

FINANCE COMMITTEE MEETING AGENDA

October 28, 2025 @ Bay Area Hospital, Hybrid/ TEAMS & Myrtle Conference Room

TIME

-
- 5:15 Call to Order** **Kyle Stevens, Finance Committee Chairperson**
- Approval of the Finance Committee Minutes **ACTION ITEM**

-
- 5:30 CEO and Other Leadership Updates** **Gretchen Nichols, CEO**
- CEO/Leadership Update

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- 6:00 Financial Presentation - Month End Results** **Karen Miller, Controller**
- End of Month Results Presentation
 - Key Performance Indicators (KPI) Review
 - Capital Update (*no attachment / no change since last month*)

Appendix

- Monthly Narrative
- Savista Update
- Income Statement
- Income Statement Trend
- Balance Sheet
- Cash Flow
- Bank Ratios
- Accounts Receivable Reserves Trend

7:00 Adjourn –

Next Meeting Tuesday, November 11, 2025

The Finance Committee will be wrapped into the Board Meeting starting on November 11, 2025.

FINANCE COMMITTEE MEETING MINUTES
September 23, 2025, Myrtle Conference Room / Microsoft Teams

CALL TO ORDER

Finance Chair Kyle Stevens called the meeting to order at 5:15 p.m. There was a quorum in attendance.

FINANCE COMMITTEE MEMBER ATTENDANCE

Chairperson Kyle Stevens, John Briggs, Tom McAndrew, Judy Moody, Brandon Saada (*via Teams*); Barbara Taylor

ABSENT (*excused*)

None

BAHD BOARD OF DIRECTORS ATTENDANCE

Patrice Parrot, Simon Alonzo (*via Teams*)

STAFF ATTENDANCE

Doug Dickson, interim CFO; Kelli Dion, CQO; Tom Fredette, HR Director; Karen Miller, Controller; Kelly Morgan, Interim CEO; Gretchen Nichols, COO; Mel Stibal, Interim CNO; Mark Hadley, Denise Bowers, Executive Assistant

LEGAL COUNSEL

Excused

PUBLIC ATTENDANCE

The public was in Attendance, with 4 in-person and 10 virtual attendees.

APPROVAL OF FINANCE COMMITTEE MINUTES – Mr. Kyle Stevens, Chairperson

The Finance Committee reviewed and approved the minutes from the previous meeting, including changes suggested by Barb Taylor and Judy Moody, and incorporated them into the minutes to be executed once approved.

ACTION TAKEN BY THE FINANCE COMMITTEE:

Barb Taylor moved to approve minutes as presented, and **Tom McAndrew seconded**. There was no additional discussion, and the motion carried on a call of vote.

NEW BUSINESS

Morgan Stanley Investment Presentation

Ryan Morrissey of Morgan Stanley Graystone Consulting presented an overview of the hospital's investment portfolio:

- As of August 2025, the portfolio stands at \$32.6 million.
- Significant withdrawals have occurred over the past year, reducing the portfolio from \$47.9 million.
- The investment strategy has shifted to shorter-duration assets to match cash flow needs.
- The portfolio is diversified, with a majority in T-bills and U.S. government assets.
- Estimated annual income is approximately \$1.2 million, with a yield of 3.32%.
- The committee discussed the impact of shorter duration on returns and the possibility of increasing duration if cash flow stabilizes.

Q: What is the current value and composition of the hospital's investment portfolio?

A: As of August 2025, the portfolio is \$32.6 million, mostly in T-bills and U.S. government assets. The yield is 3.32%, with estimated annual income of \$1.2 million.

Q: Are we losing 1–1.5% in investment returns due to shorter duration?

A: It would be closer to 1.5% if the portfolio had a much longer duration. With current short-term T-bills, returns are hovering around 4%.

Q: Should we increase the duration of our investments if we move away from liquidation and affiliation?

A: Yes, if the hospital does not need money in the next year and can afford a longer-term portfolio, the investment lineup should be changed to increase duration.

CHIEF EXECUTIVE OFFICER UPDATES - Kelly Morgan, Interim CEO

Financial Turnaround and Sustainability Plan Presentation

The committee heard the presentation Kelly displayed and reviewed the sustainability plan, as highlighted below:

- Reduction in force (RIF) and hiring freeze, targeting \$10 million in annualized savings;
- Physician/professional fee savings (\$3.5 million);
- Supply expense reductions (\$1 million);
- Purchased service savings (\$3.4 million);
- Revenue cycle improvements projected to generate \$6 million in additional revenue;
- Total achievable savings for the fiscal year estimated at \$12.6 million after adjustments;
- The hospital's cash position is concerning, with only 56 days of cash on hand and a \$2 million burn rate for the fiscal year.
- A \$35 million balloon payment on the Bank of Montreal loan is due in five years.
- Immediate capital needs total \$60 million, with several items at end-of-life.
- Contract renegotiations with major payers are underway, with meetings scheduled to improve reimbursement rates.

During his presentation, Kelly also updated the finance committee on other items as follows:

Advocacy and State Support

Management is actively seeking state support, including:

- A one-time \$10 million cash infusion.
- Refinancing of the Bank of Montreal loan.
- Legislation for lottery bonds to extinguish debt.
- Permanent Medicaid reimbursement increases for sole community DRG hospitals.

Market Share and Recruitment

- The committee reviewed market share data by payer class and specialty.
- Recruitment needs were discussed, with a recommendation to partner with local clinics for physician recruitment rather than forming a new corporation.

Financial Contingency Planning (Plan B)

If financial performance does not improve and state support is not secured, the board and management may need to consider downsizing to a Type B hospital (50 licensed beds), with potential service line reductions considered in all areas.

CHIEF FINANCIAL OFFICER UPDATES – Doug Dickson, Interim CFO

Monthly Financial Report Highlights

- August patient discharges were 8% below budget; outpatient visits were down 4%.

- Outpatient revenue was up 1% over budget due to the service mix.
- Net operating loss for August was \$1.3 million, an improvement from July but below budget expectations.
- Salaries were over budget due to contingency and severance payments; contract labor was below budget.
- Supply expenses were down, primarily due to fewer oncology visits.
- Cash receipts for August were \$17.7 million, below expectations.
- Days cash on hand finished at 56.

The committee discussed ongoing challenges with the revenue cycle and the need for improved processes and accountability with third-party billing vendors.

Barbara Taylor inquired about the \$3 million disproportionate share liability on the books, which has been unresolved since the departure of the prior CFO. The committee directed management to follow up regularly to resolve this issue and report back to the committee.

Finance Narrative Summary – Comprehensive financials were included in the packet.

August 2025 performance highlighted both favorable and unfavorable trends. Patient revenue came in below budget due to lower-than-budgeted volumes; however, rate improvements partially offset the decline. Operating expenses tracked closely to budget, with cost containment initiatives helping to mitigate volume-driven revenue pressures. Overall, BAH realized an unfavorable variance in margin of -5.9% compared to the budget of 0.2%, resulting in an overall Net Income loss of \$1.3M. Compared to the 3-Month Run Rate (3MRR), Net Revenue and Net Income have improved \$1.7M. Cash and Cash Equivalents were \$7M at the end of August, and assets limited to use were \$32.6M, for an overall cash balance of \$ 39.6 M. Overall, cash and investments decreased \$3.8M from the prior month. Accounts receivable (net) increased \$1.5M from the preceding month to close at \$27M for August. Current liabilities decreased \$5.4M compared to the prior month and \$3.7M compared to the three-month run rate. The Current Ratio is 2.52, and the debt-to-capitalization ratio is 44.3%. Questions were asked and answered.

AUDIT UPDATE

COMMITTEE AND BOARD MEMBER QUESTIONS AND COMMENTS

There was a discussion regarding the hospital auxiliary's tax filings. It was noted that the last taxes filed were for the 2022-2023 period, and failure to file could result in the loss of tax-exempt status. The committee agreed to follow up with Karen Miller, Controller, for clarification.

The committee discussed the hospital's foundation status and fundraising activities, noting the inactivity since the COVID-19 pandemic and the need to reestablish fundraising efforts.

Members were informed that auditors would be interviewing select committee members as part of standard governance review.

The committee discussed the implications of a "going concern" opinion, including its impact on credit ratings and contingency planning.

It was confirmed that the organization is currently in default on its loan, although it is not behind on payments. Past audit interview practices were shared for context.

Q: Have the auditors interviewed anyone else this week?

A: Yes. The names provided to the auditors for interviews were Simon, Patrice, Tom.

Q: Are we still at risk of a “going concern” opinion from the auditors?

A: Yes. The organization is already in default on the loan, and the going concern opinion is likely due to the financial condition.

Q: What are the consequences of a “going concern” opinion?

A: It negatively affects the credit rating and makes it difficult to extend credit. There is no contingency plan in place for this situation.

Q: What guidance is there for committee members being interviewed by auditors? Are there pitfalls to be aware of?

A: Auditors want to know if members are aware of any risk issues or concerns about how things were handled. It is standard practice for auditors to speak to members of the governing board to get a complete picture.

Q: Did Barbara speak to the auditors in past years?

A: Yes, usually around the end of June. The interviews were mostly boilerplate questions about fraud and general audit planning.

Q: Has there been any activity in the hospital foundation since COVID?

A: No, fundraising activities have been inactive since COVID-19. There is interest in reestablishing fundraising efforts.

Q: What is the impact of physician departures on patient volumes?

A: Physician departures, especially in orthopedics, have led to decreased patient volumes. Neighboring hospitals have employed local orthopedic surgeons, diverting patients.

Q: Is the state aware of the hospital’s financial emergency?

A: Yes, the state is extremely aware of the situation, with regular meetings held with the governor’s office and OHA.

Tom McAndrew commented that he appreciated having a Plan B, as we previously put “all our eggs in one basket” with the affiliation.

Patrice Parrott stated that she feels “we are going in the right direction”.

GOOD OF THE ORDER

The next meeting will be on October 28, 2025, at 5:15 p.m.

ADJOURNMENT

There being no further business, the Finance Committee was adjourned at 6:25 p.m.

Kyle Stevens, Chairperson

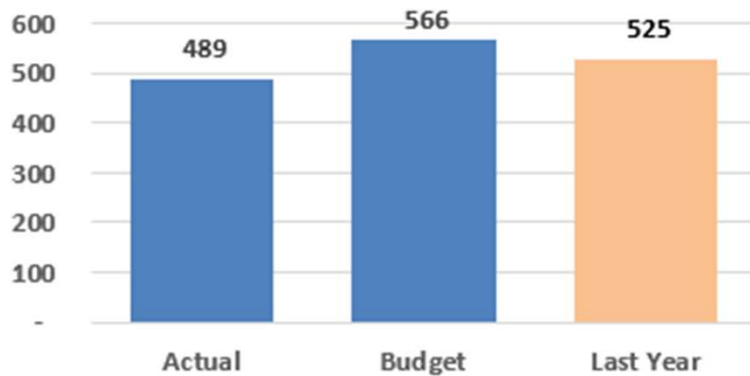
Date: October , 2025

Bay Area Hospital

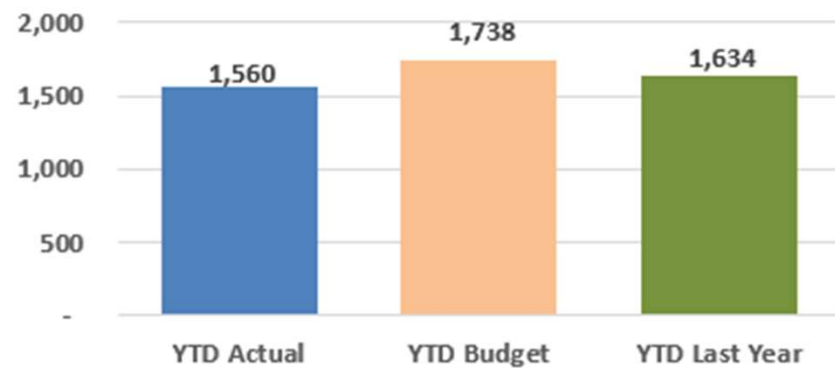
September 2025 Month End Results

Patient Discharges

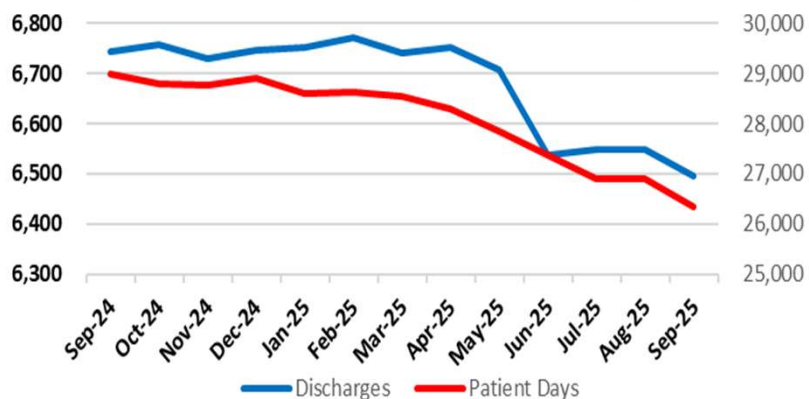
Patient Discharges (not including Newborn) - MTD



Patient Discharges (not including Newborn) - YTD

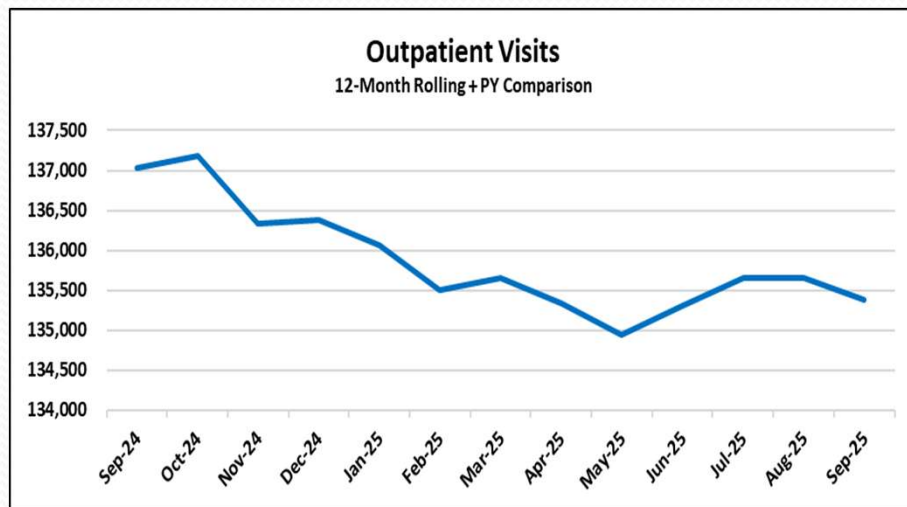
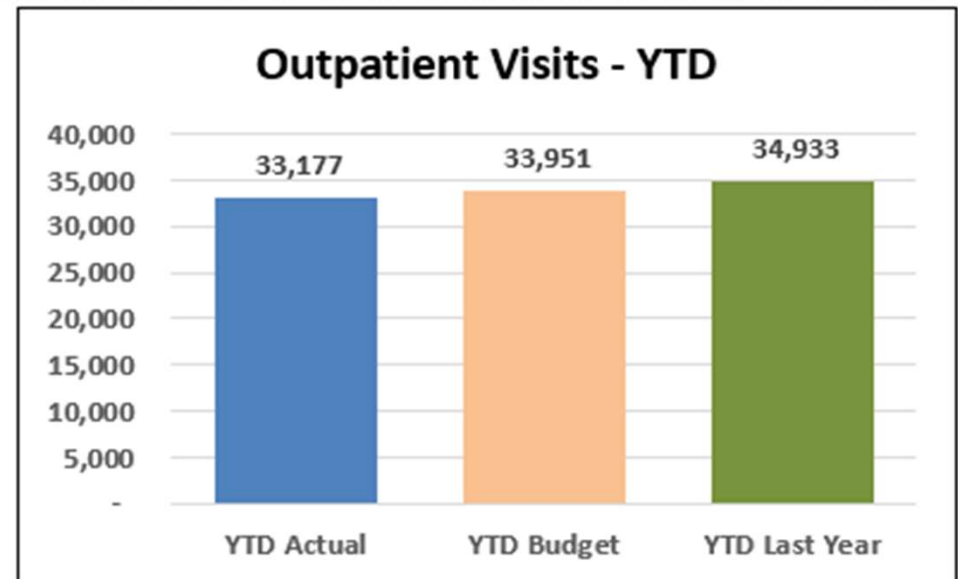
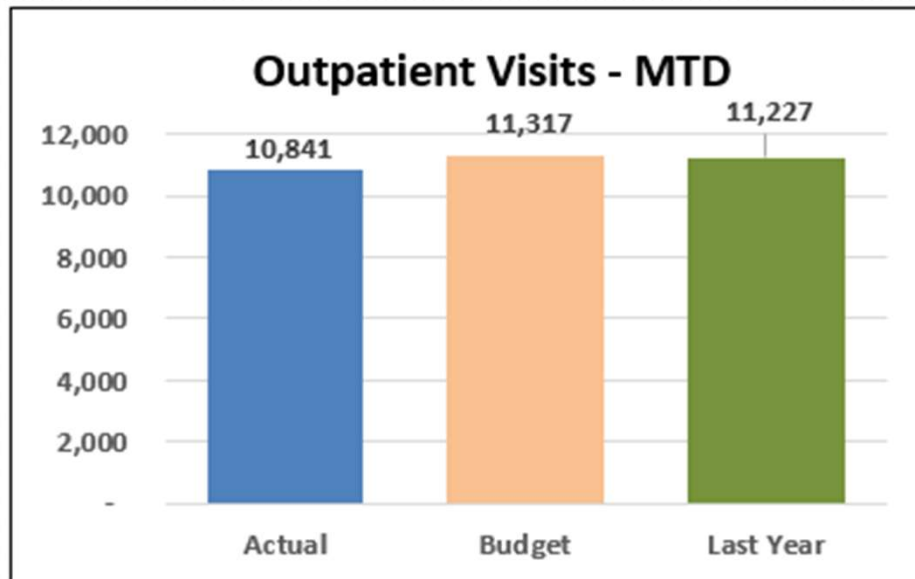


12-Month Patient Days vs Discharges



- Acute discharges fell 77 below budget and 36 below prior year, down 23 from the 3-month run rate.
- Fewer admissions and shorter stays are contributing to lower inpatient volumes and reduced patient days.

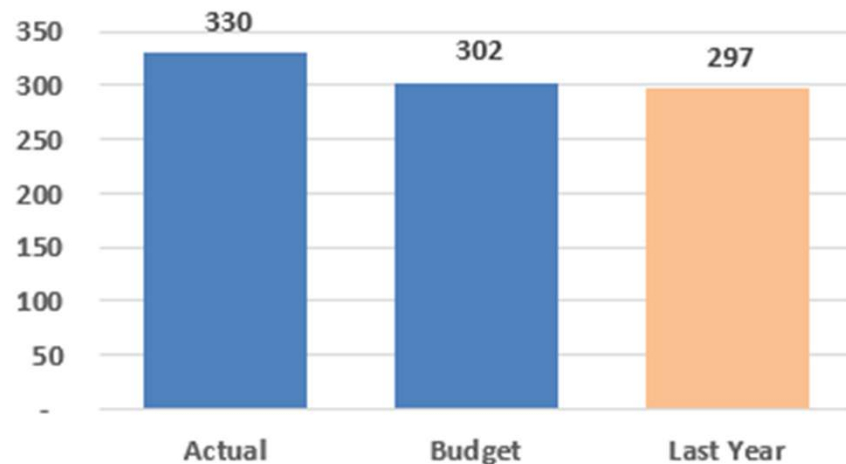
Outpatient Visits



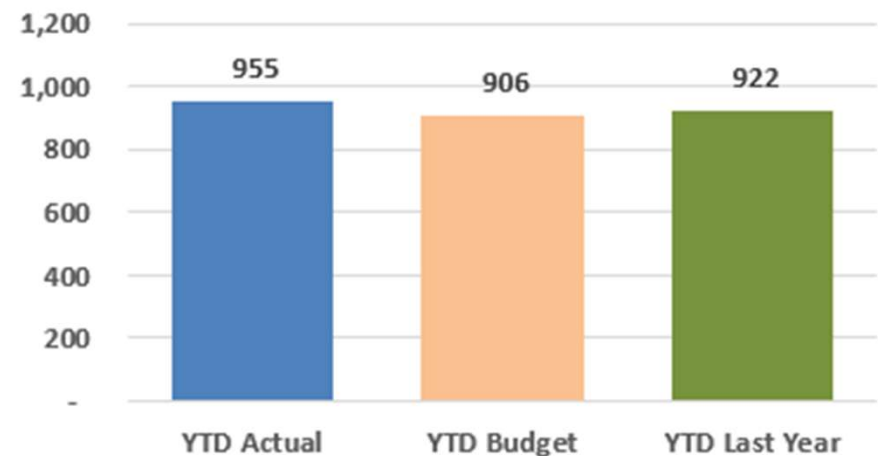
- September visits were down 476 compared to budget and 386 compared to the prior year. The decline from the prior year was primarily driven by decreases of 369 visits in Oncology and 237 visits in Cardiology, partially offset by an increase of 128 visits in Orthopedics.
- Outpatient visits decreased by 219 compared to the three-month run rate, primarily driven by declines of 175 visits in Cardiology and 53 visits in the Emergency Department.

Operating Room

Operating Room- MTD



Operating Room - YTD



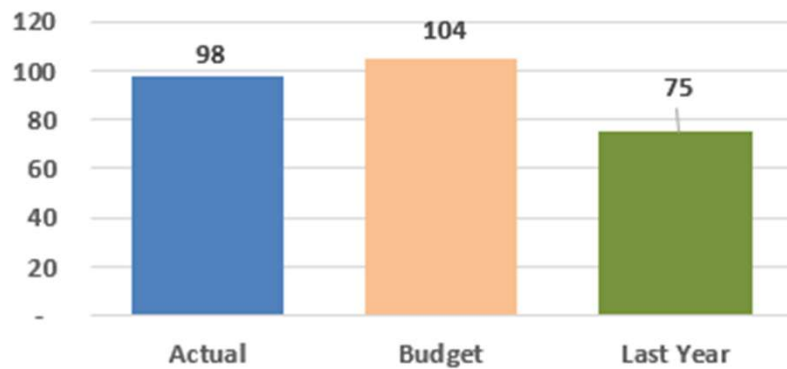
Total Operating Room Cases
12-Month Rolling + PY Comparison



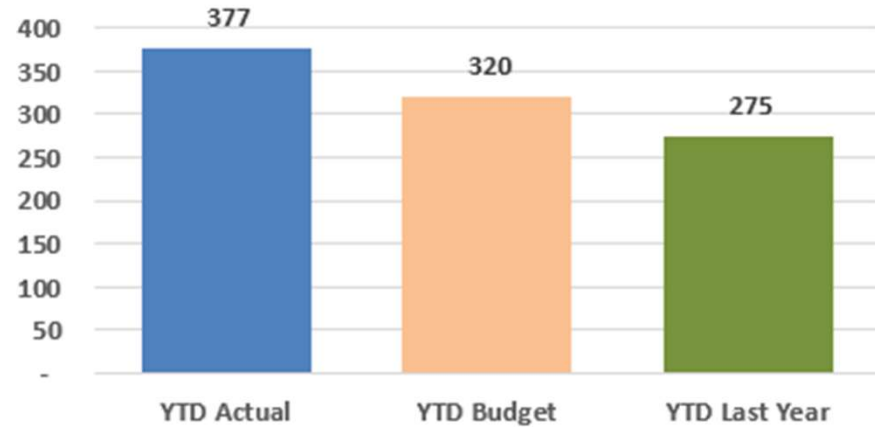
- Case volume increased 9.3% compared to budget and 11.1% compared to the prior year. The growth was primarily driven by increases of 23 cases in Urology, 8 cases in Gynecology, and 6 cases in Orthopedics, partially offset by a decrease of 13 cases in Plastics.
- When compared to the three-month run rate, total volume rose by 28 cases, driven mainly by General Surgery with an increase of 17 cases, followed by a 9-case increase in Urology.

Cardiac Cath Lab

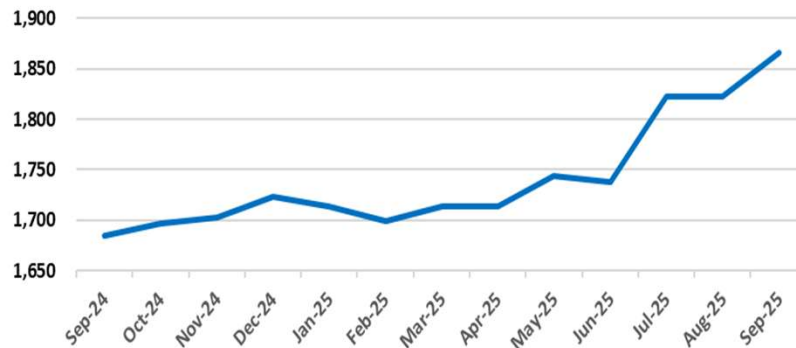
Cardiac Cath Lab (# of patients) - MTD



Cardiac Cath Lab (# of patients) - YTD

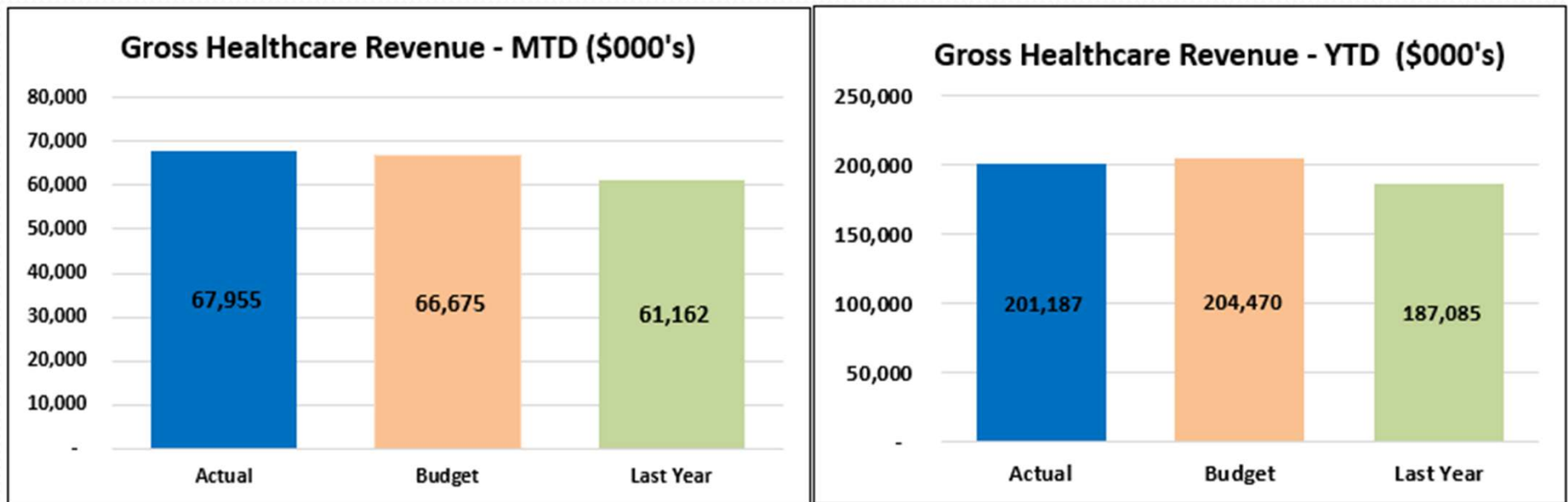


Total CCL Procedures
12-Month Rolling + PY Comparison



- Compared to budget Cath cases decreased by 6 and increased by 23 cases to prior year.
- On a rolling basis cases are up 182 compared to Sept 2024.

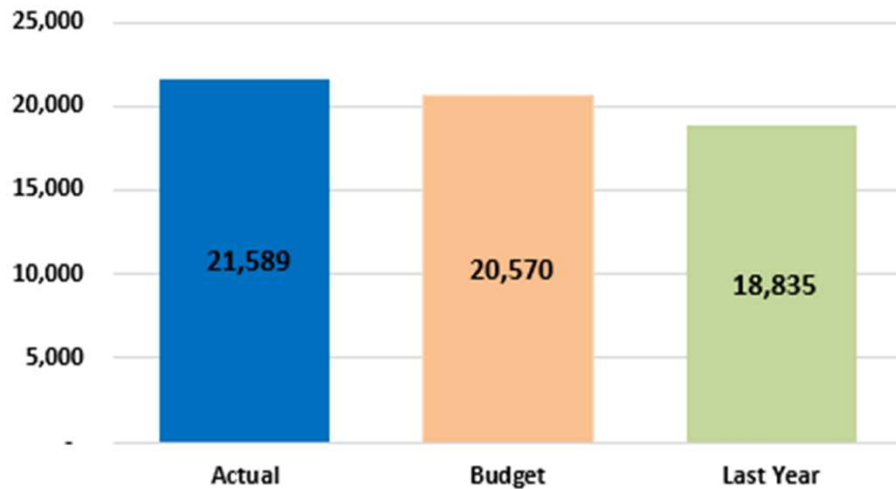
Gross Healthcare Revenue



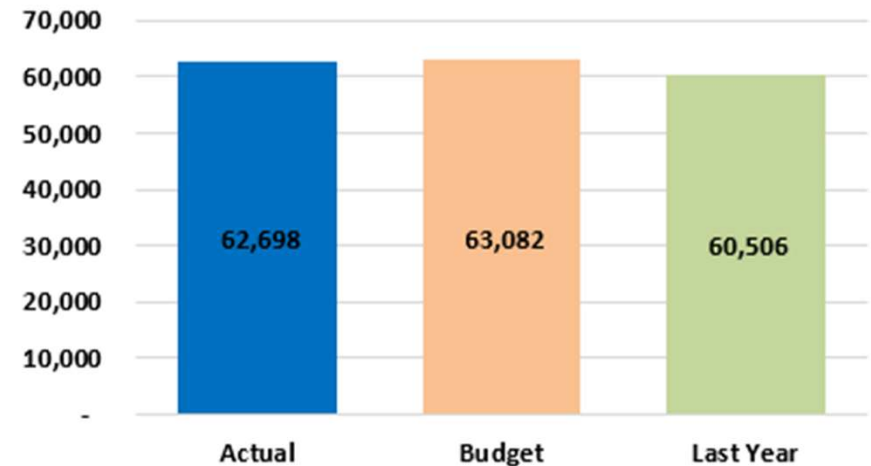
- Total gross patient revenue for September was \$68.0M, up \$1.3M (1.9%) to budget and \$6.8M (11.1%) higher than prior year.
- Inpatient revenue: \$26.7M, below budget by \$803K (-2.9%), reflecting lower patient days and discharges.
- Outpatient revenue: \$41.2M, exceeding budget by \$2.1M (+5.3%), driven by improved reimbursement rates and payer mix, despite a slight decline in case mix and visit volumes.
- Overall Gross Revenue is 3.4% below budget and increased 2.7% to prior year.

Net Healthcare Revenue

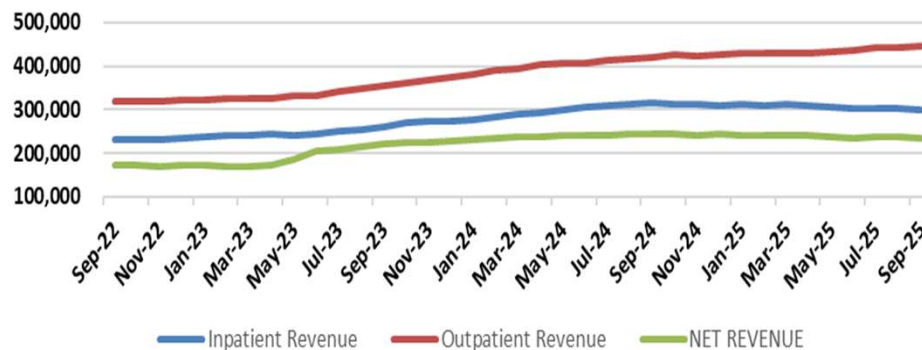
Net Healthcare Revenue - MTD



Net Healthcare Revenue - YTD

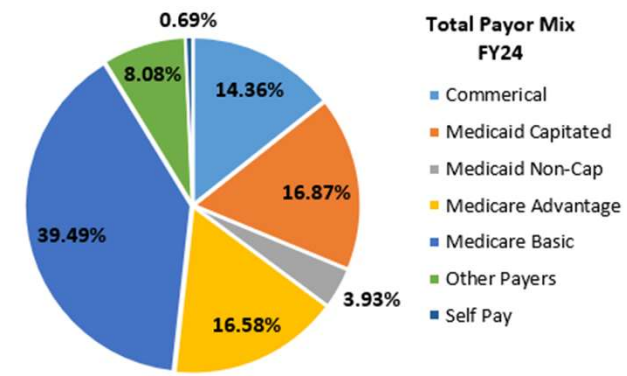
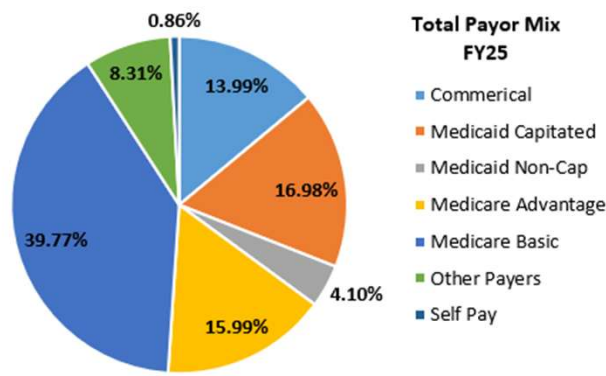
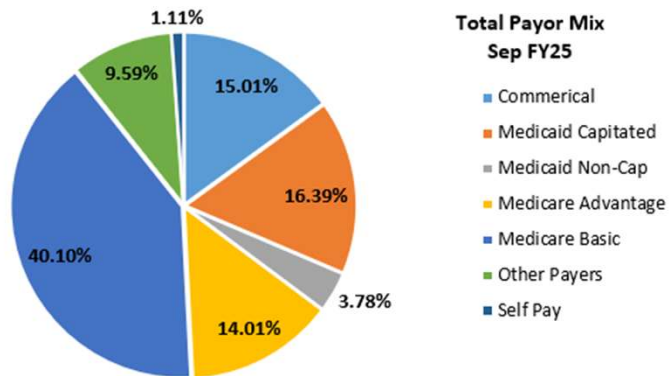


Gross and Net Revenues



- Overall, Net Healthcare Revenue was \$21.6M, up \$1.0M to budget and \$2.8M to prior year.
- The net-to-gross ratio improved to 31.9%, consistent with mix optimization and rate adjustments.

Payor Mix



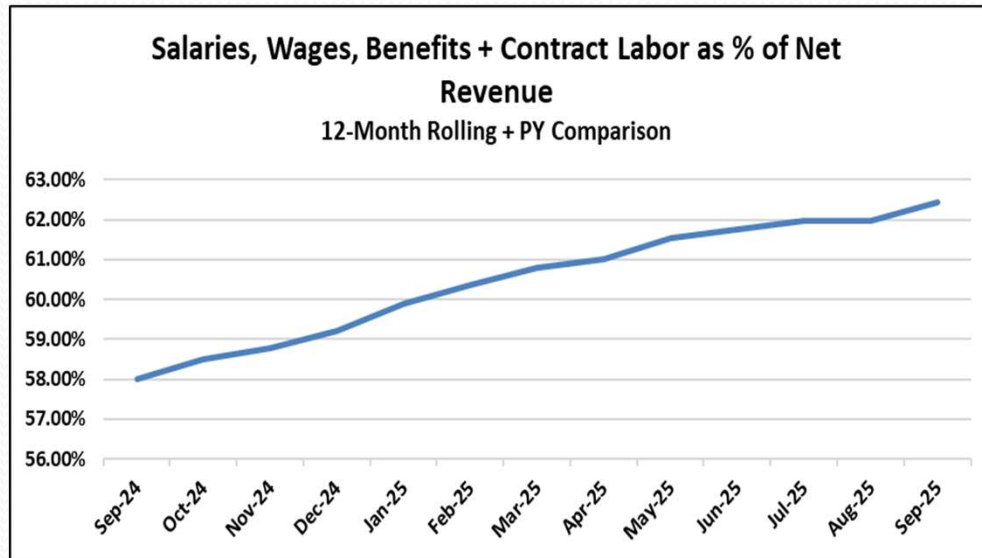
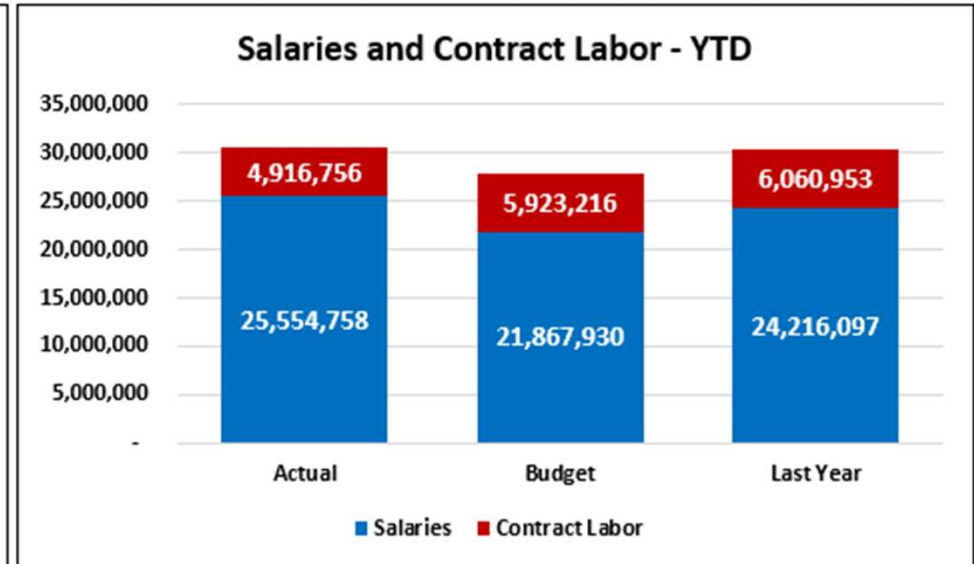
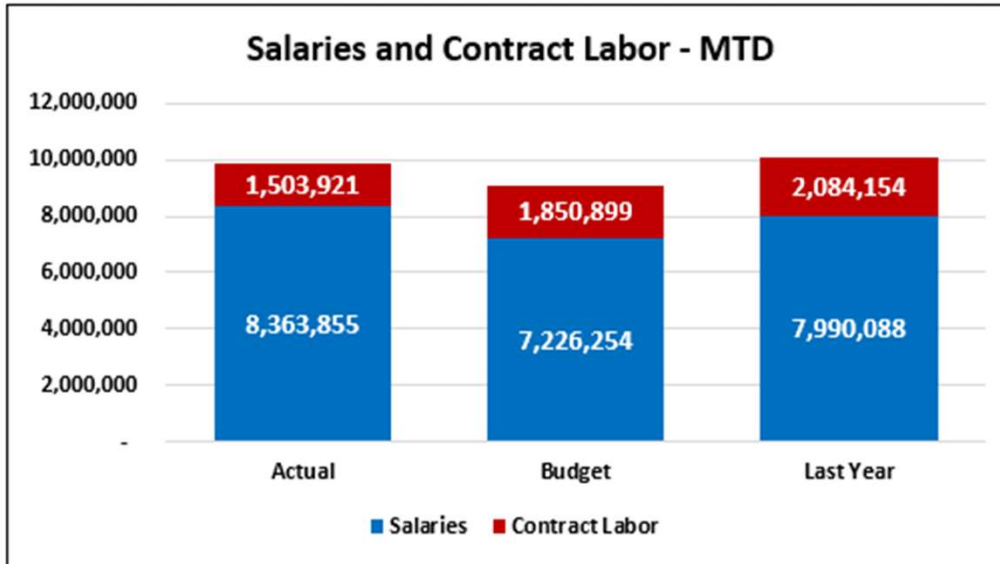
- Overall, gross charges increased by \$3.8M compared to the prior three-month run rate. Commercial volumes rose 0.67%, contributing to a \$991K increase in gross charges. Total Medicaid decreased 1.24%, resulting in a \$24K reduction, while Total Medicare decreased 0.51% but still generated a \$1.8M increase in gross charges versus the three-month run rate. Self-Pay and Other Payors also contributed positively, adding \$1.1M in additional revenue.
- Commercial payor mix increased to 15.01% in September.
 - FY22: 16.40%
 - FY23: 15.91%
 - FY24: 14.36%
 - FY25: 13.99%.

Operating Income

Bay Area Hospital										
Consolidated Income Statement - September 2025										
in '000										
	Month To Date					Year To Date				
	Actual	Budget	Variance	Prior Year	Variance	Actual	Budget	Variance	Prior Year	Variance
Gross Patient Revenue	67,955	66,675	1,280	61,162	6,793	201,187	204,470	(3,283)	187,085	14,102
Total Deductions	46,366	46,105	(261)	42,327	(4,039)	138,489	141,388	2,899	126,579	(11,910)
Net Healthcare Revenue	21,589	20,570	1,019	18,835	2,755	62,698	63,082	(384)	60,506	2,193
Other Oper Revenue	56	331	(275)	469	(412)	875	992	(117)	932	(57)
Total Net Revenue	21,646	20,901	745	19,303	2,342	63,573	64,074	(501)	61,438	2,136
Salaries/ Wages & Benefits	10,337	9,342	(995)	9,486	(851)	32,630	28,238	(4,392)	29,965	(2,665)
Contract Labor	1,504	1,851	347	2,084	580	4,917	5,923	1,006	6,061	1,144
Depreciation	719	727	8	940	220	2,223	2,230	7	2,821	597
Other Expense	9,923	9,231	(693)	9,318	(605)	28,229	28,067	(162)	26,784	(1,445)
Total Operating Expenses	22,483	21,151	(1,332)	21,829	(655)	67,999	64,458	(3,541)	65,630	(2,369)
Net Operating Income	(837)	(250)	(588)	(2,525)	1,688	(4,426)	(384)	(4,041)	(4,192)	(233)
Non Operating Income/(Loss)	(93)	(284)	191	616	(709)	(346)	(853)	507	1,586	(1,932)
Net Income	(931)	(534)	(397)	(1,909)	978	(4,771)	(1,237)	(3,534)	(2,606)	(2,166)
Net To Gross	31.9%	31.3%	0.5%	31.6%	0.3%	31.6%	31.3%	0.3%	32.8%	-1.2%
Operating EBIDTA	(118)	478	(596)	(1,585)	1,467	(2,202)	1,846	(4,048)	(1,371)	(831)
Operating EBIDTA %	-0.5%	2.3%	-2.8%	-8.2%	7.7%	-3.5%	2.9%	-6.3%	-2.2%	-1.2%
EBIDTA	71	518	(447)	(802)	873	(1,717)	1,968	(3,685)	742	(2,459)
EBIDTA %	0.3%	2.5%	-2.2%	-4.2%	4.5%	-2.7%	3.1%	-5.8%	1.2%	-3.9%

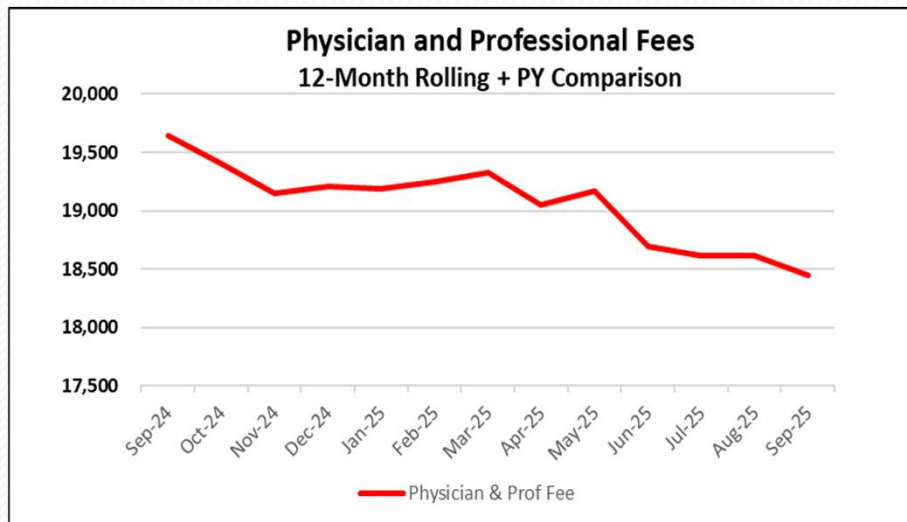
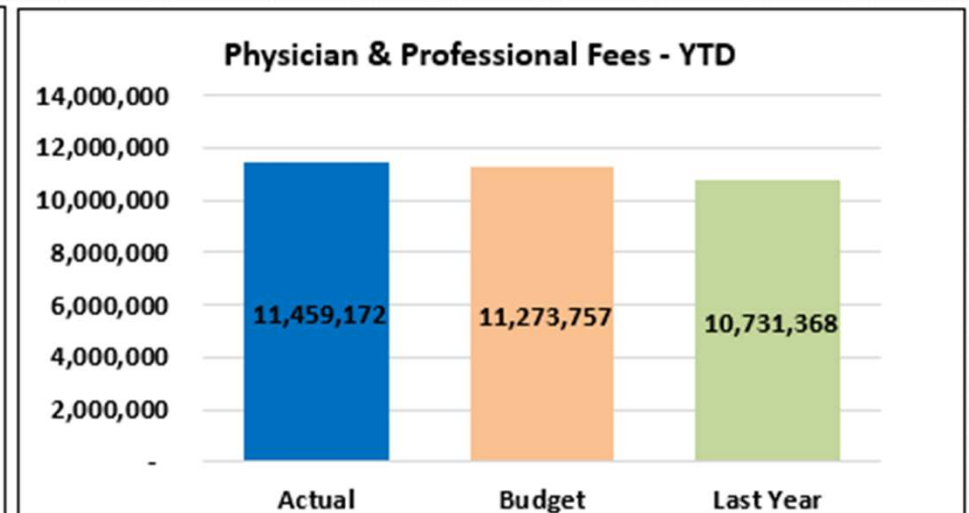
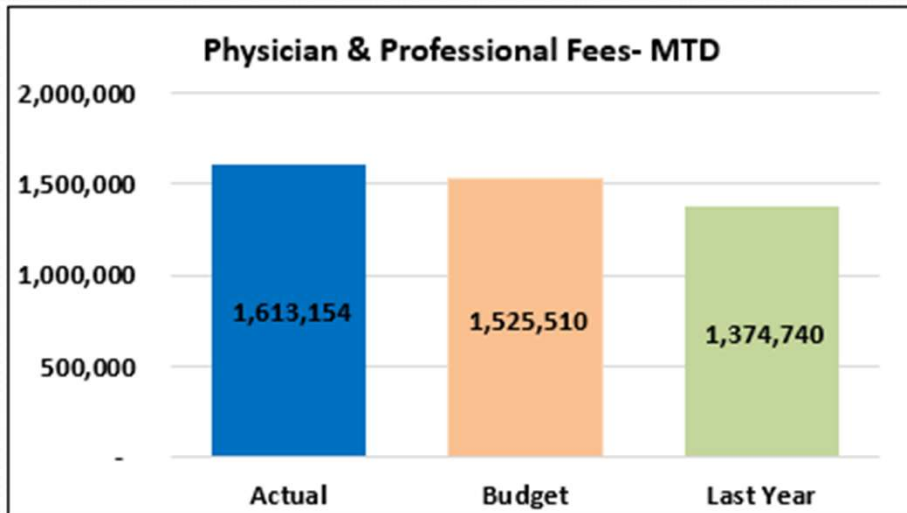
- Net Operating Income: (\$0.84M) vs (\$0.25M) budget
- Operating Margin: -3.9% vs -1.2% budget
- Net Income: (\$0.93M) vs (\$0.53M) budget
- Outpatient Revenue: \$41.2M, favorable \$2.1M to budget
- Inpatient Volume: 532 discharges, -6% to budget
- ALOS 3.73 vs 4.39 budget
- Supplies: \$658K favorable
- Labor Costs: \$995K unfavorable (Salaries + Benefits)
- Paid FTEs: 868 vs 863 budget (+0.6%)

Salary/Contract Labor



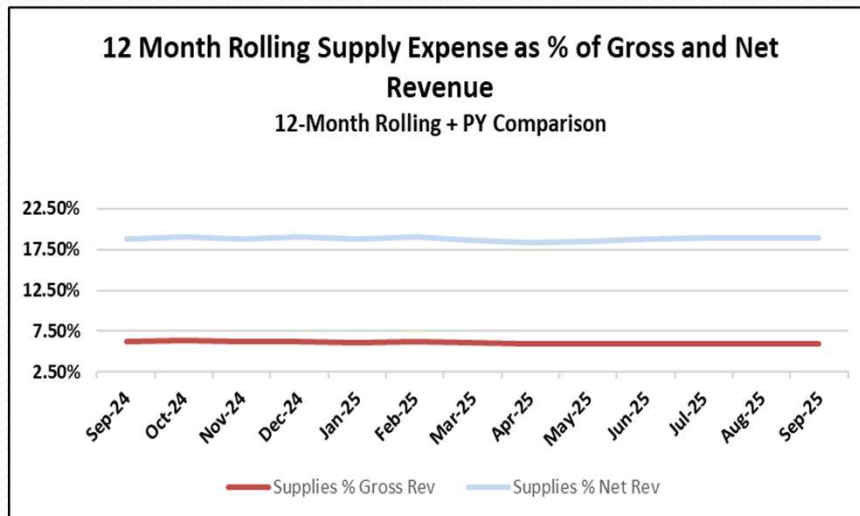
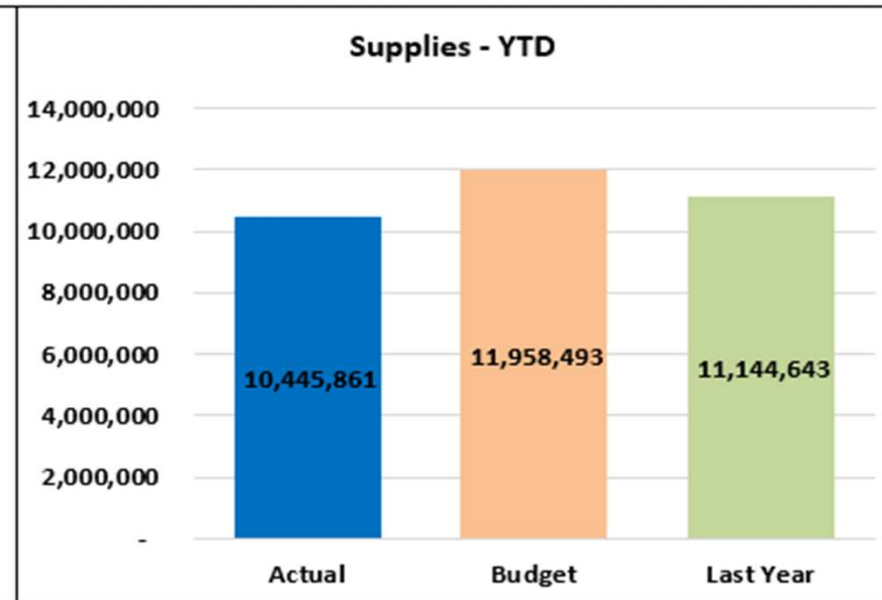
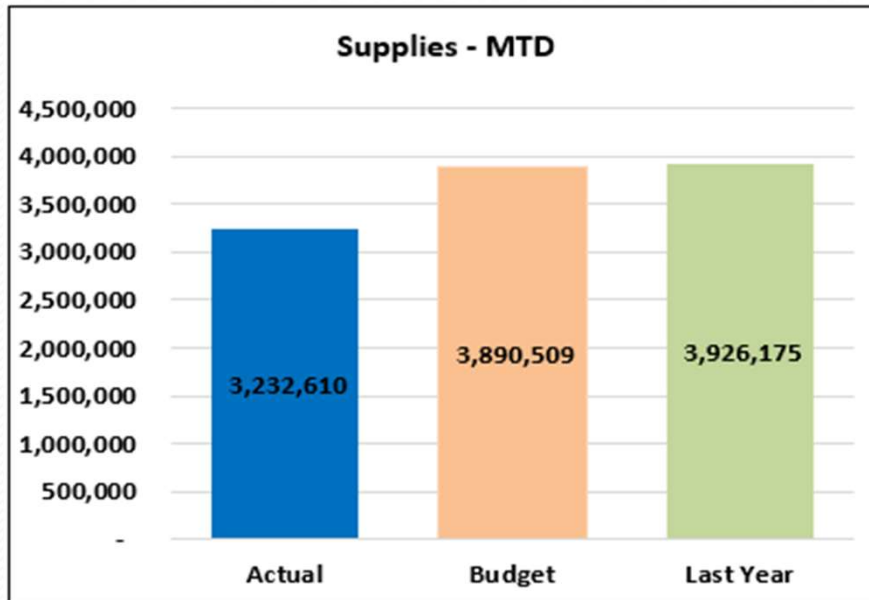
- MTD salaries were 15.7% unfavorable to budget and 4.7% unfavorable to prior year, primarily due to severance costs associated with the recent reduction in force. Contract labor was 18.7% favorable to budget and 27.8% favorable to prior year, reflecting the successful transition of Radiology Oncology staff to hospital employment.
- The rolling 12-month SWB+C trend continues to show an upward trajectory driven by market rate adjustments, annual increases, and severance payments.

Physician & Professional Fees



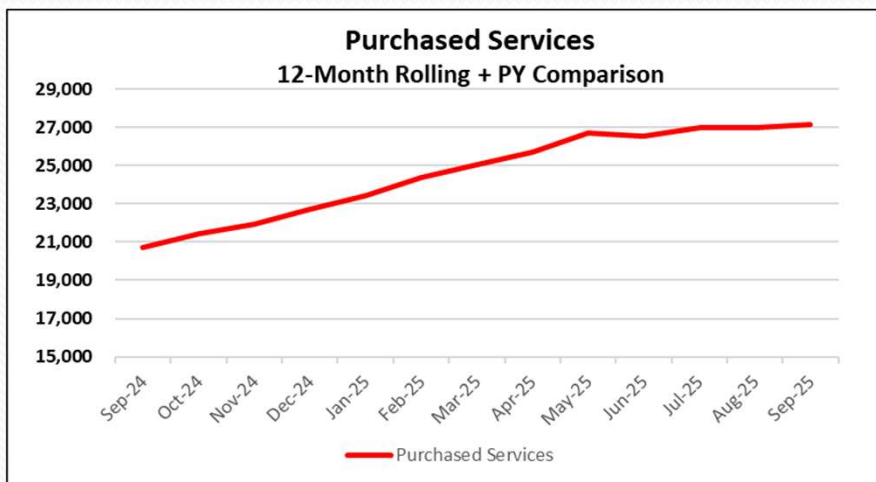
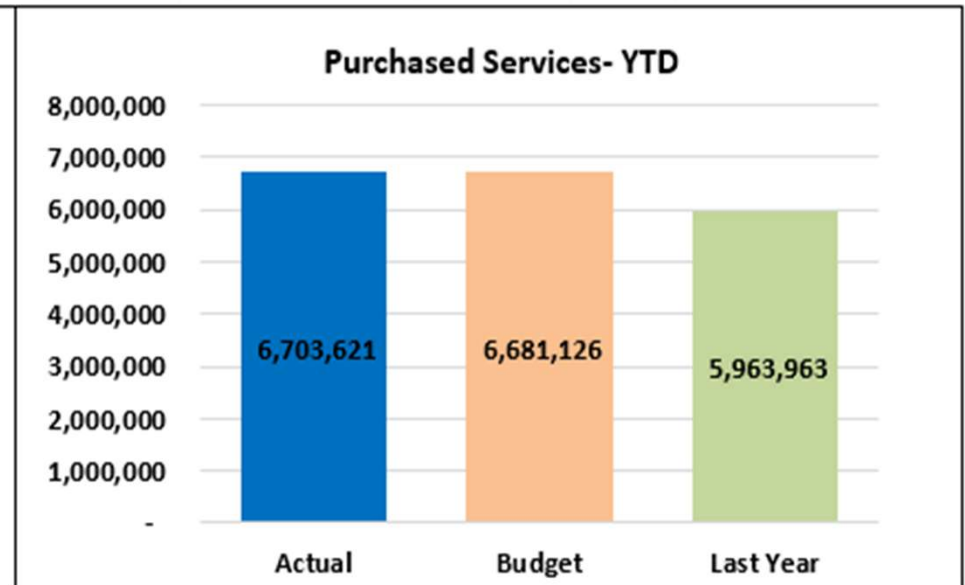
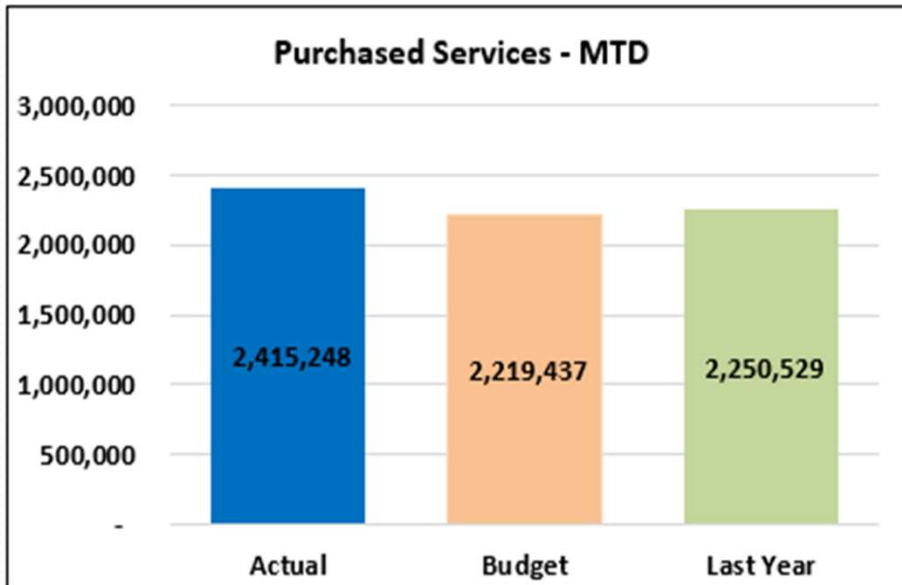
- MTD Phys & Profees are up 5.7% to budget and 17.3% to prior year.
- Variance from prior year: The current year reflects the absence of \$120K in prior-year true-ups. Physician support increased by \$60K, and dialysis expenses rose by \$37K. Total surgical cases increased by 33 and cath lab cases by 23, which may have contributed to the higher physician support.

Supplies



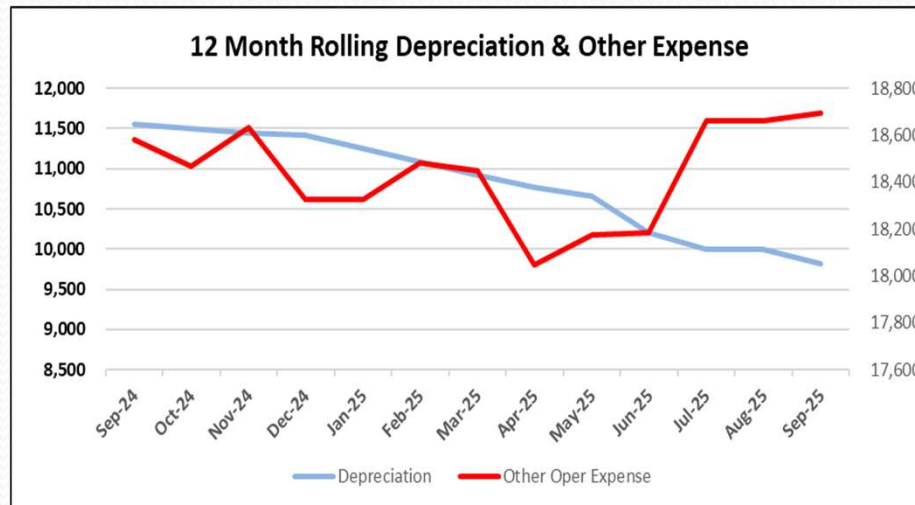
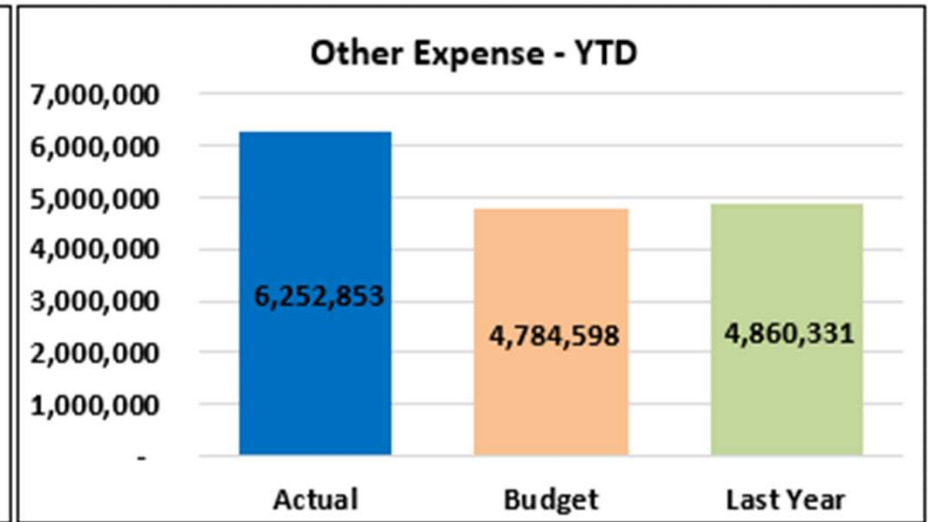
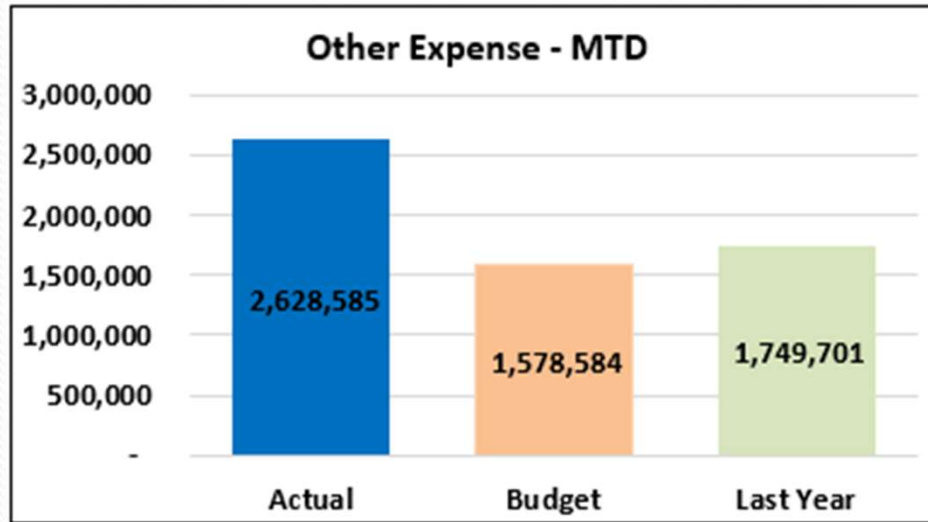
- MTD Supplies are down 16.9% to budget and down 17.7% to prior year. As a percentage of Net Revenue, supplies are down 1.1% to budget and down to prior year by 1.7%.
- Compared to the prior year, pharmaceuticals decreased by \$221K, medical supplies by \$200K, lab supplies by \$106K, implants by \$40K, and non-medical supplies by \$66K.

Purchased Services



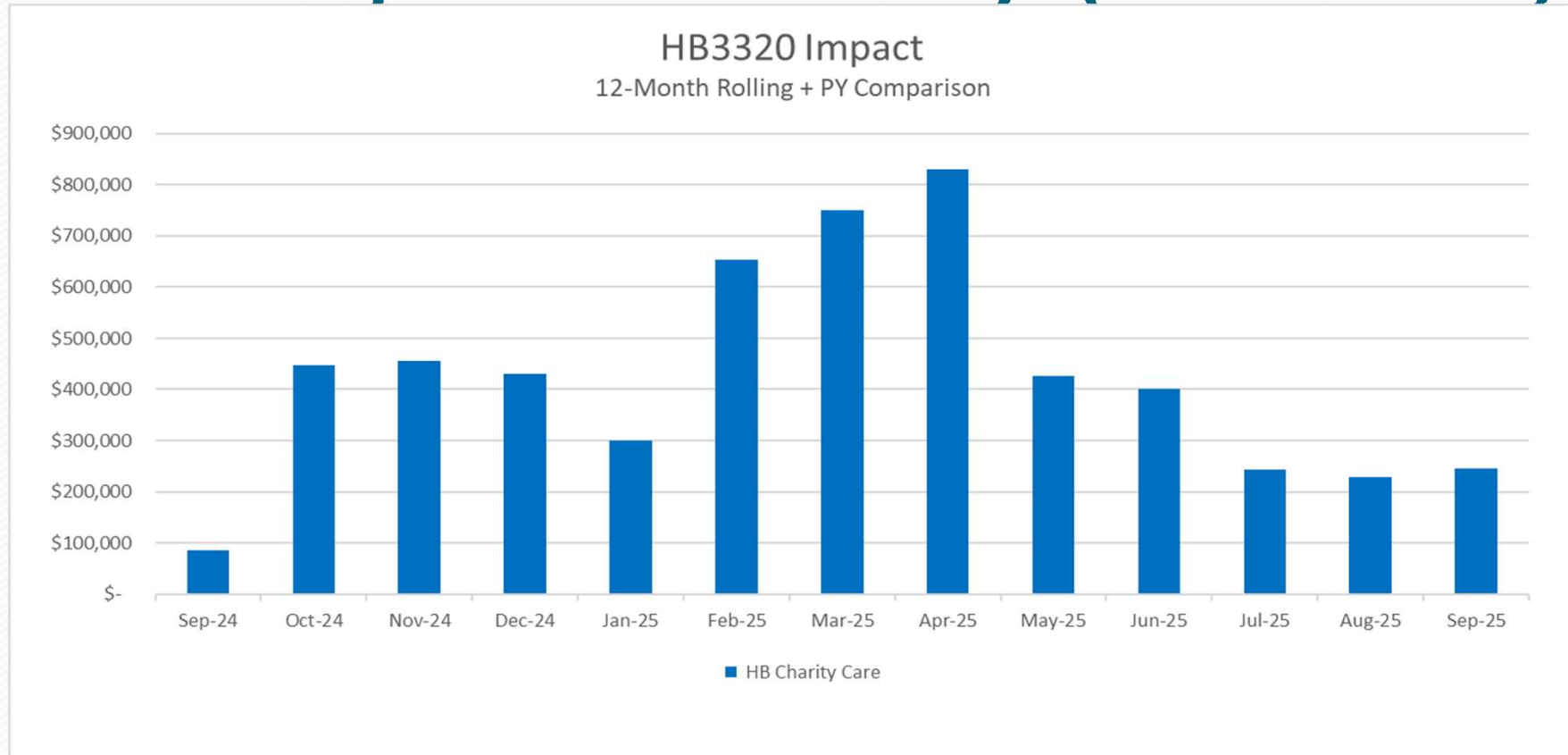
- Month-to-date (MTD) Purchased Services are 8.8% above budget and 7.3% higher than the prior year. The variance to prior year is primarily driven by a \$60K increase in recruitment expenses, a \$60K increase in software subscriptions due to a prior-year credit not recurring in the current year, a \$30K increase in maintenance costs, and a \$15K increase in scope repairs.

Other Operating Expense



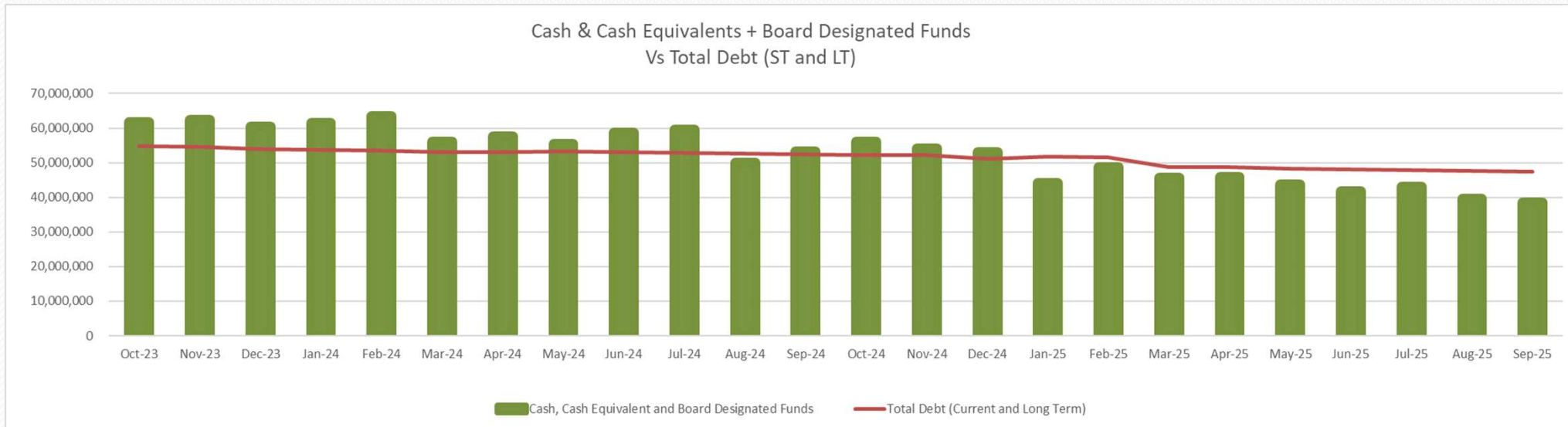
- Other Operating Expenses increased \$1.1M compared to budget and \$879K to prior year.
- Increase primarily driven by change in Provider Tax calculations. New rates of 7.73% for IP and 10.54% for OP compared to prior year flat rate of 6%.

Presumptive Charity (HB3320)



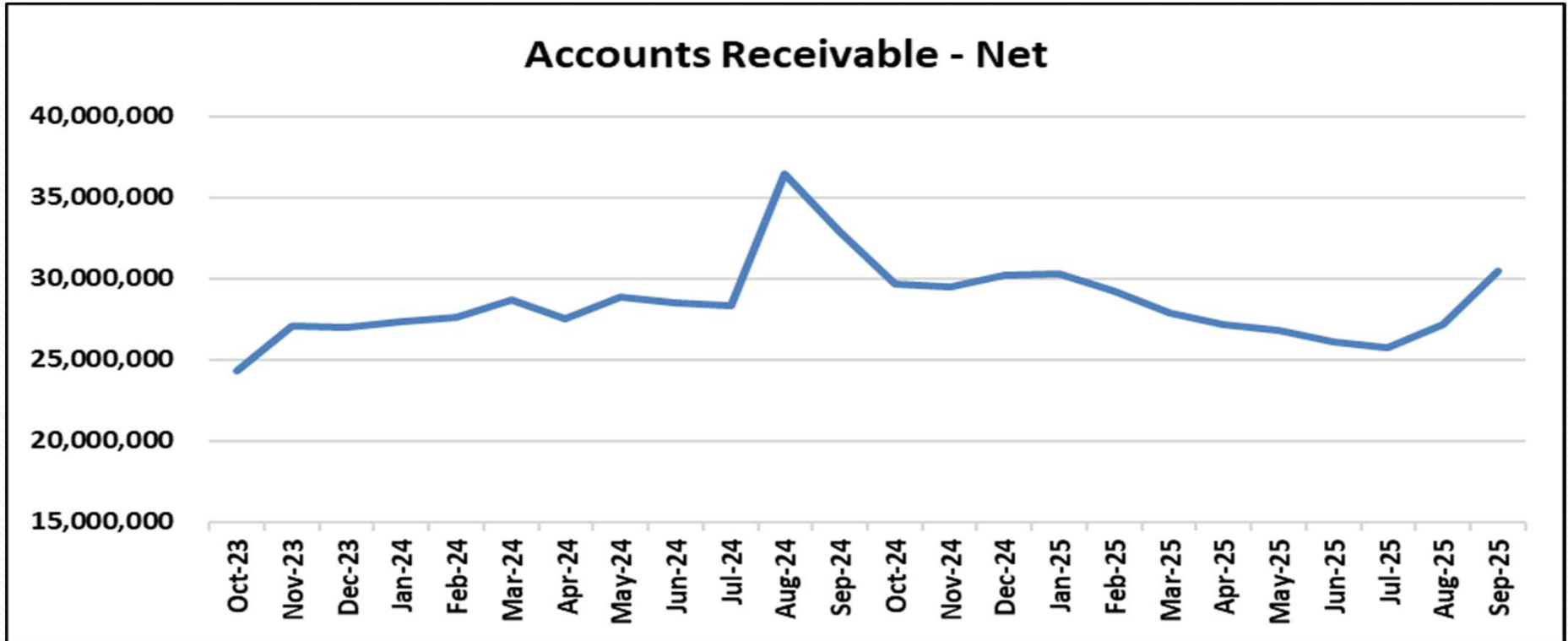
- September reflected a decrease of 15.37% over the previous 3 month run rate.
- The estimated annual impact for FY26 is \$2.8 million, reflecting a projected decrease of \$2.1 million from the prior year due to changes in the qualification process. This adjustment includes the addition of a dedicated employee responsible for conducting eligibility screenings.

Cash/Investments and Total Debt

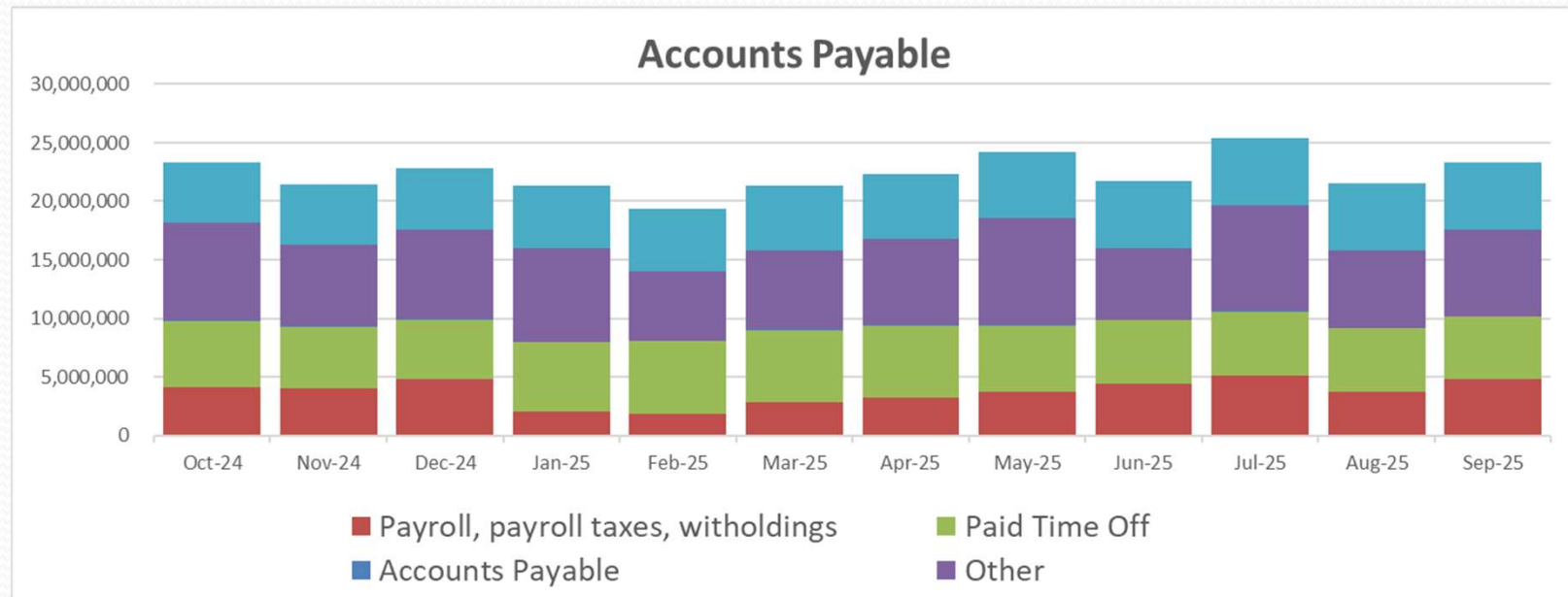


- Total cash & cash equivalent + board designated funds (BDF) was \$38.6M a \$14.6M decrease from prior year and \$3M decrease to 3 month run rate. Total outstanding debt is \$47.4 million, consisting of a \$45 million bank loan and the remainder in capitalized leases and subscription liabilities.
- Current Ratio is 2.38
- Debt to Capitalization is 43.5%, up 5.68% to prior year.
- Days Cash on Hand is 55 days.

Accounts Receivable



Current Liabilities



- September liabilities \$31M
- Increase of \$378K compared to the 3-month run rate
 - +\$152K in “Other” — driven by higher accruals and true-ups
 - +\$292K in Payroll/PTO — reflecting timing of payroll and time-off payouts
 - +\$25K in 3rd Party Settlements Payable (net) — reflecting timing of settlement adjustments
 - -\$91K in Accounts Payable — due to vendor payment timing

Bay Area Hospital
Revenue Cycle Scorecard

	Industry Bench- marks	Jun-23	Jul-23	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	FY23 Year End Actual	FY24 YTD Actual	FY25 YTD Actual	FY26 YTD Actual
Charges		51,525,526	52,951,076	66,044,235	61,917,714	63,895,481	59,133,918	61,786,391	67,788,622	59,771,605	57,721,008	64,488,206	58,793,523	59,124,181	66,693,128	66,538,480	67,955,375	577,661,143	702,923,452	735,301,582	133,231,608
Net Pt Revenue		21,943,792	17,853,601	21,904,658	18,763,688	20,295,027	18,039,746	20,399,980	20,989,450	19,888,773	18,923,187	19,625,247	19,316,068	17,827,296	20,289,947	20,818,938	19,254,591	205,462,867	239,746,746	235,739,474	41,108,885
Provider Tax		924,860	1,004,447	1,290,758	1,279,014	947,664	971,049	1,057,276	1,132,520	1,068,188	1,015,076	1,050,610	1,023,998	909,741	1,339,781	1,374,703	2,334,842	10,898,689	13,038,230	12,719,048	2,714,484
Net Pt Rev less Provider Tax		21,018,932	16,849,154	20,613,901	17,484,674	19,347,363	17,068,697	19,342,704	19,856,930	18,820,584	17,908,111	18,574,637	18,292,070	16,917,555	18,950,166	19,444,234	16,919,749	194,564,178	226,708,516	223,020,425	38,394,401
Cash Collected		18,007,319	17,116,004	12,133,965	21,725,026	22,136,352	17,173,989	18,196,526	19,558,139	20,317,077	18,923,889	19,207,028	18,391,833	16,396,706	19,198,685	17,702,576	18,324,123	196,654,713	215,172,426	223,206,398	36,901,261
Ave Age of Cash Collected																					
Net to Gross		42.59%	33.7%	33.2%	30.3%	31.8%	30.5%	33.0%	31.0%	33.3%	32.8%	30.4%	32.9%	30.2%	30.4%	31.3%	28.3%	35.57%	34.1%	32.1%	30.9%
Net to Gross w/o provider tax		40.79%	31.82%	31.21%	28.24%	30.28%	28.86%	31.31%	29.29%	31.49%	31.03%	28.80%	31.11%	28.61%	28.41%	29.22%	24.90%	33.68%	32.25%	30.33%	28.82%
Net Collections	86-100%	85.67%	101.6%	58.9%	124.3%	114.4%	100.6%	94.1%	98.5%	108.0%	105.7%	103.4%	100.5%	96.9%	101.3%	91.0%	108.3%	101.07%	94.9%	100.1%	96.1%
Net Collections-90day	95-98%	98.76%	93.8%	62.5%	115.0%	116.1%	92.2%	99.4%	103.5%	431.8%	206.1%	138.9%	100.0%	91.5%	105.6%	96.2%	101.5%	101.07%	94.9%	100.1%	96.1%
AR Balance		58,337,069	57,777,512	76,537,629	71,204,669	63,798,702	65,758,125	56,722,188	58,825,934	54,988,057	51,143,332	50,562,733	47,517,632	50,927,142	49,970,120	50,529,029	50,619,389	58,337,069	64,535,044	50,927,142	50,529,029
Epic AR 90days+		12,226,248	12,316,765	18,083,460	17,734,192	17,726,614	18,911,134	16,139,457	16,609,827	14,693,461	14,643,773	14,448,870	13,289,320	12,750,993	12,383,774	12,092,356	11,043,957	12,226,248	15,191,837	12,750,993	12,092,356
% AR 90+Days	15-30%	21.0%	21.3%	23.6%	24.9%	27.8%	28.8%	28.5%	28.2%	26.7%	28.6%	28.6%	28.0%	25.0%	24.8%	23.9%	21.8%	21.0%	23.5%	25.0%	23.9%
HB DNFB Days	3.00	7.2	6.20	12.10	9.50	7.90	8.60	9.30	7.70	7.20	5.80	4.90	6.00	6.90	6.30	7.30	5.30	7.2	7.90	6.90	7.30
EB AR Days	30-60	34.9	34.00	39.80	36.00	30.60	32.40	28.30	28.60	26.30	24.80	24.40	24.00	25.40	24.90	24.20	23.40	34.9	33.10	25.40	24.20
Pre-Service Cash Collection	5-35%	17.5%	15.0%	3.0%	3.0%	4.2%	4.8%	4.1%	12.0%	8.2%	9.8%	6.4%	6.9%	7.5%	10.8%	12.8%	8.7%	6.3%	13.7%	7.5%	12.8%
Registration Collection		127,794	61,425	24,464	35,794	28,792	50,452	31,910	73,361	63,015	84,168	54,119	47,184	93,894	102,992	100,923	117,275	63,655	1,209,828	637,899	203,915
HB Clean Claims	90-95%	80.0%	79.0%	82.0%	79.0%	78.0%	79.0%	78.0%	78.0%	77.0%	76.0%	76.0%	74.0%	75.0%	74.0%	77.0%	78.0%	75.8%	79.3%	75.00%	77.00%
PB Clean Claim	90-95%	29.0%	27.0%	34.0%	25.0%	19.0%	22.0%	16.0%	21.0%	23.0%	22.0%	22.0%	23.0%	25.0%	23.0%	26.0%	27.0%	37.7%	22.7%	25.00%	26.00%
HB Overall Denial	5-10%	11.4%	13.0%	8.0%	8.3%	8.0%	9.1%	9.1%	10.3%	12.5%	12.7%	10.0%	10.1%	9.7%	9.7%	9.4%	9.7%	12.0%	10.3%	9.70%	9.40%
PB Overall Denial	5-10%	11.1%	11.7%	9.4%	8.1%	7.2%	10.1%	9.4%	8.3%	12.3%	11.2%	11.9%	11.2%	21.8%	58.6%	8.3%	9.9%	11.4%	8.3%	21.80%	8.30%
Case Mix Index		1.4426	1.4038	1.5640	1.5375	1.4333	1.4369	1.5418	1.4300	1.4575	1.4937	1.5063	1.4852	1.4251	1.4788	1.4281					
HB Charges on time	98%	96.0%	96.0%	93.0%	92.0%	96.0%	95.0%	94.0%	93.0%	95.0%	95.0%	95.0%	96.0%	95.0%	95.0%	94.0%	92.0%	95.6%	96.5%	94.7%	94.5%
		2,087,636	1,196,321																		
Cash Aging Buckets (age of account when cash was collected)-Does not include CCO capitated payments																					
<90		14,638,821	13,592,635	10,615,900	20,739,977	20,196,650	15,901,525	15,822,607	17,838,505	17,586,251	17,136,418	16,883,270	17,772,025	15,695,156	16,648,929	17,300,173	16,480,211	151,866,499	194,849,733	202,516,945	33,949,102
90-119		428,950	405,461	556,433	512,846	682,921	569,463	674,098	376,731	993,332	428,539	709,228	417,126	335,359	597,540	664,196	705,230	5,921,231	5,832,541	6,943,475	1,261,736
120-179		433,199	449,646	639,348	748,177	896,315	388,404	608,446	705,681	810,631	693,691	463,475	342,908	427,030	750,752	310,484	341,051	6,324,303	5,534,260	7,208,894	1,061,236
180-269		276,139	233,144	13,351	444,651	696,867	125,408	325,095	277,696	1,018,518	165,721	159,280	192,816	120,760	263,371	153,305	138,251	5,545,254	3,176,123	3,651,862	416,676
270-364		65,262	218,181	31,028	59,619	205,286	132,114	198,282	131,769	261,688	288,983	78,963	175,738	52,225	46,912	82,640	112,458	2,648,997	1,478,021	1,754,635	129,552
365+		301,605	319,074	104,126	120,340	93,521	57,596	155,620	93,849	215,402	(99,033)	7,315	362,384	300,234	185,598	203,299	345,712	3,487,385	1,802,563	1,400,791	388,898
% of Cash Collected by Account Age Bucket																					
<90		90.68%	89.32%	88.76%	91.67%	88.69%	92.59%	88.97%	91.84%	84.20%	92.06%	92.25%	92.26%	92.70%	90.03%	92.44%	90.94%	86.39%	91.62%	90.62%	91.24%
90-119		2.66%	2.66%	4.65%	2.27%	3.00%	3.32%	3.79%	1.94%	4.76%	2.30%	3.88%	2.17%	1.98%	3.23%	3.55%	3.89%	3.37%	2.74%	3.11%	3.39%
120-179		2.68%	2.95%	5.35%	3.31%	3.94%	2.26%	3.42%	3.63%	3.88%	3.73%	2.53%	1.78%	2.52%	4.06%	1.66%	1.88%	3.60%	2.60%	3.23%	2.85%
180-269		1.71%	1.53%	0.11%	1.97%	3.06%	0.73%	1.83%	1.43%	4.88%	0.89%	0.87%	1.00%	0.71%	1.42%	0.82%	0.76%	3.15%	1.49%	1.63%	1.12%
270-364		0.40%	1.43%	0.26%	0.26%	0.90%	0.77%	1.11%	0.68%	1.25%	1.55%	0.43%	0.91%	0.31%	0.25%	0.44%	0.62%	1.51%	0.69%	0.79%	0.35%
365+		1.87%	2.10%	0.87%	0.53%	0.41%	0.34%	0.88%	0.48%	1.03%	-0.53%	0.04%	1.88%	1.77%	1.00%	1.09%	1.91%	1.98%	0.85%	0.63%	1.05%



Month End Financial and Operational Narrative
For month ending September 30, 2025

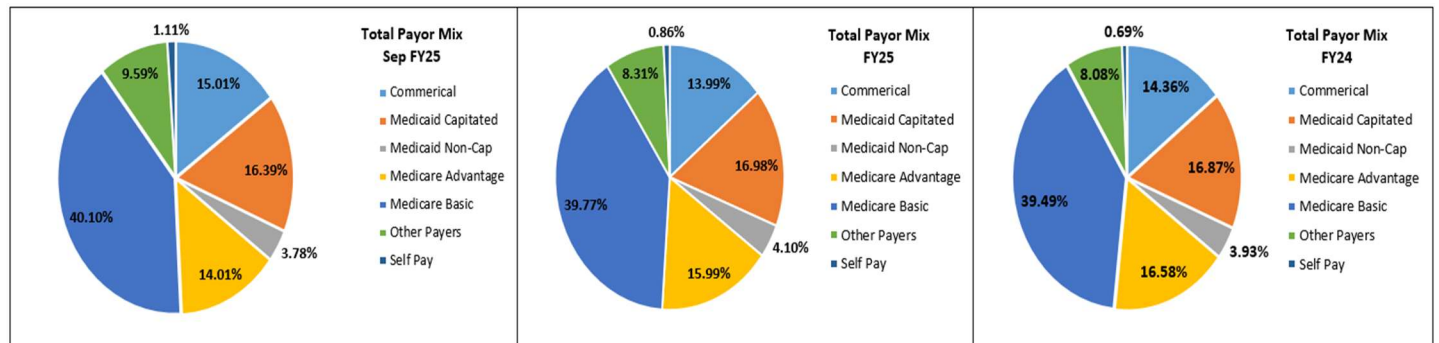
Executive Summary

September performance reflected modest volume stabilization and continued efforts to manage expenses. Net revenue totaled \$21.6M, exceeding budget by \$745K (3.6%) and prior year by \$2.3M (12.1%), driven by higher surgical volumes and a favorable rate and payer mix. However, operating expenses of \$22.5M were \$1.3M (6.3%) unfavorable to budget, primarily due to salary and other expense overages. The month closed with a net operating loss of \$837K, widening the loss compared to budget but improving versus prior year's \$2.5M loss. Net Income for September was (\$930K), an improvement of nearly \$1M versus prior year. The Operating Margin ended at -3.9% versus a budgeted -1.2%.

Bay Area Hospital Consolidated Income Statement - September 2025 in '000										
	Month To Date					Year To Date				
	Actual	Budget	Variance	Prior Year	Variance	Actual	Budget	Variance	Prior Year	Variance
Gross Patient Revenue	67,955	66,675	1,280	61,162	6,793	201,187	204,470	(3,283)	187,085	14,102
Total Deductions	46,366	46,105	(261)	42,327	(4,039)	138,489	141,388	2,899	126,579	(11,910)
Net Healthcare Revenue	21,589	20,570	1,019	18,835	2,755	62,698	63,082	(384)	60,506	2,193
Other Oper Revenue	56	331	(275)	469	(412)	875	992	(117)	932	(57)
Total Net Revenue	21,646	20,901	745	19,303	2,342	63,573	64,074	(501)	61,438	2,136
Salaries/ Wages & Benefits	10,337	9,342	(995)	9,486	(851)	32,630	28,238	(4,392)	29,965	(2,665)
Contract Labor	1,504	1,851	347	2,084	580	4,917	5,923	1,006	6,061	1,144
Depreciation	719	727	8	940	220	2,223	2,230	7	2,821	597
Other Expense	9,923	9,231	(693)	9,318	(605)	28,229	28,067	(162)	26,784	(1,445)
Total Operating Expenses	22,483	21,151	(1,332)	21,829	(655)	67,999	64,458	(3,541)	65,630	(2,369)
Net Operating Income	(837)	(250)	(588)	(2,525)	1,688	(4,426)	(384)	(4,041)	(4,192)	(233)
Non Operating Income/(Loss)	(93)	(284)	191	616	(709)	(346)	(853)	507	1,586	(1,932)
Net Income	(931)	(534)	(397)	(1,909)	978	(4,771)	(1,237)	(3,534)	(2,606)	(2,166)
Net To Gross	31.9%	31.3%	0.5%	31.6%	0.3%	31.6%	31.3%	0.3%	32.8%	-1.2%
Operating EBITDA	(118)	478	(596)	(1,585)	1,467	(2,202)	1,846	(4,048)	(1,371)	(831)
Operating EBITDA %	-0.5%	2.3%	-2.8%	-8.2%	7.7%	-3.5%	2.9%	-6.3%	-2.2%	-1.2%
EBITDA	71	518	(447)	(802)	873	(1,717)	1,968	(3,685)	742	(2,459)
EBITDA %	0.3%	2.5%	-2.2%	-4.2%	4.5%	-2.7%	3.1%	-5.8%	1.2%	-3.9%

Patient Revenue

Total gross patient revenue for September was \$68.0M, up \$1.3M (1.9%) to budget and \$6.8M (11.1%) higher than prior year. Inpatient revenue: \$26.7M, below budget by \$803K (-2.9%), reflecting lower patient days and discharges. Outpatient revenue: \$41.2M, exceeding budget by \$2.1M (+5.3%), driven by improved reimbursement rates and payer mix, despite a slight decline in case mix and visit volumes. Overall, Net Healthcare Revenue was \$21.6M, up \$1.0M to budget and \$2.8M to prior year. The net-to-gross ratio improved to 31.9%, consistent with mix optimization and rate adjustments.



Operating Expenses

Operating expenses of \$22.5M were \$1.3M (6.3%) unfavorable to budget, driven by the following: Salaries: \$8.36M, \$1.14M unfavorable, with average hourly rates up 8.1% and employed hourly rates up 11.6%, reflecting severance costs associated with the recent reduction in force. Benefits: \$1.97M, favorable to budget by \$143K, normalizing after August's one-time stop-loss payment. Contract Labor: \$1.5M, \$347K favorable, reflecting successful transition of staff to



Month End Financial and Operational Narrative
For month ending September 30, 2025

hospital employment. Supplies: \$3.23M, \$658K favorable due to disciplined supply utilization. Other Operating Expenses: \$2.63M, \$1.05M unfavorable, tied to higher Provider Tax rates. Overall, total expense per adjusted patient day (APD) was \$4,282, up 25% from budget, largely from salary and wage pressures

Staffing & FTEs

Total paid FTEs were 867.8, consistent with budget (862.6) but 11.7% lower than prior year, reflecting success in reducing contract dependency. Salary FTEs: 839.1 Contract FTEs: 28.8 (down from 77.6 prior year) Paid FTE per Adjusted Day: 5.16, aligning with current census. Average hourly rate increased to \$66.51, continuing to pressure salary expense despite volume stabilization.

Volumes

Volumes have stabilized relative to recent months, supported by surgical rebound to 330 cases, though inpatient activity and acuity remain slightly below prior-year levels.

STAT	24-Sep	3MRR	25-Sep	VAR to PY	VAR to 3MRR
Total Acute Patient Days	2379	1979	1983	-396	4
Average Daily Census (Acute + Obs.)	82	68	69	-13	1
Total Admissions - Acute IP	553	504	510	-43	6
Total Admissions - Newborn	29	52	44	15	-8
Total Admissions	582	556	554	-28	-2
Total Discharges - Acute IP	525	503	489	-36	-14
Total Discharges - Newborn	28	51	43	15	-8
Total Discharges	553	554	532	-21	-22
Adjusted Patient Days	5732	5243	5042	-690	-201
ED Visits - IP Admits	447	390	408	-39	18
ED Visits - OP Visits	2066	2167	2088	22	-79
Total ED Visits	2513	2557	2496	-17	-61
Surgery Cases - IP Surgeries	97	95	118	21	23
Surgery Cases - OP Surgeries	200	207	212	12	5
Total Surgery Cases	297	302	330	33	28
Cath Lab Cases (per EPIC)	75	124	98	23	-26
Endo Procedures	55	42	43	-12	1
Med/Surg CMI - Overall	1.5732	1.5777	1.5242	-0.049	-0.0535
Med/Surg CMI - Medicare	1.5351	1.6433	1.4558	-0.0793	-0.1875

Balance Sheet & Cash Flow

- Cash and Cash Equivalents plus Board Designated Funds (BDF) were \$38.6M, representing a \$14.6M decrease from prior year and a \$3M decrease compared to the three-month run rate.
- Total outstanding debt was \$47.4M, consisting of a \$45M bank loan with the remainder in capitalized leases and subscription liabilities.
- The Current Ratio is 2.38, and Debt to Capitalization is 43.5%, up 5.68% from prior year.
- Days Cash on Hand- stands at 55 days.

Finance Committee

REVENUE CYCLE

OCTOBER 2025

Financial Performance

September's insurance cash collections closed at \$18.3M

- **\$622K improvement vs. prior month**
- **Increased \$3.5M compared to same period prior year**
- **Several cash improvement actions in progress:** workflow adjustments to reduce causes contributing to unresolved AR, write-off reviews to reduce adjustments as a percent of net revenue from 4% to 1%, continued reduction of pre-AR from seven days to two days, and revised escalation protocols to maintain surgical log stability.

Operational Highlights

Patient Financial Clearance

Insurance Verification Rate: 95% (meeting target), maintaining consistent performance, supporting accurate net revenue and patient financial experience.

Authorization Rate: Consistent at 90% (YTD range 90–92%). Opportunities for improvement in Oncology (46.5%) and Internal Med (89.1%), and Wound Care (90.6%). High insurance authorization rates decrease the risk of denials.

Pre-Bill Performance and Coding

Charge Lag Days: 120-day upward trend away from 3-day target (12.7 days), although the trajectory flattened vs. August. Wellness Clinic, OR, Acute Psych Unit, and Neurodiagnostics drive the variance. We expect this to improve next month as an issue with provider bill area was resolved.

Discharged Not Final Billed (DNFB): Improved to 5.3 days from 7.3 days prior month. Collaborative work with departments to resolve missing documentation and support for charge input.

Accounts Receivable

Receivable Aging: Aged hospital (HB) receivables increased 12% (% of AR greater than 90 days increased from 20% to 21%). Aged physician (PB) receivables decreased 22% (% of AR greater than 90 days decreased from 15% to 11%).

Medicare, Blue Cross, and United for hospital receivables comprise the highest volume of aged receivables. Escalations to Atrio Health underway to resolve aged AR for PB.

Denial Rates:

- *Hospital:* 9.8% initial denial rate (target: 6.2%; Epic top quartile: 10.1%), \$6.9M in denials.
- *Physician:* 9.8% initial denial rate (target of 7%), \$290K in denials.

Clinical Documentation Integrity

Strong physician query response and physician agreement rates, 95% and 92%, respectively. This helps support accurate DRG assignment and revenue.

October Focus

Analyze preventable and non-preventable write-offs and execute actions to mitigate net revenue loss

Plan execution of PB and HB charge capture review and optimization

Continued execution of PB pre-AR reduction to drive continued decreases in outstanding PB receivables

Continue adherence to escalation protocols for missing documentation and outstanding tickets to reduce Discharged Not Final Billed (DNFB) inventory to improve cashflow

Bay Area Hospital
 Consolidated Income Statement Trend - September 2025

	2024	2024	2024	2024	2025	2025	2025	2025	2025	2025	2025	2025	2025
	SepMTD	OctMTD	NovMTD	DecMTD	JanMTD	FebMTD	MarMTD	AprMTD	MayMTD	JunMTD	JulMTD	AugMTD	SepMTD
Gross Patient Revenue													
Inpatient Revenue	25,382,904	24,051,678	23,614,135	25,694,463	29,469,328	24,746,364	25,768,844	25,314,375	23,510,008	21,889,108	25,067,912	25,712,601	26,728,010
Outpatient Revenue	35,779,035	37,718,112	33,375,687	36,795,512	37,779,051	34,088,451	36,979,463	37,584,034	37,023,474	37,235,073	41,625,217	40,825,879	41,227,365
Total Gross Patient Revenue	61,161,939	61,769,790	56,989,822	62,489,975	67,248,378	58,834,815	62,748,306	62,898,409	60,533,482	59,124,181	66,693,128	66,538,480	67,955,375
Deductions	41,207,637	41,050,061	37,639,433	41,112,167	45,425,365	38,901,551	42,813,281	42,338,031	40,820,822	40,344,193	45,833,251	45,256,463	45,780,800
Bad Debt	731,038	300,119	476,057	310,298	406,037	(1,038,403)	11,883	(87,907)	(166,025)	753,585	154,851	390,753	209,021
Charity	388,681	398,581	834,586	667,530	427,527	1,082,894	999,956	1,023,039	562,617	199,108	415,079	72,326	376,122
Total Deductions	42,327,355	41,748,761	38,950,076	42,089,995	46,258,929	38,946,042	43,825,120	43,273,162	41,217,414	41,296,885	46,403,181	45,719,543	46,365,942
Net Healthcare Revenue	18,834,583	20,021,029	18,039,746	20,399,980	20,989,450	19,888,773	18,923,187	19,625,247	19,316,068	17,827,296	20,289,947	20,818,938	21,589,433
Other Oper Revenue	468,640	273,998	305,755	521,874	651,119	405,859	120,242	576,185	494,088	358,227	350,424	468,529	56,187
Total Net Revenue	19,303,223	20,295,027	18,345,501	20,921,854	21,640,569	20,294,632	19,043,429	20,201,432	19,810,155	18,185,523	20,640,371	21,287,467	21,645,620
Expenses													
Salaries	31.6%	32.9%	32.2%	33.5%	32.2%	34.5%	30.3%	32.1%	32.7%	30.8%	30.9%	32.0%	31.9%
Contract Labor	7,990,088	8,110,716	8,504,800	8,703,884	8,290,688	7,531,899	8,184,820	7,944,501	8,422,402	7,718,741	8,945,952	8,244,951	8,363,855
Benefits	2,084,154	1,826,306	1,303,577	1,489,725	1,679,801	1,657,777	1,386,190	1,917,651	1,727,271	1,816,954	1,597,850	1,814,985	1,503,921
Physician & Prof Fee	1,495,905	2,540,363	1,530,651	2,116,212	3,250,180	2,326,422	2,624,358	2,406,065	2,381,375	2,013,796	2,335,181	2,767,300	1,972,668
Supplies	1,374,740	1,577,395	1,429,296	1,575,795	1,584,947	1,533,512	1,584,515	1,441,414	1,746,562	1,454,501	1,577,921	1,564,475	1,613,154
Purchased Services	3,926,175	4,263,386	3,146,847	4,033,969	3,457,835	3,742,160	3,292,867	3,634,029	4,338,049	3,261,502	3,734,160	3,479,092	3,232,610
Leases/Rentals	2,250,529	2,282,321	1,995,417	2,296,703	2,363,672	2,333,839	2,338,573	2,223,000	2,748,281	2,010,074	2,238,543	2,049,830	2,415,248
Depreciation	17,292	14,710	15,475	14,455	26,319	19,892	24,782	26,427	16,944	10,788	16,288	21,281	33,513
Other Oper Expense	939,915	923,445	923,747	918,484	773,830	766,642	764,352	766,089	798,927	743,521	739,369	764,537	719,449
	1,749,701	1,246,141	1,638,267	1,471,925	1,582,981	1,520,649	1,423,841	1,254,969	1,579,023	1,604,075	1,796,122	1,828,147	2,628,585
Total Operating Expenses	21,828,500	22,784,783	20,488,079	22,621,152	23,010,252	21,432,792	21,624,297	21,614,146	23,758,834	20,633,952	22,981,385	22,534,599	22,483,003
Net Operating Income	(2,525,277)	(2,489,756)	(2,142,578)	(1,699,298)	(1,369,684)	(1,138,160)	(2,580,868)	(1,412,713)	(3,948,679)	(2,448,430)	(2,341,013)	(1,247,133)	(837,384)
Investment Income	488,055	(726,631)	320,385	(152,390)	211,196	446,682	71,188	154,156	39,127	172,596	58,410	197,536	126,043
Other Nonop Inc(Exp)	294,853	643,244	35,468	108,818	39,529	17,321	(1,850,477)	69,440	27,254	2,089	18,846	21,601	62,855
Interest Expense	(166,666)	(176,301)	(176,160)	(170,428)	(20,250)	(156,710)	(376,996)	(278,947)	(176,794)	(294,464)	(266,282)	(282,780)	(282,150)
Net Income	(1,909,035)	(2,749,444)	(1,962,885)	(1,913,298)	(1,139,208)	(830,867)	(4,737,154)	(1,468,065)	(4,059,093)	(2,568,209)	(2,530,040)	(1,310,776)	(930,634)
Operating Margin %	-13.1%	-12.3%	-11.7%	-8.1%	-6.3%	-5.6%	-13.6%	-7.0%	-19.9%	-13.5%	-11.3%	-5.9%	-3.9%
Operating EBIDA	(1,585,362)	(1,566,311)	(1,218,831)	(780,814)	(595,854)	(371,518)	(1,816,516)	(646,624)	(3,149,752)	(1,704,908)	(1,601,644)	(482,596)	(117,934)
Operating EBIDA %	-8.2%	-7.7%	-6.6%	-3.7%	-2.8%	-1.8%	-9.5%	-3.2%	-15.9%	-9.4%	-7.8%	-2.3%	-0.5%
EBIDTA	(802,454)	(1,649,698)	(862,978)	(824,386)	(345,129)	92,485	(3,595,806)	(423,029)	(3,083,372)	(1,530,224)	(1,524,389)	(263,459)	70,965
EBIDTA Margin	-4.2%	-8.1%	-4.7%	-3.9%	-1.6%	0.5%	-18.9%	-2.1%	-15.6%	-8.4%	-7.4%	-1.2%	0.3%
Key Stats													
Days in Month	30	31	30	31	31	28	31	30	31	30	31	31	30
Adj Factor	2.41	2.57	2.41	2.43	2.28	2.38	2.44	2.48	2.57	2.70	2.66	2.59	2.54
Discharges	525	581	526	587	585	553	536	552	543	440	531	538	532
Patient Days	2,379	2,291	2,335	2,487	2,372	2,292	2,150	2,109	1,999	1,955	2,001	1,974	1,983
LOS	4.53	3.94	4.44	4.24	4.05	4.14	4.01	3.82	3.68	4.44	3.77	3.67	3.73
Adjusted Days	5,732	5,884	5,635	6,048	5,413	5,449	5,235	5,240	5,147	5,281	5,324	5,108	5,042
Adjusted Discharges	1,265	1,492	1,269	1,428	1,335	1,315	1,305	1,372	1,398	1,188	1,413	1,392	1,353
Per Adjusted Day													
Net Revenue/APD	3,286	3,403	3,201	3,373	3,878	3,650	3,615	3,745	3,753	3,376	3,811	4,076	4,282
SWB+CL/APD	2,018	2,121	2,012	2,035	2,442	2,113	2,329	2,341	2,435	2,187	2,419	2,511	2,348
Salary+CL/APD	1,757	1,689	1,741	1,685	1,842	1,686	1,828	1,882	1,972	1,806	1,981	1,969	1,957
Supply Cost/APD	685	725	558	667	639	687	629	693	843	618	701	681	641
Other Expense/APD	545	480	544	504	585	560	575	515	646	579	634	664	841
Per Adjusted Discharge													
Net Revenue/Adj DC	14,889	13,418	14,211	14,290	15,723	15,127	14,498	14,309	13,816	15,000	14,362	14,954	15,961
SWB+CL/Adj DC	9,146	8,362	8,932	8,623	9,903	8,759	9,344	8,945	8,963	9,718	9,116	9,213	8,754
Salary+CL/Adj DC	7,964	6,660	7,727	7,140	7,469	6,990	7,333	7,191	7,260	8,023	7,463	7,226	7,295
Supply Cost/Adj DC	3,104	2,857	2,479	2,826	2,590	2,846	2,523	2,650	3,103	2,744	2,643	2,499	2,390
Other Expense/Adj DC	2,470	1,892	2,416	2,135	2,373	2,323	2,305	1,966	2,379	2,574	2,388	2,437	3,136
Pct of Net Revenue													
SWB	61.4%	62.3%	62.9%	60.3%	63.0%	57.9%	64.4%	62.5%	64.9%	64.8%	63.5%	61.6%	54.8%
Supplies	20.8%	21.3%	17.4%	19.8%	16.5%	18.8%	17.4%	18.5%	22.5%	18.3%	18.4%	16.7%	15.0%
Other Expense	16.6%	14.1%	17.0%	14.9%	15.1%	15.4%	15.9%	13.7%	17.2%	17.2%	16.6%	16.3%	19.6%
Bad Debt & Charity	5.9%	3.5%	7.3%	4.8%	4.0%	0.2%	5.3%	4.8%	2.1%	5.3%	2.8%	2.2%	2.7%
FTE's													
Total Salary FTE's	905.73	900.32	907.34	917.92	916.71	910.57	885.98	916.26	850.09	857.97	851.49	847.77	839.06
Total Contract FTE's	77.59	74.82	51.12	61.26	51.80	69.53	52.32	76.23	57.88	27.23	57.97	57.75	28.76
Total Facility Paid FTE's	983.32	975.14	958.46	979.18	968.50	980.10	938.30	992.49	907.97	885.20	909.46	905.52	867.82
Paid FTE per AOB	5.15	5.14	5.10	5.02	5.55	5.04	5.56	5.68	5.47	5.03	5.30	5.50	5.16
Average Hourly Rate	\$ 59.76	\$ 57.53	\$ 59.70	\$ 58.77	\$ 58.12	\$ 58.60	\$ 57.58	\$ 57.96	\$ 63.10	\$ 63.01	\$ 65.63	\$ 62.89	\$ 66.51
Employed Avg Hourly F	\$ 51.46	\$ 50.86	\$ 54.68	\$ 53.53	\$ 51.05	\$ 51.70	\$ 52.15	\$ 50.58	\$ 55.93	\$ 52.62	\$ 59.47	\$ 55.05	\$ 58.31

Bay Area Hospital

Consolidated Income Statement - September 2025

	Month to Date							Year to Date						
	Actual	Budget	Variance	Var %	Prior Year	Variance	Var %	Actual	Budget	Variance	Var %	Prior Year	Variance	Var %
Gross Patient Revenue														
Inpatient Revenue	26,728,010	27,531,474	(803,464)	-2.9%	25,382,904	1,345,107	5.3%	77,508,523	84,429,854	(6,921,331)	-8.2%	78,013,013	(504,490)	-0.6%
Outpatient Revenue	41,227,365	39,143,457	2,083,907	5.3%	35,779,035	5,448,330	15.2%	123,678,461	120,039,936	3,638,524	3.0%	109,071,490	14,606,971	13.4%
Total Gross Patient Revenue	67,955,375	66,674,932	1,280,444	1.9%	61,161,939	6,793,437	11.1%	201,186,984	204,469,790	(3,282,807)	-1.6%	187,084,503	14,102,481	7.5%
Deductions	45,780,800	45,172,866	(607,934)	-1.3%	41,207,637	(4,573,163)	-11.1%	136,870,515	138,530,123	1,659,608	1.2%	123,724,637	(13,145,878)	-10.6%
Bad Debt	209,021	210,818	1,797	0.9%	731,038	522,017	71.4%	754,625	646,506	(108,118)	-16.7%	1,583,740	829,116	52.4%
Charity	376,122	721,032	344,910	47.8%	388,681	12,559	3.2%	863,527	2,211,166	1,347,639	60.9%	1,270,530	407,003	32.0%
Total Deductions	46,365,942	46,104,716	(261,227)	-0.6%	42,327,355	(4,038,587)	-9.5%	138,488,666	141,387,795	2,899,129	2.1%	126,578,907	(11,909,759)	-9.4%
Net Healthcare Revenue	21,589,433	20,570,216	1,019,217	5.0%	18,834,583	2,754,849	14.6%	62,698,317	63,081,995	(383,678)	-0.6%	60,505,596	2,192,721	3.6%
Other Oper Revenue	56,187	330,756	(274,569)	-83.0%	468,640	(412,453)	-88.0%	875,140	992,267	(117,127)	-11.8%	932,287	(57,147)	-6.1%
Total Net Revenue	21,645,620	20,900,972	744,648	3.6%	19,303,223	2,342,396	12.1%	63,573,458	64,074,262	(500,805)	-0.8%	61,437,884	2,135,574	3.5%
Net to Gross Ratio	31.9%	31.3%			31.6%			31.6%	31.3%			32.8%		
Salaries	8,363,855	7,226,254	(1,137,601)	-15.7%	7,990,088	(373,767)	-4.7%	25,554,758	21,867,930	(3,686,827)	-16.9%	24,216,097	(1,338,661)	-5.5%
Contract Labor	1,503,921	1,850,899	346,978	18.7%	2,084,154	580,233	27.8%	4,916,756	5,923,216	1,006,460	17.0%	6,060,953	1,144,197	18.9%
Benefits	1,972,668	2,115,611	142,943	6.8%	1,495,905	(476,763)	-31.9%	7,075,150	6,370,242	(704,907)	-11.1%	5,748,423	(1,326,726)	-23.1%
Physician & Prof Fee	1,613,154	1,525,510	(87,644)	-5.7%	1,374,740	(238,414)	-17.3%	4,755,550	4,592,631	(162,919)	-3.5%	4,767,406	11,855	0.2%
Supplies	3,232,610	3,890,509	657,899	16.9%	3,926,175	693,565	17.7%	10,445,861	11,958,493	1,512,631	12.6%	11,144,643	698,782	6.3%
Purchased Services	2,415,248	2,219,437	(195,811)	-8.8%	2,250,529	(164,719)	-7.3%	6,703,621	6,681,126	(22,496)	-0.3%	5,963,963	(739,659)	-12.4%
Leases/Rentals	33,513	16,567	(16,946)	-102.3%	17,292	(16,221)	-93.8%	71,082	50,201	(20,881)	-41.6%	47,396	(23,686)	-50.0%
Depreciation	719,449	727,439	7,990	1.1%	939,915	220,466	23.5%	2,223,355	2,229,939	6,583	0.3%	2,820,751	597,396	21.2%
Other Oper Expense	2,628,585	1,578,584	(1,050,000)	-66.5%	1,749,701	(878,883)	-50.2%	6,252,853	4,784,598	(1,468,256)	-30.7%	4,860,331	(1,392,522)	-28.7%
Total Operating Expenses	22,483,003	21,150,811	(1,332,192)	-6.3%	21,828,500	(654,503)	-3.0%	67,998,987	64,458,375	(3,540,612)	-5.5%	65,629,962	(2,369,025)	-3.6%
Net Operating Income	(837,384)	(249,839)	(587,545)	235.2%	(2,525,277)	1,687,893	-66.8%	(4,425,530)	(384,113)	(4,041,417)	1052.1%	(4,192,079)	(233,451)	5.6%
Investment Income	126,043	-	126,043	0.0%	488,055	(362,011)	-74.2%	381,989	-	381,989	0.0%	1,687,844	(1,305,855)	-77.4%
Other Nonop Inc(Exp)	62,855	40,718	22,138	54.4%	294,853	(231,998)	-78.7%	103,302	122,154	(18,852)	-15.4%	425,833	(322,531)	-75.7%
Interest Expense	(282,150)	(325,000)	42,850	-13.2%	(166,666)	(115,483)	69.3%	(831,212)	(975,000)	143,788	-14.7%	(527,514)	(303,698)	57.6%
Net Income	(930,634)	(534,121)	(396,513)	74.2%	(1,909,035)	978,401	-51.3%	(4,771,451)	(1,236,959)	(3,534,491)	285.7%	(2,605,916)	(2,165,534)	83.1%
Contractual %	-68.2%	-69.1%	0.9%		-69.2%			-68.8%	-69.1%	0.3%		-67.7%		
Operating Margin	-3.9%	-1.2%	-2.7%	223.6%	-13.1%	9.2%		-7.0%	-0.6%	-6.4%	1061.2%	-6.8%	-0.14%	2.0%
Operating EBITDA	(117,934)	477,600	(595,534)	-124.7%	(1,585,362)	1,467,427	-92.6%	(2,202,174)	1,845,826	(4,048,000)	-219.3%	(1,371,328)	(830,846)	60.6%
Operating EBITDA %	-0.5%	2.3%	-2.8%	-123.8%	-8.2%	7.7%		-3.5%	2.9%	-6.3%	-220.2%	-2.2%	-1.23%	55.2%
EBITDA	70,965	518,318	(447,354)	-86.3%	(802,454)	873,418	-108.8%	(1,716,883)	1,967,980	(3,684,863)	-187.2%	742,349	(2,459,232)	-331.3%
EBITDA %	0.3%	2.5%	-2.2%	-86.8%	-4.2%	4.5%		-2.7%	3.1%	-5.8%	-187.9%	1.2%	-3.91%	-323.5%
Key Stats														
Discharges	532	566	(34)	-6.0%	525	7	1.3%	1,601	1,738	(137)	-7.9%	1,634	(33)	-2.0%
Patient Days	1,983	2,484	(501)	-20.2%	2,379	(396)	-16.6%	5,958	7,618	(1,660)	-21.8%	7,383	(1,425)	-19.3%
LOS	3.73	4.39	(0.66)	-15.1%	4.53	(0.80)	-17.7%	3.72	4.38	(0.66)	-15.1%	4.52	(0.80)	-17.6%
Adjusted Days	5,042	6,015	(973)	-16.2%	5,732	(691)	-12.0%	15,465	18,449	(2,984)	-16.2%	17,705	(2,240)	-12.7%
Adjusted Discharges	1,353	1,371	(18)	-1.3%	1,265	88	6.9%	4,156	4,208	(53)	-1.3%	3,919	237	6.1%
Per Adjusted Day														
Net Revenue/APD	4,282	3,420	862	25.2%	3,286	996	30.3%	4,054	3,419	635	18.6%	3,417	637	18.6%
SWB+CL/APD	2,348	1,861	(488)	-26.2%	2,018	330	16.4%	2,428	1,852	(576)	-31.1%	2,035	393	19.3%
Salary+CL/APD	1,957	1,509	(448)	-29.7%	1,757	200	11.4%	1,970	1,506	(464)	-30.8%	1,710	260	15.2%
Supply Cost/APD	641	647	6	0.9%	685	(44)	-6.4%	675	648	(27)	-4.2%	629	46	7.3%
Other Expense/APD	841	516	(325)	-63.0%	545	296	54.4%	712	508	(204)	-40.0%	544	168	30.9%
Per Adjusted Discharge														
Net Revenue/Adj DC	15,961	15,008	953	6.4%	14,889	1,073	7.2%	15,087	14,989	98	0.7%	15,441	(354)	-2.3%
SWB+CL/Adj DC	8,754	8,166	(588)	-7.2%	9,146	(392)	-4.3%	9,035	8,117	(918)	-11.3%	9,194	(159)	-1.7%
Salary+CL/Adj DC	7,295	6,623	(673)	-10.2%	7,964	(668)	-8.4%	7,333	6,604	(729)	-11.0%	7,727	(394)	-5.1%
Supply Cost/Adj DC	2,390	2,839	449	15.8%	3,104	(714)	-23.0%	2,514	2,842	328	11.5%	2,844	(330)	-11.6%
Other Expense/Adj DC	3,136	2,265	(871)	-38.5%	2,470	666	27.0%	2,649	2,228	(421)	-18.9%	2,457	192	7.8%
Pct of Net Revenue														
SWB+CL	54.8%	54.4%	-0.4%		61.4%	6.6%		59.9%	54.2%	-5.7%		59.5%	-0.3%	
Supplies	15.0%	18.9%	3.9%		20.8%	5.9%		16.7%	19.0%	2.3%		18.4%	1.8%	
Other Expense	19.6%	15.1%	-4.6%		16.6%	-3.1%		17.6%	14.9%	-2.7%		15.9%	-1.6%	
Bad Debt % of GR	0.3%	0.3%	0.0%		1.2%	0.9%		0.4%	0.3%	0.1%		0.8%	0.5%	
Bad Debt & Charity	2.7%	4.5%	-1.8%		5.9%	3.2%		2.6%	4.5%	-1.9%		4.7%	2.1%	
Bad Debt/Charity % of GR	0.9%	1.4%	-0.5%		1.8%			0.8%	1.4%	-0.6%		1.5%		
FTE's														
Total Salary Hours	143,445	138,287	(5,158)	-3.7%	155,267	11,823	7.6%	443,631	421,383	(22,248)	-5.3%	478,199	34,568	7.2%
Total Contract Hours	4,917	9,178	4,261	46.4%	13,302	13,301	100.0%	25,360	28,149	2,789	9.9%	49,511	24,151	48.8%
Total Salary FTE's	839.06	808.89	(30.17)	-3.7%	905.73	66.67	7.4%	846.18	803.75	(42.44)	-5.3%	909.62	63.44	7.0%
Total Contract FTE's	28.76	53.69	24.92	46.4%	77.59	48.83	62.9%	48.37	53.69	5.32	9.9%	94.18	45.81	48.6%
Total Facility Paid FTEs	867.82	862.58	(5.24)	-0.6%	983.32	115.50	11.7%	894.55	857.44	(37.12)	-4.3%	1,003.80	109.24	10.9%
Paid FTE per Adj Day	5.16	4.30	(0.86)	-20.0%	5.15	(0.02)	-0.3%	5.32	4.28	(1.05)	-24.5%	5.22	(0.11)	-2.0%
Average Hourly Rate	\$ 66.51	\$ 61.55	(4.96)	-8.1%	\$ 59.76	(6.75)	-11.3%	\$ 64.97	\$ 61.82	(3.15)	-5.1%	\$ 57.37	(7.60)	-13.2%
Employed Avg Hourly Rate	\$ 58.31	\$ 52.26	(6.05)	-11.6%	\$ 51.46	(6.85)	-13.3%	\$ 57.60	\$ 51.90	(5.71)	-11.0%	\$ 50.64	(6.96)	-13.8%

Bay Area Hospital
Balance Sheet (Including Foundation)
9/30/2025

Preliminary
Jun-25

Sep-25

Aug-25

Assets And Deferred Outflows Of Resources

Current Assets

Cash & Cash Equivalents	5,815,947	6,949,933	9,388,266
Accounts Receivable (Net)	30,492,971	27,158,579	26,128,118
Inventory	4,379,292	4,399,752	4,347,042
Other Current Assets	5,330,606	5,351,018	8,612,125
Total Current Assets	46,018,816	43,859,282	48,475,551

Assets Limited As to Use

Capital Assets

Depreciable Capital Assets (Net)	60,675,422	60,856,966	62,170,275
Nondepreciable Capital Assets	2,081,190	2,518,873	2,369,704
Total Capital Assets (Net)	62,756,613	63,375,839	64,539,978

Leases and Subscriptions (Net)

Other Non Current Assets	820,446	820,446	820,446
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Total Assets	145,071,610	143,490,477	149,224,537
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Deferred Outflows Of Resources

	9,491,095	9,491,095	9,491,095
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Total Assets And Deferred Outflows

	154,562,705	152,981,572	158,715,632
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Liabilities, Deferred Inflows of Resources, And Net Position

Current Liabilities

Accounts Payable	(7,298,908)	(6,405,299)	(7,788,748)
Accrued Liabilities			
Payroll, payroll taxes, withholdings	(4,811,976)	(3,725,656)	(4,414,629)
Paid Time Off	(5,336,798)	(5,433,355)	(5,407,083)
Other	(7,391,120)	(6,585,246)	(6,138,963)
3rd Party Settlements Payable (net)	(5,781,639)	(5,781,639)	(5,706,639)
Long-Term Obligations - Current Portion	(2,508,447)	(2,508,447)	(2,508,447)
Deferred Revenue	0	0	0
Total Current Liabilities	(33,128,887)	(30,439,642)	(31,964,509)

Long Term Obligations (Net of Current Portion)

Other Noncurrent Liabilities	(2,942,506)	(2,942,506)	(2,942,506)
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Net Pension Liability	(630,964)	(630,964)	(630,964)
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Total Liabilities	(81,638,368)	(79,126,601)	(81,019,508)
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Deferred Inflows Of Resources

Inter Fund Payables/Receivables	4,363	4,363	4,027
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Total Liabilities & Deferred Cash Inflows	(93,002,356)	(90,490,588)	(92,383,832)
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Net Position

Net Income/Loss	4,771,451	3,840,816	22,468,928
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Total Liabilities, Deferred Inflows, Net Position

	(154,562,705)	(152,981,572)	(158,715,632)
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Bay Area Hospital
Statement of Cash Flows
September 2025

	<u>Current Month</u>	<u>Year to Date</u>
Cash flows from operating activities:		
Excess of revenues over expenses	(930,634)	(4,771,451)
Adjustment to reconcile excess of revenues over expenses to net cash provided by operating expenses:		
Depreciation & Amortization	719,449	2,223,355
Loss (gain) on disposal of property, plant & equipment	0	0
Receivables	(3,334,392)	(4,364,854)
Inventory of supplies	20,461	(32,249)
Other current assets	20,412	3,281,519
Net Pension Asset and Liability	0	0
Other non current assets	0	0
Accounts Payable	893,609	(489,840)
Estimated 3rd Party Settlements	0	75,000
Other current liabilities	1,795,635	1,579,218
Other noncurrent liabilities	0	0
Deferred Revenue	0	0
Net cash provided by operating activities	<u>(815,460)</u>	<u>(2,499,301)</u>
Cash flows from investing activities:		
Purchase of property, plant & equipment	(6,062)	(157,506)
Change in Value of Investments	(134,987)	(369,658)
Transfer Investments to Cash		0
Net cash provided by investing activities	<u>(141,049)</u>	<u>(527,164)</u>
Cash flows from financing activities:		
Deferred Inflows/Outflows of Resources/Interfund	0	(336)
Debt/Subscription Principle Payments	(177,477)	(545,518)
Increase in Capital Lease Obligations		0
Business Asset Disposal Gain/Loss		0
Net cash provided by financing activities	<u>(177,477)</u>	<u>(545,854)</u>
Net increase (decrease) in cash	<u>(1,133,986)</u>	<u>(3,572,319)</u>
Beginning Cash Balance	<u>6,949,933</u>	<u>9,388,266</u>
Ending Cash Balance	<u>5,815,947</u>	<u>5,815,947</u>

**Bay Area Hospital
Compliance Certification
as of Sept 2025**

A&D. Income Available for Debt Service (Quarterly)

	TTM <u>Dec-24</u>	TTM <u>Mar-25</u>	Preliminary TTM <u>Jun-25</u>	TTM <u>Sep-25</u>
Excess Revenue over Expenses	\$ (12,852,178)	\$ (19,099,626)	\$ (22,468,928)	\$ (24,634,463)
Add:				
Interest Expense	\$ 2,225,235	\$ 2,139,060	\$ 2,354,563	\$ 2,658,261
Depreciation	\$ 11,416,116	\$ 10,919,991	\$ 10,199,790	\$ 9,602,394
Amortization	\$ -	\$ -	\$ -	\$ -
(Gain) or Loss on extinguishment of debt	\$ -	\$ -	\$ -	\$ -
(Gain) or Loss on disposition of assets	\$ -	\$ -	\$ -	\$ -
(Gain) or Loss on discontinued operations	\$ -	\$ -	\$ -	\$ -
Adj. to value of assets or liabilities (accounting adjustments)	\$ -	\$ -	\$ -	\$ -
Unrealized (Gains) or Loss on marketable securities	\$ (2,260,096)	\$ (3,192,340)	\$ (3,175,478)	\$ (1,690,095)
(Gains) or Losses - M2M derivatives	\$ -	\$ -	\$ -	\$ -
Non-recurring - Consultant, Severance, and Legal Fees	\$ 1,916,405	\$ -	\$ -	\$ -
(D.1) Income Available for Debt Service	\$ 445,482	\$ (9,232,915)	\$ (13,090,053)	\$ (14,063,902)
(A.2) Debt Service Requirements (MADS)	\$ 3,904,267	\$ 3,904,267	\$ 3,904,267	\$ 4,742,230
(A.3) Ratio of Line D.1 to Line A.2	0.11	(2.36)	(3.35)	(2.97)
(D.2) Line D.1 must not be less than	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
(D.3) Borrower is in Compliance (Yes/No)	No	No	No	No

B.1 Days Cash on Hand (Monthly)

Cash & Equivalents	\$ 10,298,563	\$ 9,093,507	\$ 9,388,266	\$ 5,815,947
Add: Marketable Securities/Board designated Funds	\$ 42,849,887	\$ 36,542,696	\$ 32,402,288	\$ 32,771,945
Less: Trustee Held funds	\$ -	\$ -	\$ -	\$ -
Less: Outstanding Principal on short term debt	\$ -	\$ -	\$ -	\$ -
Less: Proceeds from A/R factoring	\$ -	\$ -	\$ -	\$ -
Less: Collateral Posting for Interest Rate Agreements	\$ -	\$ -	\$ -	\$ -
Less: Outstanding Principal on Put Indebtedness	\$ -	\$ -	\$ -	\$ -
Cash & Equivalents	\$ 53,148,450	\$ 45,636,202	\$ 41,790,553	\$ 38,587,892

B.2 Cash Operating Expenses

Total Operating Expenses	\$ 261,584,751	\$ 264,882,179	\$ 262,527,728	\$ 264,896,753
Add: Interest Expenses	\$ 2,225,235	\$ 2,139,060	\$ 2,354,563	\$ 2,658,261
Less: Depreciation & Amortization	\$ 11,416,116	\$ 10,919,991	\$ 10,199,790	\$ 9,602,394
Less: Non-cash expenses	\$ -	\$ -	\$ -	\$ -
Less: Losses on refinancing debt	\$ -	\$ -	\$ -	\$ -
Less: Provision for uncollectable accounts	\$ -	\$ -	\$ -	\$ -
Total Cash Operating Expenses	\$ 252,393,870	\$ 256,101,248	\$ 254,682,501	\$ 257,952,621

B.3 Line B2 divided by 365	\$ 691,490	\$ 701,647	\$ 697,760	\$ 706,720
B.4 Ratio of Line B.1 to Line B3	77	65	60	55
B.5 Line B.4 must not be less than	70	70	70	70

B.6 Borrower is in Compliance (Yes/No)

Yes	No	No	No
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C.1 Unrestricted Liquid Funds (Monthly)

Cash & Equivalents	\$ 10,298,563	\$ 9,093,507	\$ 9,388,266	\$ 5,815,947
Add: Marketable Securities/Board designated Funds	\$ 42,849,887	\$ 36,542,696	\$ 32,402,288	\$ 32,771,945
Unrestricted Liquid Funds	\$ 53,148,450	\$ 45,636,202	\$ 41,790,553	\$ 38,587,892

C.2 Line C.1 must not be less than	\$ 45,000,000	\$ 45,000,000	\$ 45,000,000	\$ 45,000,000
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C.3 Borrower is in Compliance (Yes/No)

Yes	Yes	No	No
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Signature of Bay Area Hospital:

Name: 
Title: Controller
Date: 10/16/2025

Bay Area Hospital

Accounts Receivable Reserves Trend - September 2025

	2024	2024	2024	2024	2024	2024	2024	2025	2025	2025	2025	2025	2025	2025	2025	2025
	JUN-Audited	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	June - Prelim	JUL	AUG	SEP
Gross Accounts Receivable Allowances (ALL)	72,023,528 (42,739,413)	81,246,343 (52,330,006)	86,052,486 (50,588,600)	81,084,656 (48,231,855)	71,429,050 (41,436,583)	70,875,603 (41,354,346)	64,774,618 (34,589,406)	63,241,779 (32,994,981)	57,984,659 (28,769,962)	58,666,428 (30,104,696)	55,711,176 (27,895,165)	53,896,384 (26,581,198)	56,483,284 (33,863,152)	54,093,305 (28,129,959)	55,553,849 (28,241,549)	53,977,231 (26,107,341)
Net Accounts Receivable	29,284,115	28,916,338	35,463,885	32,852,801	29,992,467	29,521,257	30,185,212	30,246,798	29,214,696	28,561,733	27,816,011	27,315,186	22,620,131	25,963,346	27,312,300	27,869,890
Accounts Receivable Net to Gross	40.7%	35.6%	41.2%	40.5%	42.0%	41.7%	46.6%	47.8%	50.4%	48.7%	49.9%	50.7%	40.0%	48.0%	49.2%	51.6%