SJ HEALTH
San Joaquin Health Centers

SAN JOAQUIN COUNTY CLINICS PUBLIC BENEFIT CORPORATION
BOARD MEETING AGENDA
10100 Trinity Parkway, Suite 100, Stockton, CA 95219
June 30, 2026, 5:30 P.M.

Our Mission: *To drive sustained health improvement for San Joaquin County's diverse community through individual engagement, community partnerships and high quality, equitable healthcare delivery.*
Our Vision: *We envision healthier futures for those we serve, enabled by nimble, adaptive, and progressive care delivery.*

Board Members: Brian Heck, Samantha Monks, Jayvin Herrejon, Cassandra Lacondeguy, Rick Ledo, Jodie Moreno, James Myers, Mark Myles, David Ziolkowski, Nora Hana, Destiny Easter, Patricia Barrett

Watch The Meeting Live via Microsoft Teams: **Join the meeting now** *
*Note: Livestreaming for the public is for listening and monitoring only. Remote presenters will be granted access only during their scheduled presentation time before the Board. *Full meeting link is available with the agenda posted at www.sjhealth.org.*
Persons requiring disability-related accommodations to participate in this meeting should contact San Joaquin Health Centers at (209) 953-3711 prior to the scheduled meeting time.

1. **COMMENCEMENT OF MEETING/ROLL CALL**

2. **PUBLIC COMMENT**
   The public is welcome to address the Board on matters within the Board's jurisdiction. Members of the public are encouraged to complete a Public Comment form available near the entrance to the Board Room. **Speakers are limited to three (3) minutes** and are expected to be civil and courteous.

   Members of the public will also be provided with an opportunity to comment on agenda items before or during the Board's consideration of each item.

   Except as otherwise permitted by the Ralph M. Brown Act (California Government Code Section 54950 et seq.), no deliberation, discussion, or action may be taken on any item not appearing on the posted agenda. Members of the Board may: (1) briefly respond to statements or questions; (2) ask a question for clarification; or (3) refer the matter to staff for further information.

3. **CONSENT CALENDAR**
   - 3.1 Approve Minutes of Board Meeting – May 30, 2026
   - 3.2 June 2026 Credentialing Report

SJ HEALTH
San Joaquin Health Centers

4. **ACTION ITEMS**
   - 4.1 Review and Approval of March/April 2026 Finance Report
   - 4.2 Financial Audit FY 2025
   - 4.3 Approval of Funding Request for Retroactive Physician Recruitment Incentives

   Board to consider and take possible action

5. **DISCUSSION ITEMS**
   - 5.1 Board Chair Report
   - 5.2 CMO Report
   - 5.3 CEO Report

6. **CLOSED SESSION**
   - 6.1 Employment Evaluation of Performance, Discipline, or Dismissal
     California Government Code Section 54957 and 54954.5
     Title: Project Director

7. **BOARD COMMENTS**
   - 7.1 Open Discussion / Board Member Comments

8. **CALENDAR**
   - 8.1 Next Board Meeting – July 28, 2026, at 5:30 PM

9. **ADJOURNMENT**

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SJ HEALTH
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Minutes of May 30, 2026
San Joaquin Health Centers Board of Directors

Board Members Present: Brian Heck (Board Chair), Samantha Monks (Vice Chair), Rick Ledo, Destiny Easter, James Myers, Patricia Barrett, Jayvin Herrejon, David Ziolkowski, Cassandra Lacondeguy, Nora Hana
Excused Absent: Jodie Moreno, Mark Myles
Unexcused Absent: None
SJHC Staff: Ahad Yousuf (CEO), Dr. Diulio, Alison Shih, Vanessa Garibay (Clerk of the Board)
Guests: Matt Garber; Brandi Hopkins
Legal Counsel: Lisa Ribeiro

AGENDA ITEM	ATTACHMENTS	ACTION
I. Commencement/Call to Order (Brian Heck) The meeting was called to order at 2:45 p.m. A quorum was established.	No attachment	No action required
II. Public Comment No public comments were made.	No attachment	No action required
III. Consent Calendar (Brian Heck) 1. The consent calendar for May 30, 2026, was presented. 2. A motion was made to approve the Minutes of the April 28, 2026 Board Meeting and the May 2026 Credentialing Report.	May Credentialing Report Attached	1. Patt motioned to accept; Cassandra seconded; motion passed 10-0
IV. Action Items (Alison Shih) 1. FY 2026–2027 Budget Presentation Alison Shih, Management Services Administrator, presented the proposed Fiscal Year 2026–2027 Budget and reviewed key budget assumptions and anticipated operational changes. Destiny inquired about the increase in the proposed budget compared to the prior fiscal year. Alison explained that the increase is primarily attributable to: - The planned opening of the Lodi clinic - Expansion of Employee Health services through San Joaquin County - Quality Incentive Program (QIP) reporting requirements - Business Intelligence (BI) budget allocations - Shifting HCS purchased services into the operating budget Samantha asked whether the new Lodi clinic would operate as an Intermediate Clinic. Dr. Diulio responded that this remains the current plan and that staff are actively working with the finance team to finalize the operational model.	FY 2026–2027 Budget Presentation attached	1. Patt motioned to accept; Cassandra seconded; motion passed 10-0

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V. Discussion Items (Brian Heck) 1. Board Chair Report (Brian) The Board would like to include the organization's Mission and Vision Statements on future Board meeting agendas. The Board discussed forming an Ad Hoc Committee to review and revise the current Mission Statement. 2. CMO Report (Dr. D) Samantha asked whether Correctional Health visits are billable encounters. Dr. Diulio explained that such visits may qualify as Prospective Payment System (PPS) billable visits during the final 90 days of eligibility. Ahad added that SJHC is actively working on a MOU with Correctional Health to support ongoing collaboration. 3. CEO Report (Ahad) Ahad presented the CEO Report and provided organizational updates regarding operations, strategic initiatives, and ongoing projects. 4. Annual Project Director Evaluation (Ahad) The Board agreed to revisit the Annual Project Director Evaluation during Closed Session. 5. All Salary Negotiations (Matt) Matt provided an update regarding ongoing salary negotiations. Negotiations remain active and, due to the confidential nature of the process, he was unable to discuss specific details at this time.	CMO Report attached CEO Report attached	No action required
VI. Board Comments No board comments were made.	No attachments	No action required
VII. Calendar (Brian Heck) The next board meeting will be June 30, 2026, at 5:30 PM	No attachments	No action required
VIII. Adjournment (Brian Heck) There being no further discussion, the meeting was adjourned at 3:18 PM.	No attachments	No action required

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INITIAL APPOINTMENTS
May 2026

The following practitioners have applied for membership and privileges at San Joaquin Health Centers. The following summary includes factors that determine membership: licensure, DEA, professional liability insurance, required certifications (if applicable), etc. Factors that determine competency include medical/professional education, internship/residencies/fellowships, board certification (if applicable), current and previous institutional affiliations, physical and mental health status, peer references, and past or pending professional disciplinary action. The applicants meet the requirements for membership unless noted below.

Membership Request	Name	Specialty/ Assigned Div/Dept	Competency / Privilege Review	Proctoring Required	Proctor	Rec Status/Term	Recommend
INITIAL APPOINTMENT May 2026	Courtney Guyton NP	Nurse Practitioner Womans Health	Requirements for active staff met	None	Active 05/26-05/27	CRED: 05/10/2026 MED: 05/20/2026 BOARD: 05/26/2026	SJHEALTH MED STAFF
INITIAL APPOINTMENT May 2026	Andrea Avila NP	Nurse Practitioner Pediatrics	Requirements for active staff met	None	Active 05/26-05/27	CRED: 05/10/2026 MED: 05/20/2026 BOARD: 05/26/2026	SJHEALTH MED STAFF

REAPPOINTMENTS
May 2026

The following practitioners have applied for reappointment to the Medical Staff of San Joaquin Health Centers. This summary includes factors that determine membership: licensure, DEA, professional liability insurance, hospital affiliations, etc. Qualitative/quantitative factors include ongoing performance evaluation which includes data from peer review, quality performance, clinical activity, privileges, competence, technical skill, behavior, health status, medical records, blood review, medication usage, litigation history, utilization and continuity of care. Affiliations, physical and mental health status, peer references, and past or pending professional disciplinary action. All the applicants privilege request commensurate with training, experience and current competence unless noted below.

Membership Request	Name	Specialty/ Assigned Div/Dept	Quantitative/Qualitative Factors Request for Privileges and/or Privilege Change	Action Taken/Rec. Exceptions for Cause	Rec. Staff Category/ Reappoint Period	Recommend	Credentialing Dept
Reappointment May 2026	Brenitta Gilliam-Udo	Physican Assistant	Requirments for active staff met	NONE	Active 05/26-05/28	CRED: 05/10/2026 MED: 05/20/2026 BOARD: 05/26/2026	SJHEALTH MED STAFF

SAN JOAQUIN HEALTH CENTERS

FISCAL YEAR 2027 BUDGET

Alison Shih
MSA
May 2026

HIGHLIGHTS

Staffing & Position Changes

- **Outside Hires**: Added three employees from outside county employment.
- **Deputy Positions**: Added two new positions for deputies.
- **WPC Transfers**: Absorbed four positions transferred from Whole Person Care (WPC).

Revenue & Financial Adjustments

- **Bank Accounts**: Established two bank accounts outside of the County Treasury Department.
- **MOU Expenses**: Estimated based on FY26 budgeted figures and ongoing methodology discussions.
- **QIP Revenues**: Projected SJ Health QIP revenues at 36% of the estimated 75% available pool.
- **Revenue Reserves**: Included $1 million specifically for QIP revenue reserves.

Facilities & Capital Projects

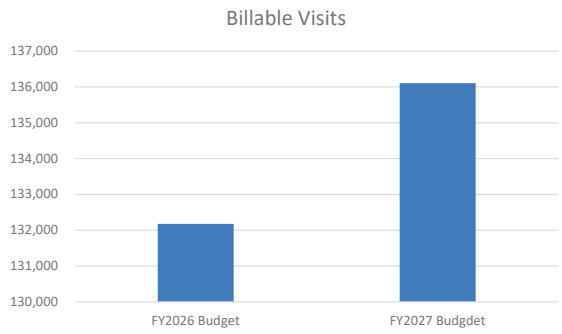
- **Be Well Campus**: Secured the first half of funding for construction.
- **Unit Relocation**: Moving specific units to the Health Plan of San Joaquin Building after July 2026.
- **Lodi Clinic**: Tracking ongoing operations for the clinic originally opened in 2027.

SJ HEALTH FULL TIME FTE GROWTH

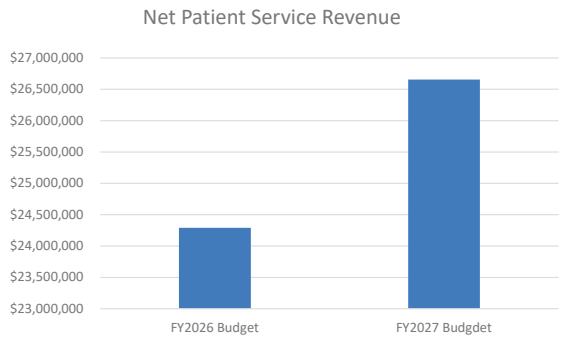
Fiscal Year	Beginning FTE	Deletions	Additions	Total FTE's
2026	215	0	24	239
2027	239	3	6	242

BILLABLE VISITS AND NET PATIENT SERVICE REVENUE

	FY2026 Budget	FY2027 Budgdet
Billable Visits	132,175	136,107



	FY2026 Budget	FY2027 Budgdet
Net Patient Service Revenue	$24,289,501	$26,655,595



SJ HEALTH OPERATING REVENUES

Revenues	FY2026 Budget	FY2027 Budget
Net Patient Service Revenue	$24,289,501	$26,655,595
Supplemental Revenue	$27,371,069	$30,698,530
Capitation Revenue	$5,500,000	$4,000,000
Managed Care Incentives	$1,548,000	$800,000
Grant Revenue	$1,590,623	$613,751
340B Pharmacy Program	$2,800,000	$2,700,000
MOU & Other Income	$1,645,000	$1,542,000
Total	**$64,744,193**	**$67,009,876**

SJ HEALTH OPERATING EXPENDITURES

Expenditures	FY2026 Budget	FY2027 Budgdet
Salaries	$29,337,690	$24,350,224
Benefits	$15,912,670	$13,568,596
Professional Fees	$6,499,829	$10,610,611
Purchased Services	$3,210,923	$9,066,701
Supplies	$3,472,349	$3,287,746
Services	$1,586,383	$2,251,946
Rent	$1,394,707	$2,813,633
Utilities	$1,566,924	$1,570,194
Others	$1,391,055	$764,494
Subtotal Expenditures Before Capital	**$64,372,530**	**$68,284,145**
1st Half Payment for Be Well Construction		$9,800,000
Capital Equipment		$108,000
Total Expenditures Including Capital	**$64,372,530**	**$78,192,145**

QUESTIONS & ANSWERS

Chief Medical Officer Report – Key Updates
May 2026

Clinical Operations and Access

- Systemwide visit volume declined into the lower 500s during May, primarily reflecting end-of-fiscal-year provider vacation schedules and the departure of two locum providers.
- Underlying patient demand remains strong, and volume is expected to improve as staffing stabilizes through the summer.
- Saturday gap clinics remain in place to support access during this transition period.
- Of the two locum providers who departed, one is expected to return at the end of July.

Workforce and Recruitment

- Recruitment and workforce stabilization remained a central priority in May.
- Two locum providers, one in Pediatrics and one in Women's Health, are scheduled to begin on June 1, 2026, to help address near-term access needs.
- A permanent Certified Nurse Midwife is scheduled to begin on July 13, 2026.
- A permanent physician is scheduled to begin on August 24, 2026.
- In addition, a full-time Nurse Practitioner from Golden Valley who is relocating to Stockton to be closer to family has signed a conditional job offer.
- Visa candidate recruitment remains on hold at this time, with current staffing strategy focused on practical near-term coverage and phased permanent recruitment.

Behavioral Health Integration

- Behavioral health integration advanced during May through collaboration with Jessica from Behavioral Health Services.
- She provided presentations to Pediatrics, Adult Medicine, and OB/GYN teams outlining referral pathways into Behavioral Health Services.
- The presentations clarified workflows for both new patients not yet engaged in treatment and patients requiring transition-of-care support after treatment has begun.

- This represents an important step toward greater consistency in referral processes and stronger coordination between primary care, women's health, and behavioral health services.

Hospital Collaboration

- Preliminary discussions were initiated with hospital leadership regarding expansion of OB services.
- In parallel, work is underway with St. Joseph's to explore admitting privileges for SJ Health pediatricians and family medicine physicians.
- The long-term goal is to create a more direct pathway for pediatric admissions, allowing appropriate patients to bypass the Emergency Department and improving care coordination between ambulatory and inpatient settings.

Correctional Health Collaboration

- Collaboration with Correctional Health continued in May, including exploration of opportunities to leverage SJ Health physicians for coverage support within Correctional Health services.
- Support is also being provided to help Correctional Health establish its own point-of-care testing capabilities and CLIA waiver infrastructure.
- This work is intended to reduce operational barriers created by the current dependence on hospital-based processes and improve clinical efficiency within the correctional setting.

System Coordination

- Cross-department coordination remains an important focus as Healthcare Services continues working to streamline care for patients receiving services across multiple programs.
- Ongoing collaboration is helping support a more aligned approach to treatment planning, referral coordination, and operational problem-solving for shared patient populations.

Outlook

- The decline in May volume appears to be temporary and related to known staffing factors rather than a reduction in patient demand.

- With additional locum support beginning in June, followed by permanent provider onboarding in July and August, access is expected to strengthen over the next quarter.
- Recruitment remains active, though timing, relocation, and operational onboarding continue to influence the pace of workforce stabilization.

Next Steps

- Onboard the two new locum providers on June 1.
- Prepare for onboarding of the permanent CNM on July 13 and physician start on August 24.
- Continue strengthening behavioral health referral coordination following specialty-specific provider education.
- Advance preliminary discussions with hospital leadership regarding pediatric admitting pathways and future OB service expansion.
- Continue operational collaboration with Correctional Health on physician support, point-of-care testing, and CLIA waiver development.

CEO Report – May 30, 2026 Board Meeting

Executive Summary

Over the past month, the organization has continued to demonstrate stable operational performance while advancing key strategic, financial, and integration initiatives. Primary areas of focus include sustained access improvement, advancement of the Lodi Access Center project, correctional health integration efforts, budget finalization, and ongoing operational modernization.

Organizational Performance

Operational performance remains stable with continued year-over-year growth in visit volume and sustained improvement in access metrics. Daily visits for April averaged 561, with total monthly visits reaching 11,115 compared to 10,023 in April 2025. Slot utilization remained strong at 79%, while no-show rates improved to 21.7%, down from 28% last year. These trends reflect continued stabilization of clinic operations, improved scheduling efficiency, and sustained patient engagement efforts.

Strategic, Financial, and Compliance Highlights

Progress continues on the Lodi Access Center clinic project. HRSA approved a 12-month no-cost extension to accommodate delays related to lease execution, architecture, and construction. The lease agreement has been finalized and is scheduled for Board of Supervisors consideration on June 30 following revisions ensuring the County is not responsible for rent during construction. Once executed, architecture and construction agreements are expected to move forward shortly thereafter.

The organization also continues to advance integration efforts with Correctional Health Services (CHS). Discussions are underway with Health Plan of San Joaquin and Health Net regarding inclusion of justice-involved individuals as a focus population within our Enhanced Care Management contracts. In parallel, we are exploring opportunities to provide prerelease services in collaboration with CHS, which may create opportunities for PPS reimbursement while strengthening continuity of care for high-risk populations transitioning back into the community.

Operational modernization efforts also continue. We are implementing an additional Luma AI-enabled service designed to automate inbound fax workflows and downstream referral tasks, which is expected to reduce administrative burden and improve referral processing efficiency. Additionally, reconfiguration of the former hospital employee health space into SJHC Clinic A remains in the design phase, with signage and rebranding expected to be completed by July.

The proposed FY26–27 budget remains on track and reflects the organization's first fully consolidated operational budget under the San Joaquin Health Center Enterprise Fund structure. Following Finance Committee review, the budget will proceed to the Board of Supervisors on June 2. FY25 audited financial statements are also expected to be presented to the Audit Subcommittee in June. Efforts to restructure the purchased services MOU with the hospital and County continue, with anticipated positive long-term financial impact.

HRSA also contacted the organization regarding potential FY25 New Access Point funding opportunities and requested confirmation of our ability to implement the proposed project. A formal response confirming readiness to proceed was submitted, and additional information is expected in the coming weeks.

Clinical leadership also reviewed a Board inquiry regarding HIV laboratory turnaround times. Confirmatory HIV testing commonly requires processing through reference laboratories, including Public Health Laboratory services, with standard turnaround times ranging from one to three business days. Current turnaround times remain within expected industry standards.

The organization also remains on track to complete and submit all required CY2025 QIP reporting materials by the June 15 deadline.

Workforce, Culture, and Risk

The organization recently absorbed five personnel from the CHS Whole Person Care program into our Enhanced Care Management, Community Supports, and Mobile Health teams. These additional resources are expected to strengthen outreach capacity and expand services for high-risk populations.

Leadership is also monitoring potential federal regulatory changes that may transition portions of the UIS population from managed care to fee-for-service Medi-Cal. While this population represents approximately 8% of assigned HPSJ membership, utilization remains relatively low, and the overall fiscal impact is not currently expected to be severe.

Forward Look

Over the coming months, leadership will remain focused on implementation of the FY26–27 budget, advancement of the Lodi Access Center project, expansion of correctional health integration initiatives, and completion of QIP reporting requirements. The Board should also expect additional updates regarding potential HRSA New Access Point funding opportunities, MOU restructuring efforts, and operational modernization initiatives intended to improve efficiency and scalability across the organization.

INITIAL APPOINTMENTS

June 2026

The following practitioners have applied for membership and privileges at San Joaquin Health Centers. The following summary includes factors that determine membership: licensure, DEA, professional liability insurance, required certifications (if applicable), etc. Factors that determine competency include medical/professional education, internship/residencies/fellowships, board certification (if applicable), current and previous institutional affiliations, physical and mental health status, peer references, and past or pending professional disciplinary action. The applicants meet the requirements for membership unless noted below.

Membership Request	Name	Specialty/ Assigned Div/Dept	Competency / Privilege Review	Proctoring Required	Proctor	Rec Status/Term	Recommend
INITIAL APPOINTMENT June 2026	Cristina Lockie CNM	Certifed Nurse Midwife	Requirements for active staff met	None	Active 06/26-06/27	CRED: 06/10/2026 MED: 06/17/2026 BOARD: 06/30/2026	SJHEALTH MED STAFF
INITIAL APPOINTMENT June 2026	Marina Parades CNM	Certifed Nurse Midwife	Requirements for active staff met	None	Active 06/26-06/27	CRED: 06/10/2026 MED: 06/17/2026 BOARD: 06/30/2026	SJHEALTH MED STAFF

REAPPOINTMENTS

June 2026

The following practitioners have applied for reappointment to the Medical Staff of San Joaquin Health Centers. This summary includes factors that determine membership: licensure, DEA, professional liability insurance, hospital affiliations, etc. Qualitative/quantitative factors include ongoing performance evaluation which includes data from peer review, quality performance, clinical activity, privileges, competence, technical skill, behavior, health status, medical records, blood review, medication usage, litigation history, utilization and continuity of care. Affiliations, physical and mental health status, peer references, and past or pending professional disciplinary action. All the applicants privilege request commensurate with training, experience and current competence unless noted below.

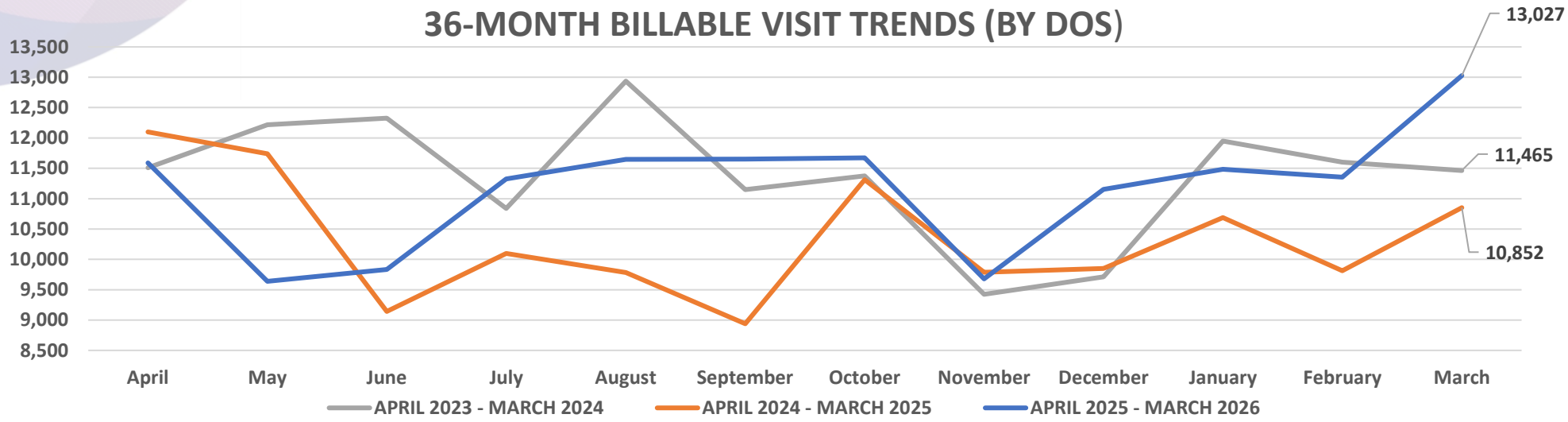
Membership Request	Name	Specialty/ Assigned Div/Dept	Quantitative/Qualitative Factors Request for Privileges and/or Privilege Change	Action Taken/Rec. Exceptions for Cause	Rec. Staff Category/ Reappoint Period	Recommend	Credentialing Dept
Reappointment June 2026	Jean Cho PA	Physican Assistant	Requirments for active staff met	NONE	Active 06/26-06/28	CRED: 06/10/2026 MED: 06/17/2026 BOARD: 06/30/2026	SJHEALTH MED STAFF

SAN JOAQUIN HEALTH CENTERS
FINANCE PRESENTATION
MARCH 2026 FINANCIAL STATEMENTS

Alison Shih

Management Services Administrator

Presentation Date: 5/30/2026



FY26 Visits By Financial Class	Actual
Medi-Cal Managed Care	78.54%
Medicare	11.38%
Medi-Cal	6.32%
Commercial	2.67%
Self-Pay	1.09%
Total	100.00%

FY26 Month	Actual	Budget	Variance
Jul-25	11,323	11,586	(263)
Aug-25	11,649	11,062	587
Sep-25	11,653	11,052	601
Oct-25	11,671	12,109	(438)
Nov-25	9,679	8,956	723
Dec-25	11,153	11,576	(423)
Jan-26	11,484	10,535	949
Feb-26	11,352	10,005	1,347
Mar-26	13,027	11,589	1,438
Total	102,991	98,470	4,521

SJ HEALTH INCOME STATEMENT – MARCH 2026

	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	Current Year Actual	YTD Budget - Original	YTD Budget Variance - Original
Operating Revenue						
Net Patient Service Revenue	2,285,332	2,120,051	165,281	19,247,409	18,110,440	1,136,970
Supplemental Revenue	2,280,922	2,280,922	0	20,528,302	20,528,302	0
Capitation Revenue	400,826	458,333	(57,508)	3,780,356	4,125,000	(344,644)
Managed Care Incentives	79,000	79,000	0	753,467	1,311,000	(557,533)
Grant Revenue	163,955	380,318	(216,363)	823,710	714,067	109,643
340B Pharmacy Program	80,594	233,333	(152,739)	1,673,636	2,100,000	(426,364)
MOU & Other Income	53,373	64,556	(11,183)	1,294,481	1,233,750	60,731
Total Operating Revenue	5,344,003	5,616,515	(272,511)	48,101,361	48,122,559	(21,198)
Expenditures						
Salaries & Wages	1,803,451	2,467,909	664,458	15,832,831	22,023,979	6,191,148
Employee Benefits	987,481	1,339,783	352,302	8,141,805	11,950,626	3,808,820
Professional Fees	504,402	541,653	37,250	4,636,485	4,874,873	238,388
Purchased Services	299,463	267,577	(31,886)	2,337,982	2,408,193	70,211
Supplies	161,069	160,577	(491)	1,621,657	1,445,197	(176,460)
Depreciation	56,999	53,608	(3,391)	543,444	482,470	(60,974)
Interest	1,078	1,219	141	11,736	10,969	(767)
Office Expense	1,608	1,667	59	13,536	15,000	1,464
Dues, Subscription & Fees	141,891	127,119	(14,773)	1,221,605	1,144,069	(77,536)
Repairs & Maintenance	64,982	65,525	543	590,091	589,725	(366)
Telephone & Internet	13,741	20,599	6,859	130,080	185,392	55,312
Advertising & Promotions	4,486	5,024	538	18,566	45,212	26,646
Travel & Training	18,419	33,162	14,743	359,405	298,454	(60,951)
Insurance	37,601	35,120	(2,480)	360,609	316,084	(44,525)
Utilities	127,528	130,577	3,049	1,098,086	1,175,193	77,107
Rent	86,144	116,226	30,081	939,349	1,046,031	106,682
Miscellaneous	19,511	33,864	14,353	374,533	304,774	(69,759)
Total Expenditures	4,329,852	5,401,206	1,071,354	38,231,801	48,316,241	10,084,440
Net Income(Loss)	1,014,151	215,308	798,843	9,869,560	(193,682)	10,063,242

SJ HEALTH INCOME STATEMENT VARIANCE ANALYSIS MARCH 2026
(ONLY VARIANCES WITH +/- 10% ARE REPRESENTED)

Income Statement Grouping	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	% Variance	March 2026 - Variance Explanations
Revenues					
Net Patient Service Revenue	2,285,332	2,120,051	165,281	8%	Favorable variance mainly due to visits being higher than budget by 1,438 visits.
Capitation Revenue	400,826	458,333	(57,508)	-13%	Unfavorable variance mainly due to decline in membership panel size.
Grant Revenue	163,955	380,318	(216,363)	-57%	Unfavorable variance due to budgeted HRSA CPF grant revenue for Lodi construction not realized yet.
340B Pharmacy Program	80,594	233,333	(152,739)	-65%	Unfavorable variance mainly due to increasing manufacturer restrictions and Inflation Reduction Act effective January 2026.
MOU & Other Income	53,373	64,556	(11,183)	-17%	Unfavorable variance mainly due to actual interest income lower than budgeted for the month.
Expenditures					
Salaries & Wages	1,803,451	2,467,909	664,458	27%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Mar 2026 FTEs for direct hire positions are 189 compared to budgeted FTEs for 239.
Employee Benefits	987,481	1,339,783	352,302	26%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Mar 2026 FTEs for direct hire positions are 189 compared to budgeted FTEs for 239.
Purchased Services	299,463	267,577	(31,886)	-12%	Unfavorable variance mainly due to EMMI fees higher than budgeted based on the actual higher collections in March.
Dues, Subscription & Fees	141,891	127,119	(14,773)	-12%	Unfavorable variance due to prior period invoice for Nuance recorded in March.
Telephone & Internet	13,741	20,599	6,859	33%	Favorable variance due to actual telecommunication expenses lower than budget.
Travel & Training	18,419	33,162	14,743	44%	Favorable variance due to actual travel and training expenses lower than budget.
Rent	86,144	116,226	30,081	26%	Favorable variance mainly due to no rent payment due for March for A.G. Spanos building per the contract.
Miscellaneous	19,511	33,864	14,353	42%	Favorable variance due to actual security and recruiting expenses lower than budget.

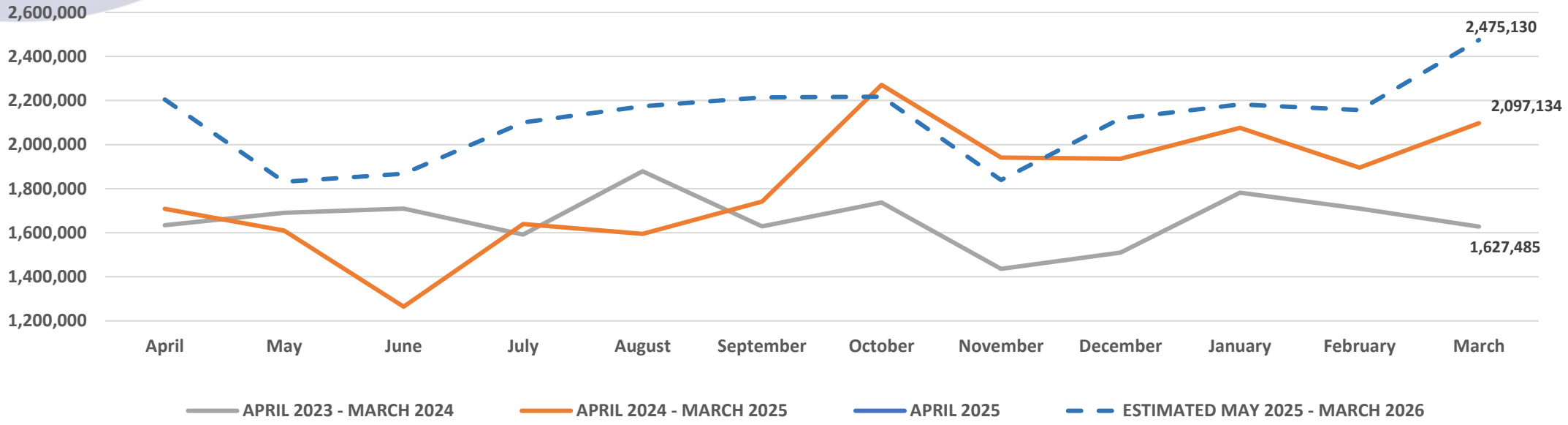
SJ HEALTH INCOME STATEMENT VARIANCE ANALYSIS YTD FY26 (ONLY VARIANCES WITH +/- 10% ARE REPRESENTED)

Income Statement Grouping	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	% Variance	YTD - Variance Explanations
Revenues					
Net Patient Service Revenue	19,247,409	18,110,440	1,136,970	6%	Favorable variance mainly due to visits being higher than budget by 4,521 visits.
Managed Care Incentives	753,467	1,311,000	(557,533)	-43%	Unfavorable mainly due to the budgeted $600K for PCP Hedis Incentive revenue for CY2024, which has been accrued in FY25.
Grant Revenue	823,710	714,067	109,643	15%	Favorable variance due to actual ARPA grant revenue higher than budget along with recognizing unbudgeted Binational Health and Sunlight Giving grant revenue, and offset by budgeted HRSA CPF Lodi grant revenue.
340B Pharmacy Program	1,673,636	2,100,000	(426,364)	-20%	Unfavorable variance mainly due to increasing manufacturer restrictions and Inflation Reduction Act effective January 2026.
Expenditures					
Salaries & Wages	15,832,831	22,023,979	6,191,148	28%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Mar 2026 FTEs for direct hire positions are 189 compared to budgeted FTEs for 239.
Employee Benefits	8,141,805	11,950,626	3,808,820	32%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Mar 2026 FTEs for direct hire positions are 189 compared to budgeted FTEs for 239.
Supplies	1,621,657	1,445,197	(176,460)	-12%	Unfavorable variance mainly due to actual expenses related to 340B pharmacy program higher than budgeted.
Telephone & Internet	130,080	185,392	55,312	30%	Favorable variance due to actual telecommunication expenses lower than budget.
Advertising & Promotions	18,566	45,212	26,646	59%	Favorable due to actual advertising expenses lower than budget.
Travel & Training	359,405	298,454	(60,951)	-20%	Unfavorable variance mostly due to higher than anticipated travel expenses related to contracted medical staff not budgeted.
Insurance	360,609	316,084	(44,525)	-14%	Unfavorable variance mainly related to higher than anticipated malpractice insurance expenses for contracted medical staff.
Rent	939,349	1,046,031	106,682	10%	Favorable due to actual rent payment for A.G. Spanos building and actual fleet services charges lower than budget.
Miscellaneous	374,533	304,774	(69,759)	-23%	Unfavorable variance related to higher than anticipated recruiting and minor equipment expenses.

SJ HEALTH BALANCE SHEET- MARCH 2026

	FY2025 JUNE 30, 2025 (UNAUDITED)	FY2026 FQE SEPTEMBER 30, 2025	FY2026 FQE DECEMBER 31, 2025	FY2026 FQE MARCH 31, 2026
Assets				
Cash & Cash Equivalents	32,994,295	32,464,668	32,491,874	31,321,739
Accounts Receivable	2,282,608	2,123,851	1,054,695	1,063,088
Property & Equipment	2,323,595	2,169,907	2,024,634	1,853,638
Other Assets	15,901,518	21,608,100	26,515,520	32,462,165
Total Assets	53,502,017	58,366,527	62,086,722	66,700,630
Liabilities				
Accounts Payable	1,607,815	860,296	1,746,813	1,561,361
Other Liabilities	5,947,579	8,175,594	7,921,275	8,672,525
Deferred Revenue	0	0	0	600,000
Total Liabilities	7,555,394	9,035,890	9,668,087	10,833,886
Net Assets				
Unrestricted Net Assets	38,960,214	44,274,146	44,274,146	44,274,146
Restricted Net Assets	1,672,477	1,672,477	1,722,042	1,723,038
Current YTD Net Income	5,313,932	3,384,015	6,422,447	9,869,560
Total Net Assets	45,946,622	49,330,638	52,418,635	55,866,744
Total Liabilities and Net Assets	53,502,017	58,366,527	62,086,722	66,700,630

36-MONTH TRENDS - CASH COLLECTED



FY26 Collections By Financial Class	%
Medicaid	94.65%
Medicare	4.82%
Self-Pay	0.30%
Commercial	0.23%
Total	100.00%

NOTE: COLLECTIONS FROM MAY 2025 THROUGH MARCH 2026 HAVE BEEN ESTIMATED BASED ON THE HISTORICAL COLLECTIONS TREND. INCREASE IN COLLECTIONS FROM APRIL 2025 THROUGH MARCH 2026 IS DUE TO THE IMPLEMENTATION OF INTERMITTENT CLINIC STRATEGY IN SEPTEMBER 2024.

CAPITAL LINK FQHC FINANCIAL BENCHMARKS VS SJ HEALTH

DATA SUMMARY	CAPITAL LINK TARGET	2023 NATIONAL MEDIAN	2023 CALIFORNIA MEDIAN	SJ HEALTH FYTD FY25 (UNAUDITED)	SJ HEALTH FYTD FY26
FINANCIAL HEALTH					
1 Operating Margin As a % of Operating Revenue	**>3%**	4%	5%	10.1%	**20.5%**
2 Bottom Line Margin As a % of Operating Revenue	**>3%**	6%	6%	10.1%	**20.5%**
3 Days Cash on Hand	**>60 Days**	105	129	259	**228**
4 Days in Net Patient Receivables	**<45 Days**	36	39	37	**31**
5 Personnel-Related Expense (PRE) As a % of Operating Revenue	**<70%**	69%	72%	72%	**64%**

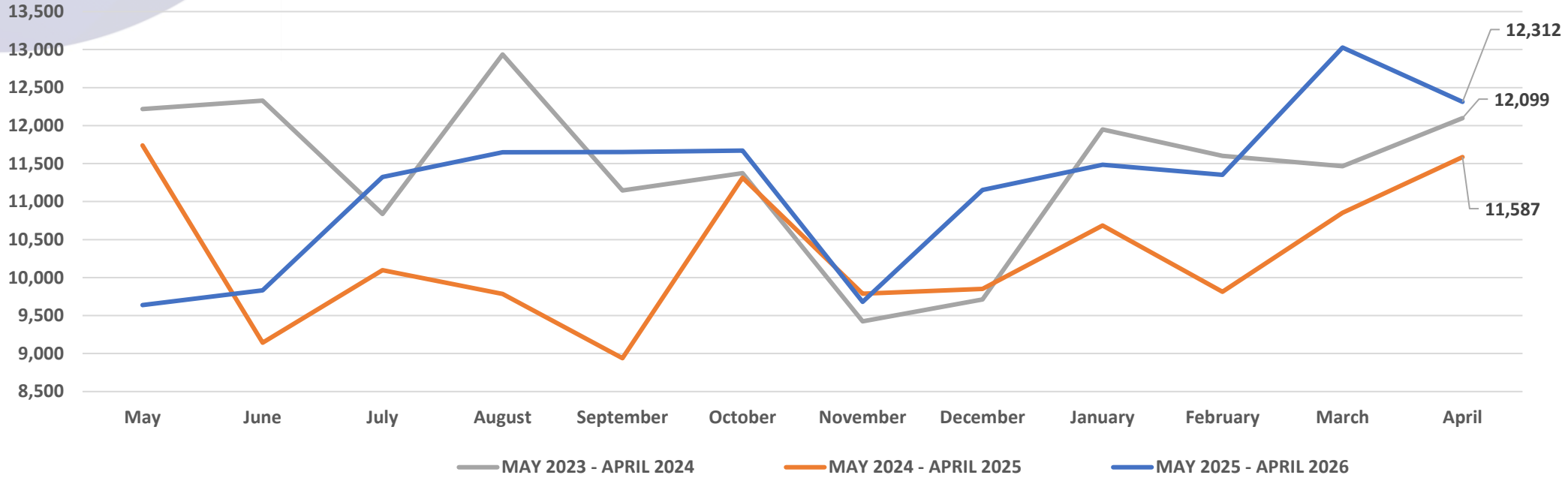
SAN JOAQUIN HEALTH CENTERS
FINANCE PRESENTATION
APRIL 2026 FINANCIAL STATEMENTS

Alison Shih

Management Services Administrator

Presentation Date: 6/30/2026

36-MONTH BILLABLE VISIT TRENDS (BY DOS)



FY26 Visits By Financial Class	Actual
Medi-Cal Managed Care	78.59%
Medicare	11.45%
Medi-Cal	6.28%
Commercial	2.60%
Self-Pay	1.08%
Total	100.00%

FY26 Month	Actual	Budget	Variance
Jul-25	11,323	11,586	(263)
Aug-25	11,649	11,062	587
Sep-25	11,653	11,052	601
Oct-25	11,671	12,109	(438)
Nov-25	9,679	8,956	723
Dec-25	11,153	11,576	(423)
Jan-26	11,484	10,535	949
Feb-26	11,352	10,005	1,347
Mar-26	13,027	11,589	1,438
Apr-26	12,312	11,587	725
Total	115,303	110,057	5,246

SJ HEALTH INCOME STATEMENT – APRIL 2026

	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	Current Year Actual	YTD Budget - Original	YTD Budget Variance - Original
Operating Revenue						
Net Patient Service Revenue	2,039,158	2,119,151	(79,993)	21,286,568	20,229,591	1,056,977
Supplemental Revenue	2,280,922	2,280,922	0	22,809,225	22,809,225	0
Capitation Revenue	395,387	458,333	(62,947)	4,175,742	4,583,333	(407,591)
Managed Care Incentives	3,333	79,000	(75,667)	756,800	1,390,000	(633,200)
Grant Revenue	74,111	41,719	32,393	897,821	755,786	142,035
340B Pharmacy Program	106,174	233,333	(127,159)	1,779,810	2,333,333	(553,523)
MOU & Other Income	294,520	282,138	12,382	1,589,002	1,515,888	73,114
Total Operating Revenue	5,193,606	5,494,597	(300,991)	53,294,968	53,617,157	(322,189)
Expenditures						
Salaries & Wages	1,893,287	2,467,909	574,622	17,726,118	24,491,888	6,765,770
Employee Benefits	1,012,086	1,339,783	327,697	9,153,891	13,290,409	4,136,517
Professional Fees	454,799	541,653	86,854	5,091,284	5,416,525	325,242
Purchased Services	322,073	267,577	(54,496)	2,660,055	2,675,770	15,715
Supplies	129,645	160,577	30,932	1,751,302	1,605,774	(145,528)
Depreciation	50,057	53,608	3,551	593,501	536,078	(57,423)
Interest	1,021	1,219	198	12,757	12,188	(569)
Office Expense	1,839	1,667	(173)	15,376	16,667	1,292
Dues, Subscription & Fees	127,591	127,119	(472)	1,349,196	1,271,188	(78,008)
Repairs & Maintenance	64,746	65,525	779	654,837	655,250	413
Telephone & Internet	13,266	20,599	7,333	143,346	205,991	62,646
Advertising & Promotions	2,720	5,024	2,304	21,286	50,235	28,949
Travel & Training	29,989	33,162	3,173	389,394	331,616	(57,778)
Insurance	36,737	35,120	(1,616)	397,346	351,204	(46,142)
Utilities	122,440	130,577	8,137	1,220,526	1,305,770	85,245
Rent	108,755	116,226	7,470	1,048,104	1,162,256	114,152
Miscellaneous	25,991	33,864	7,873	400,524	338,637	(61,886)
Total Expenditures	4,397,040	5,401,206	1,004,166	42,628,842	53,717,447	11,088,606
Net Income(Loss)	796,566	93,391	703,175	10,666,126	(100,291)	10,766,417

SJ HEALTH INCOME STATEMENT VARIANCE ANALYSIS APRIL 2026
(ONLY VARIANCES WITH +/- 10% ARE REPRESENTED)

Income Statement Grouping	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	% Variance	April 2026 - Variance Explanations
Revenues					
Capitation Revenue	395,387	458,333	(62,947)	-14%	Unfavorable variance mainly due to decline in membership panel size.
Managed Care Incentives	3,333	79,000	(75,667)	-96%	Unfavorable mainly due to lower HEDIS Gap Closure Block Access revenue accrued for April based on the updated contract terms effective January 2026. Also, an entry recorded in April to true up the accrued revenues for the quarter ended 12/31/25 based on the actual payment received.
Grant Revenue	74,111	41,719	32,393	78%	Favorable variance mainly due to actual ARPA grant revenue higher than budget.
340B Pharmacy Program	106,174	233,333	(127,159)	-54%	Unfavorable variance mainly due to increasing manufacturer restrictions and Inflation Reduction Act effective January 2026.
Expenditures					
Salaries & Wages	1,893,287	2,467,909	574,622	23%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Apr 2026 FTEs for direct hire positions are 190 compared to budgeted FTEs for 239.
Employee Benefits	1,012,086	1,339,783	327,697	24%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Apr 2026 FTEs for direct hire positions are 190 compared to budgeted FTEs for 239.
Professional Fees	454,799	541,653	86,854	16%	Favorable variance mainly due to actual activity lower than budgeted for contracted medical staff and other professional services.
Purchased Services	322,073	267,577	(54,496)	-20%	Unfavorable variance mainly due to actual data processing charges higher than budgeted.
Supplies	129,645	160,577	30,932	19%	Favorable variance mainly due to actual expenses related to medical supplies lower than budgeted.
Telephone & Internet	13,266	20,599	7,333	36%	Favorable variance due to actual telecommunication expenses lower than budget.
Advertising & Promotions	2,720	5,024	2,304	46%	Favorable variance mainly due to actual activity lower than anticipated.
Miscellaneous	25,991	33,864	7,873	23%	Favorable variance mainly due to actual activity lower than anticipated.

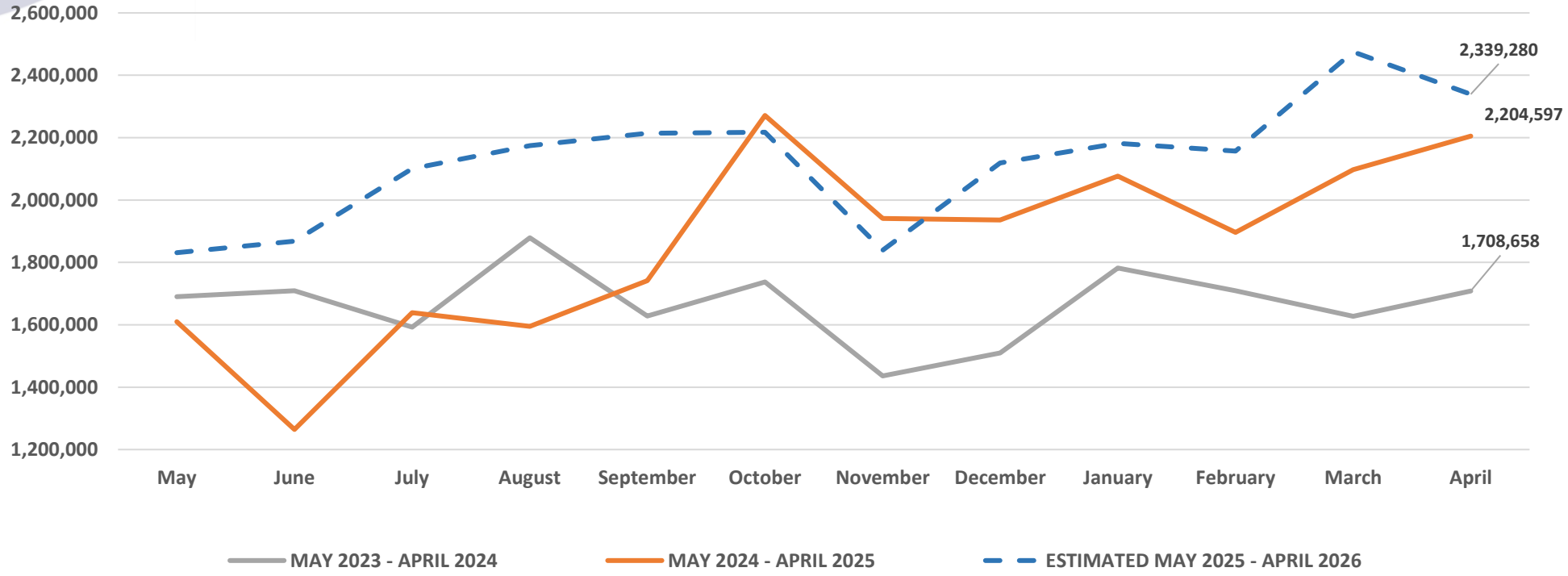
SJ HEALTH INCOME STATEMENT VARIANCE ANALYSIS YTD FY26
(ONLY VARIANCES WITH +/- 10% ARE REPRESENTED)

Income Statement Grouping	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	% Variance	YTD - Variance Explanations
Revenues					
Managed Care Incentives	756,800	1,390,000	(633,200)	-46%	Unfavorable mainly due to the budgeted $600K for PCP Hedis Incentive revenue for CY2024, which has been accrued in FY25.
Grant Revenue	897,821	755,786	142,035	19%	Favorable variance due to actual ARPA grant revenue higher than budget along with recognizing unbudgeted Binational Health and Sunlight Giving grant revenue which offset by budgeted HRSA CPF Lodi grant revenue.
340B Pharmacy Program	1,779,810	2,333,333	(553,523)	-24%	Unfavorable variance mainly due to increasing manufacturer restrictions and Inflation Reduction Act effective January 2026.
Expenditures					
Salaries & Wages	17,726,118	24,491,888	6,765,770	28%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Apr 2026 FTEs for direct hire positions are 190 compared to budgeted FTEs for 239.
Employee Benefits	9,153,891	13,290,409	4,136,517	31%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Apr 2026 FTEs for direct hire positions are 190 compared to budgeted FTEs for 239.
Depreciation	593,501	536,078	(57,423)	-11%	Unfavorable mainly due to unbudgeted depreciation expense for assets added.
Telephone & Internet	143,346	205,991	62,646	30%	Favorable variance due to actual telecommunication expenses lower than budget.
Advertising & Promotions	21,286	50,235	28,949	58%	Favorable variance mainly due to actual activity lower than anticipated.
Travel & Training	389,394	331,616	(57,778)	-17%	Unfavorable variance mostly due to higher than anticipated travel expenses related to contracted medical staff not budgeted.
Insurance	397,346	351,204	(46,142)	-13%	Unfavorable variance mainly related to higher than anticipated malpractice insurance expenses for contracted medical staff.
Rent	1,048,104	1,162,256	114,152	10%	Favorable variance mainly due to actual activity lower than anticipated.
Miscellaneous	400,524	338,637	(61,886)	-18%	Unfavorable variance related to higher than anticipated recruiting and minor equipment expenses.

SJ HEALTH BALANCE SHEET- APRIL 2026

	FY2025 JUNE 30, 2025 (UNAUDITED)	FY2026 FQE SEPTEMBER 30, 2025	FY2026 FQE DECEMBER 31, 2025	FY2026 FQE MARCH 31, 2026	FY2026 AS OF APRIL 30, 2026
Assets					
Cash & Cash Equivalents	32,994,295	32,464,668	32,491,874	31,321,739	30,852,603
Accounts Receivable	2,282,608	2,123,851	1,054,695	1,063,088	1,237,237
Property & Equipment	2,323,595	2,169,907	2,024,634	1,853,638	1,803,581
Other Assets	15,901,518	21,608,100	26,515,520	32,462,165	34,424,920
Total Assets	53,502,017	58,366,527	62,086,722	66,700,630	68,318,341
Liabilities					
Accounts Payable	1,607,815	860,296	1,746,813	1,561,361	1,250,586
Other Liabilities	5,947,579	8,175,594	7,921,275	8,672,525	8,980,445
Deferred Revenue	0	0	0	600,000	1,200,000
Total Liabilities	7,555,394	9,035,890	9,668,087	10,833,886	11,431,031
Net Assets					
Unrestricted Net Assets	38,960,214	44,274,146	44,274,146	44,274,146	44,274,146
Restricted Net Assets	1,672,477	1,672,477	1,722,042	1,723,038	1,947,038
Current YTD Net Income	5,313,932	3,384,015	6,422,447	9,869,560	10,666,126
Total Net Assets	45,946,622	49,330,638	52,418,635	55,866,744	56,887,310
Total Liabilities and Net Assets	53,502,017	58,366,527	62,086,722	66,700,630	68,318,341

36-MONTH TRENDS - CASH COLLECTED



FY26 Collections By Financial Class	%
Medicaid	94.65%
Medicare	4.82%
Self-Pay	0.30%
Commercial	0.23%
Total	100.00%

NOTE: COLLECTIONS FROM MAY 2025 THROUGH APRIL 2026 HAVE BEEN ESTIMATED BASED ON THE HISTORICAL COLLECTIONS TREND. INCREASE IN COLLECTIONS FROM MAY 2025 THROUGH APRIL 2026 IS DUE TO THE IMPLEMENTATION OF INTERMITTENT CLINIC STRATEGY IN SEPTEMBER 2024.

CAPITAL LINK FQHC FINANCIAL BENCHMARKS VS SJ HEALTH

DATA SUMMARY	CAPITAL LINK TARGET	2023 NATIONAL MEDIAN	2023 CALIFORNIA MEDIAN	SJ HEALTH FYTD FY25 (UNAUDITED)	SJ HEALTH FYTD FY26
FINANCIAL HEALTH					
1 Operating Margin As a % of Operating Revenue	**>3%**	4%	5%	10.1%	**20.0%**
2 Bottom Line Margin As a % of Operating Revenue	**>3%**	6%	6%	10.1%	**20.0%**
3 Days Cash on Hand	**>60 Days**	105	129	259	**223**
4 Days in Net Patient Receivables	**<45 Days**	36	39	37	**30**
5 Personnel-Related Expense (PRE) As a % of Operating Revenue	**<70%**	69%	72%	72%	**65%**

SJ HEALTH
San Joaquin Health Centers

REPORT TO THE BOARD OF DIRECTORS

June 30, 2026

VASQUEZ
+ COMPANY LLP

/ To the Board of Directors

We are pleased to present this report related to our audit of the financial statements of San Joaquin Health Centers (SJHC or the Organization) as of and for the year ended June 30, 2025. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Organization's financial reporting process, as well as other matters that we believe may be of interest to you. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

This report is intended solely for the information and use of the Board of Directors, Audit Committee, and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Organization.

/ Table of Contents

/ Engagement Team

Roger Martinez
Audit Practice Leader

Steve Gradl
Quality Control Partner

Jay Toledo
Engagement Director

Lorielyn Jalotjot
Audit Manager

Senior Auditors

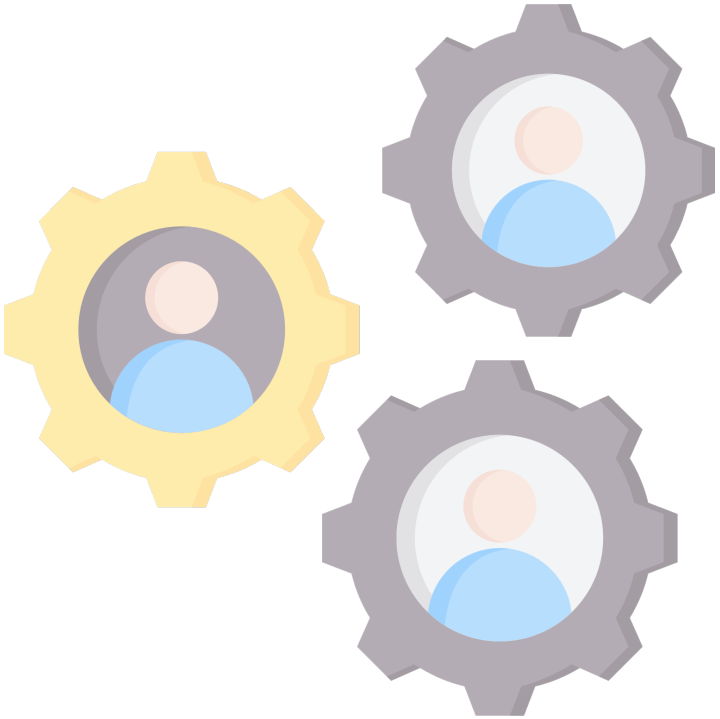
Jason Tagasa
IT Audit Senior Manager

IT Senior/s

/ Independence

- There are no relationships between any of our representatives and the Organization that in our professional judgment may reasonably be thought to bear on independence.
- Vasquez & Company LLP meets the independence requirements of the Government Auditing Standards as it relates to the Organization.

/ Scope of Engagement



Financial Statement Audit

- In accordance with Generally Accepted Government Auditing Standards
- As of and for the year ended June 30, 2025

/ Summary of Audit Results

VASQUEZ
+ COMPANY LLP

/ Independent Auditor's Report and Results

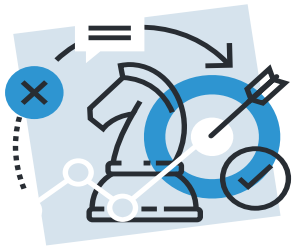
UNMODIFIED – "clean" OPINION

Audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*

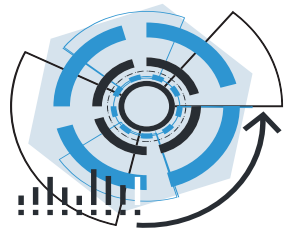
The financial statements fairly present, in all material respects, San Joaquin Health Centers:

Financial Position

Results of Operations and Changes in Net Assets



Functional Expenses



Cash Flows

/ Internal Control Observations

Information Technology Controls – Best Practices

- Strengthen Privileged Access Governance
- Formalize User Access Review Documentation
- Improve User Access Deprovisioning Process
- Perform and Document Disaster Recovery Testing
- Evaluate Third-party Controls

/ Internal Control Observations

Internal Control Deficiency – Billing Process

Observation

During our audit, we noted that three (3) charges were omitted from EMMI's billing report as of June 30, 2025. These charges were later recorded and submitted to payers on March 6, 2026.

This delay reflects a control gap in the billing process and increases the risk of untimely claim submissions, potential revenue loss, and noncompliance with established billing procedures.

Recommendation

Management should implement monitoring controls and periodic reconciliations between internal charge records and vendor reports to ensure all charges are captured and billed on a timely basis.

.

/ Internal Control Observations

Internal Control Deficiency – Credit Card Documentation

Observation

During testing of credit card transactions, one transaction lacked supporting documentation, contrary to SJHC's Fiscal Policy.

This indicates a control deficiency and limits the ability to verify the validity and completeness of the transaction.

Recommendation

Management should enforce documentation requirements and ensure transactions are not processed without adequate supporting support.

/ Auditor’s Required Communication to Those Charged with Governance (AU-C 260)

VASQUEZ + COMPANY LLP

/ Required Communication to those Charged with Governance

Independence	There are no relationships between any of our representatives and the Organization that in our professional judgment may reasonably be thought to bear on independence. Vasquez & Company LLP meets the independence requirements of the Government Auditing Standards as it relates to the Organization.
Management's Responsibility	Management has primary responsibility for the accounting principles used, including their consistency, application, clarity and completeness.
Significant Accounting Policies	SJHC's significant accounting policies are appropriate, and management has applied its policies consistently with prior periods in all material respects.
Controversial issues	No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.
Basis of Accounting	The basic financial statements were prepared on the assumption that SJHC will continue as a going concern.
Audit Adjustments	Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by SJHC are reflected in the Financial Statements.

VASQUEZ + COMPANY LLP

/ Required Communication to those Charged with Governance, Continued

Passed Audit Differences	There were no passed audit differences
Disagreements with Management	We encountered no disagreements with management on financial accounting and reporting matters as it relates to the current year financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting and auditing matters.
Conditions of Retention	No significant issues were discussed, or subject to correspondence, with Management prior to retention.
Difficulties with Management	We did not encounter any difficulties with management while performing our audit procedures that require the attention of the Audit Committee and the Board.
Irregularities, Fraud or Illegal Acts	No irregularities, fraud or illegal acts or that would cause a material misstatement of the basic financial statements, came to our attention as a result of our audit procedures.
Management Representations	SJHC will provide us with a signed copy of the management representation letter prior to the issuance of our audit reports.

/ Contact Information

Vasquez + Company LLP has over 55 years of experience in performing audit, accounting, and consulting services for all types of private companies, nonprofit organizations, and governmental entities.

Vasquez + Company LLP is proud to be part of Aprio Alliance—a national association created by accounting professionals to help collaborative, growth-minded CPA firms thrive. This affiliation gives us access to leading expertise, resources, and best practices, while preserving what matters most: the personalized service and local insight you expect from an independent firm. Aprio Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from Aprio. “Aprio” is the brand name under which Aprio, LLP and Aprio Advisory Group, LLC (and its subsidiaries) provide professional services.

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San Joaquin Health Centers

Financial Statement Comments

April 2026

Summary of FQHC Performance: Fiscal Year-to-Date

Year-to-date (YTD) billable visits as of April are favorable to budget by 5,246 visits. Net Patient Service Revenues for April are unfavorable to budget by $79,993. YTD financials reflect an estimated PPS liability accrual of $250,000. YTD financials include Medi-Cal payment for $139,334 for FY2023 PPS liabilities due to DHCS. Also, YTD financials include Medi-Cal payment for $307,979 for FY2022 PPS receivable due from DHCS.

Supplemental Revenue includes the recognition of estimated Quality Incentive Program (QIP) revenue of $21,286,568. Also, YTD financials include Capitation Revenue for $4,175,742 and 340B Pharmacy program revenue for $1,779,810. Grant Revenues include ARPA, Sunlight Giving, and Binational Health grant revenues for $897,821. YTD financials include Hedis Gap Closure incentive revenues recorded for $756,800 for July through April health care services. In FY26, SJ Health Centers received the HEDIS incentive payment for $1,770,427 for CY2024 which has been reported on the FY26 balance sheet, and the related incentive revenue has been accrued in FY25.

Other Revenue includes revenues accrued for $544,519 related to Purchased Services provided to SJGH by SJHC per the MOU. Interest income for $1,025,586 has been reflected on the financials, which is favorable compared to budget by $9,698. Also, April financials include refund of $18,557 pertaining to the health insurance reserve amount held with NonStop Health due to termination of the service contract.

Total Operating Revenue is unfavorable to budget by $322,189 primarily due to favorable variance in revenues for $1,272,126 related to patient services, SJGH Chargebacks per MOU, interest income, other income, and grants higher than budget offset by unfavorable revenues for $1,594,314 related to Physician Capitation, 340B Pharmacy Program, and HEDIS incentive revenue. FY26 budget includes $600,000 related to the HEDIS incentive payment for CY2024 which has been accrued as revenue in FY25.

Salaries and Benefits expenses exhibit a favorable variance to budget by $10,902,287 which is mainly related to vacant positions that have not filled yet. Salaries and Benefits expenses budgeted for FY26 are based on 100% employment. Recruitment efforts are ongoing to fill the vacant positions.

Other operating expenses exhibit a favorable variance of $186,319 largely due to an unfavorable variance for $447,335 for Supplies, Depreciation, Interest, Dues, Travel, Insurance and Miscellaneous expenses offset by a favorable variance of $633,653 reflected in the Professional Fees, Purchased Services, Office, Repairs, Telephone, Advertising, Utilities, and Rent expense categories. An estimated accrual for the Purchased Services is recorded from July through April based on the MOU with the County for services purchased from San Joaquin General Hospital. YTD total Operating Expenditures are favorable to budget by $11,088,606.

Unaudited, as presented, YTD Net Income of $10,666,126 represents a favorable variance of $10,766,417 as compared to budgeted Net Loss of $100,291. Net Income is favorable mainly due to the actual salaries and benefits expenses related to vacant positions that have not been filled yet and are included in FY26 budgeted expenses.

Additional Factors Impacting FQHC Fiscal Results

- Supplemental revenues are estimates based on current performance and statewide pool amounts for the California Department of Public Health Quality Incentive Pool Program.
- On SJ Health's balance sheet, deferred grant revenues amount to $1,947,038 as of April 2026.

Chief Medical Officer Report – Key Updates
June 2026

Clinical Operations and Access

Systemwide visit volume remained generally steady in June compared to May. Similar access pressures continued during the month, largely related to provider time off and ongoing staffing limitations. Despite these challenges, underlying patient demand remains strong, and access is expected to improve as staffing stabilizes through the summer.

Chart completion policy follow-up was restarted in June and is going well. This renewed focus supports improved documentation timeliness, provider accountability, and operational consistency across the system.

Workforce and Recruitment

Workforce stabilization and recruitment remained key priorities in June. The Pediatric Nurse Practitioner and Women's Health Nurse Practitioner both started during the month and are helping support near-term access needs.

Additional provider onboarding is scheduled over the next quarter. One locum provider is scheduled to return on July 13, which should provide additional coverage support. A permanent Certified Nurse Midwife is also scheduled to start on July 13. A Family Medicine Nurse Practitioner is scheduled to start on August 10, and an Internal Medicine physician is scheduled to start on August 24. These additions are expected to improve access and support continued workforce stabilization.

Behavioral Health Integration

Behavioral health integration continued to move forward during June. Referral workflows and related processes should now be implemented following prior provider education.

Dr. Tupper met with PMC providers to discuss the behavioral health crisis line and provide guidance regarding psychotropic prescribing. This helped strengthen collaboration between primary care and psychiatry while supporting provider education around behavioral health care coordination. Ongoing focus remains on improving behavioral health access, referral consistency, and provider comfort with psychiatric care coordination.

Hospital and Residency Collaboration

Collaboration with St. Joseph's remains an important focus. St. Joseph's is scheduled to present at the August Pediatrics meeting regarding the direct admission process. The long-

term goal remains to create a clearer pathway for appropriate pediatric admissions and improve coordination between SJ Health and hospital partners.

Leadership also continued engagement with the Family Medicine residency program during June. CMO leadership attended the Family Medicine residency graduation and met with the new Family Medicine interns alongside Triti, French Camp CSC. The meeting provided an opportunity to discuss the County, the SJ Health clinic system, clinic processes, and leadership contact information. This engagement supports ongoing partnership with the residency program and helps orient new residents to SJ Health operations.

Correctional Health Collaboration

Collaboration with Correctional Health Services continued in June as the system prepared for transition. Correctional Health Services appears operationally ready for the transition, and work continues around provider coverage planning and clinical support needs.

Efforts are moving forward to implement selected point-of-care testing, including STI-related testing. These efforts are intended to improve clinical efficiency, reduce reliance on outside or hospital-based processes, and support smoother operations within the correctional setting.

System Coordination

Cross-department coordination remains an important focus as Healthcare Services continues working to align services across SJ Health, Correctional Health, Behavioral Health, and hospital partners. June efforts reflected continued work to strengthen communication, referral pathways, provider support, and operational problem-solving across shared patient populations.

Continued coordination will be important as new providers onboard, Correctional Health transitions operationally, and hospital collaboration efforts advance.

Outlook

June visit volume remained steady compared to May, with continued access pressures primarily related to provider time off and staffing limitations. Access is expected to improve as new providers onboard in July and August.

The return of one locum provider, the start of a permanent CNM, and future onboarding of an FM NP and IM physician should strengthen coverage over the next quarter. Behavioral health and psychiatry collaboration continue to mature, with implemented referral workflows and additional provider education. Correctional Health transition work also

continues to move forward, with focus on readiness, coverage, and point-of-care testing implementation.

Next Steps

Continue monitoring visit volume and access trends during the summer provider time-off period. Support onboarding of the returning locum provider and permanent CNM on July 13. Prepare for onboarding of the Family Medicine Nurse Practitioner on August 10 and Internal Medicine physician on August 24.

Continue chart completion policy follow-up and monitor documentation compliance. Prepare for the August Pediatrics meeting with St. Joseph's regarding the direct admission process. Continue supporting Behavioral Health and psychiatry collaboration, including referral consistency and provider education. Continue operational collaboration with Correctional Health Services around coverage planning and point-of-care testing implementation.

CEO Report – June 30, 2026 Board Meeting

Executive Summary

The organization continues to demonstrate stable operational performance while advancing several key strategic initiatives. Highlights this month include Board of Supervisors approval of the FY 2026–27 budget, submission of our QIP PY8 CY2025 report with a final score of 100%, and continued progress on the Lodi Access Center project.

Organizational Performance

Operational performance remains stable with continued growth in visit volume and sustained access improvements. Daily visits for May averaged 550, with total monthly visits reaching 11,018 compared to 10,472 in May 2025. Slot utilization increased to 80%, while no-show rates remained low at 21.8%, representing more than a 30% improvement from the prior year. These trends reflect continued operational stability and effective patient engagement efforts.

Strategic, Financial, and Compliance Highlights

Progress continues on the Lodi Access Center clinic project. The lease agreement is scheduled for Board of Supervisors consideration on June 30, and the architecture agreement has been finalized, positioning the project to move into the next phase following lease execution. Separately, design work continues on the conversion of the former hospital employee health space into SJHC Clinic A, with signage and rebranding expected to be completed in July.

The FY 2026–27 budget was approved by the Board of Supervisors on June 16. At approximately $78 million, this represents the organization's first fully consolidated operational budget under the San Joaquin Health Center Enterprise Fund and provides greater transparency into the full cost of operations. FY25 audited financial statements will be presented to the Audit Subcommittee on 6/30/2026. Efforts to restructure the purchased services MOU with the hospital and County also continue, with anticipated positive long-term financial impact.

The organization remains engaged with HRSA regarding potential FY25 New Access Point funding opportunities. While no further updates have been received, we continue to monitor developments and stand ready to proceed should funding become available.

Leadership also completed an assessment of the potential impact of federal policy changes affecting the UIS population. Based on current projections, including Health Plan of San Joaquin estimates of approximately a 1% membership reduction, the fiscal impact to the organization is expected to be minimal.

A major accomplishment this month was successful submission of the QIP PY8 CY2025 report on June 15. Across 40 total clinical quality measures—31 reported by the clinics and 9 by the hospital—the collaborative achieved a final score of 100%. With a gross incentive pool exceeding

$120 million, this performance reflects the continued commitment of both organizations to delivering high-quality care and maintaining strong quality outcomes.

The organization also continues to strengthen partnerships with local agencies. I attended the recent Lodi City Council meeting where the City approved Outreach Ministries as the operator of the Access Center for a five-year term. The agreement includes coordination of Enhanced Care Management and Community Supports services among the Access Center, San Joaquin Health Centers, and Behavioral Health Services to ensure clear accountability and avoid duplication of services.

Additionally, Gary Bess Associates is finalizing the SWOT analysis that will help inform development of the organization's next strategic plan. A draft is expected within the coming weeks.

Workforce, Culture, and Risk

The five staff members transitioning from the Whole Person Care program officially joined the organization on June 15 and have been integrated into our Enhanced Care Management, Community Supports, and Mobile Health teams. These additional resources are expected to strengthen outreach, engagement, and care coordination efforts for high-risk populations.

The organization also reopened recruitment for the Nursing Department Manager position and has received a qualified candidate pool for review. Filling this role remains a priority as we continue to strengthen operational leadership and clinical support infrastructure.

Forward Look

Over the coming months, leadership will focus on implementation of the FY 2026–27 budget, execution of agreements necessary to advance the Lodi Access Center project, continued expansion of correctional health integration initiatives, and completion of the FY25 audit process. The Board should also expect updates regarding strategic planning activities, potential HRSA funding opportunities, MOU restructuring efforts, and implementation of operational modernization initiatives designed to improve efficiency, scalability, and patient access across the organization.