

# MARIN HEALTHCARE DISTRICT

100B Drakes Landing Road, Suite 250, Greenbrae, CA 94904

Telephone: 415-464-2090 Fax: 415-464-2094

Website: [www.marinhealthcare.org](http://www.marinhealthcare.org)

Email: [info@marinhealthcare.org](mailto:info@marinhealthcare.org)

## FINANCE AND AUDIT COMMITTEE MEETING AGENDA

AUGUST 26, 2014 AT 5:30 P.M.

### Roll Call:

**Chair:** Ann Sparkman, JD

**Member:** James Clever, MD

**Staff:** Ronald K. Sperling, Chief Financial Officer  
Vanetta Van Cleave, Controller  
Richard Slusher, Senior Accountant  
Michael Lighthawk, Executive Assistant

### Location:

Marin Healthcare District Office  
100B Drakes Landing Road, Suite 250  
Greenbrae, CA 94904

**Guest:** Jud Goldsmith

### ATTACHMENTS

<b>I. CALL TO ORDER</b>	Sparkman	
<b>II. ROLL CALL</b>	Sparkman	
<b>III. APPROVAL OF AGENDA</b>	Sparkman	
<b>IV. APPROVAL OF THE MINUTES - June 24, 2014</b>	Sparkman	4A
<b>V. FINANCE</b>		
A. FY 2015 Cash Budget (vs. Actual)	Sperling	5A
B. Profit & Loss	Sperling	5B
C. Balance Sheet – Current & Prior Month	Sperling	5C
1. Cash/Net Asset Graph	Sperling	5C1
D. 1206(b) Report	Sperling	5D
E. Narrative	Sperling	5E
F. Discuss Community Health Grant Programs	Sparkman	
<b>VI. PUBLIC COMMENT</b>	Sparkman	
<b>VII. AGENDA ITEMS FOR NEXT MEETING</b>	Sparkman	
<b>VIII. ADJOURNMENT</b>	Sparkman	

A copy of the agenda for the Regular Meeting will be posted and distributed  
at least seventy-two (72) hours prior to the meeting.  
American Sign Language Interpreters may be requested by calling (415) 927-5755 (voice)  
or (415) 927-5759 (facsimile) at least 48 hours in advance of this meeting.

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## FINANCE AND AUDIT COMMITTEE MEETING AGENDA

AUGUST 26, 2014 AT 5:30 P.M.

### MHD Finance & Audit Committee 2014 Schedule

April 10 - Fiscal 2015 Budget, 1<sup>st</sup> Draft (2<sup>nd</sup> Thursday)

May 28 - Fiscal 2015 Budget (Final)  
(MHD Board, June 10)

June 24 – Community Health Grant Programs

August 26 – Community Health Grant Programs

September 23 – Annual Audit

December 16 (3<sup>rd</sup> Tuesday)

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# **Attachment 4A**

## **Minutes**



Marin Healthcare District Office  
100B Drake's Landing Road, Suite 250  
Greenbrae, CA 94904  
Telephone: 415-464-2090 / Fax: 415-464-2094

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## **FINANCE AND AUDIT COMMITTEE MINUTES**

**June 24, 2014 - 5:30PM**

- I. CALL TO ORDER:** Chair Sparkman called the meeting to order at 5:00pm
- II. MEMBER ROLL CALL:** Ann Sparkman, JD, Chair  
James Clever, MD, Member

**MANAGEMENT STAFF:** David Cox, Chief Financial Officer  
Vanetta Van Cleave, Controller  
Richard Slusher, Senior Accountant  
Jamie Maites, Director of Communications  
Michael Lighthawk, Executive Assistant

**GUESTS:** Jud Goldsmith; Mike Whipple

**III. APPROVAL OF AGENDA**

- Chair Sparkman and Member Clever approved the agenda.

**IV. APPROVAL OF MINUTES**

- Chair Sparkman and Member Clever approved the minutes of May 28, 2014.

**V. FINANCE**

**A. FY 2013 Cash Budget (vs. Actual) (Pg 7 of packet)**

Ms. Van Cleave pointed out that the Lease & Bond Expense Reimbursements contributed to the \$100K positive to budget Total Receipts year-to-date. District Expenses were \$236K under budget resulting in a net positive cash flow of \$336K.

Ms. Maites and Mr. Slusher clarified that the -\$10,759 budget variance in the Community Communications category (Line 14) was due to a coding issue for the overall community funds where Community Communications and Community Education Programs have equal shares of a \$120K annual budget. Ms. Maites expects that the combined community funds will come in at about \$15K under budget for the year.

**B. Profit & Loss - YTD Comparison (Pgs 9-10)**

Ms. Van Cleave pointed out the Net Ordinary Income for May was \$49,625.

**C. Balance Sheet – Current & Prior Month (Pgs 12-13)**

Ms. Van Cleave reported that the Total Cash Balance was \$2.7M, a decrease of \$315K due largely to increased 1206b Clinic operating costs.

Chair Sparkman asked for clarification of item "2111 Due to MGHC – MMPC Retainer \$500K (Line 30)". Mr. Slusher referred the committee to Ref. 30 of the Financial Narrative indicating that "MMPC (Marin Medical Practice Concepts) pays the administrative overhead of the 1206b Clinics and then bills MHD for reimbursement. MMPC's cash flow is covered by the \$500K retainer (net \$0 to the District).

**1. Cash/Net Asset Graph (Pg 15)**

**D. 1206(b) Report (Pgs 17-18)**

Ms. Van Cleave reported that, even though the clinic deficits are always budgeted there are currently three clinics that operating with a YTD positive variance: San Rafael Medical Center (\$17,369); Marin Medical Group (\$128,222) and Tamalpais Internal Medicine (\$42,806). Overall the variance is a negative \$954K.

Mr. Sperling pointed out that the \$170K increase in variance is primarily due to the nature of clinic operations primarily in the cardiology area due, in part, to unexpected shortfalls in the payor mix and revenue estimations built into the budgeting process. Discussions ensued on these topics.

**E. Narrative (Pgs 20-22)**

**F. Charitable Contributions Policy (Pgs 24-30) Action**

Jamie Maite presented revised versions of the Community Health Grant Policy, Application, and Report form incorporating revisions discussed at the previous committee meeting including:

- Limiting grants to a one year term.
- Inclusion of a mid-year & final Community Health Grant Report form that will provide project status and grant expenditures as well as goals and objectives of the project.

Following further discussion, two minor edits were suggested on the Grant Policy under Community Benefit Grants are generally NOT awarded for . . .

- Schools ~~/education~~
- Formal athletic programs, such as sports teams or leagues

**Motion**

Following further discussion, Member Clever introduced the following motion:

The MHD Finance & Audit Committee recommends that the Community Health Grant Policy, Community Health Grant Report form, and the Community Health Grant Application be approved by the MHD Board of Directors at the next regularly scheduled meeting.

Chair Sparkman seconded. All ayes. **Motion passed.**

**VI. PUBLIC COMMENT**

- Margaret Jones

**VII. AGENDA ITEMS FOR NEXT MEETING**

- Discuss Community Health Grant Programs

**VIII. NEXT MHD F&A MEETING – Wednesday, June 24, 2014, 5:30pm**

**IX. ADJOURNMENT -** There being no further business, the meeting adjourned at 5:35 pm.

# **Attachment 5A**

## **Cash Budget**

Marin Healthcare District					
FY2015 Cash Budget Versus					
Actual					
As of July 31, 2014					
		July 1, 2014 Through July 31, 2014			
	Annual	To Date -	To Date -	Variance	
	Budget	Budget	Actual	( ) is adverse	Ref
<b>Receipts</b>					
MGHC Cash Rental Income - Lease	457,419	111,114	111,114	0	1
MGHC Support Payments	201,364	49,597	49,597	0	2
MGHC Reimbursables	-				3
Interest Income	3,000	250	202	(48)	4
<b>Total Receipts</b>	<b>661,783</b>	<b>160,961</b>	<b>160,913</b>	<b>(48)</b>	<b>5</b>
<b>Disbursements</b>					
Legal Fees - Counsel - General	60,000	5,000	800	4,200	6
Auditor Expenses	20,000	1,667		1,667	7
Board Compensation	12,000	1,000	-	1,000	8
Board Expenses - Meetings & Travel	30,000	2,500	1,829	671	9
ACHD	12,000	1,000	-	1,000	10
Charitable Contributions	30,000	2,500	-	2,500	11
Consultant - Board	60,000	5,000	-	5,000	12
Community Communications	60,000	5,000	-	5,000	13
Community Education Program	60,000	5,000	-	5,000	14
Lafco Allocation	3,000	250	-	250	15
Election	130,000	-	-	0	16
Reserve	43,419	3,618	-	3,618	17
MGH Approved Program Support	141,364	-	-	0	18
Subtotal - District Expenses	<b>661,783</b>	<b>32,535</b>	<b>2,629</b>	<b>29,906</b>	<b>19</b>
Net Cash Flow	<b>\$ -</b>	<b>\$ 128,426</b>	<b>\$ 158,284</b>	<b>29,858</b>	<b>21</b>

# **Attachment 5B**

## **Profit & Loss**



Marin Healthcare District  
**Profit & Loss**  
July 2014

	<u>Jul 14</u>	<u>Jul 14</u>	<u>Ref</u>
<b>Ordinary Income/Expense</b>			
Income			
4000 · MGHC Rental Income			
4010 · MGHC Rental Income (Cash Rental Income)	37,038	37,038	<b>1</b>
4000 · MGHC Rental Income - Other	<u>95,133</u>	<u>95,133</u>	<b>2</b>
Total 4000 · MGHC Rental Income	132,171	132,171	<b>3</b>
4100 · MGHC- 1999 Agreement	49,597	49,597	<b>4</b>
4200 · Interest Income			
4204 · Interest Income - Operating	<u>202</u>	<u>202</u>	<b>5</b>
Total 4200 · Interest Income	<u>202</u>	<u>202</u>	<b>6</b>
Total Income	181,970	181,970	<b>7</b>
Expense			
5041 · Legal Fees			
5050 · Counsel - General	<u>800</u>	<u>800</u>	<b>8</b>
Total 5041 · Legal Fees	800	800	<b>9</b>
5083 · Operating Expenses			
5000 · Auditor Expenses	1,000	1,000	<b>10</b>
5007 · Board Expenses			
5007.2 · Travel/Meals/Parking	994	994	<b>11</b>
5024 · MHCD Conferences & Meetings	<u>4,365</u>	<u>4,365</u>	<b>12</b>
Total 5007 · Board Expenses	5,359	5,359	<b>13</b>
5020 · Depreciation Expense	30,587	30,587	<b>14</b>
5030 · Election expenses	<u>5,400</u>	<u>5,400</u>	<b>15</b>
Total 5083 · Operating Expenses	<u>42,346</u>	<u>42,346</u>	<b>16</b>
Total Expense	<u>43,146</u>	<u>43,146</u>	<b>17</b>
Net Ordinary Income	138,824	138,824	<b>18</b>
Other Income/Expense			
Other Income			
8300 · Reimbursables 1206b Clinics	<u>360,554</u>	<u>360,554</u>	<b>19</b>
Total Other Income	360,554	360,554	<b>20</b>
Other Expense			
9300 · Net Loss - 1206b Clinics	<u>360,554</u>	<u>360,554</u>	<b>21</b>
Total Other Expense	<u>360,554</u>	<u>360,554</u>	<b>22</b>
Net Other Income	<u>0</u>	<u>0</u>	<b>23</b>
Net Income	<u><u>138,824</u></u>	<u><u>138,824</u></u>	<b>24</b>

# **Attachment 5C**

## **Balance Sheet**

**Marin Healthcare District**  
**Balance Sheet - Current & Prior Month**  
As of July 31, 2014

	Jul 31, 14	Jun 30, 14	\$ Change	Ref
<b>ASSETS</b>				
Current Assets				
Checking/Savings				
1040 · LAIF (State Investment Account)	299,741	299,741	0	1
1100 · Union Bank - Operating	1,745,637	1,194,553	551,084	2
1120 · Union Bank - Money Market	1,584,835	1,584,633	202	3
1130 · Union Bank - 1206b	-657,507	0	-657,507	4
Total Checking/Savings	2,972,706	3,078,927	-106,221	5
Other Current Assets				
1201 · Accounts Receivable - 1206b	1,568,906	1,794,254	-225,348	6
1300 · Prepaid Expenses	500,000	500,000	0	7
1530 · - Due from MGHC	765,531	434,275	331,256	8
1575 · Inventory - 1206b Clinics	14,092	14,092	0	9
Total Other Current Assets	2,848,529	2,742,621	105,908	10
Total Current Assets	5,821,235	5,821,548	-313	11
Fixed Assets				
1610 · Hospital Buildings (Hospital Buildings)	5,173,993	5,204,408	-30,415	12
1620 · Land (Land)	865,701	865,701	0	13
1660 · 1206b Equipment - Net	517,802	538,112	-20,310	14
1679 · Drake's Landing Equipment	1,207	1,379	-172	15
Total Fixed Assets	6,558,703	6,609,600	-50,897	16
Other Assets				
1750 · Intangible Assets - 1206b	710,637	715,407	-4,770	17
1810 · Note Receivable - 1206b	56,839	60,665	-3,826	18
1850 · Security Deposit - Rent	86,826	86,826	0	19
Total Other Assets	854,302	862,898	-8,596	20
<b>TOTAL ASSETS</b>	<b>13,234,240</b>	<b>13,294,046</b>	<b>-59,806</b>	<b>21</b>
<b>LIABILITIES &amp; EQUITY</b>				
Liabilities				
Current Liabilities				
Accounts Payable				
2000 · Accounts Payable	730,731	692,813	37,918	22
Total Accounts Payable	730,731	692,813	37,918	23
Credit Cards				
2002 · WFB Credit Card-9568	372	0	372	24
Total Credit Cards	372	0	372	25
Other Current Liabilities				
2001 · Accounts Payable - 1206b Clinic	1,028,564	1,117,490	-88,926	26
2005 · Accrued Election Expense	108,000	102,600	5,400	27
2006 · Accrued Expenses	8,034	7,034	1,000	28
Total Other Current Liabilities	1,144,598	1,227,124	-82,526	29

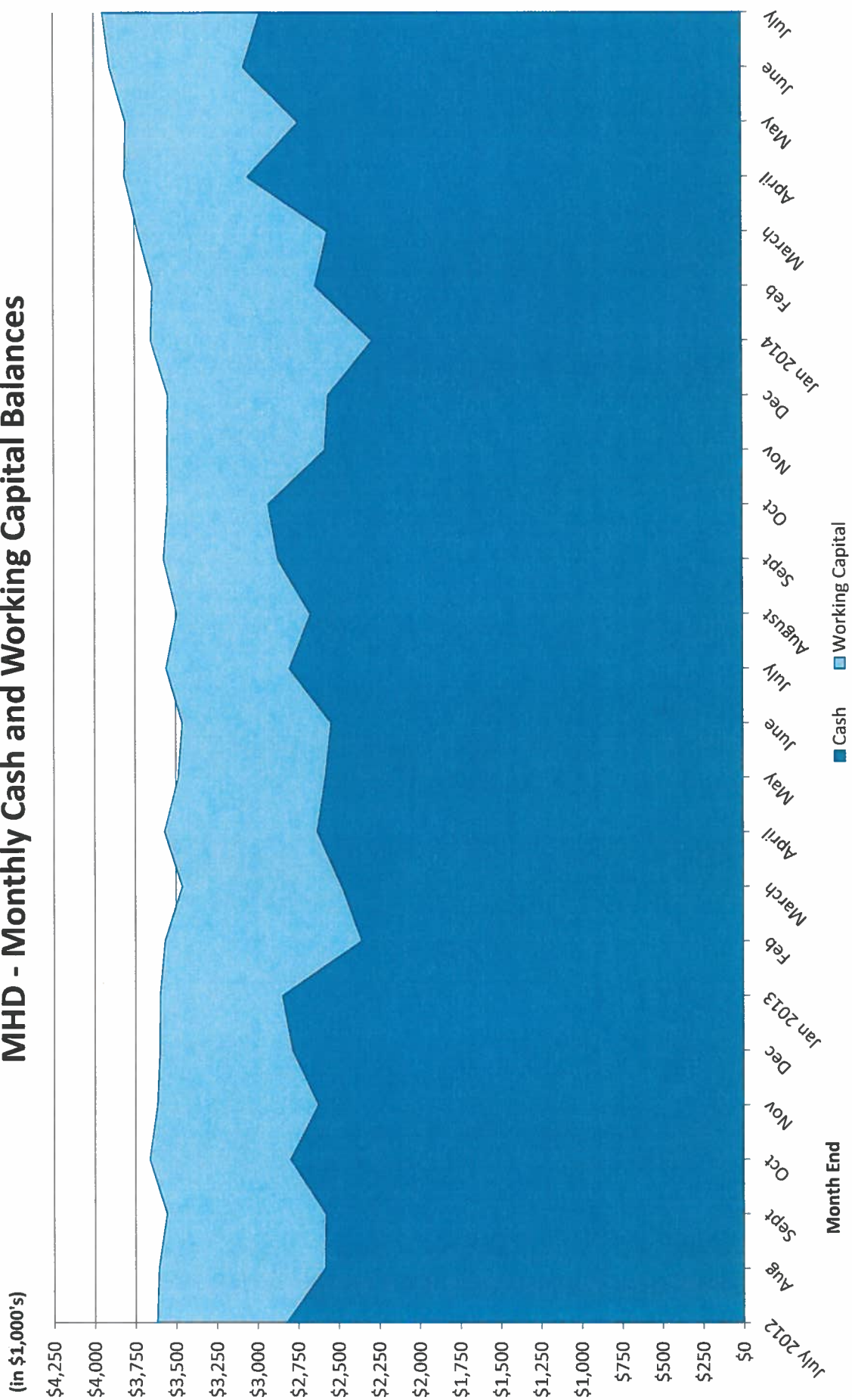
**Marin Healthcare District**  
**Balance Sheet - Current & Prior Month**  
As of July 31, 2014

	<u>Jul 31, 14</u>	<u>Jun 30, 14</u>	<u>\$ Change</u>	<u>Ref</u>
<b>Total Current Liabilities</b>	1,875,701	1,919,937	-44,236	<b>30</b>
<b>Long Term Liabilities</b>				
2100 · Deferred Rental Income (Deferred Rental Income)	1,446,596	1,578,767	-132,171	<b>31</b>
2105 · Loan from MGHC- CAM Assets	644,444	666,667	-22,223	<b>32</b>
2111 · Due To MGHC - MMPC Retainer	500,000	500,000	0	<b>33</b>
2119 · Note Payable - 1206b CAM	600,000	600,000	0	<b>34</b>
<b>Total Long Term Liabilities</b>	<u>3,191,040</u>	<u>3,345,434</u>	<u>-154,394</u>	<b>35</b>
<b>Total Liabilities</b>	5,066,741	5,265,371	-198,630	<b>36</b>
<b>Equity</b>				
3900 · Retained Earnings	8,028,675	6,984,874	1,043,801	<b>37</b>
Net Income	138,824	1,043,801	-904,977	<b>38</b>
<b>Total Equity</b>	<u>8,167,499</u>	<u>8,028,675</u>	<u>138,824</u>	<b>39</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>13,234,240</u></u>	<u><u>13,294,046</u></u>	<u><u>-59,806</u></u>	<b>40</b>

# **Attachment 5C1**

## **Cash Graph**

## MHD - Monthly Cash and Working Capital Balances



**Attachment 5D**  
**1206(b)**

Marin Healthcare District  
1206b Clinics  
Summary of Profit & Loss - Accrual Basis  
For the Period Ended July 31, 2014

	# MD's	# Of Months	Current Month			Year to Date			Avg. Annual Subsidy/MD
			Actual	Budget	Variance	Actual	Budget	Variance	
Marin Endocrine	2.50	1	(\$4,663)	(\$20,676)	\$16,013	(\$4,663)	(\$20,676)	\$16,013	(22,383)
Soluna Health	0.00	-	(913)	0	(913)	(913)	0	(913)	-
West Marin Medical Center (Pt. Reyes)	1.50	1	(9,408)	(9,404)	(4)	(9,408)	(9,404)	(4)	(75,264)
San Rafael Medical Center	1.00	1	4,728	(1,208)	5,936	4,728	(1,208)	5,936	56,733
North Marin Internal (Novato)	4.00	1	6,549	(3,230)	9,778	6,549	(3,230)	9,779	19,646
Marin Medical Group (MMG)	5.00	1	(1,742)	(30,000)	28,258	(1,742)	(30,000)	28,258	(4,180)
Cardiology Associates (CAM)	14.44	1	(265,456)	(201,554)	(63,902)	(265,456)	(201,554)	(63,902)	(220,600)
Tamapais Internal Medicine (TIM)	1.75	1	12,064	(7,659)	19,722	12,064	(7,659)	19,722	82,722
Urology	1.00	1	(56,519)	(3,620)	(52,899)	(56,519)	(3,620)	(52,899)	(678,223)
Vascular Surgery	1.00	1	(45,193)	(24,714)	(20,480)	(45,193)	(24,714)	(20,480)	(542,319)
<b>Totals</b>	<b>32.19</b>		<b>(\$360,554)</b>	<b>(\$302,063)</b>	<b>(\$58,491)</b>	<b>(\$360,554)</b>	<b>(\$302,063)</b>	<b>(\$58,491)</b>	

1 CAM MD's include .74FTE for Bradley



Marin Healthcare District 1206(b) Clinic  
Consolidated Statement of Revenues and Expenses  
For the Period Ended July 31, 2014

	Month-To-Date			Year-To-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Ordinary Income/Expense</b>						
<b>Income</b>						
Net Revenue	1,053,802	1,224,637	(170,835)	1,053,802	1,224,637	(170,835)
Collections - Capitation	0	0	0	0	0	0
Medicare/MIPA Bonus	46,477	9,208	37,268	46,477	9,208	37,268
RAC Takebacks	0	0	0	0	0	0
Gross Charges	0	0	0	0	0	0
Other Physician Income	19,500	37,500	(18,000)	19,500	37,500	(18,000)
Interest Income	216	325	(109)	216	325	(109)
<b>Total Income</b>	<b>1,119,994</b>	<b>1,271,669</b>	<b>(151,675)</b>	<b>1,119,994</b>	<b>1,271,669</b>	<b>(151,675)</b>
<b>Expense</b>						
MMPC Management	10,800	9,962	(838)	10,800	9,962	(838)
MD Compensation	707,303	733,685	26,382	707,303	733,685	26,382
MD Compensation - Accrued	(71,893)	1,205	73,098	(71,893)	1,205	73,098
MD Compensation - Other Svcs	19,667	15,833	(3,833)	19,667	15,833	(3,833)
Nurse Practitioner Compensation	6,088	41,417	35,328	6,088	41,417	35,328
Staff Salaries & Benefits	363,998	277,105	(86,894)	363,998	277,105	(86,894)
Rent/Custodial/Utilities	107,061	103,718	(3,343)	107,061	103,718	(3,343)
Medical Supplies	29,119	32,750	3,631	29,119	32,750	3,631
Office/General Supplies	10,948	21,250	10,302	10,948	21,250	10,302
Billing Fees	82,343	86,683	4,339	82,343	86,683	4,339
Malpractice Insurance	0	6,072	6,072	0	6,072	6,072
Business Insurance	0	417	417	0	417	417
Dues, CME, Boards, License	320	4,160	3,840	320	4,160	3,840
Miscellaneous	89	1,083	994	89	1,083	994
Bank Service Charges	6,356	6,602	246	6,356	6,602	246
Depreciation Expense	25,080	25,422	342	25,080	25,422	342
Management Fee	94,301	94,301	0	94,301	94,301	0
Excess Cash Distribution	32,381	46,357	13,976	32,381	46,357	13,976
Equipment Purchases	0	1,875	1,875	0	1,875	1,875
Equipment Rental	2,945	1,475	(1,470)	2,945	1,475	(1,470)
Licenses and Permits	0	0	0	0	0	0
Payroll Expenses	2,334	1,917	(417)	2,334	1,917	(417)
Postage and Delivery	901	1,640	738	901	1,640	738
Professional Fees	12,506	12,506	0	12,506	12,506	0
Purchased Services	38,129	29,853	(8,276)	38,129	29,853	(8,276)
Repairs	981	1,458	477	981	1,458	477
Shared Expense	(15,311)	(16,667)	(1,356)	(15,311)	(16,667)	(1,356)
Telephone	10,277	12,733	2,457	10,277	12,733	2,457
Travel & Ent	0	0	0	0	0	0
Marketing	1,200	16,422	15,222	1,200	16,422	15,222
Interest Expense - Asset Purch	2,625	2,500	(125)	2,625	2,500	(125)
<b>Total Expense</b>	<b>1,480,548</b>	<b>1,573,732</b>	<b>93,184</b>	<b>1,480,548</b>	<b>1,573,732</b>	<b>93,184</b>
<b>Net Ordinary Income</b>	<b>(360,554)</b>	<b>(302,063)</b>	<b>(58,491)</b>	<b>(360,554)</b>	<b>(302,063)</b>	<b>(58,491)</b>
<b>Net Income</b>	<b>(360,554)</b>	<b>(302,063)</b>	<b>(58,491)</b>	<b>(360,554)</b>	<b>(302,063)</b>	<b>(58,491)</b>
<b>Work RVU's</b>	<b>12,135</b>	<b>13,952</b>	<b>(1,817)</b>	<b>12,135</b>	<b>13,952</b>	<b>(1,817)</b>
<b>Net Revenue Per Work RVU (Include Medicare Bonus)</b>	<b>90.67</b>	<b>88.44</b>	<b>2.24</b>	<b>90.67</b>	<b>88.44</b>	<b>2.24</b>
<b>MD Compensation Per Work RVU</b>	<b>52.36</b>	<b>52.67</b>	<b>0.31</b>	<b>52.36</b>	<b>52.67</b>	<b>0.31</b>
<b>Compensation to Production %</b>	<b>57.7%</b>	<b>58.6%</b>	<b>0.9%</b>	<b>57.7%</b>	<b>58.6%</b>	<b>0.9%</b>
<b>Number of MD's</b>	<b>32.19</b>	<b>32.19</b>	<b>0</b>	<b>32.19</b>	<b>32.19</b>	<b>0</b>
<b>wRVU's per MD FTE</b>	<b>376.97</b>	<b>433.42</b>	<b>(56.45)</b>	<b>376.97</b>	<b>433.42</b>	<b>(56.45)</b>
<b>Admin Cost %</b>	<b>70.81%</b>	<b>61.07%</b>	<b>-9.74%</b>	<b>70.81%</b>	<b>61.07%</b>	<b>-9.74%</b>
<b>MMPC % of Production</b>	<b>7.81%</b>	<b>7.08%</b>	<b>-0.74%</b>	<b>7.81%</b>	<b>7.08%</b>	<b>-0.74%</b>
<b>Admin Costs/Net Revenue</b>	<b>75.02%</b>	<b>66.70%</b>	<b>-8.32%</b>	<b>75.02%</b>	<b>66.70%</b>	<b>-8.32%</b>
<b>Staff FTE's</b>	<b>56.5</b>	<b>56.5</b>	<b>0</b>	<b>56.5</b>	<b>56.5</b>	<b>0</b>
<b>Salary/Benefits per Staff FTE</b>	<b>6,442</b>	<b>4,905</b>	<b>(1,537)</b>	<b>6,442</b>	<b>4,905</b>	<b>(1,537)</b>
<b>Staff to MD Ratio</b>	<b>1.76</b>	<b>1.76</b>	<b>0</b>	<b>1.76</b>	<b>1.76</b>	<b>0</b>
<b>Support per MD</b>	<b>(\$11,201)</b>	<b>(\$9,384)</b>	<b>(\$1,817)</b>	<b>(\$11,201)</b>	<b>(\$9,384)</b>	<b>(\$1,817)</b>

# **Attachment 5E**

## **Narrative**



**Marin Healthcare District  
Financial Narrative – July 31, 2014**

**I. General Comments**

These financial statements contain, in summary format, the balance sheet and net loss from the 1206b Clinics. The Clinics, at July 31, 2014, are comprised of 9 locations and 32 physicians, but are reported as one combined unit.

**II. FY 2014 Cash Budget – Cash Basis**

**Summary**

**Ref. 21** - The District experienced, year-to-date, a favorable variance to budget, on a cash basis, of \$29,858. Receipts include \$111,114 from MGH for the cash portion of rent for the period July through September 2014. The District also received \$49,597 from MGHC for the first quarter Support Payments.

**District Expenses**

**Ref. 6 - 20 –Certain cash disbursements in July related to prior-year budget items and, as such, are not included in this schedule.** The main expenses against the year-to-date 2015 budget are \$800 for general legal fees and \$1,829 for Board expenses

**III. Profit & Loss – Accrual Basis**

**Ref. 7** - Total Income for the month of July is \$181,970, consisting of monthly amortization of deferred rent - \$95,133, recognition of \$37,038 in cash rent, \$49,597 for MGHC Support Payments, and interest income of \$202.

**Ref. 17** - The District incurred total expenses of \$43,146, including \$5,359 for board-related expenses, legal fees of \$800, \$1,000 in accrued audit expenses and \$30,587 in depreciation. Election expenses consist of \$5,400 accrued for the 2014 board election.

**Ref. 22, 24** - Reported under Other Income/Expenses is \$360,554 representing the net loss in July from the 1206b Clinics. This is offset by \$360,554 in Other Income for 1206b losses to be reimbursed by MGHC.

#### **IV. Balance Sheet – Current & Prior Month (Accrual Basis)**

##### **Assets**

**Ref. 5** - The cash balance at July 31, 2014 was \$2,972,706 a decrease of \$106,221 from June. The negative balance in the 1206b account represents outstanding checks at the end of July that had not cleared the bank.

**Ref. 6, 8** - Accounts Receivable – 1206b of \$1,568,906 (ref 6) represents net billings outstanding from carriers owed to the 1206b Clinics, a decrease of \$225,348 from June. The amount Due from MGHC (ref 8) as of July 31, 2014 was \$765,531 and was received in August.

**Ref. 7** – Prepaid Expense is comprised of a \$500,000 retainer paid to MMPC in April 2012 for operating expenses of the 1206b clinics as per the agreement.. As the retainer amount was reimbursed to the District in April 2012 by MGHC, the District will be obligated to repay MGHC when the retainer is returned by MMPC.

**Ref. 9 – Inventory 1206b Clinics** The balance represents the estimated amount of medical supplies inventory at CAM.

**Ref. 12 - 15** – The changes in the Fixed Asset balances represent depreciation expense taken during the month.

**Ref. 16** - Fixed Assets (net of depreciation) are \$6,558,703, including \$517,802 from the 1206b Clinics.

**Ref. 17 – Intangible Assets - 1206b** A portion of the CAM asset purchase price was deemed to be for medical records and other intangibles (\$185,844 and \$675,660 respectively). These balances are reduced each month by amortization over a period of 15 years.

**Ref. 18, 19** - Other Assets consist of \$86,826 rental security deposits for the District Office and 1206b Clinics and the balance of two notes receivable (in the amount of \$56,839) for working capital advances to two of the 1206b clinics.

##### **Liabilities and Equity**

**Ref. 23** – Accounts Payable of \$730,731 is comprised of invoices payable for District expenses and 1206b physicians, a decrease of \$37,918.

**Ref. 24 - 29** - Other Current Liabilities of \$1,144,598 consist of \$1,028,564 in accounts payable for 1206b Clinic expenses (\$88,926 decrease), \$8,406 for credit card and other accrued expenses (\$1,372 increase) and \$108,000 accrued for election expenses (\$5,400 increase).

**Ref. 35-** Long-Term Liabilities are \$3,191,040 a decrease of \$154,394.

**Ref. 31-** Included in Long-term debt is \$1,446,596 of deferred rental income from the hospital.

**Ref. 32** – Loan from MGHC – CAM Assets is an agreement between MHD and MGHC related to the purchase of assets from CAM for the 1206b clinic. MGHC has loaned MHD a total of \$1,150,000 to cover MHD's payments to the CAM 1206b Clinic. A portion of the loan is forgiven each month over the 5-year term of the contract with CAM. The monthly forgiveness is now \$22,222. The outstanding balance of the loan is \$644,444.

**Ref. 33** – Due to MGHC – MMPC Retainer. In accordance with an agreement, in April 2012, a \$500,000 retainer was paid to Marin Medical Practice Concepts (MMPC), who manages the 1206b Clinics. MMPC pays the administrative overhead of the Clinics and then bills MHD for reimbursement. The retainer is meant to ensure that MMPC has adequate cash on hand to meet its obligations. MGHC reimbursed MHD, in April 2012, for the payment of the retainer. The District will be obligated to repay MGHC when the retainer is returned by MMPC.

**Ref. 34** – Note Payable – 1206b CAM was initially \$1,000,000 payable to CAM over five years in accordance with the terms of the asset purchase agreement. The unpaid balance accrues interest at 2% above prime, which is included in the 1206b expenses. In December 2012 and December 2013, a principal payment of \$200,000 was made to CAM, along with accrued interest. The principal balance at July 31, 2014 was \$600,000.

**Ref. 39** – The District has a positive net Equity of \$8,167,499.

**V. 1206b Income Statement**

The budget for the 1206b Clinics for the year-ending June 30, 2015 is still being worked on. The overall clinic loss was \$360,554, \$58,491 in excess of the preliminary budget.