



**10100 Trinity Parkway, Suite 100, Stockton, CA 95219**  
**SJ Health Board of Directors – Audit Committee Agenda**  
**Monday September 26, 2022 at 3:00 p.m.**

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[Click here to join the meeting](#)

[+1 209-645-4071](#) United States, Stockton (Toll)

Conference ID: 670 743 016#

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**Agenda**

- |    |   |   |             |
|----|---|---|-------------|
| 1. | Call to order   |   | Rod Place   |
| 2. | Approval of Minutes from February 23, 2022            | * | Rod Place   |
| 3. | Introduction of Scott Gold from Forvis (formerly BKD) |   | Kris Zuniga |
| 4. | Presentation of Audited Fiscal Year 2021 Financials   |   | Scott Gold  |
| 5. | Adjournment   |   | Rod Place   |

**\* Action Item**

**Next Meeting: TBD**

**Microsoft Teams Meeting**

Note: If you need disability-related modification or accommodation to participate in this meeting, please contact San Joaquin Health Centers at (209) 953-3711 at least 48 hours prior to the start of the meeting. Government Code Section 54954.2(a) - materials related to an item on this agenda submitted to the Board after distribution of the agenda packet are available for public inspection by contacting SJ Health Clinic Administration at 10100 Trinity Parkway, Suite 100, Stockton, CA 95219 during normal business hours.

Minutes of February 23<sup>rd</sup>, 2022

San Joaquin County Clinics Board of Directors – Audit Committee

**Board Members Present:** Monica Fuentes; Rod Place (Board Chair); Farhan Fadoo (CEO)

**Board Members Excused:** none

**Board Members Absent:** Brian Heck (Audit Chair)

**SJCC Staff:** Michael Allen (Board Clerk); Alice Soulligne (COO); Kris Zuniga (CFO)

**Guests:** David Culberson (SJGH CEO); Scott Gold (BKD); Jamie Soyk (BKD)

AGENDA ITEM	ATTACHMENTS	ACTION
<p>1. <b>Call to Order (Rod Place, Board Chair)</b> The meeting was called to order at 4:06 p.m. A quorum was established for today's meeting.</p>	No attachments	No action required
<p>2. <b>Status Update for Fiscal Year 2020 &amp; 2021 Audits (Scott Gold &amp; Jamie Soyk, BKD Auditors)</b> Audit process briefly reviewed. Planning portion has finished and audit work is underway. Federal single audit portion is due by March 31<sup>st</sup>, but a six-month extension is in effect. Expected completion will take approximately 60 days from now.</p>	No Attachments	No action required
<p>3. <b>Adjournment</b> There being no further topics of discussion, Brian Heck adjourned the meeting at 4:28 p.m.</p>	No attachments	No action required



# FORVIS

## SAN JOAQUIN HEALTH CENTERS

A Presentation for the Audit Committee

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

# Your Trusted Advisors



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# Financial Statement Audit

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Year Ended June 30, 2021

**FORV/S**

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# AGENDA

- Audit Overview & Highlights
- Balance Sheet
- Statement of Operations
- Statement of Cash Flows
- Data Trends
- Peer Averages
- Industry Update

# Audit Overview

- Single year presentation of fiscal 2021 and discussion on transition from hospital departmental financial statements
- Audit staffing challenges/ Hospital Accounting Dynamic
- Unmodified opinion on the financial statements & the compliance audit
- Internal Control Finding – Audit Journal Entries
- Compliance finding – Sliding Fee Discounts

**ASSETS**

**\$27.2M**

**LIABILITIES**

**\$15.2M**

**NET  
ASSETS**

**\$12M**

**OPERATING  
MARGIN**

**26.2%**

# Audit Highlights

- Beginning Equity negotiation
- Cash and cash equivalents  
\$2.3M
- Due from hospital 18M
- Due from third parties (Medi-Cal)  
2.3M
- Due to third parties (Medi-Cal)  
13.6M (5.5M current)



# Audit Highlights

- Operating revenues \$46M
  - Patient service revenue \$28M
    - + Includes prior year change in estimates 3.2M
    - + Volume of encounters 115,000
  - Grant revenue \$2.1M
  - Quality Incentive Pool revenue \$15.1M
- Operating expenses \$34.0M
  - Driven by MOU with Hospital
- Operating income \$12M
  - 3.2M change in estimates from PYs

# Balance Sheet

	<u>30-Jun-21</u>
Cash and Reserves	2,267,000
Receivable, Net of Allowances	3,084,000
Property and Equipment, Net	1,414,000
Due from affiliates and other related parties - current	9,974,000
Due from affiliate	8,093,000
Other Assets	<u>2,377,000</u>
<b>Total Assets</b>	<b><u>27,209,000</u></b>
Current & L/T Debt	775,000
A/P & Accrued Liabilities	748,000
Other Liabilities	<u>13,626,000</u>
Total Liabilities	<u>15,149,000</u>
Net Assets	<u>12,060,000</u>
<b>Total Liabilities &amp; Net Assets</b>	<b><u>27,209,000</u></b>

# Statement of Operations

	<u>FY 2022</u>
Patient Service Revenue	28,098,000
Grant Revenue	2,122,000
Quality improvement revenue	15,062,000
Other Revenue	<u>749,000</u>
Total Operating Revenue	<u>46,031,000</u>
Wage Related Expenses	23,133,000
Other Expenses	<u>10,838,000</u>
Total Expense	<u>33,971,000</u>
Operating Income (Loss)	<u>12,060,000</u>
Excess of Revenues over Expenses and In Net Assets Without Donor Restrictions	<u>12,060,000</u>

# Statement of Cash Flows

	<u>FY 2021</u>
Net Cash Provided by Operating Activities	2,677,000
Net Cash Used in Investing Activities	(309,000)
Net Cash Used in Financing Activities	<u>(101,000)</u>
Net Increase in Cash	<u>2,267,000</u>

# Ratios

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# Common KPIs

- Current Ratio: 2.40
- Days Cash on Hand: 24.5 Days Cash
- Days in Net A/R: 17.0 Days
- Days Expense in A/P: 8.3 Days
- Patient Service Revenue Per Visit: \$243.91 (includes \$27.78 change in estimate)
- Expense Per Visit: \$293.70

# Peer Averages via **CHC***pulse*

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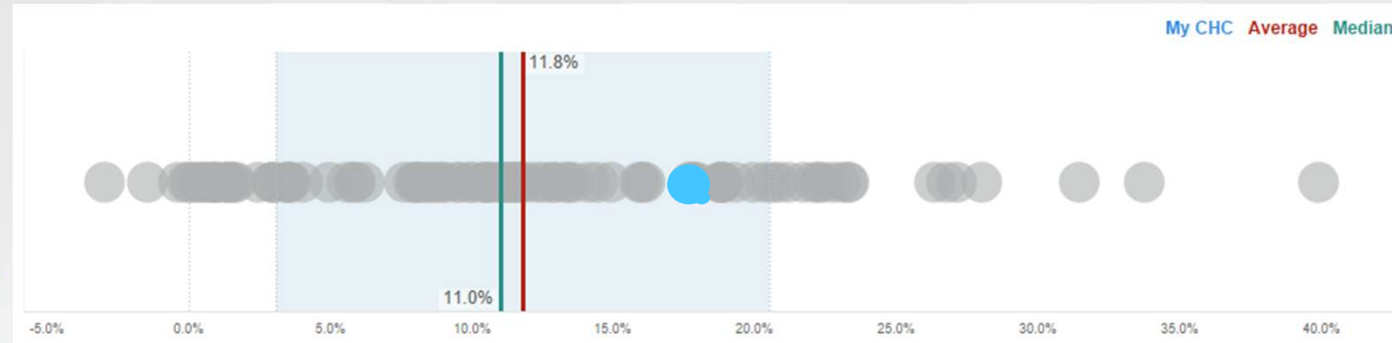
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# How Do I Compare Financially?

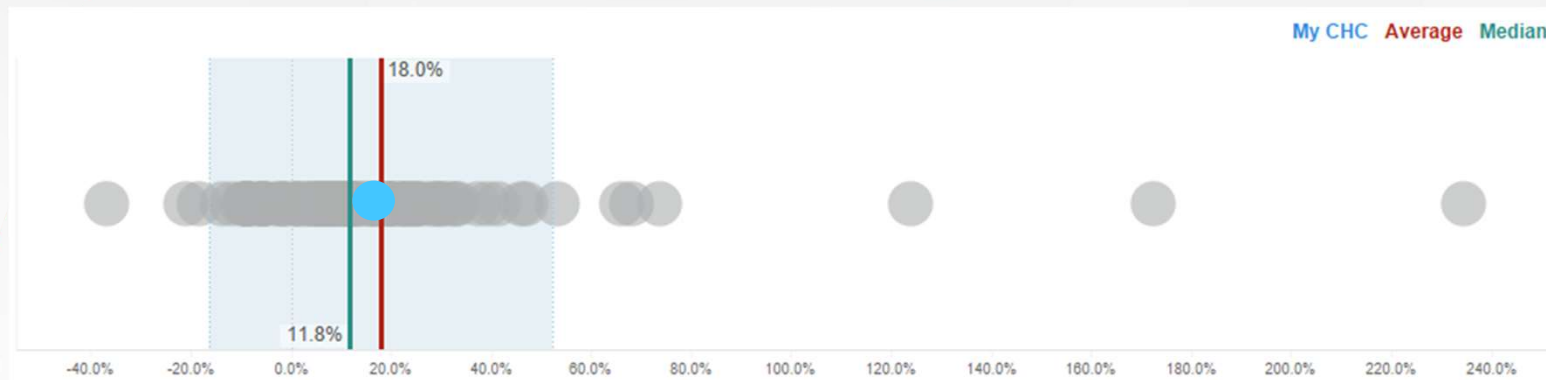
2021 Audit data for 100 California CHCs (NON-LAL)

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## Operating Margin



## Growth in Net Patient Revenue



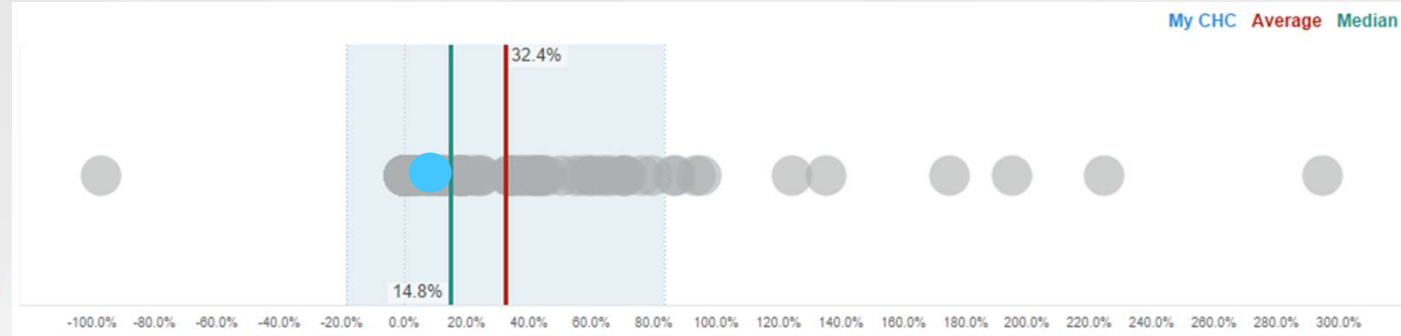


# How Do I Compare Financially?

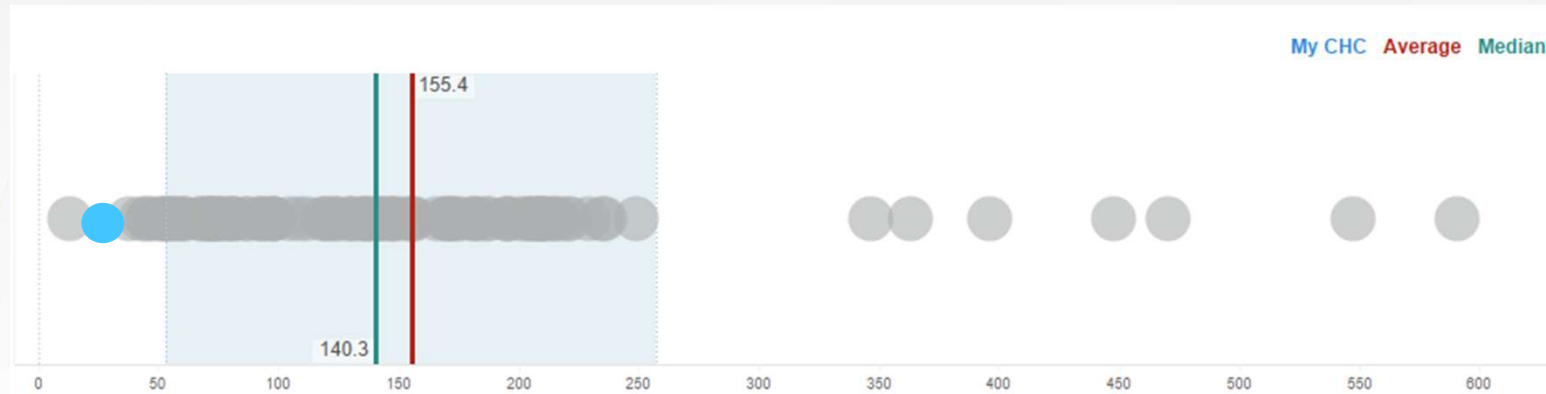
2021 Audit data for 100 California CHCs (NON-LAL)

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## Debt to Equity



## Days Cash on Hand



# Industry Update

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# Ongoing impacts of COVID-19

- Impact on delivery mechanism of care
- Impact on dental services
- Telehealth flexibility
- Workforce challenges
- Increasing cost per visit
  - Salaries and benefits
  - Inflation
- Impact on cash flow

**Let's Talk...**

**Q&A**

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# Thank you!

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**Assurance / Tax / Advisory**