statements
Years Ended June 30, 2020 and 2019

1. Reporting Entity and Summary of Significant Accounting Policies:

a. Reporting Entity

Mendocino Coast Health Care District doing business as Mendocino Coast District Hospital (the District) is comprised of two separate divisions, a hospital division and a home health/hospice division, both of which are wholly owned by the District, a public entity organized under Local Hospital 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 not subject to federal or state income taxes. The District is governed by a five member Board of Directors, elected from within the district to specified terms of office. The District's hospital and offices are located in Fort Bragg, California.

The District is a critical access hospital with 25 set-up acute-care beds. Services offered by the District include medical, swing bed, surgical, labor/delivery and nursery care, 24-hour emergency, laboratory, imaging services, orthopedics, oncology, physical therapy, home health, cardiac rehabilitation, and clinics. Members of the medical staff include specialist in emergency medicine, family practice, general surgery, radiology, and inpatient hospitalization.

The District has no significant component units.

The District entered into a lease and transfer of business operations with Adventist Health Mendocino Coast (the Organization) effective July 1, 2020.

The transfer of business operations agreement, transferred cash, investments, prepaid expenses, inventory, personal property (equipment and supplies both capitalized and previously expensed), leases, contracts, licenses, and records to Adventist Health Mendocino Coast. The District retained the assets related to patient accounts receivable, other receivables, cost report settlements, real property, and all liabilities (whether known or unknown) such as accounts payable, accrued payroll, debt, and cost report settlements. The District obtained malpractice tail coverage as part of the transfer. The sales price equals the book value of the prepaid assets and inventory and was estimated as approximately \$830,000.

The lease agreement leases all the real property and permanently affixed equipment. The term of the lease is 30 years with an initial base rent of \$1,750,000 for the first three years of the lease. The subsequent two years of the term, if the total earnings before interest, taxes, depreciation and amortization (EBITDA) from the Medical Business is equal to or greater than five percent (5%) of the net revenue for the previous period, the base rent will increase to \$2,950,000; otherwise rent will remain at the initial base amount. In the sixth year of the term, regardless of the previous amount, the base rent will change to (or maintain at) \$2,950,000 for the remaining periods. The lease contains a purchase option for the Organization to purchase the real property at fair market value after the third year of the lease. The District has committed to certain capital improvements including an initial investment of \$2,000,000 into a restricted capital fund. This money will be used for capital improvements agreed up on by the District and the Organization including becoming compliant with State law for Seismic Compliance by 2030.

b. Summary of Significant Accounting Policies

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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Notes to Basic Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

1. Reporting Entity and Summary of Significant Accounting Policies:

b. Summary of Significant Accounting Policies

Enterprise fund accounting – The District’s accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash and cash equivalents and investments – The District considers cash and cash equivalents to include certain investments in highly liquid debt instruments with an original maturity date of 90 days or less.

Inventories – Inventories are stated at cost on the first-in, first-out method. Inventories consist of pharmaceutical, medical, surgical, and other supplies used in the operation of the District.

Prepaid expenses – Prepaid expenses are expenses paid during the year relating to expenses incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense.

Accrued compensated absences – The District’s employees earn paid time off (PTO) for vacation, holidays, and short-term illnesses based upon years of service. The related liability is accrued during the period in which it is earned. The District’s policy is to permit employees to accumulate up to 400 hours of accrued compensated absences. The District may pay accrued vacation absences upon termination if proper notice and termination procedures are followed. As of June 30, 2020 and 2019, the District has an accrued compensated absence liability of \$1,157,000 and \$1,149,244, respectively.

Net position – Net position of the District is classified into three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation, and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. The District had restricted net position as of June 30, 2020 and 2019 related the debt service and debt reserve requirements. *Unrestricted net position* is remaining net position that does not meet the definition of *net investment in capital assets* or *restricted net position*.

Operating revenues and expenses – The District’s statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services, which is the District’s principal activity. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs. Nonoperating revenues and expenses are those transactions not considered directly linked to providing healthcare services.

Restricted resources – When the District has both restricted and unrestricted resources available to finance a particular program, it is the District’s policy to use restricted resources before unrestricted resources.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Notes to Basic Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Grants and contributions – From time to time, the District receives grants from the state of California and others, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements are met. Grants and contributions may be restricted for specific operating purposes or for capital purposes. Amounts that are restricted to specific capital acquisitions are reported after nonoperating revenues and expenses. Grants that are for specific projects or purposes related to the District’s operating activities are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue.

Reclassifications – Certain reclassifications have been made to the 2019 financial statements to conform to the classifications of the 2020 financial statements, with no effect on previously reported change in net position.

Subsequent events – Subsequent events have been reviewed through July 22, 2021, the date on which the financial statements were available to be issued.

Upcoming accounting standard pronouncements – In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease payable and a right to use asset, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The new guidance is effective for the District’s year ending June 30, 2022, although earlier application is encouraged. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The new guidance is effective for the District’s year June 30, 2022. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Notes to Basic Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

2. Bank Deposits and Investments:

As of June 30, 2020 and 2019, the District had amounts on deposit in various financial institutions in the form of operating cash and cash equivalents. All of these funds were collateralized in accordance with the California Government Code (CGC), except for \$250,000 per financial institution 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 percent 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 percent of the District's total deposits. The pledged securities are held by the pledging financial institution's trust department in the name of the District.

3. Investments:

The District's investment balances and average maturities were as follows:

	2020					Investment Ratings
	Fair Value	Investment Maturities in Years				
		Less than 1	1 to 5	Over 5		
Investment in Local Agency Investment Funds	\$ 3,456,956	\$ 3,456,956	\$ -	\$ -		Not applicable
Total investments	\$ 3,456,956	\$ 3,456,956	\$ -	\$ -		

	2019					Investment Ratings
	Fair Value	Investment Maturities in Years				
		Less than 1	1 to 5	Over 5		
Investment in Local Agency Investment Funds	\$ 4,376,979	\$ 4,376,979	\$ -	\$ -		Not applicable
Total investments	\$ 4,376,979	\$ 4,376,979	\$ -	\$ -		

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had no investments subject to fair value measurements at June 30, 2020 or 2019.

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 percent 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 show the distribution of the District's investments by maturity.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Notes to Basic Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

3. Investments (continued):

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 are in government investment funds which are not rated. The District believes that there is minimal credit risk with its investments 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 government agencies. The District believes 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 attributed to the magnitude of the District’s investment in a single issuer. The District believes there is minimal concentration of credit risk at this time.

Assets limited as to use – Assets limited as to use as of June 30, 2020 and 2019, were comprised of cash and cash equivalents held by the County of Mendocino under a General Obligation bond agreement, held by a trustee under bond indenture agreements, and designated by the board for investment in Local Agency Investment Fund for board determined use.

Assets limited as to use were comprised of the following:

	2020	2019
Board designated for the participation in Medicaid supplemental payment programs	\$ 3,456,956	\$ 4,376,979
Bond restricted for repayment of long-term debt	675,316	754,868
Bond restricted debt reserve account	407,350	407,350
Total assets limited as to use	\$ 4,539,622	\$ 5,539,197

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Notes to Basic Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

4. Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of accounts receivable, the District analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant 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 uncollectible accounts.

The District's allowance for uncollectible accounts for self-pay patients decreased from the prior year due to accounts becoming more current. The District does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Patient accounts receivable reported as current assets consisted of these amounts:

	2020	2019
Receivable from patients and their insurance carriers	\$ 4,475,100	\$ 4,634,559
Receivable from Medicare	2,288,886	2,278,826
Receivable from Medi-Cal	502,914	620,716
Total patient accounts receivable	7,266,900	7,534,101
Less allowance for uncollectible accounts	(1,740,000)	(2,701,620)
Patient accounts receivable, net	\$ 5,526,900	\$ 4,832,481

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Notes to Basic Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

5. District Tax Revenues:

The Mendocino County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually and are due in equal installments on October 31 and February 1. Property taxes are recorded as revenue when levied. Since state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

Beginning July 1, 2018, the county voted to approve a special tax of \$144 per parcel for each parcel of taxable real property within the District each year for a period of twelve years, which is estimated to raise approximately \$1,700,000 annually.

6. Capital Assets:

The District capitalizes assets whose costs exceed \$5,000 and have an estimated useful life of at least two years. Major expenses for capital assets, including repairs that increase the useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses as incurred. Capital assets are reported at historical cost or their estimated fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and computed using the straight-line method.

Useful lives are estimated as follows:

Buildings and improvements	5-40 years
Equipment	3-20 years

Capital asset activity follows:

	Balance June 30, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
<i>Capital assets not being depreciated</i>					
Land	\$ 117,490	\$ -	\$ -	\$ -	\$ 117,490
Construction in progress	1,602,687	270,796	-	(5,853)	1,867,630
Total capital assets not being depreciated	1,720,177	270,796	-	(5,853)	1,985,120
<i>Capital assets being depreciated</i>					
Building and improvements	25,215,842	-	-	-	25,215,842
Equipment	21,170,678	1,085,029	-	5,853	22,261,560
Total capital assets being depreciated	46,386,520	1,085,029	-	5,853	47,477,402
<i>Less accumulated depreciation for</i>					
Building and improvements	(15,770,983)	(674,617)	-	-	(16,445,600)
Equipment	(17,781,076)	(686,232)	-	-	(18,467,308)
Total accumulated depreciation	(33,552,059)	(1,360,849)	-	-	(34,912,908)
Total capital assets being depreciated, net	12,834,461	(275,820)	-	5,853	12,564,494
Capital assets, net of accumulated depreciation	\$ 14,554,638	\$ (5,024)	\$ -	\$ -	\$ 14,549,614

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Notes to Basic Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

6. Capital Assets (continued):

	Balance June 30, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
<i>Capital assets not being depreciated</i>					
Land	\$ 117,490	\$ -	\$ -	\$ -	\$ 117,490
Construction in progress	280,584	1,456,217	-	(134,114)	1,602,687
Total capital assets not being depreciated	398,074	1,456,217	-	(134,114)	1,720,177
<i>Capital assets being depreciated</i>					
Building and improvements	25,215,842	-	-	-	25,215,842
Equipment	22,640,197	74,407	(1,678,040)	134,114	21,170,678
Total capital assets being depreciated	47,856,039	74,407	(1,678,040)	134,114	46,386,520
<i>Less accumulated depreciation for</i>					
Building and improvements	(14,982,920)	(788,063)	-	-	(15,770,983)
Equipment	(18,698,910)	(693,868)	1,611,702	-	(17,781,076)
Total accumulated depreciation	(33,681,830)	(1,481,931)	1,611,702	-	(33,552,059)
Total capital assets being depreciated, net	14,174,209	(1,407,524)	(66,338)	134,114	12,834,461
Capital assets, net of accumulated depreciation	\$ 14,572,283	\$ 48,693	\$ (66,338)	\$ -	\$ 14,554,638

Construction in progress – As of June 30, 2020, construction in progress consisted of the following projects:

	Estimated Completion Date	Total Budgeted Project Cost	Total Cost Incurred	Estimated Cost to Complete
Auto Transfer Switch	December 2021	\$ 1,314,308	\$ 807,308	\$ 507,000
HVAC	December 2021	1,409,847	975,847	434,000
Emergency Department Water Heater	December 2021	123,452	53,452	70,000
Oncology Department Remodel	December 2021	111,137	13,137	98,000
Cardiology Building Remodel	December 2021	267,886	17,886	250,000
Total costs to complete		\$ 3,226,630	\$ 1,867,630	\$ 1,359,000

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Notes to Basic Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

7. Long-term Debt:

A schedule of changes in the District's long-term debt follows:

<i>Bonds and Notes Payable</i>	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
General Obligation bonds series 2016	\$ 4,040,000	\$ -	\$ (50,000)	\$ 3,990,000	\$ 50,000
General Obligation bonds series 2000	349,114	-	(78,463)	270,651	79,905
2016 revenue bonds	4,730,000	-	(625,000)	4,105,000	400,000
United Healthcare note	1,050,000	-	(210,000)	840,000	210,000
OSHPD CAL Mortgage	555,805	-	(200,000)	355,805	201,451
Bankruptcy note payable	189,310	-	(189,310)	-	-
HELP II loan	1,373,343	-	(139,431)	1,233,912	142,245
Premiums and discounts	691,511	-	(69,807)	621,704	-
Total long-term debt	\$ 12,979,083	\$ -	\$ (1,562,011)	\$ 11,417,072	\$ 1,083,601

<i>Bonds and Notes Payable</i>	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
General Obligation bonds series 2016	\$ 4,090,000	\$ -	\$ (50,000)	\$ 4,040,000	\$ 50,000
General Obligation bonds series 2000	428,773	-	(79,659)	349,114	78,463
2009 revenue bonds	240,000	-	(240,000)	-	-
2016 revenue bonds	5,090,000	-	(360,000)	4,730,000	625,000
United Healthcare note	1,260,000	-	(210,000)	1,050,000	210,000
OSHPD CAL Mortgage	755,805	-	(200,000)	555,805	200,000
Bankruptcy note payable	189,310	-	-	189,310	189,310
HELP II loan	-	1,500,000	(126,657)	1,373,343	139,431
Premiums and discounts	761,319	-	(69,808)	691,511	-
Total long-term debt	\$ 12,815,207	\$ 1,500,000	\$ (1,336,124)	\$ 12,979,083	\$ 1,492,204

Aggregate annual principal and interest payments over the terms of long-term debt follow:

Years Ending June 30,	Long-term Debt		
	Principal	Interest	Total
2021	\$ 1,083,601	\$ 586,100	\$ 1,669,701
2022	1,047,792	569,815	1,617,607
2023	910,802	563,863	1,474,665
2024	1,065,701	405,949	1,471,650
2025	999,082	249,754	1,248,836
2026 - 2030	5,043,390	644,796	5,688,186
2031	645,000	12,094	657,094
	\$ 10,795,368	\$ 3,032,371	\$ 13,827,739

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Notes to Basic Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

7. Long-term Debt (continued):

Refunding Revenue Bonds, Series 2016 – In July 2016, the District issued the Mendocino Coast Health Care District (Mendocino County, California) Insured Health Facility Refunding Revenue Bonds, Series 2016 in the amount of \$5,745,000. The bond principal is payable yearly at various amounts from \$400,000 to \$625,000. Bond interest is payable semiannually at various rates from 3.0 percent to 5.0 percent. The bonds mature in 2029 and are payable solely from gross revenues and certain funds held under the Indenture. Repayment of the bonds is insured pursuant to a Contract of Insurance and a Regulatory Agreement through the California Health Facility Construction Loan Insurance Program administered by the Office of Statewide Health Planning and Development of the State of California (OSHPD).

2000 General Obligation Refunding Bonds, Series 2016 – In November 2016, the District issued \$4,125,000 principal amount of general obligation bonds in order to refinance its General Obligation Bonds, Series 2000. Interest on the bonds is payable semiannually at rates ranging from 2.375 percent to 5.000 percent and principal maturities, ranging from \$50,000 in 2023 to \$645,000 in 2031, are due annually on August 1 of each year.

Bonds maturing on or after August 1, 2027, may be redeemed prior to maturity at the District's option. The redemption price is 100 percent. The Bonds are general obligations of the District payable from ad valorem taxes. Payment of principal, interest and maturity value of the Bonds, when due, are insured by a municipal bond insurance policy.

Bonds maturing on August 1, 2022, are subject to mandatory redemption, paid from a mandatory sinking fund in which the District will make annual payments on August 1, 2018 through August 1, 2022, in amounts ranging from \$35,000 to \$55,000.

United Healthcare Note Payable – The District borrowed funds in the amount of \$2,100,000 in April 2014 from United Healthcare under a program established to finance certain electronic medical records conversion and installation required by Centers for Medicare & Medicaid Services (CMS). The note carries an interest rate of 4.0 percent and principal payments of \$210,000 are due annually in April through 2024.

OSHPD CAL Mortgage – The District borrowed a total of \$1,005,806 from Cal Mortgage to replace a line of credit with a bank in the amount of \$1,000,000 during fiscal year ended June 30, 2013. This was done to help facilitate the District's bankruptcy filing. The note carries varying interest rates and payments including principal and interest ranging from \$214,652 to \$157,570 and are due monthly through March 2022.

The Agreement with the Office of Statewide Health Planning and Development (OSHPD) sets out certain business covenants of the District, including maintenance, operation and management of facilities and limitations on encumbrances, assignment and transfer of any part of the facilities, and other matters. The Agreement also provides for the rights and obligations of the parties in the event of a default. Under the Agreement, the District has agreed to fix, charge, and collect such rates, fees, and charges which, together with all other receipts and revenues of the District, will produce a debt coverage ratio of at least 1.25 times the District's aggregate debt service for a fiscal year. The District met this requirement as of June 30, 2020. The promissory note requires the District to submit audited financial statements within 180 days of year end, which the District was not in compliance for the fiscal year ended June 30, 2020.

Bankruptcy Note Payable – The District has a note payable related to amounts due to various vendors from the bankruptcy settlement. The settlement was for \$900,884, this note was repaid during fiscal year ended June 30, 2020.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Notes to Basic Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

7. Long-term Debt (continued):

HELP II Loan – The District has a promissory note payable to California Health Facilities Financing Authority for the sum of \$1,500,000. The loan carries monthly interest and principal payments of \$13,802 through July 2028. The promissory note requires the District to submit audited financial statements within 120 days of year end, which the District was not in compliance with for the fiscal year ended June 30, 2020.

8. Net Patient Service Revenues:

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District’s uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. The District’s provision for bad debts and writeoffs have not changed significantly from prior years. The District has not changed its charity care or uninsured discount policies during 2020. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	2020	2019
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	\$ 36,123,053	\$ 41,023,992
Medi-Cal	6,691,705	2,830,314
Other third-party payors	12,327,415	10,958,113
Patients	1,987,224	1,411,209
Supplemental payments	2,734,602	3,186,231
	59,863,999	59,409,859
Less:		
Charity care	187,243	487,761
Provision for bad debts	1,087,218	779,129
Net patient service revenue	\$ 58,589,538	\$ 58,142,969

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- **Medicare** – The District has been designated a critical access hospital by Medicare and is reimbursed for inpatient and outpatient services and rural health clinic visits on a cost basis as defined and limited by the Medicare program. Physician services outside the rural health clinic are paid on a fee schedule. Home health and hospice services are reimbursed on a prospective rate per episode of care. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Notes to Basic Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

8. Net Patient Service Revenues (continued):

- **Medi-Cal** – Services to Medi-Cal beneficiaries are paid at prospectively determined rates per procedure or discharge. The rural health clinic is paid a prospective rate per encounter and updated annually for inflation.

The District also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing Medicare, Med-Cal, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased by approximately \$615,000 and \$930,000 in 2020 and 2019, respectively, due to differences between original estimates and final settlements or revised estimates. Net patient service revenue increased by approximately \$635,000 and \$1,500,000 in 2020 and 2019, respectively, due to differences between original estimates and final settlements or revised estimates for supplemental payment programs.

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended June 30, 2020 and 2019, were approximately \$102,000 and \$243,000, respectively. The District did not receive any gifts or grants to subsidize charity services during 2020 and 2019.

9. Employees' Retirement Plans:

The District has a noncontributory, defined contribution pension plan which covers substantially all employees, the Mendocino Coast District Hospital Money Purchase Pension Plan (the Plan) which is administered by Transamerica. The District has the authority to amend the Plan. Assets of the Plan consist of a group of annuity contracts. The annual contribution made by the District is equal to approximately 5 percent of eligible employee salaries. Total pension expense for the years ended June 30, 2020 and 2019, were \$854,052 and \$841,369, respectively. For the years ended June 30, 2020 and 2019, the amounts owed to the Plan by the District were \$869,989 and \$877,969, respectively.

The District has a 403(b) salary savings plan (the 403(b) Plan) which is available to substantially all employees. The 403(b) Plan is wholly employee funded through regular deductions from wages and salaries. There is no provision for any matching or other such contributions by the District. Employee contributions to the plan for the years ended June 30, 2020 and 2019, were \$764,559 and \$864,386, respectively.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Notes to Basic Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

10. CARES Act Provider Relief Fund:

The District received \$5,811,277 of funding from the CARES Act Provider Relief Fund during the year ended June 30, 2020. These funds are required to be used to reimburse the District for healthcare-related expenses and lost revenues attributable to coronavirus. The District has recorded these funds as unearned grant revenue until eligible expenses or lost revenues are recognized. During the year ended June 30, 2020, the District did not recognize any of the funds as revenue. The District had all of the funds as of June 30, 2020, to use for healthcare-related expenses or lost revenues that are attributable to coronavirus in the next fiscal year.

11. Risk Management and Contingencies:

Medical malpractice claims – The District purchases malpractice liability insurance through Beta Healthcare Group. Beta offers the District a professional and general liability policy on a “claims made” basis with primary limits of \$1,000,000 per claim and an annual aggregate of \$3,000,000. The policy has a \$1,000 deductible per claim.

No liability has been accrued for future coverage of acts, if any, occurring in this or prior years. Also, it is possible that claims may exceed coverage available in any given year.

Risk management – The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of various statutes and regulations by healthcare providers. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Management believes the District is in compliance with fraud and abuse as well as other applicable government laws and regulations. If the District is found in violation of these laws, the District could be subject to substantial monetary fines, civil and criminal penalties, and exclusion from participation in the Medicare and Medicaid programs.

12. Mendocino Coast District Foundation:

The Mendocino Coast District Foundation (the Foundation) has been established as a nonprofit public benefit corporation to solicit contributions on behalf of the community in the Mendocino County coastal area. Funds raised, except for funds required for operation of the Foundation, are distributed to the District or held for the benefit of the District and other healthcare functions within the community. The Foundation’s funds, which represent the Foundation’s unrestricted resources, are donated to the District in amounts and in periods determined by the Foundation’s Board of Trustees, who may also restrict the use of such funds for District property or equipment replacement, expansion, or other specific purposes.

The District received contributions from the Foundation in the amount of \$367,335 and \$188,429 during the years ended June 30, 2020 and 2019, respectively. The District provides office space to the Foundation at no charge and the Foundation’s directors and computer equipment are covered under the District’s general liability, directors and officers, and property insurance.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Notes to Basic Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

12. Mendocino Coast District Foundation (continued):

The Foundation’s financial statements are not consolidated with the District’s financial statements as the Foundation’s operations are not material.

13. Concentrations of Credit Risk:

Patient accounts receivable – The District grants credit without collateral to its patients and residents, most of whom are local residents and are insured under third-party payor agreements. The majority of these patients are geographically concentrated in and around Mendocino County.

The mix of receivables from patients was as follows:

	2020	2019
Medicare	39 %	40 %
Medi-Cal	15	18
Other third-party payors	30	25
Patients	16	17
	100 %	100 %

Physicians – The District is dependent on local physicians practicing in its service area to provide admissions and utilize District services on an outpatient basis. A decrease in the number of physicians providing these services or change in their utilization patterns may have an adverse effect on District operations.

Collective bargaining unit – Effective July 1, 2018, the District renewed its contract with United Food & Commercial Workers Union 8-Golden State (the Union). The contract is effective through June 30, 2020. As of June 30, 2020, and 2019, 70 percent of the District’s employees were represented by the Union.

14. COVID-19 Pandemic:

The COVID-19 pandemic has created economic uncertainties which have negatively impacted the District’s financial position. Beginning in March 2020, the District began experiencing significant declines in revenues due to the state of California temporarily suspending all non-emergent surgeries and other non-emergent procedures. In addition, the District has experienced declines in volumes of outpatient and ancillary services, such as radiology, laboratory, emergency department, and clinic visits.

The District received government grants as described in Note 10 above, as part of the federal government’s response to the pandemic.

Medicare sequestration has been suspended from May 1, 2020 through December 31, 2021, which will increase Medicare reimbursement by 2 percent.

In addition to accepting funding from the CARES Act Provider Relief Fund, and other funding sources noted above, the District resumed the services that had been temporarily suspended. However, the pandemic continues to affect the District’s operations. The ultimate COVID-19 pandemic effect on the District’s financial position is unknown at this time.

**Mendocino Coast Health Care District
doing business as
Mendocino Coast District Hospital**

Financial Indicators

June 30, 2020

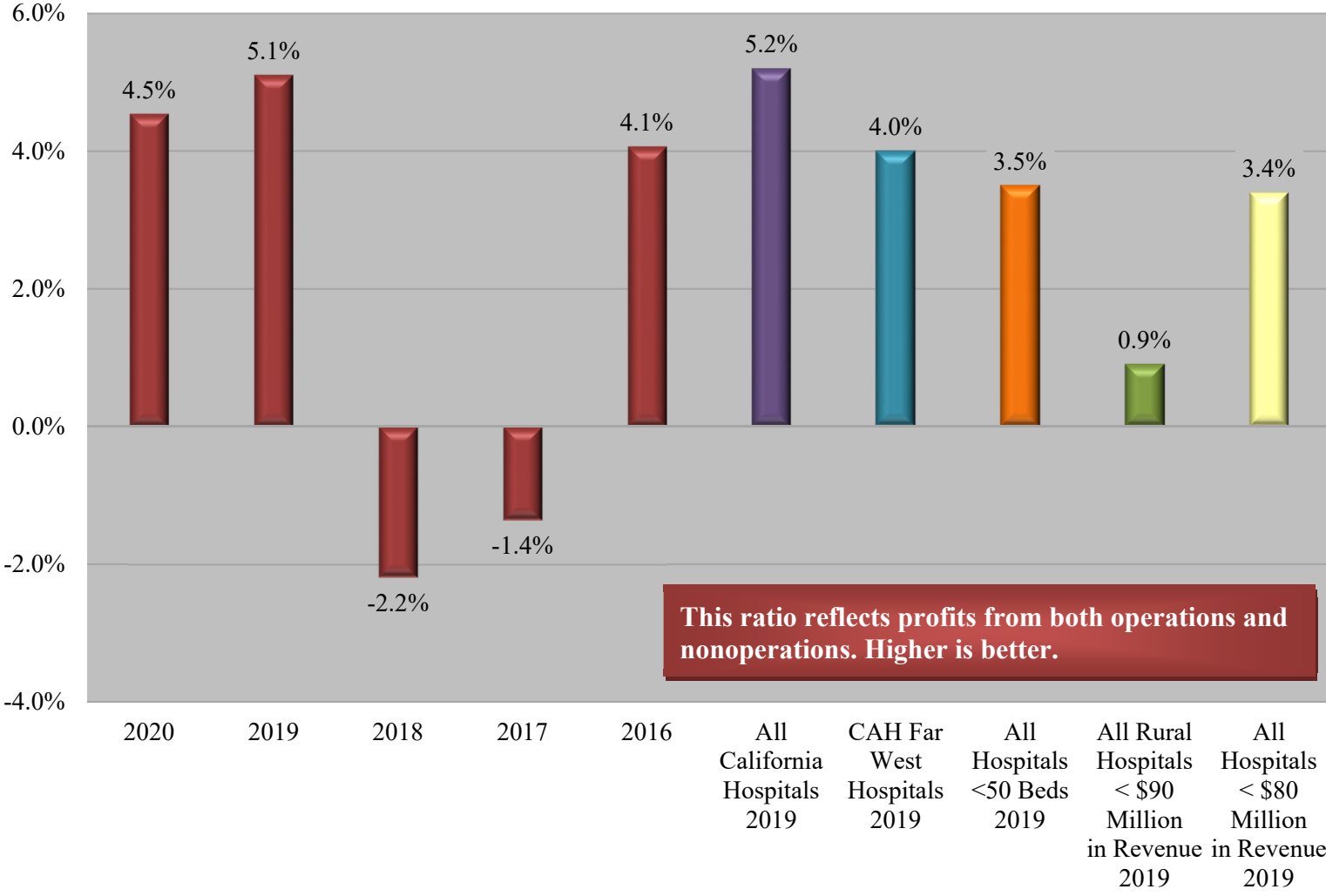


DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Mendocino Coast Health Care District
 doing business as
 Mendocino Coast District Hospital

Total Margin

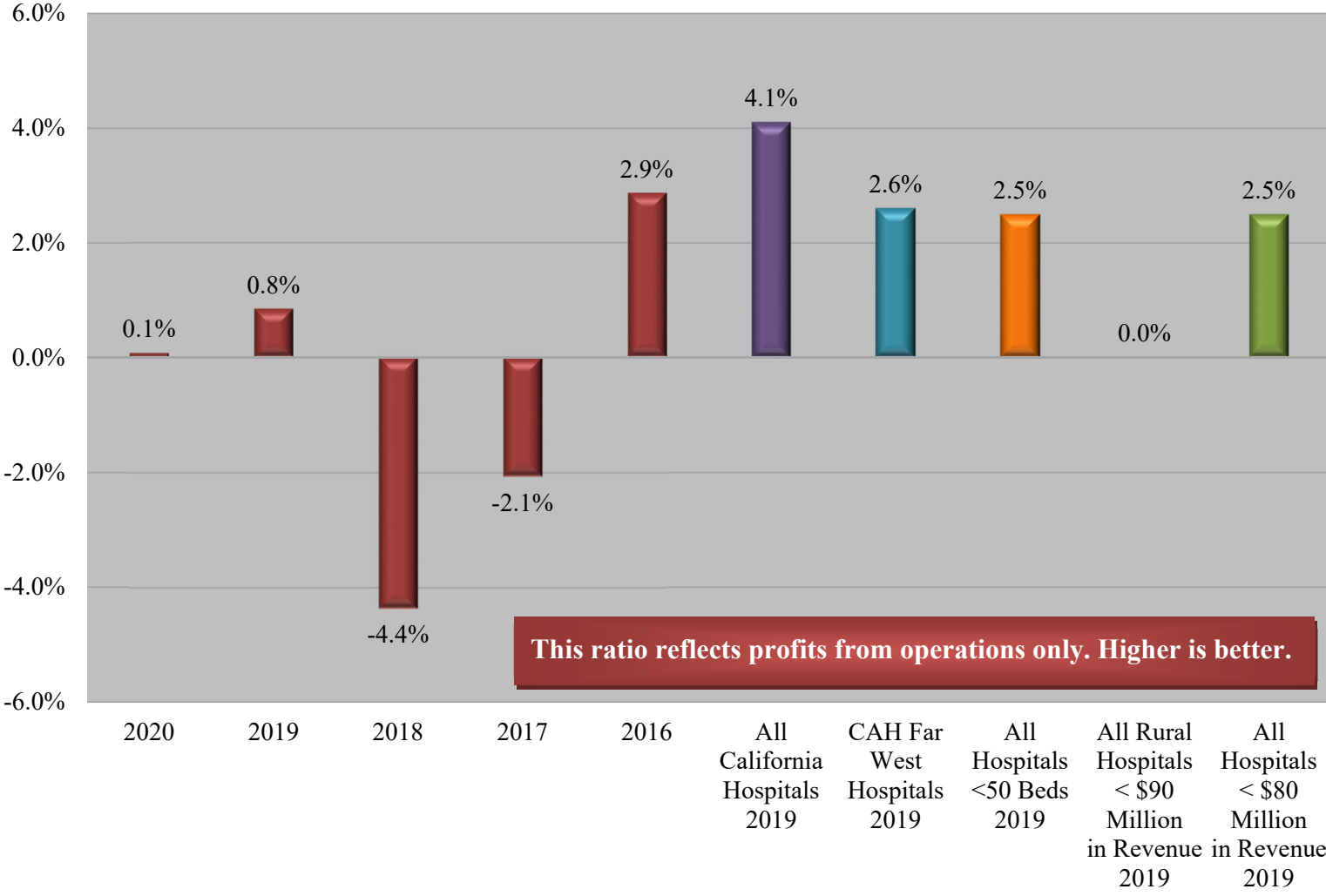
$\frac{\text{Change in Net Position}}{\text{Total Revenues}}$



Mendocino Coast Health Care District
 doing business as
 Mendocino Coast District Hospital

Operating Margin

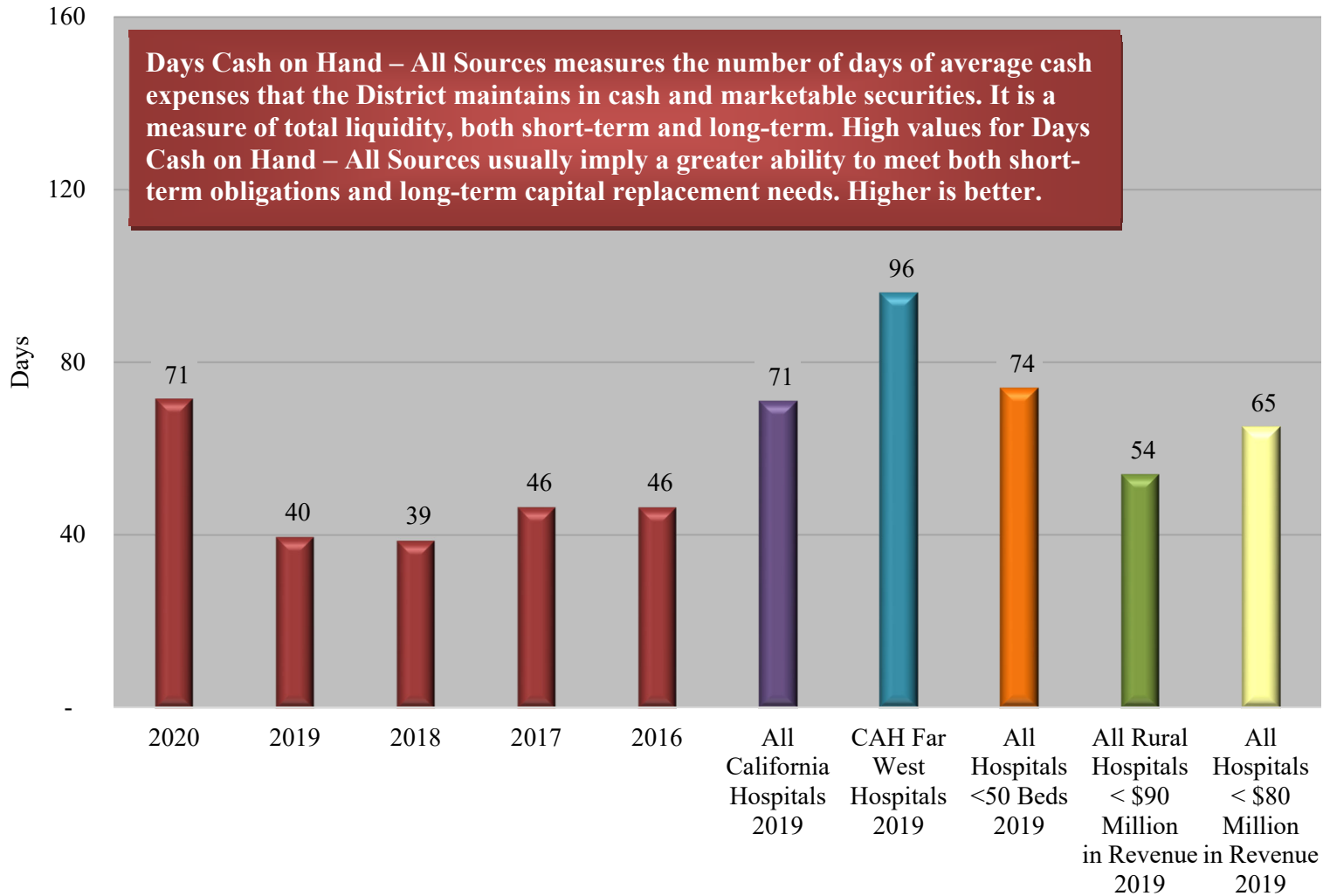
$$\frac{\text{Operating Income (Loss)}}{\text{Total Operating Revenues}}$$



Mendocino Coast Health Care District
 doing business as
 Mendocino Coast District Hospital

Days Cash on Hand – All Sources

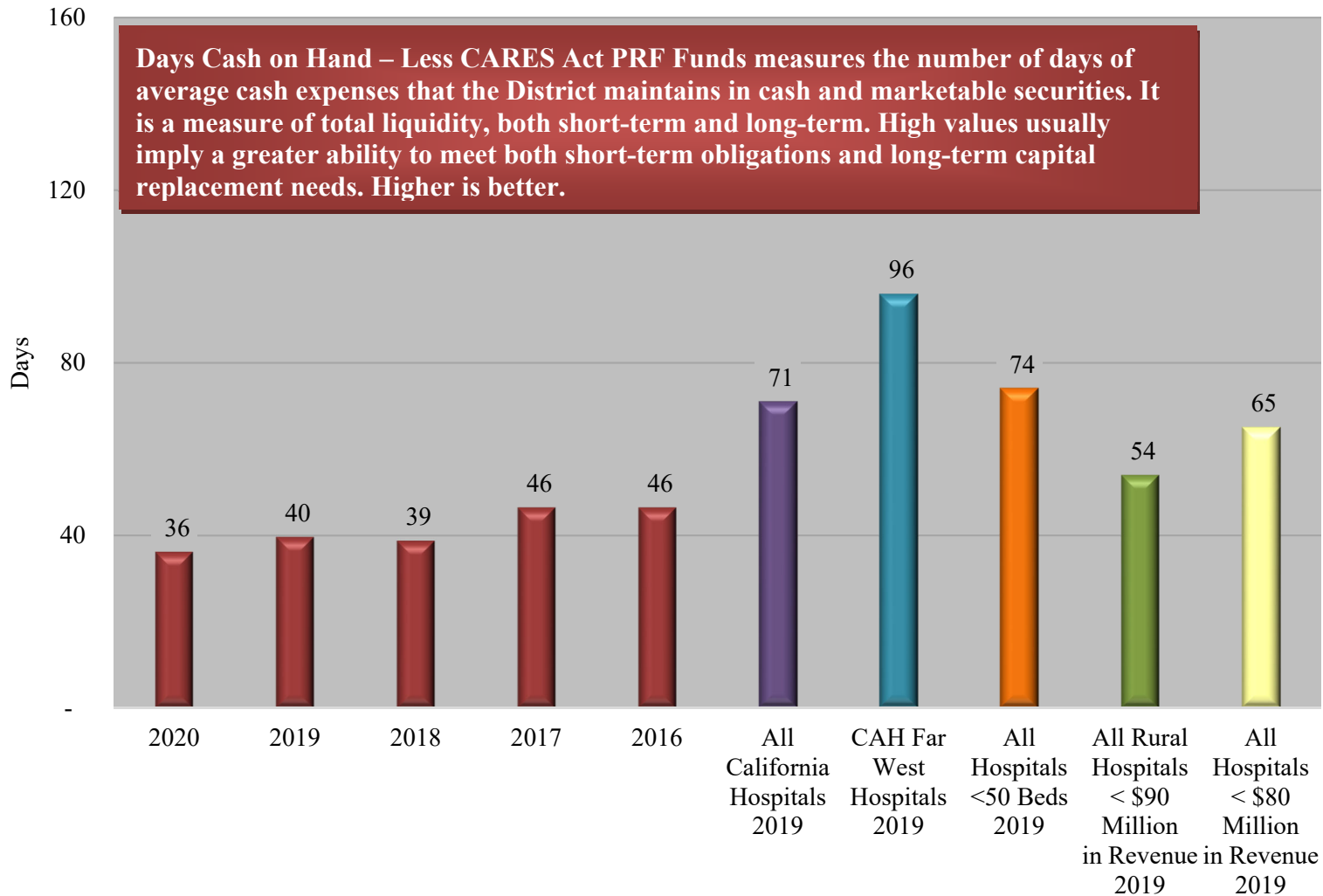
$$\frac{\text{Cash} + \text{Short-term Investments} + \text{Unrestricted Long-term Investments}}{(\text{Total Expenses} - \text{Depreciation}) / 365}$$



Mendocino Coast Health Care District
 doing business as
 Mendocino Coast District Hospital

Days Cash on Hand – Less CARES Act PRF Funds

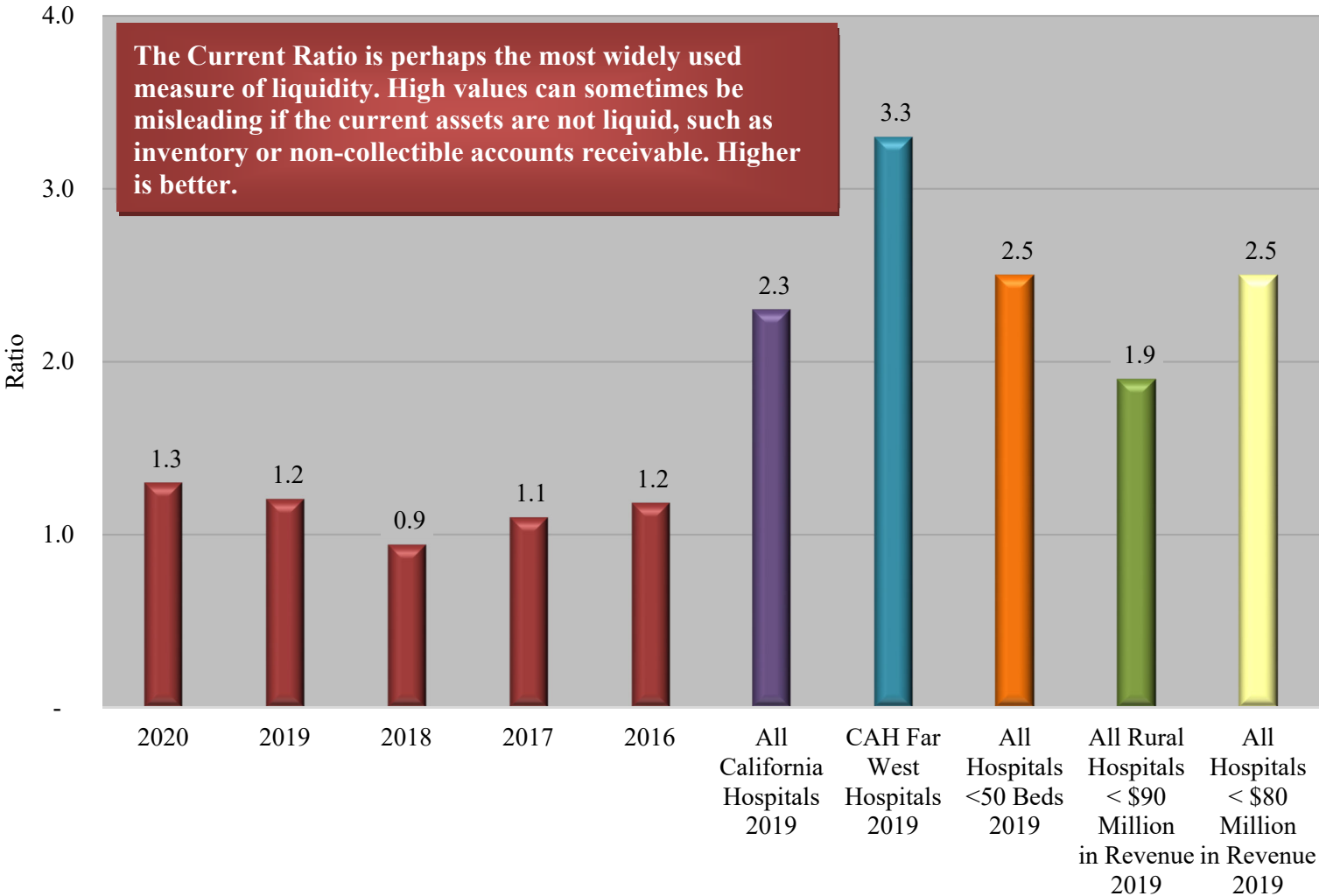
$$\frac{\text{Cash} + \text{Short-term Investments} + \text{Unrestricted Long-term Investments}}{(\text{Total Expenses} - \text{Depreciation}) / 365}$$



Mendocino Coast Health Care District
 doing business as
 Mendocino Coast District Hospital

Current Ratio

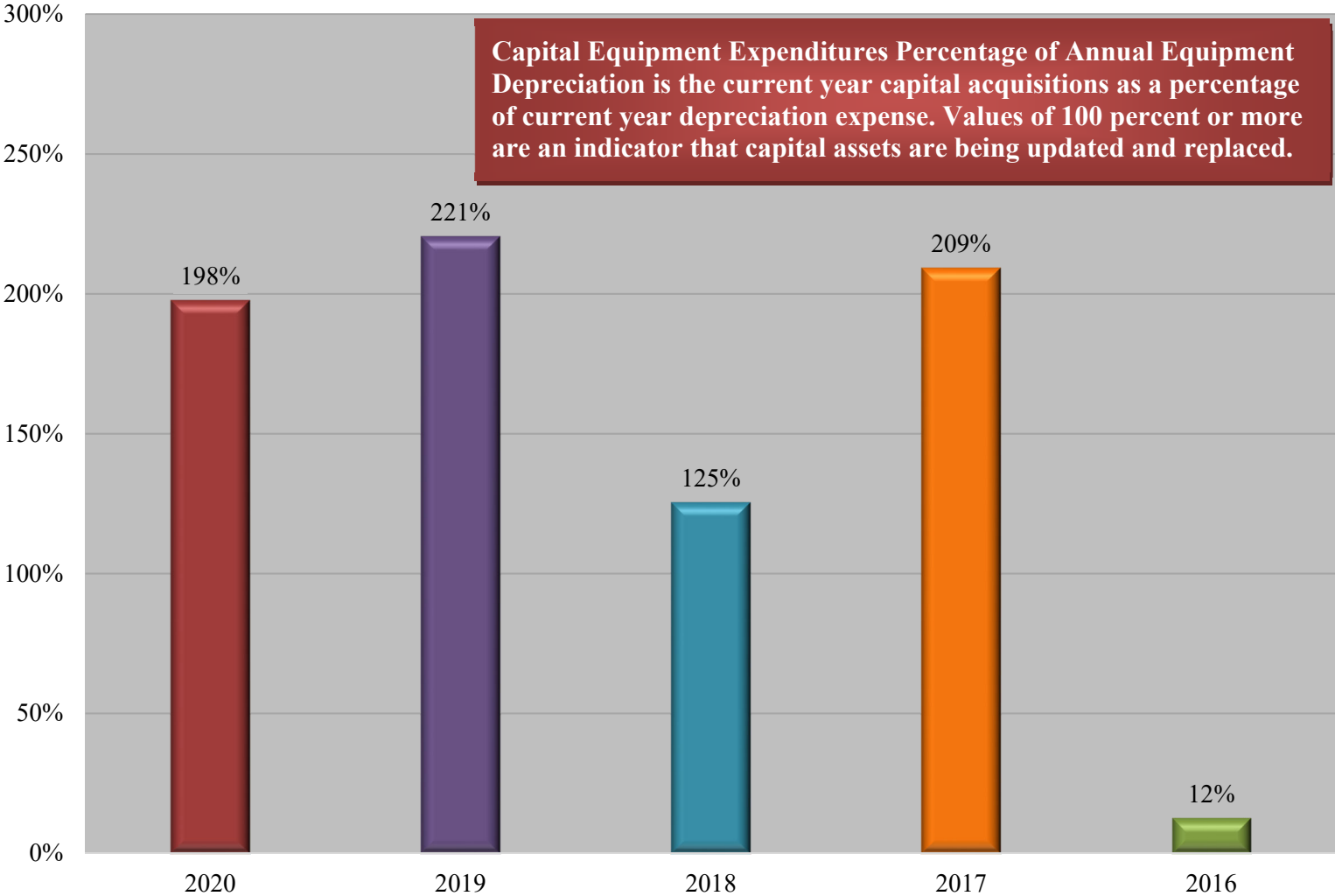
$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$



Mendocino Coast Health Care District
doing business as
Mendocino Coast District Hospital

Capital Equipment Expenditures Percentage of Annual Equipment Depreciation

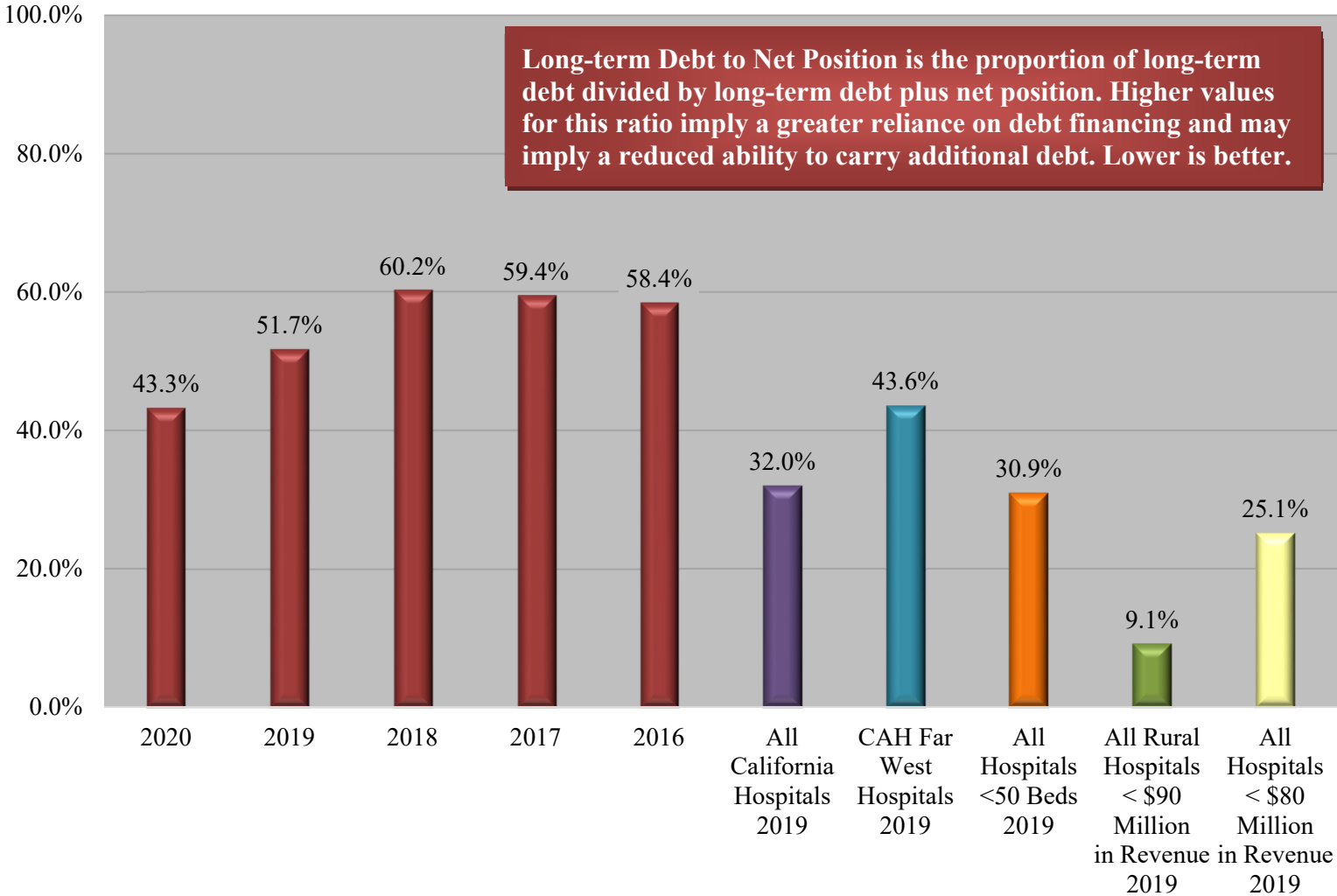
$$\frac{\text{Capital Equipment Expenditures}}{\text{Equipment Depreciation Expense}}$$



Mendocino Coast Health Care District
 doing business as
 Mendocino Coast District Hospital

Long-term Debt to Net Position

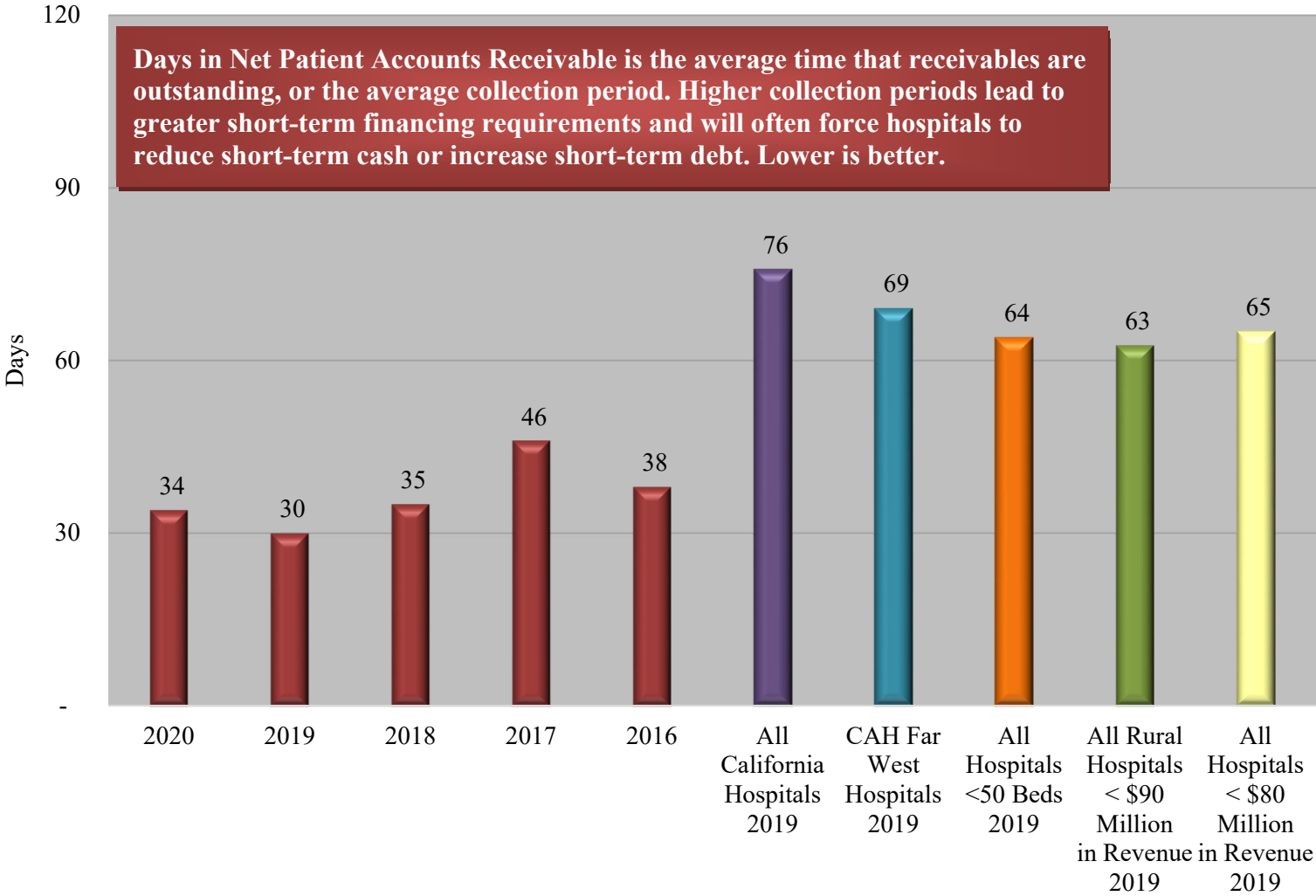
$$\frac{\text{Long-term Debt}}{\text{Long-term Debt} + \text{Net Position}}$$



Mendocino Coast Health Care District
 doing business as
 Mendocino Coast District Hospital

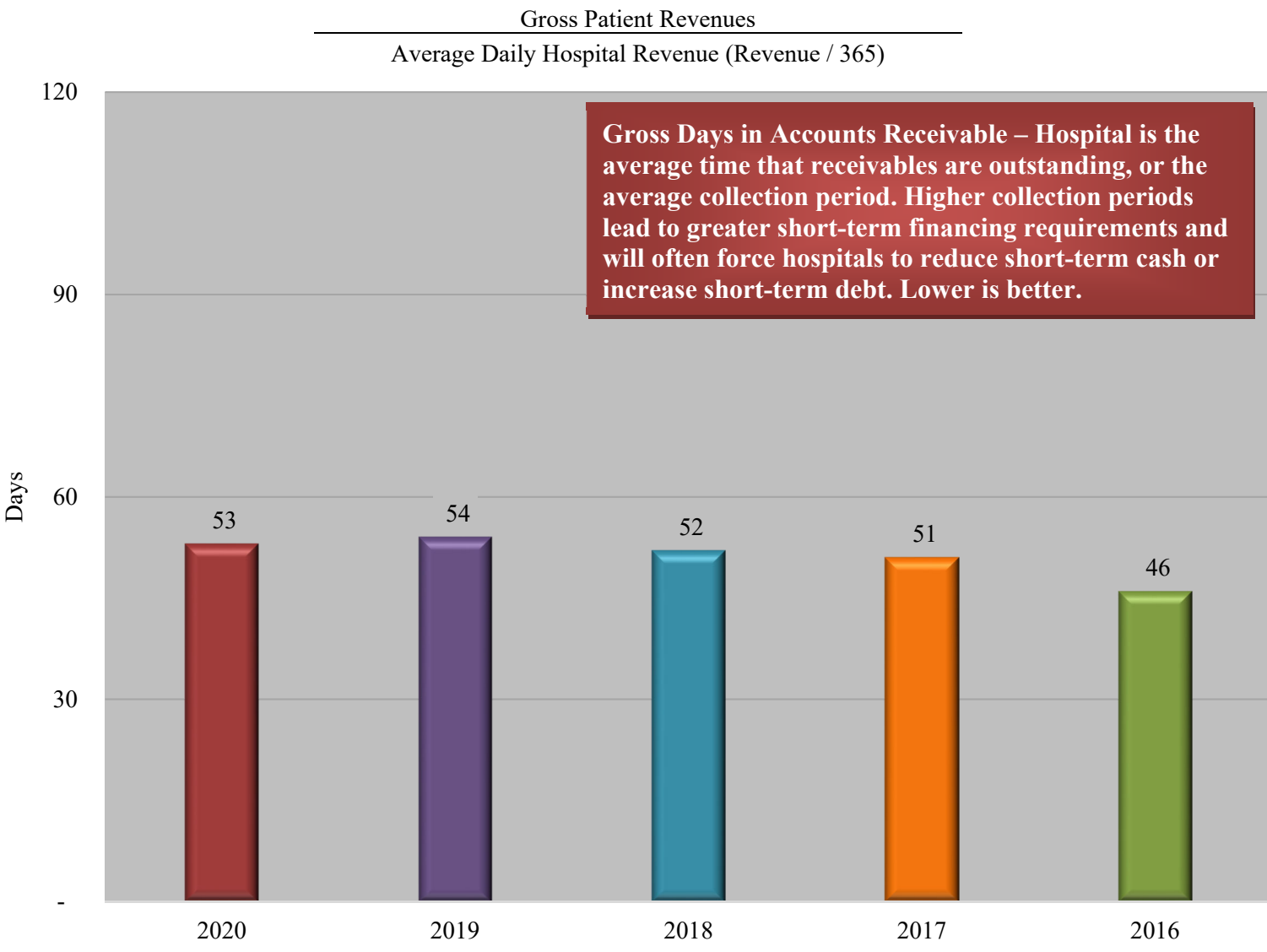
Days in Net Patient Accounts Receivable

$$\frac{\text{Net Patient Accounts Receivable}}{\text{Net Patient Service Revenue} / 365}$$



Mendocino Coast Health Care District
doing business as
Mendocino Coast District Hospital

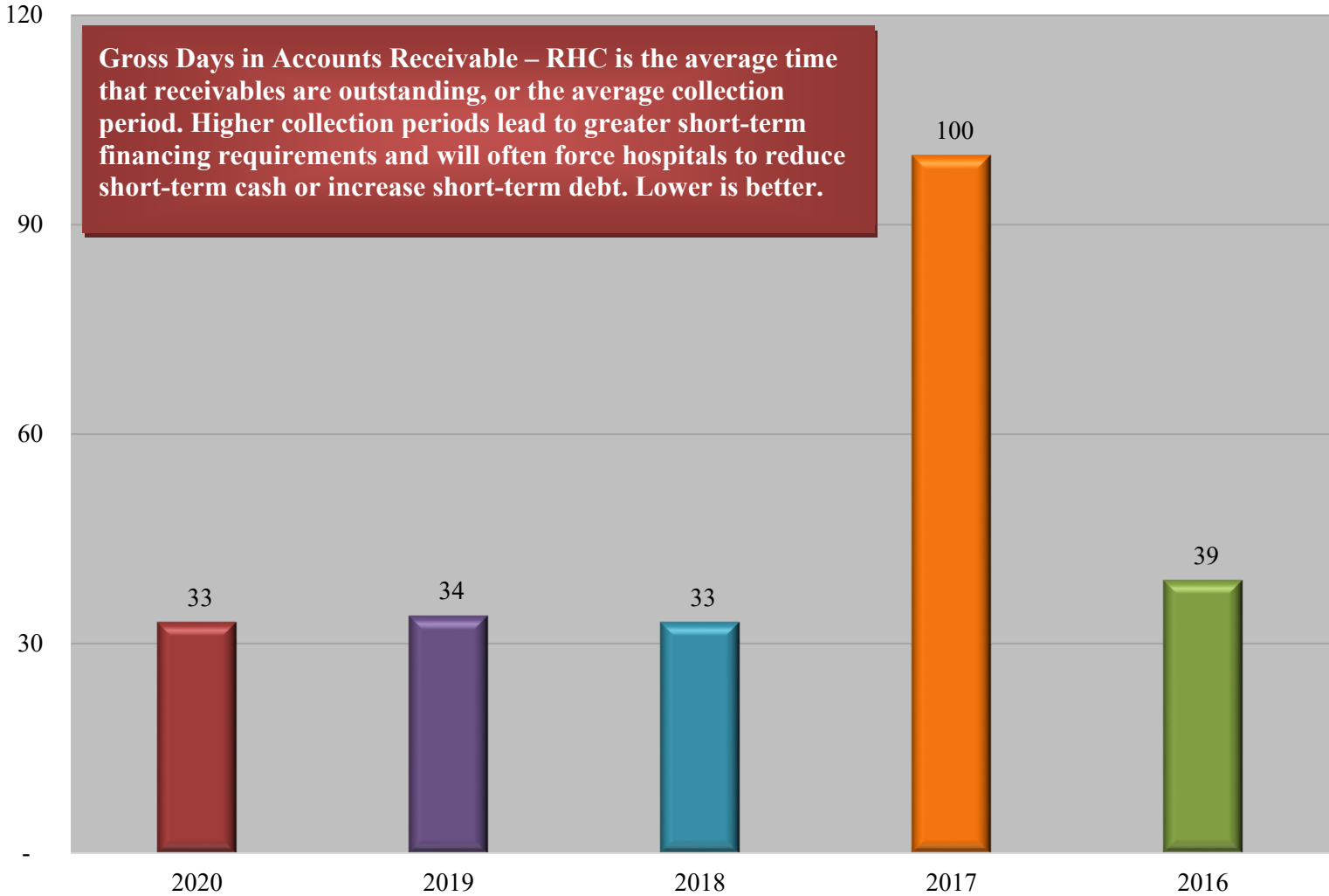
Gross Days in Accounts Receivable – Hospital



Mendocino Coast Health Care District
doing business as
Mendocino Coast District Hospital

Gross Days in Accounts Receivable – RHC

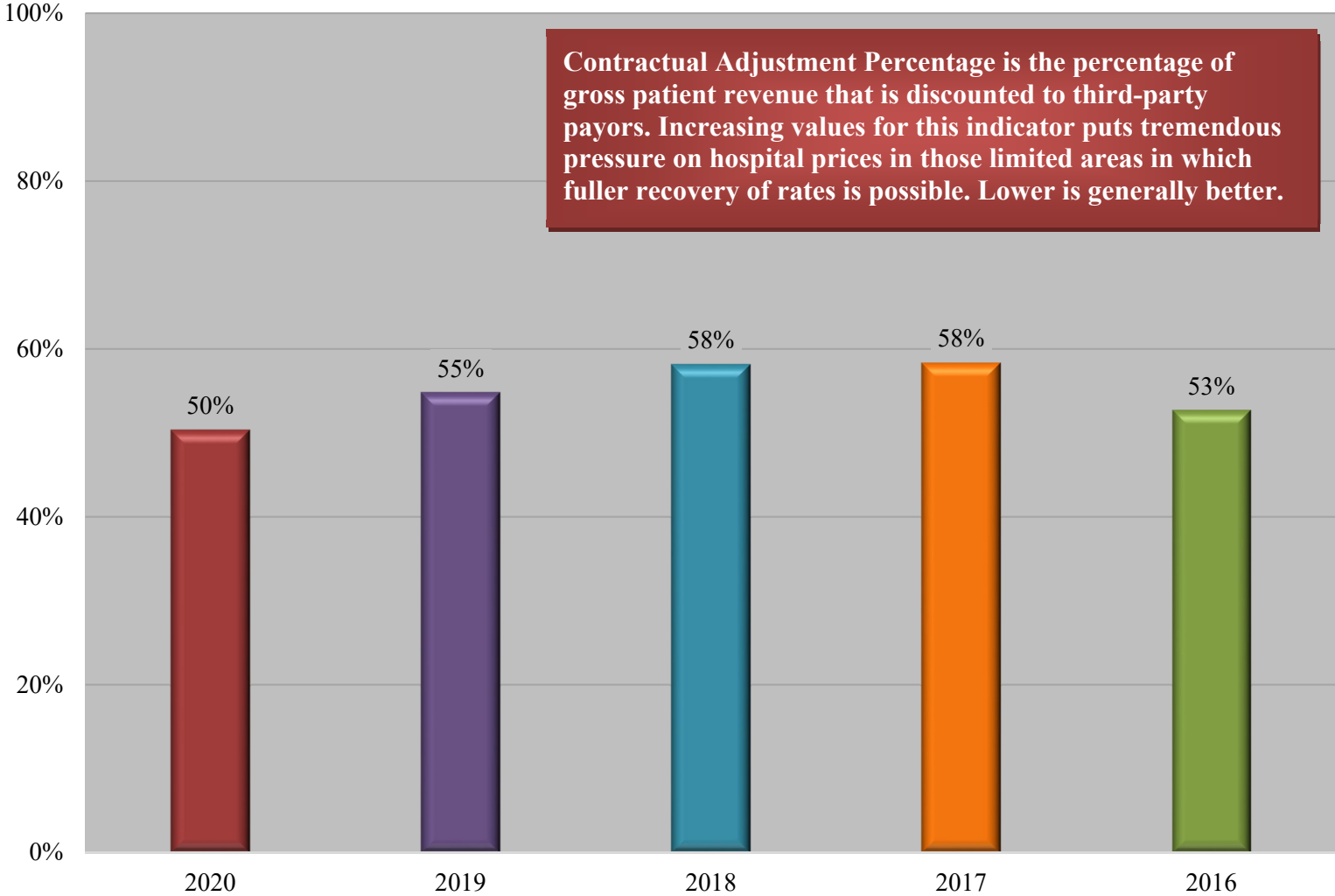
Gross Patient Revenues
Average Daily Hospital Revenue (Revenue / 365)



Mendocino Coast Health Care District
doing business as
Mendocino Coast District Hospital

Contractual Adjustment Percentage

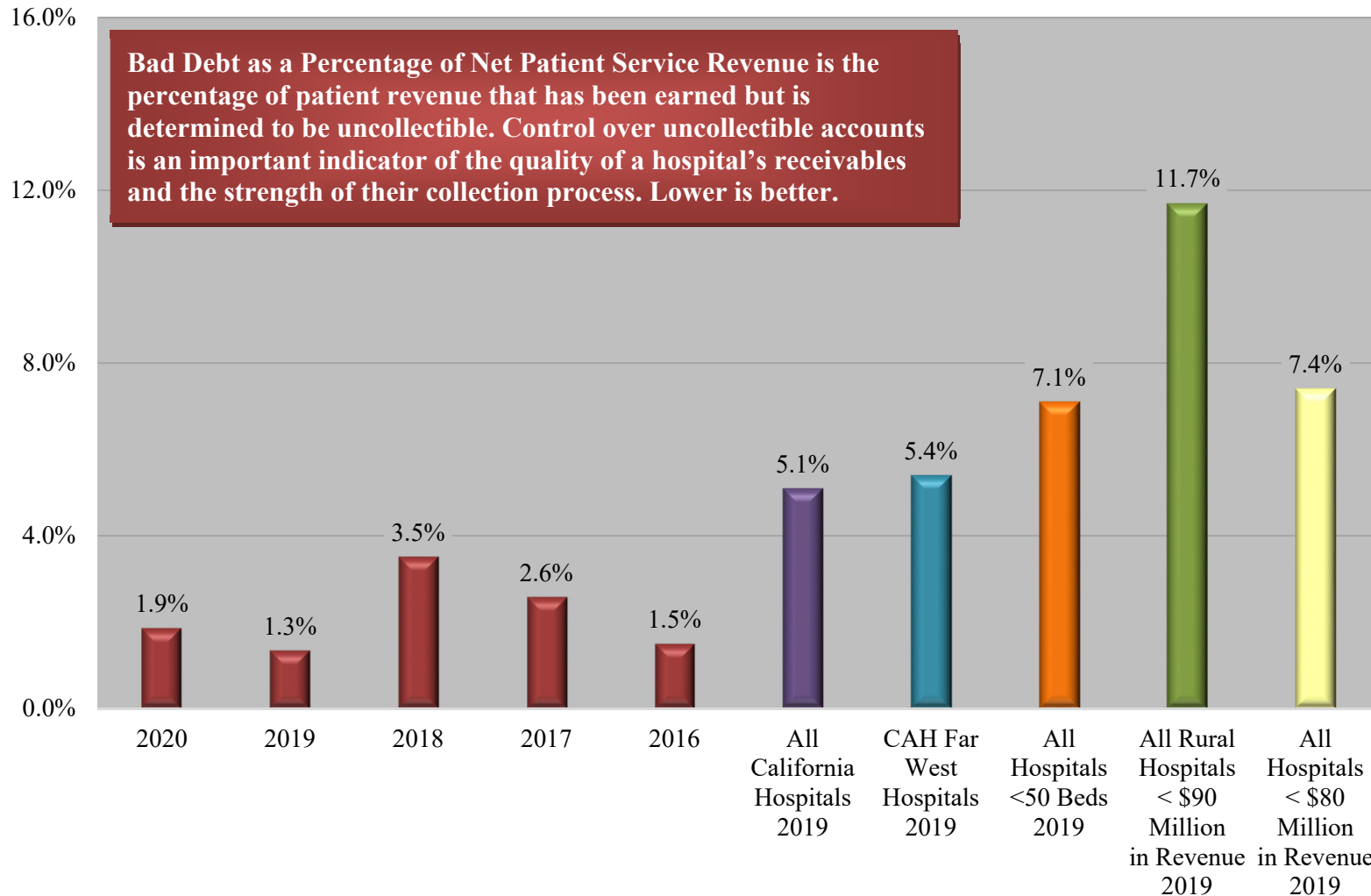
$\frac{\text{Contractual Adjustments}}{\text{Gross Patient Revenues}}$



Mendocino Coast Health Care District
 doing business as
 Mendocino Coast District Hospital

Bad Debt as a Percentage of Net Patient Service Revenue

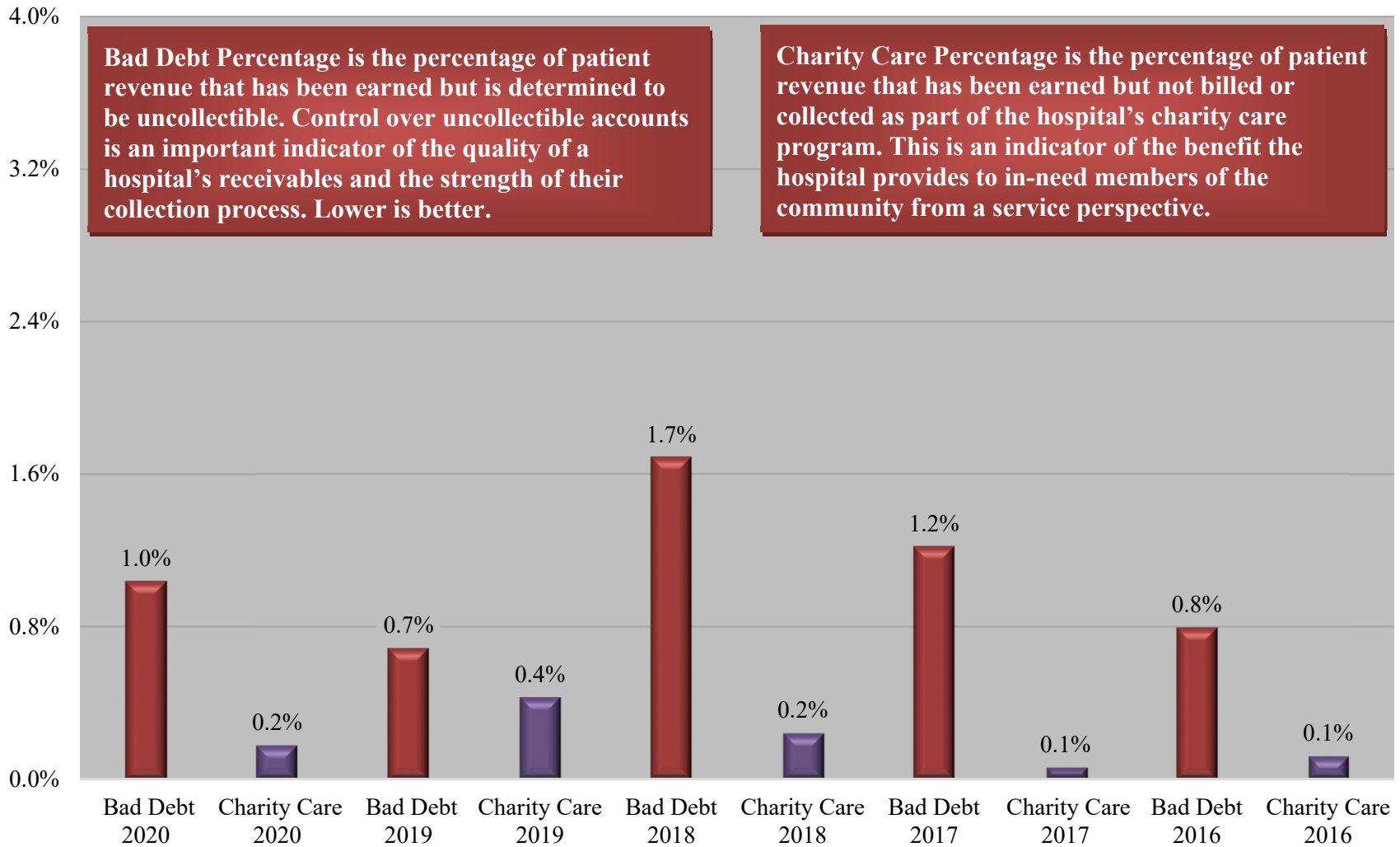
Provision for Bad Debt
 Net Patient Service Revenues



Mendocino Coast Health Care District
doing business as
Mendocino Coast District Hospital

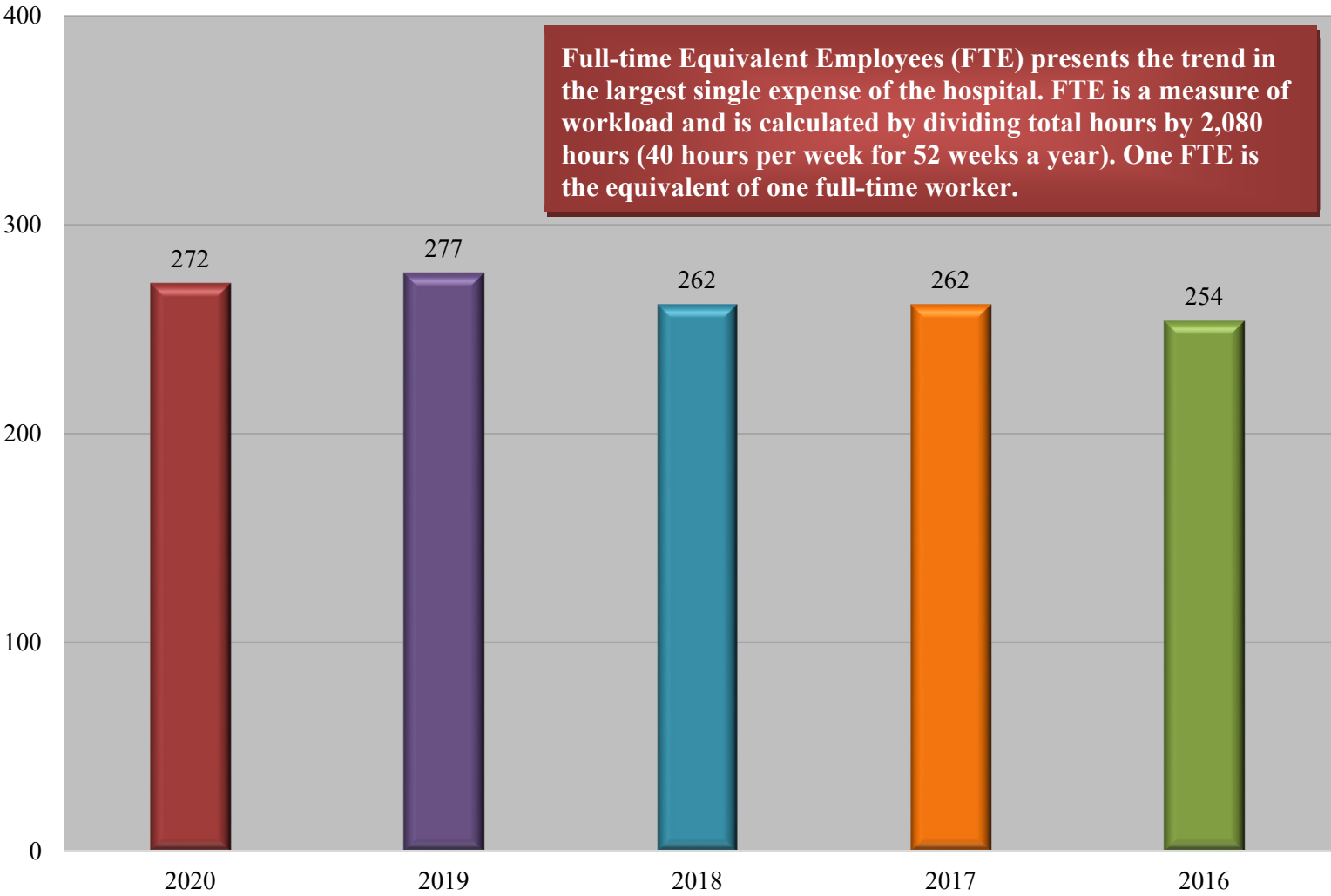
Bad Debt and Charity Care Percentage

Provision for Bad Debt & Charity Care
Gross Patient Service Revenues



Mendocino Coast Health Care District
doing business as
Mendocino Coast District Hospital

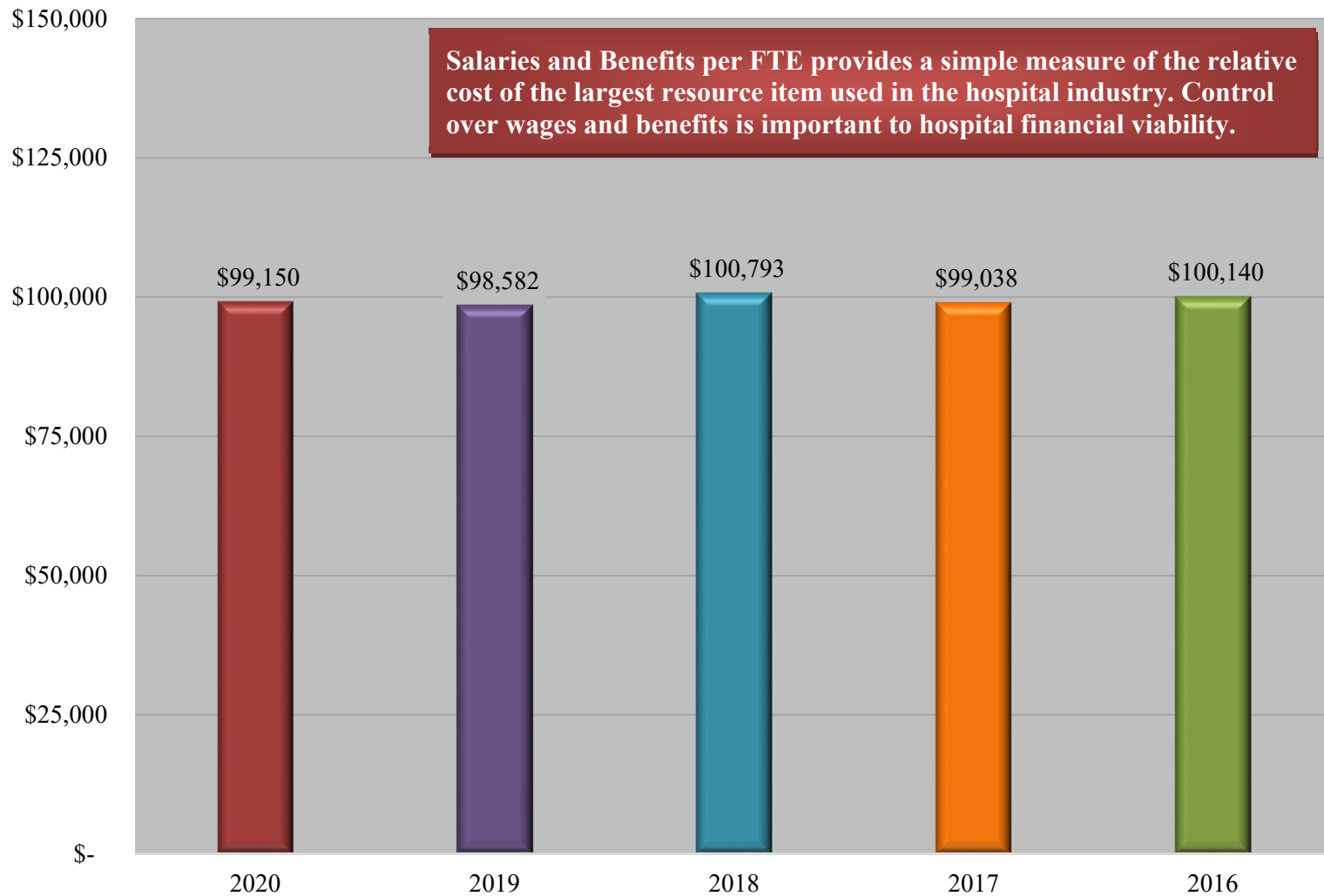
Full-time Equivalent Employees (FTE)



Mendocino Coast Health Care District
doing business as
Mendocino Coast District Hospital

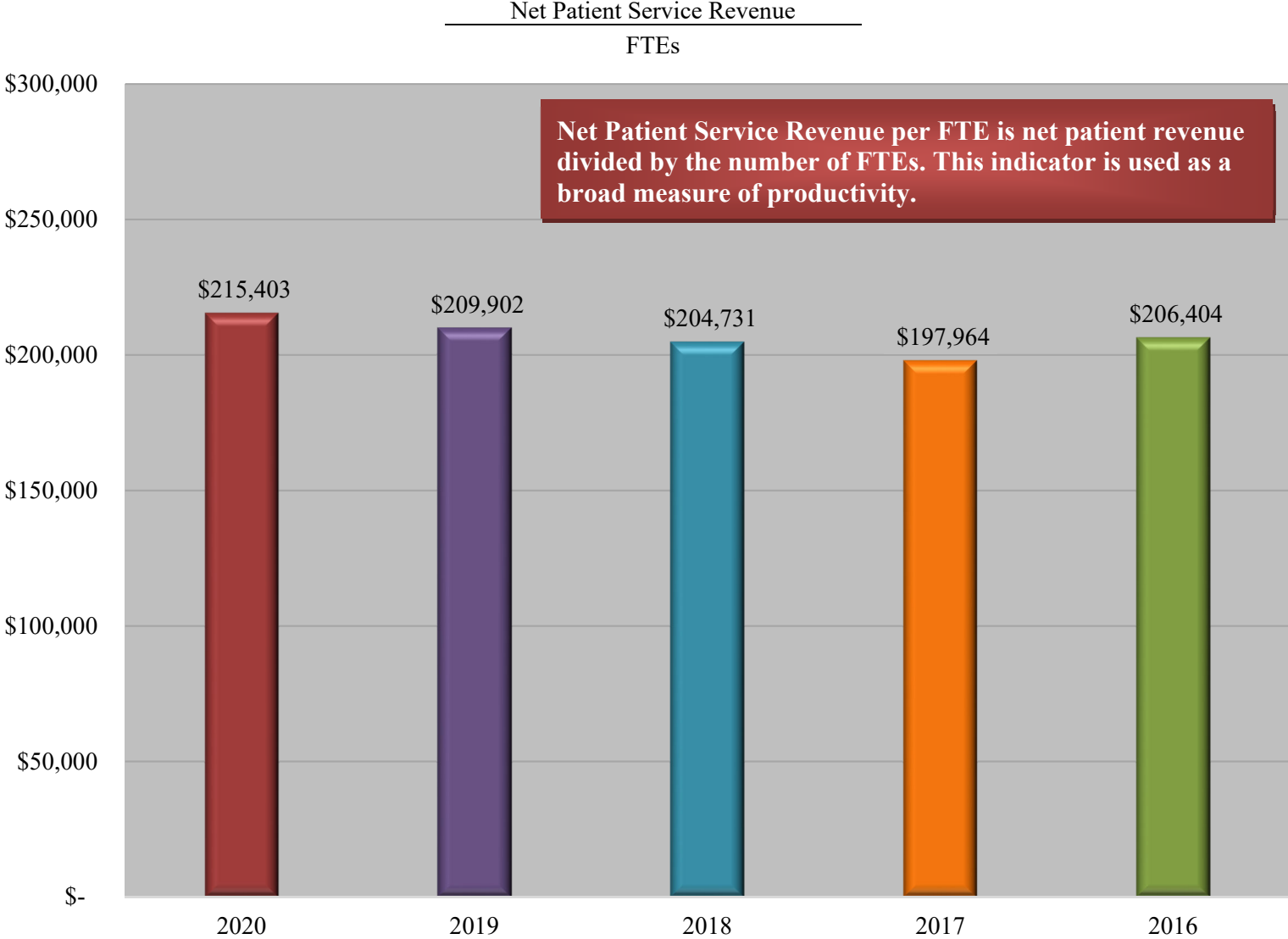
Salaries and Benefits per FTE

$$\frac{\text{Total Salaries} + \text{Total Benefits}}{\text{FTEs}}$$



Mendocino Coast Health Care District
doing business as
Mendocino Coast District Hospital

Net Patient Service Revenue per FTE



TAB 5

Board Budget changes

1. Replaced office manager with a higher level person
2. Added Financial Services by K. McKee & Co.
3. Combined Legal Services (inside and outside)
4. Eliminated outside consulting services
5. Paid HCL insurance in one payment
6. Revised CARES Audit to \$23,500 as invoiced in August
7. No change to the District's budget

Notes

- Budget projects a \$95k loss
- One time expenses are \$43,500
- Contingency or reserves are \$37,000

Cash Flow by Month	Notes	CY 2021												Annual										
		FY2022																						
		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June											
Receipts																								
Allocation from District's Net Cash Flow		\$	250,000																					
Dividend from LAIF investments	0.44%	\$	14,849,709	\$	5,445	\$	5,445	\$	5,445	\$	5,445	\$	5,445	\$	5,445	\$	5,445	\$	5,445	\$	65,339			
Total Receipts		\$	255,445	\$	5,445	\$	5,445	\$	5,445	\$	5,445	\$	5,445	\$	5,445	\$	5,445	\$	5,445	\$	315,339			
Expenses																								
Open Management Position(s)		\$	80,000			\$	6,667	\$	6,667	\$	6,667	\$	6,667	\$	6,667	\$	6,667	\$	6,667	\$	66,667			
Contributions to HSA		\$	600	6	\$	3,600	\$	3,600	\$	3,600	\$	3,600	\$	3,600	\$	3,600	\$	3,600	\$	3,600	\$	43,200		
Financial Services K. McKee & Co.		\$	500		\$	500	\$	500	\$	500	\$	500	\$	500	\$	500	\$	500	\$	500	\$	6,000		
Legal Services		\$	9,000	per month	\$	9,000	\$	9,000	\$	9,000	\$	9,000	\$	9,000	\$	9,000	\$	9,000	\$	9,000	\$	108,000		
DZA audits		\$	27,000	for FY2021 audit						\$	27,000										\$	27,000		
D&O Insurance		\$	22,022	per year	\$	22,022															\$	22,022		
Healthcare Entity Comprehensive Liability		\$	10,189	per year	\$	10,189															\$	10,189		
Property Tax Administrative Services		\$	16,680	per year	\$	16,680															\$	16,680		
Utilities				<i>Est. date of occupancy is January.</i>						\$	1,000	\$	1,000	\$	1,000	\$	1,000	\$	1,000	\$	1,000	\$	6,000	
Property Insurance for 775 River Drive										\$	2,000											\$	2,000	
Office Expenses		\$	50	per month	\$	50	\$	50	\$	50	\$	50	\$	50	\$	50	\$	50	\$	50	\$	50	\$	600
Phone and Internet		\$	100	per month	\$	100	\$	100	\$	100	\$	100	\$	100	\$	100	\$	100	\$	100	\$	100	\$	1,200
Hospital Anniversary activities		\$	5,000	one time	\$	5,000																\$	5,000	
Refurbishment of Neva Canon Room		\$	15,000	one time			\$	15,000														\$	15,000	
Potential New Programs		\$	20,000	per year	\$	1,667	\$	1,667	\$	1,667	\$	1,667	\$	1,667	\$	1,667	\$	1,667	\$	1,667	\$	1,667	\$	20,000
CARES Audit		\$	23,500			\$	23,500															\$	23,500	
Other (including memberships)																								
Sum of Expenses		\$	68,808	\$	38,417	\$	36,583	\$	21,583	\$	21,583	\$	48,583	\$	24,583	\$	22,583	\$	22,583	\$	22,583	\$	373,058	
Contingency	10%	\$	6,881	\$	3,842	\$	3,658	\$	2,158	\$	2,158	\$	4,858	\$	2,458	\$	2,258	\$	2,258	\$	2,258	\$	37,306	
Net Operating Balance		\$	179,757	\$	(36,813)	\$	(34,797)	\$	(18,297)	\$	(18,297)	\$	(47,997)	\$	(21,597)	\$	(19,397)	\$	(19,397)	\$	(19,397)	\$	(95,025)	
Cash Flow		\$	179,757	\$	142,943	\$	108,146	\$	89,850	\$	71,553	\$	23,556	\$	1,959	\$	(17,438)	\$	(36,834)	\$	(56,231)	\$	(95,025)	

District Budget FY 2022

Characterized by very predictable revenue and expenses

Cash Flow by Month	CY 2021			CY 2021						CY 2022						Annual	
	FY 2021			FY2022													
	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June		
Receipts																	
AH Lease Payment				\$ 1,000,000						\$ 1,000,000							
Measure C	\$ 600,000															\$ 2,000,000	
District Tax Receipts	\$ 300,000			\$ 400,000						\$ 600,000						\$ 1,000,000	
Tax Subsidies for GO Bonds	\$ 27,700	\$ 27,700	\$ 27,700	\$ 300,000						\$ 300,000						\$ 600,000	
LAIF Dividends	\$ 2,823	\$ 2,823	\$ 2,823	\$ 27,700	\$ 27,700	\$ 27,700	\$ 27,700	\$ 27,700	\$ 27,700	\$ 27,700	\$ 27,700	\$ 27,700	\$ 27,700	\$ 27,700	\$ 27,700	\$ 27,700	\$ 332,400
TOTAL PER MONTH	\$ 930,523	\$ 30,523	\$ 30,523	\$ 1,030,523	\$ 730,523	\$ 30,523	\$ 30,523	\$ 30,523	\$ 30,523	\$ 30,523	\$ 1,930,523	\$ 30,523	\$ 30,523	\$ 30,523	\$ 30,523	\$ 30,523	\$ 3,966,279
Outlays																	
Capital Improvement Fund				\$ 1,030,000						\$ 1,030,000						\$ 2,060,000	
Supplemental CI funds for roof repair																\$ 2,100,000	
Revenue Bonds- Refinanced 2016	\$ 48,000	\$ 48,000	\$ 48,000	\$ 47,292	\$ 47,292	\$ 47,292	\$ 47,292	\$ 47,292	\$ 47,292	\$ 47,292	\$ 1,050,000	\$ 47,292	\$ 47,292	\$ 47,292	\$ 47,292	\$ 47,292	\$ 567,500
Cal Mortgage Line of Credit	\$ 17,888	\$ 17,888	\$ 17,888	\$ 13,131	\$ 13,131	\$ 13,131	\$ 13,131	\$ 13,131	\$ 13,131	\$ 13,131	\$ 13,131	\$ 13,131	\$ 13,131	\$ 13,131	\$ 13,131	\$ 13,131	\$ 118,178
HELP II Loan	\$ 13,802	\$ 13,802	\$ 13,802	\$ 13,802	\$ 13,802	\$ 13,802	\$ 13,802	\$ 13,802	\$ 13,802	\$ 13,802	\$ 13,802	\$ 13,802	\$ 13,802	\$ 13,802	\$ 13,802	\$ 13,802	\$ 165,624
UHC of California	\$ 19,775	\$ 19,775	\$ 19,775	\$ 19,206	\$ 19,206	\$ 19,206	\$ 19,206	\$ 19,206	\$ 19,206	\$ 19,206	\$ 19,206	\$ 19,206	\$ 19,206	\$ 19,206	\$ 19,206	\$ 19,206	\$ 230,475
Board Budget Allocation	\$ 20,833	\$ 20,833	\$ 20,833	\$ 20,833	\$ 20,833	\$ 20,833	\$ 20,833	\$ 20,833	\$ 20,833	\$ 20,833	\$ 20,833	\$ 20,833	\$ 20,833	\$ 20,833	\$ 20,833	\$ 20,833	\$ 250,000
TOTAL PER MONTH	\$ 120,298	\$ 120,298	\$ 120,298	\$ 1,144,264	\$ 114,264	\$ 114,264	\$ 1,164,264	\$ 114,264	\$ 114,264	\$ 2,194,264	\$ 114,264	\$ 114,264	\$ 101,133	\$ 101,133	\$ 101,133	\$ 5,491,777	
NET CASH FLOW	\$ 810,225	\$ (89,775)	\$ (89,775)	\$ (113,741)	\$ 616,259	\$ (83,741)	\$ (1,133,741)	\$ (83,741)	\$ (83,741)	\$ (263,741)	\$ (83,741)	\$ (83,741)	\$ (70,610)	\$ (70,610)	\$ (70,610)	\$ (1,525,497)	
Cumulative Restricted Capital Fund	\$ 810,225	\$ 720,450	\$ 630,676	\$ 516,935	\$ 1,133,194	\$ 1,049,453	\$ (84,288)	\$ (168,029)	\$ (251,769)	\$ (515,510)	\$ (599,251)	\$ (682,992)	\$ (753,602)	\$ (824,212)	\$ (894,822)	\$ (894,822)	

EXISTING BUDGET
Board Budget FY 2022

Characterized by new and less predictable expenses

Cash Flow by Month	Notes	CY 2021												Annual			
		CY 2022															
		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June				
Receipts																	
Allocation from District's Net Cash Flow																	
Dividend from LAIF investments	0.44%	\$ 14,849,709	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445
Total Receipts			\$ 255,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 65,339
Expenses																	
Office Manager	\$ 20.00	\$ 41,760	\$ 3,480	\$ 3,480	\$ 3,480	\$ 3,480	\$ 3,480	\$ 3,480	\$ 3,480	\$ 3,480	\$ 3,480	\$ 3,480	\$ 3,480	\$ 3,480	\$ 3,480	\$ 3,480	\$ 41,760
Contributions to HSA	\$600	6	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 43,200
CPA Services (payroll)																	
In house Legal	\$ 6,000	per month	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 72,000
Outside Legal Services			\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 36,000
DZA audits	\$27,000	for FY2021 audit							\$ 27,000								\$ 27,000
D&O Insurance	\$22,022	per year	\$ 22,022														\$ 22,022
Healthcare Entity Comprehensive Liability	\$10,189	per year	\$ 10,189														\$ 10,189
Property Tax Administrative Services	\$16,680	per year	\$ 16,680														\$ 16,680
Utilities																	\$ 16,680
Property Insurance for 775 River Drive									\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 6,000
Office Expenses	\$ 50	per month	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Phone and Internet	\$ 100	per month	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Consultants		James S. and team	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 60,000
Hospital Anniversary activities	\$ 5,000	one time	\$ 5,000														\$ 5,000
Refurbishment of Neeva Cannon Room	\$15,000	one time			\$ 15,000												\$ 15,000
New Programs	\$20,000	per year	\$ 1,667	\$ 1,667	\$ 1,667	\$ 1,667	\$ 1,667	\$ 1,667	\$ 1,667	\$ 1,667	\$ 1,667	\$ 1,667	\$ 1,667	\$ 1,667	\$ 1,667	\$ 1,667	\$ 20,000
CARES Audit	\$20,000		\$ 6,667	\$ 6,667	\$ 6,667												\$ 20,000
Other (memberships)																	\$ 20,000
Sum of Expenses			\$ 76,788	\$ 22,897	\$ 37,897	\$ 22,897	\$ 22,897	\$ 22,897	\$ 49,897	\$ 25,897	\$ 23,897	\$ 23,897	\$ 23,897	\$ 23,897	\$ 23,897	\$ 23,897	\$ 378,651
Contingency	10%		\$ 7,679	\$ 2,290	\$ 3,790	\$ 2,290	\$ 2,290	\$ 2,290	\$ 4,990	\$ 2,590	\$ 2,390	\$ 2,390	\$ 2,390	\$ 2,390	\$ 2,390	\$ 2,390	\$ 37,865
Net Operating Balance			\$ 170,979	\$ (19,741)	\$ (36,241)	\$ (19,741)	\$ (19,741)	\$ (19,741)	\$ (49,441)	\$ (23,041)	\$ (20,841)	\$ (20,841)	\$ (20,841)	\$ (20,841)	\$ (20,841)	\$ (20,841)	\$ (101,177)
Cash Flow			\$ 170,979	\$ 151,237	\$ 114,996	\$ 95,254	\$ 75,513	\$ 26,071	\$ 3,030	\$ (17,812)	\$ (38,653)	\$ (59,494)	\$ (80,336)	\$ (101,177)			