



REDWOOD COAST MEDICAL SERVICES, INC
BOARD OF DIRECTORS - MEETING AGENDA
 In person: Elaine Jacob Center | Online: Zoom
 March 26, 2024 5:00 PM – 7:00 PM

Business Item	Person	Vote(s) Required	Page #
AGENDA & MINUTES <ul style="list-style-type: none"> Review and vote on acceptance of Meeting Agenda and the Minutes of February 26, 2025 	Leslie Bates	Vote	Page 1-4
HUMAN RESOURCES COMMITTEE REPORT <ul style="list-style-type: none"> Updates 	Renee Kaucnik		
MEDICAL TEAM REPORT <ul style="list-style-type: none"> Update on clinic operations 	Barbara Brittell		
DEVELOPMENT, GRANTS, OUTREACH & RISK/COMPLIANCE REPORT <ul style="list-style-type: none"> Updates grant, outreach, and Risk Compliance activities Vote on credentialing Board Training: HRSA Compliance Manual Ch. 21 	Dawn McQuarrie	Vote	Page 5-12
PERFORMANCE IMPROVEMENT COMMITTEE REPORT <ul style="list-style-type: none"> Update 	Susan Hamlin		
COMMUNICATIONS COMMITTEE REPORT <ul style="list-style-type: none"> Update 	Susan Hamlin		
CEO REPORT <ul style="list-style-type: none"> Operations/Staffing Update 	Ara Chakrabarti		
CAPITAL CAMPAIGN COMMITTEE REPORT <ul style="list-style-type: none"> Update 	Jim Nybakken		
FINANCE COMMITTEE REPORT <ul style="list-style-type: none"> Report on February Financials Vote on acceptance of the February Financials 	Drew McCalley	Vote	Page 13-24
AUDIT COMMITTEE REPORT <ul style="list-style-type: none"> Report on Annual Audit Statements Vote on acceptance of the Annual Audited Statements 	Drew McCalley	Vote	Page 25-53
MENDONOMA HEALTH ALLIANCE REPORT <ul style="list-style-type: none"> Update 	Janis Dolphin		
EXECUTIVE COMMITTEE REPORT <ul style="list-style-type: none"> Report on updated Board Strategic Plan Vote on acceptance of Board Strategic Plan 	Leslie Bates	Vote	Page 54-65
PUBLIC COMMENT/SHOUT OUTS	Leslie Bates		

The mission of Redwood Coast Medical Services (RCMS) is to provide high quality, family-oriented, community based medical care, dental care and behavioral health services, including a broad range of preventive health services to residents and visitors within the coastal areas of Southern Mendocino and Northern Sonoma Counties. Services are designed to meet identified needs of the communities served, are integrated with other existing health care services and systems and are evaluated on a regular basis to assure that community health needs are being met. As a non-profit corporation receiving public funds, RCMS provides services to qualifying individuals on a sliding fee scale as well as to patients with MediCal and MediCare coverage, private insurance or self pay status. RCMS plays a special role as the sole provider of medical care in the community and in responding to public health emergencies.



Redwood Coast Medical Services, Inc.
 Board of Directors Meeting – Zoom Online Meeting
Meeting Minutes of February 26, 2025

BOARD MEMBER	P	A/E	BOARD MEMBER	P	A/E
Leslie Bates	X		Drew McCalley	X	
Janis Dolphin	X		Jim Nybakken	X	
Susan Hamlin	X		Andrea Polk	X	
Hall Kelley	X		Janet Sanchez		X
Kimberley Lakes	X		Laurie Voss	X	
Patricia Lynch	X		Harriet Wright	X	

STAFF PRESENT	
Ara Chakrabarti	
Renee Kaucnik	
Christie MacVitie	
Dawn McQuarrie	
Karen Wilder	

Public Attendees: 0

CALL TO ORDER: Leslie Bates called the meeting to order at 5:00 pm.

APPROVAL OF AGENDA AND MINUTES: After review and additions to the agenda, Susan Hamlin moved to accept the agenda and the minutes of January 29, 2025. **Vote: Unanimously accepted.**

HUMAN RESOURCES COMMITTEE REPORT: Renee Kaucnik, HR/Operations Manager

- New front desk, MA, and LMFT have been hired, 2 full-time and 1 part-time.
- New MD, Dr. Carroll will be starting tomorrow. Another offer to a full-time provider is pending.
- Continuing to utilize other resources to post and recruit for open positions. There is always space to add new providers and support staff.
- There are several applications coming in for nursing and support staff – a good problem to have.
- Continuing to develop and implement staff training programs, including a new training program for MAs.
- February Anniversaries: Anna Layva, 3 years; Cindy Ellison, 7 years; Corky Hadden, 7 years; Holly Silva, 7 years; Afsoon Foorohar, 8 years; Tonia Franci, 11 years; Kathy Hall, 41 years.

DEVELOPMENT, GRANTS, OUTREACH, AND RISK/COMPLIANCE REPORT: Dawn McQuarrie, Programs Manager

- Submitted all grants reports on time including: UDS submitted February 12; 340B Recertification submitted February 12.
- Beginning work on the Federal Tort Claims Act (FTCA) annual grant application that clinics must submit to renew their deemed status and FTCA coverage.
- We are leveraging print media, social media, flyers, radio, TV monitors, and The Pulse.
- Javier Chavez and Harm Wilkinson continue to assist our community members with outreach and enrollment.
- Surveys: Quarter 4, 2024 Urgent Care surveys are still in process.
- Discussed the compliance activities and highlighted the Compliance-Risk Management reports and Risk Assessment reports included in the packet.
- All IRS tax letters for monthly and annual donors have been sent out ahead of the deadline.
- Annual Fundraiser: Black & White Night at the Sea Ranch Lodge set for March 19, 2025.
- Discussed the updated/new policies for public and private spaces, and the QI-PI Work Plan for 2025.

On behalf of the Performance Improvement Committee, Dawn McQuarrie made the recommendation for the Board to accept the Public and Private Space policy and Quality Improvement – Performance Improvement (QI-PI) Work Plan 2025 as presented. Seconded: Hamlin. Vote: Unanimously accepted.

- Discussed staff that have been reviewed and approved for credentialing by the Performance Improvement Committee (PIC).



On behalf of the Performance Improvement Committee, Dawn McQuarrie made the recommendation for the Board to accept the credentialing/recredentialing for the following staff members as presented:

- Karina Gaona, Dental Assistant
 - Angie Lara, MA
 - Zara Zoeller, MA
- Seconded: Lynch. Vote: Unanimously**

Board Training: HRSA Compliance Manual Chapter 9: Sliding Fee Discount Program

- Discussed how RCMS administers the program and the scope of services.
- Discussed the policies and procedures that apply to assure compliance.

COMMUNICATIONS COMMITTEE REPORT: Susan Hamlin, Committee Chair

- Continuing interviews for the internal staff newsletter and external newsletter, The Pulse

CEO REPORT: Ara Chakrabarti, CEO

Overview of Federal & State Health Center Funding:

- **Medi-Cal:** State administered program. The percentage of Medi-Cal patients has increased, indicating that there may be more financial need for people in our community.
- **Medicare:** According to DHCS, the Federal Medicare Assistance Percentage formula is covered 69% by the federal government and 31% by state governments. Applies to people aged 65+. Explained that patients need both Medicare Part A and Part B in order for RCMS to bill Medicare.
- **Public Health Services Act Section 330:** Discretionary funds appropriated by Congress each year, and mandatory funding from the Community Health Center Fund.

Community Outreach:

- Meeting with community groups to assure people that that health service delivery from RCMS has not changed despite any fear or misconceptions that may be circulating.
- RCMS goal remains to provide high quality health care services to anyone.

Genoa Pharmacy:

- Continuing to recruit for a new Pharmacist, but it is challenging. Temporary staff are in place until the permanent position is filled.

Operations Update:

- Teen clinic was re-opened in February. Collaborating with Action Network and the School District.
- Operational Site Visit (OSV) is set for June or July as planned.
- Hosted representatives from Partnership Healthcare Plan of California onsite. They were very impressed with the operations.

CAPITAL CAMPAIGN COMMITTEE REPORT: Jim Nybakken, Committee Chair

- County Planners: Process to pursue additional parking spaces will require an updated biological survey for that area and there will be a few other hoops to jump through before approval.
- Capital Campaign: Consultants are continuing to interview 22 prospects to determine project feasibility.
- Continuing to pursue any grant opportunities that may help fund the project.
- The Architectural Engineering team is continuing to complete the 100% construction documents.
- PG&E is still going through plans and approvals to install EV charging station into the current parking lot.

FINANCE COMMITTEE REPORT: Drew McCalley, Board Treasurer

- Cash position remains strong.
- Visits in Primary Care continue to run below budget but new providers will help to get that back on track.
- Expenses continue to run below budget, which will help to offset the shortfall in patient revenue.



- 340B revenue was negative last month but will be offset by the 340B check that was received this month, impacting the February financials. The timing of payments for supplies also offset the expenses, negatively impacting the 340B revenue in January.
- Discussed how the cash ratios are determined and gave an example that even without federal funds, the clinic would remain operational for about 1.25 years without any cuts to services or expenses.

On behalf of the Finance Committee, Drew McCalley made the recommendation for the Board to accept the January 2025 financials as presented. Seconded: Bates. Vote: Unanimously accepted.

- Discussed the Urgent Care Quarterly Review which was also discussed with the CLSD Board of Directors.
- Discussed the upcoming maturity of one of the Treasury Bill investments and the rationale to let the funds roll into a money market fund in Schwab, to provide greater liquidity.

On behalf of the Finance Committee, Drew McCalley made the recommendation for the Board to accept the proposal to roll over the Treasury Bill Investment into the Schwab Government Money Market Fund as presented. Seconded: Bates. Vote: Unanimously accepted.

MENDONOMA HEALTH ALLIANCE REPORT: Janis Dolphin, MHA Board Member

- Discussed several operational updates at MHA.
- Almost fully staffed. Continuing to add a few more people through late fall.
- Mobile Clinic is still going out on the road to provide regular outreach and preventative screening services across the community.
- Discussed initiative to install Narcan kiosks at local businesses to increase access to the community.

EXECUTIVE COMMITTEE REPORT: Leslie Bates, Board Chair

- Janet Sanchez has resigned from the Board of Directors.
- Board self-evaluation will go out in the next month or so.
- Strategic planning is in process and will be presented to the Board when it is finalized.

PUBLIC COMMENT/SHOUT OUTS:

- Leslie Bates: Thank you, Patricia Lynch, for launching the Board Strategic Plan initiative and keeping it moving forward.
- Janis Dolphin: Thank you, Ara Chakrabarti, for the extra effort to reach out and meet with community groups.
- Susan Hamlin: Thank you, Michele Kilday, MA who is always so helpful and just really good.
- Dawn McQuarrie: Thank you, Kathy Hall, Amanda Chase, Christie MacVitie, Maryann Watts, and Renee Kaucnik for their help compiling all the information in a timely manner to submit the annual UDS report.
- Ara: Thank you, Drew McCalley for all the conversations and guidance on the RCMS financial decisions.
- Drew McCalley: Thank you to all the staff who are working through these challenging times and giving their best effort despite those challenges.

Meeting adjourned at 6:42 PM.

Karen Wilder, for Janis Dolphin, Board Secretary for the RCMS Board of Directors

Grants, Development, Outreach, and Compliance Report

March 2025 Activities

Grants/Funding

- FTCA application opened February 27 – in process
- UDS – response to one question submitted March 12
- CPCA Medi-Cal Navigator Project report submitted March 14
- Community Clinic Directed Payment (CCDP) application submitted March 18
- Black & White Night 2025 – March 19
- Looking at potential grants
- Attended meetings for all grants

Marketing

- We are leveraging print media, social media, flyers, radio, TV monitors, and The Pulse
- We respond to all messages received via Facebook and website

Outreach and Enrollment

- Javier Chavez and Harm Wilkinson continue to assist our community members
- Community education is an ongoing activity

Surveys

Urgent Care surveys are sent weekly and compiled quarterly

Q1 CY25:	in process
Q4 CY24:	in process
Q3 CY24:	1,206 sent – 152 returned – 12.60% return rate – 95.63% satisfaction rate
Q2 CY24:	1,288 sent – 158 returned – 12.27% return rate – 95.19% satisfaction rate
Q1 CY24:	1,286 sent – 137 returned – 10.65% return rate – 94.15 % satisfaction rate

Compliance

- Q1 2025 Risk Assessment
- Q1 2025 Risk Assessment Action Plan
- Continuing to update and streamline PnPs
- Attending meeting and trainings

Risk/Safety

- Restocking of masks for vendors and staff for Gualala Health Center
- Incorporated sharps containers and disposal into safety orientation for new hires
- Start N95 fit test for all staff
- Safety Orientation for three new staff members

Other/Policies and Procedures

- None to present

Credentialing

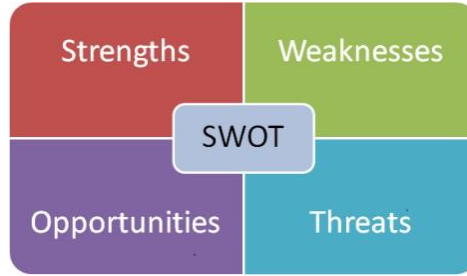
- Samantha Allen, phlebotomist
- Henry Bennett, DDS

- Eunice Cabezut, MA

1. Contact details
 - Basic information
2. Review of risk management systems
 - Relevant and requested PnPs
 - Risk management plan for current calendar year
 - All trainings by staff name
 - All trainings for specific topics by name
 - Compliance-risk management activities by quarter
 - Risk assessments by quarter
3. Quality improvement/quality assurance Plan (QI/QA)
 - Information regarding QI/QA
4. Credentialing and privileging
 - Relevant and requested PnP
 - Credentialing and privileging list
5. Claims management
 - Relevant and requested PnP
 - Claims management history
6. Support documentation
 - Provider list
 - Relevant and requested PnPs

Risk Assessment	Helipad
Quarter	Q1
Risk Level	High
Action	Designate regular maintenance by scheduling and conducting feedback from pilots as well as adapt a plan based on weather. Strengthen awareness and update emergency response plans. Improve infrastructure and ensure adequate resource allocation.
Action Plan	Ensure the helipad remains safe, compliant, and operational, minimizing risks and optimizing efficiency for emergency medical transport.
Date Accomplished	February 18, 2025

Helipad CY25 Q1 SWOT Analysis



<p>List the strengths of your team</p> <ul style="list-style-type: none"> - Enhanced Visibility-Fresh paint improves pilot visibility, aiding safe landings. - Regulatory Compliance-A newly painted helipad likely meets current aviation standards. - Surface Protection- Clear lines and directional arrows enhance operational safety. 	<p>List the weaknesses of your team</p> <ul style="list-style-type: none"> - Slippery Surface Risk- If improper or glossy paint is used, it may reduce friction, causing skidding. - Curing & Drying Time- Delays in full drying times may disrupt operations. - Maintenance Needs-Frequent touch-ups might be required due to exposure to weather or rotor wash. - Initial Cost- High quality paint and professional application can be costly.
<p>What opportunities does this project/strategy/goal present?</p> <ul style="list-style-type: none"> - Use of Anti-Slip Coatings-Enhancing safety through textured, non-slip paints. - Eco-Friendly & Reflective Paints- Reducing heat absorption and increasing visibility at night. - Technology Integration- Smart coatings (e.g., temperature sensitive or wear-indicating) can improve maintenance planning. - Branding & Identification- Custom markings for emergency use can enhance helipad recognition. 	<p>List those threats that might keep you from succeeding</p> <ul style="list-style-type: none"> - Weather conditions- Rain, UV exposure, and extreme temperatures can degrade paint faster. - Regulatory Changes- Future updates in aviation regulations might require repainting. - Operational Downtime- If maintenance is frequent, it could impact emergency response efficiency. - Foreign Object Debris (FOD) Risk- Peeling or flaking paint can become hazardous to helicopter engines.

Chapter 21: Federal Tort Claims Act (FTCA) Deeming Requirements

Authority

Section 224(g)-(n), 224(q) of the PHS Act (42 U.S.C. 233(g)-(n) and (q)); and 42 CFR Part 6

Requirements

In order to obtain deemed Public Health Service employment status under sections 224(g)-(n) of the PHS Act¹ for themselves and for their “covered individuals,”² Health Center Program [awardees](#) and [subrecipients](#) (including those defined as subrecipients under the Health Center FTCA Medical Malpractice Program regulations),³ hereafter referred to as a “health center” in this chapter, must submit for approval by HRSA an annual deeming application that demonstrates the health center:

- Has implemented appropriate policies and procedures to reduce the risk of malpractice and the risk of lawsuits arising out of any health or health-related functions performed by the health center;
- Has reviewed and verified the professional credentials, references, claims history, fitness, professional review organization findings, and license status of its physicians and other licensed or certified health care practitioners;
- Has no history of claims under section 224 of the PHS Act or, if such a history exists, fully cooperates with the Attorney General in defending against any such claims, and takes any necessary steps to assure against such claims in the future; and
- Will fully cooperate with the Attorney General and other applicable agencies in providing required information under section 224 of the PHS Act.

Note: *A health center’s deemed employment status⁴ does not imply FTCA coverage in all cases, as health center providers must also comply with statutory individual eligibility requirements,*

¹ The text of section 224 of the PHS Act may be found at: <http://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title42-section233&num=0&edition=prelim>

² “Covered individuals” is defined by the [FTCA Health Center Policy Manual](#) to mean “governing board members, officers, employees, and certain individual contractors.” The term does not include [volunteer health professionals](#) of deemed health centers, who may be deemed as PHS employees under section 224(q), and as to whom an individual deeming application is required.

³ *Subrecipient*, as used in this chapter means, as described in 42 CFR 6.2, an entity that receives a Federal award or a contract from a covered entity to provide a full range of health services on behalf of the covered entity. *Covered entity* means an entity as described in 42 CFR 6.3 which has been deemed by the Secretary, in accordance with 42 CFR 6.5, to be covered by 42 CFR Part 6.

⁴ Deemed employment status extends to covered individuals based on evidence of their relationship with the covered entity (i.e., officer, governing board member, health center employee, qualified individual contractor, or volunteer health professional), pursuant to section 224(g)-(n) and (q) of the PHS Act, and 42 CFR Part 6. Volunteer health professionals may receive deemed employment status based on individual applications by the sponsoring,

Health Center Program Compliance Manual

and covered actions must be taken within the scope of deemed PHS employment. When FTCA matters become the subject of litigation, the U.S. Department of Justice and the Federal courts may assume significant roles in certifying or determining whether or not a given activity falls within the scope of employment for purposes of FTCA coverage. For more information, review the FTCA Health Center Policy Manual available at:

<https://bphc.hrsa.gov/ftca/pdf/ftcahccpolicymanualpdf.pdf>.

Demonstrating Compliance

A health center would demonstrate compliance with the FTCA requirements by providing documentation in its annual deeming application, in the form and manner prescribed by HRSA, and consistent with (but not necessarily limited to) the following:

Credentialing and Privileging / Quality Improvement and Quality Assurance

- a. The health center is currently compliant with all of the [credentialing](#) and [privileging](#) requirements of Chapter 5: [Clinical Staffing](#) and all requirements within Chapter 10: [Quality Improvement/Assurance](#) prior to the deeming determination.

Risk Management

- a. The health center has and currently implements an ongoing health care risk management program to reduce the risk of adverse outcomes that could result in medical malpractice or other health or health-related litigation and that requires the following:
 - Risk management across the full range of health center health care activities;
 - Health care risk management training for health center staff;
 - Completion of quarterly risk management assessments by the health center; and
 - Annual reporting to the health center board which includes: completed risk management activities; status of the health center's performance relative to established risk management goals; and proposed risk management activities that relate and/or respond to identified areas of high organizational risk.
- b. The health center has risk management procedures that address the following areas for health center services and operations:
 - Identifying and mitigating the health care areas/activities of highest risk within the health center's HRSA-approved [scope of project](#), including but not limited to tracking referrals, diagnostics, and hospital admissions ordered by health center providers;
 - Documenting, analyzing, and addressing clinically-related complaints and "near misses" reported by health center employees, patients, and other individuals;

deemed health center. Whether a specific activity is covered by the FTCA will also require a determination or certification that the activities at issue occurred within the scope of deemed PHS employment.

Health Center Program Compliance Manual

- Setting and tracking progress related to annual risk management goals;
 - Developing and implementing an annual health care risk management training plan for all staff members based on identified areas/activities of highest clinical risk for the health center (including, but not limited to, obstetrical procedures and infection control) and any non-clinical trainings appropriate for health center staff (including HIPAA medical record confidentiality requirements); and
 - Completing an annual risk management report for the board and key management staff.
- c. The health center provides reports to the board and key management staff on health care risk management activities and progress in meeting goals at least annually, and provides documentation to the board and key management staff showing that any related follow-up actions have been implemented.
- d. The health center has a health care risk management training plan for all staff members and documentation showing that such trainings have been completed by the appropriate staff, including all clinical staff, at least annually.
- e. The health center designates an individual(s) (for example, a risk manager) who oversees and coordinates the health center's health care risk management activities and completes risk management training annually.

Claims Management

- a. The health center has a claims management process for addressing any potential or actual health or health-related claims, including medical malpractice claims, that may be eligible for FTCA coverage. In addition, this process ensures:
- The preservation of all health center documentation related to any actual or potential claim or complaint (for example, medical records and associated laboratory and x-ray results, billing records, employment records of all involved clinical providers, clinic operating procedures); and
 - Any service-of-process/summons that the health center or its provider(s) receives relating to any alleged claim or complaint is promptly sent to the HHS Office of the General Counsel, General Law Division, per the process prescribed by HHS and as further described in the FTCA Health Center Policy Manual.
- b. The health center has a designated individual(s) who is responsible for the management and processing of claims-related activities and serves as the claims point of contact.

Health Center Program Compliance Manual

- c. The health center informs patients using plain language that it is a deemed Federal PHS employee⁵ via its website, promotional materials, and/or within an area(s) of the health center that is visible to patients.
- d. If a history of claims under the FTCA exists, the health center can document that it:
 - Cooperated with the Attorney General, as further described in the FTCA Health Center Policy Manual; and
 - Implemented steps to mitigate the risk of such claims in the future.

Related Considerations

The following points describe areas where health centers have discretion with respect to decision-making or that may be useful for health centers to consider when implementing these requirements:

- The health center determines how to obtain its health care risk management training (for example, through one of HRSA’s national cooperative agreements or technical assistance contracts) and which trainings to require for covered individuals and the individual(s) designated with risk management responsibilities (for example, risk manager).
- The health center determines what other types of liability coverage to obtain, such as private “gap” or “tail” insurance, directors and officer insurance, and general liability insurance, for activities that may not be eligible for FTCA coverage.
- The health center determines how to conduct and document the completion of quarterly risk management assessments.
- With the exception of health centers that use volunteer health professionals, as to which requirements are prescribed by law,⁶ the health center determines how to inform patients that it is a deemed Federal Public Health Service employee.

⁵ For example: “This health center receives HHS funding and has Federal Public Health Service (PHS) deemed status with respect to certain health or health-related claims, including medical malpractice claims, for itself and its covered individuals.” For more information, see <http://www.bphc.hrsa.gov/ftca/>.

⁶ Section 224(q)(2)(D) of the PHS Act.

REDWOOD COAST MEDICAL SERVICES, INC.

EXECUTIVE SUMMARY - PRELIMINARY

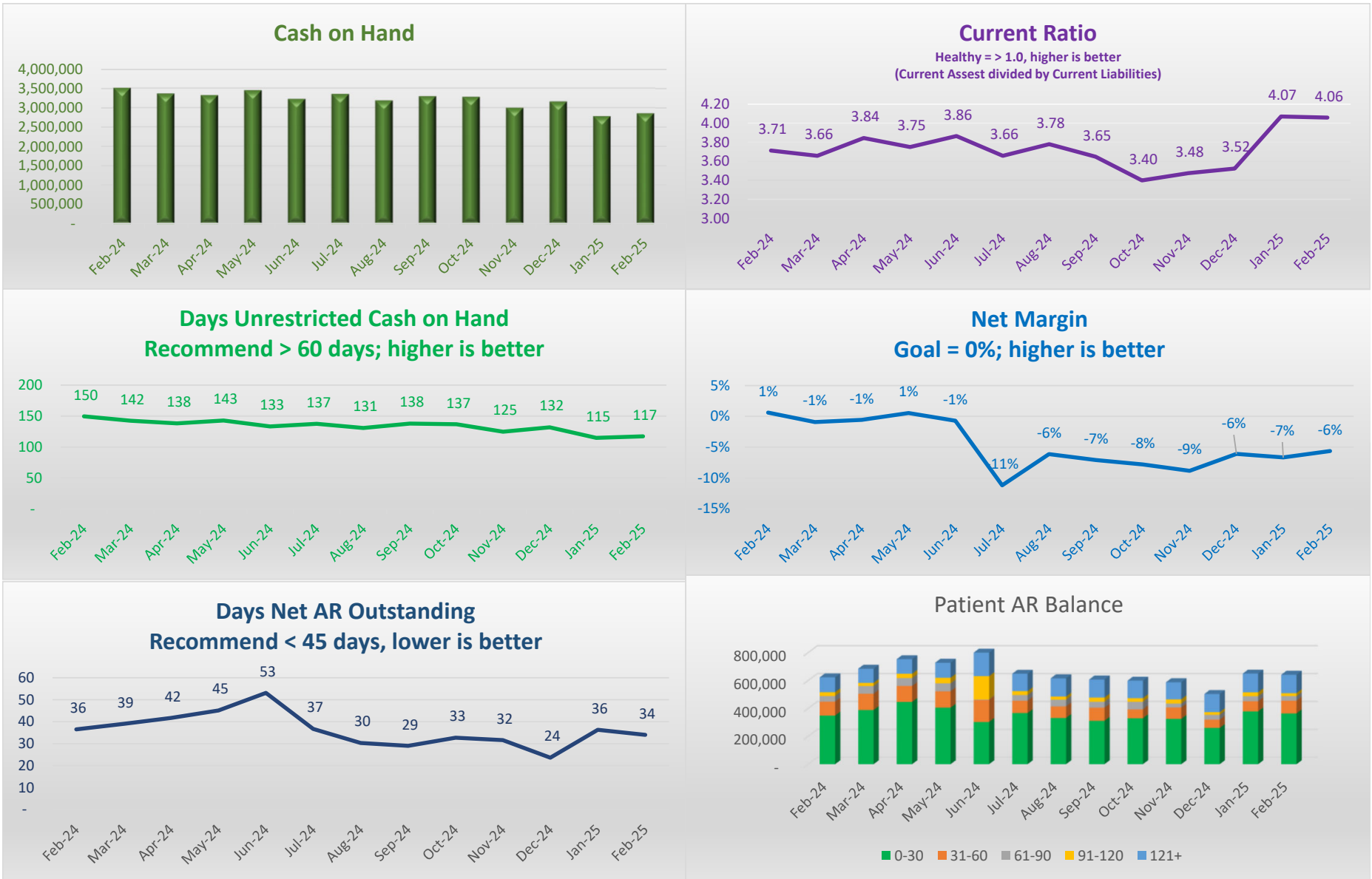
February 2025

STATEMENT OF FINANCIAL POSITION					
ASSETS	Feb-25	Feb-24	Change	Jan-25	Change
Current Assets	3,590,378	4,347,481	-17.41%	3,569,259	0.59%
Long-Term Assets	2,821,181	2,826,708	-0.20%	2,831,677	-0.37%
TOTAL ASSETS	6,411,559	7,174,190	-10.63%	6,400,936	0.17%
LIABILITIES AND NET ASSETS					
Current Liabilities	872,672	864,451	0.95%	854,159	2.17%
Estimated Medi-Cal Liabilities	12,139	306,856	-96.04%	22,347	-45.68%
Long-Term Leases	-	98,135	-100.00%	2,250	-100.00%
Total Liabilities	884,811	1,269,442	-30.30%	878,756	0.69%
Net Assets	5,526,748	5,904,747	-6.40%	5,522,181	0.08%
TOTAL LIABILITIES AND NET ASSETS	6,411,559	7,174,190	-10.63%	6,400,936	0.17%
STATEMENT OF ACTIVITIES - YTD					
REVENUES	Actual	Budget	Variance	Prior Year	Variance
Patient Service Revenue	2,861,668	3,634,339	-21.26%	2,779,489	2.96%
Grant & Other Revenue	2,403,914	2,468,318	-2.61%	2,496,624	-3.71%
NET REVENUE	5,265,582	6,102,657	-13.72%	5,276,113	-0.20%
OPERATING EXPENSES					
Salaries and Benefits	4,290,948	4,686,280	-8.44%	4,075,478	5.29%
Contracted Services	43,294	71,631	-39.56%	29,922	44.69%
Facility Costs	173,222	133,760	29.50%	183,696	-5.70%
Supplies	353,436	396,553	-10.87%	406,874	-13.13%
Depreciation & Amortization	120,888	109,296	10.61%	53,773	124.81%
Other Operating Expenses	1,072,115	1,131,223	-5.23%	995,513	7.69%
TOTAL OPERATING EXPENSES	6,053,904	6,528,743	-7.27%	5,745,256	5.37%
OPERATING EXCESS/(DEFICIENCY)	(788,322)	(426,086)	85.01%	(469,143)	68.03%
Net Capital Income/(Expenses)	498,637	356,483	39.88%	500,609	-0.39%
TOTAL EXCESS/(DEFICIENCY)	(289,685)	(69,603)	316.20%	31,466	

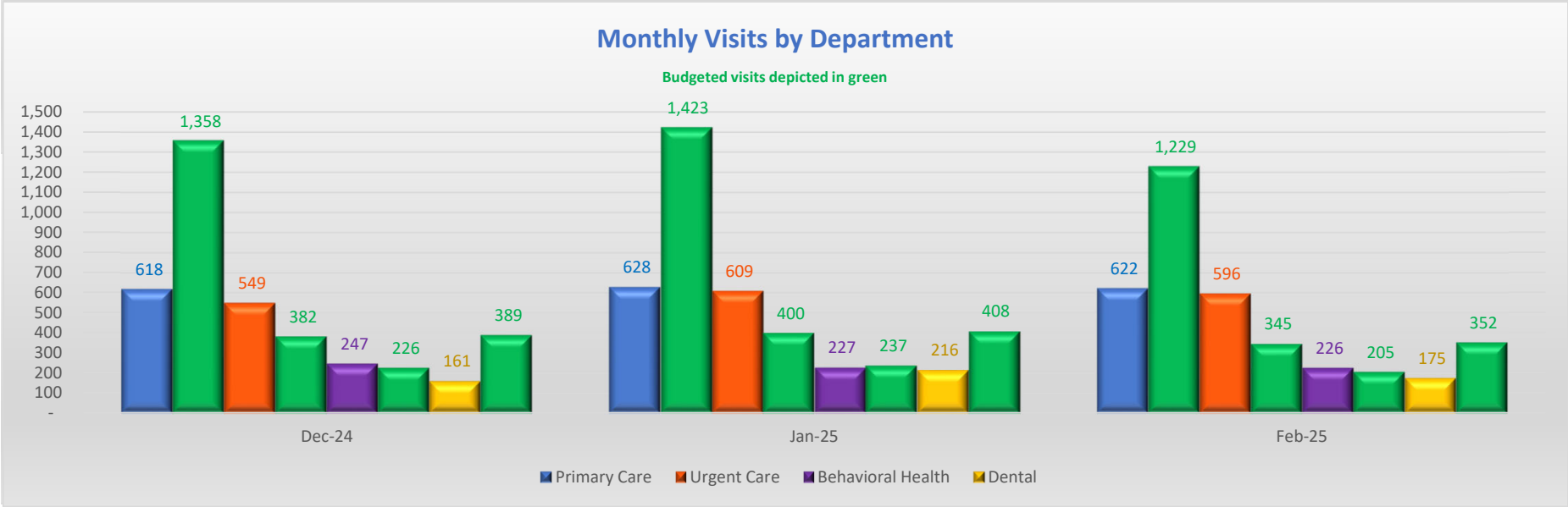
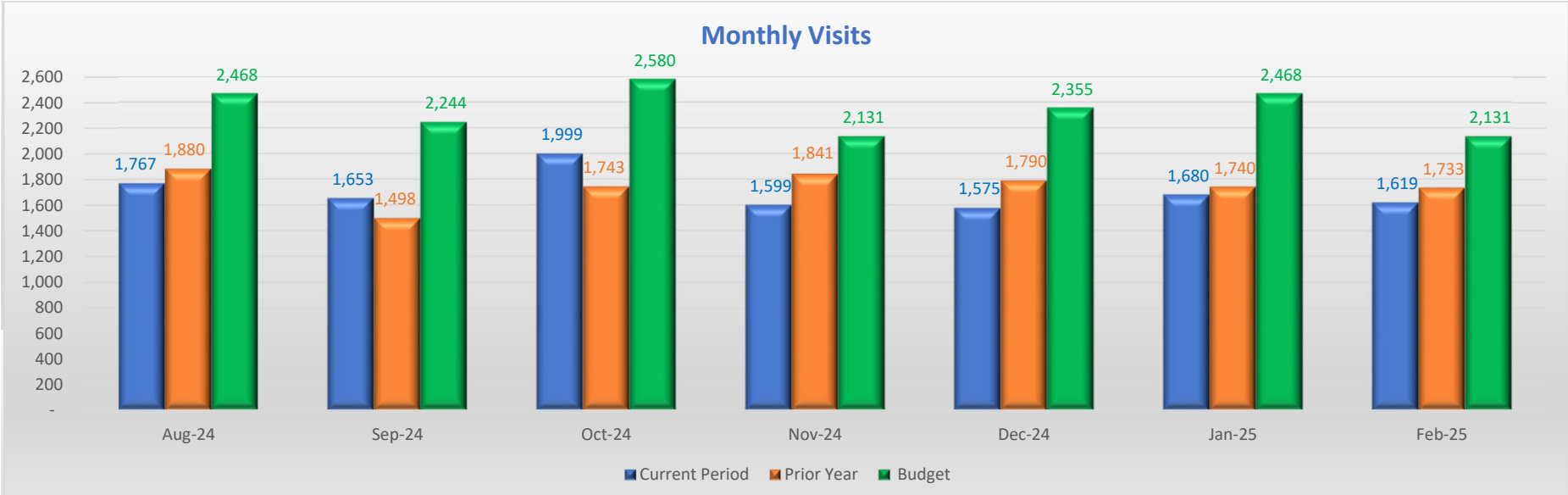
REDWOOD COAST MEDICAL SERVICES, INC.

EXECUTIVE SUMMARY - PRELIMINARY

February 2025



REDWOOD COAST MEDICAL SERVICES, INC.
 EXECUTIVE SUMMARY - PRELIMINARY
 February 2025



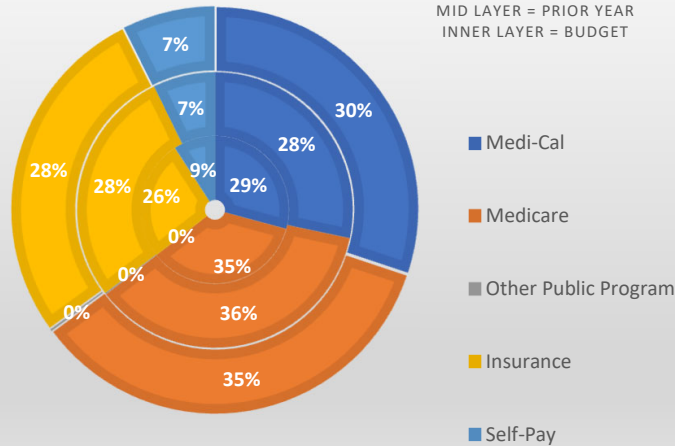
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EXECUTIVE SUMMARY - PRELIMINARY

February 2025

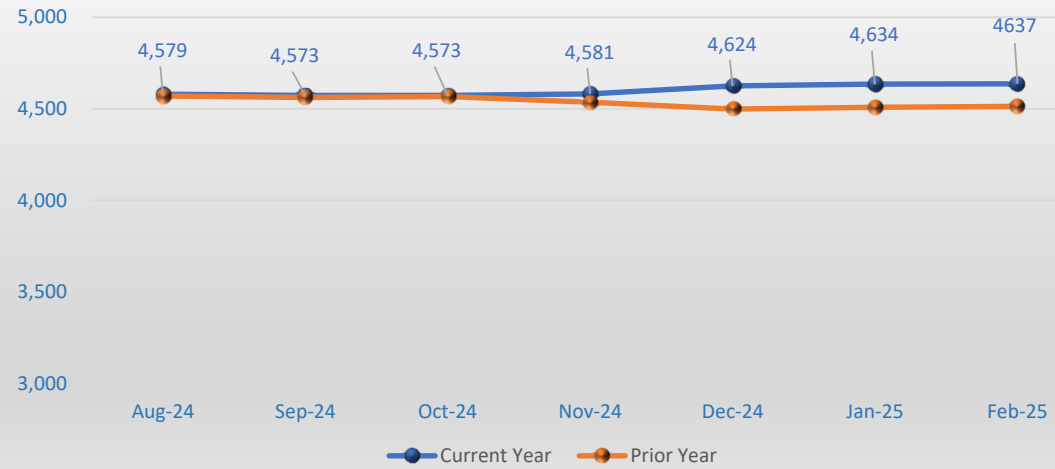
YTD PAYOR MIX

OUTER LAYER = CURRENT YEAR
MID LAYER = PRIOR YEAR
INNER LAYER = BUDGET

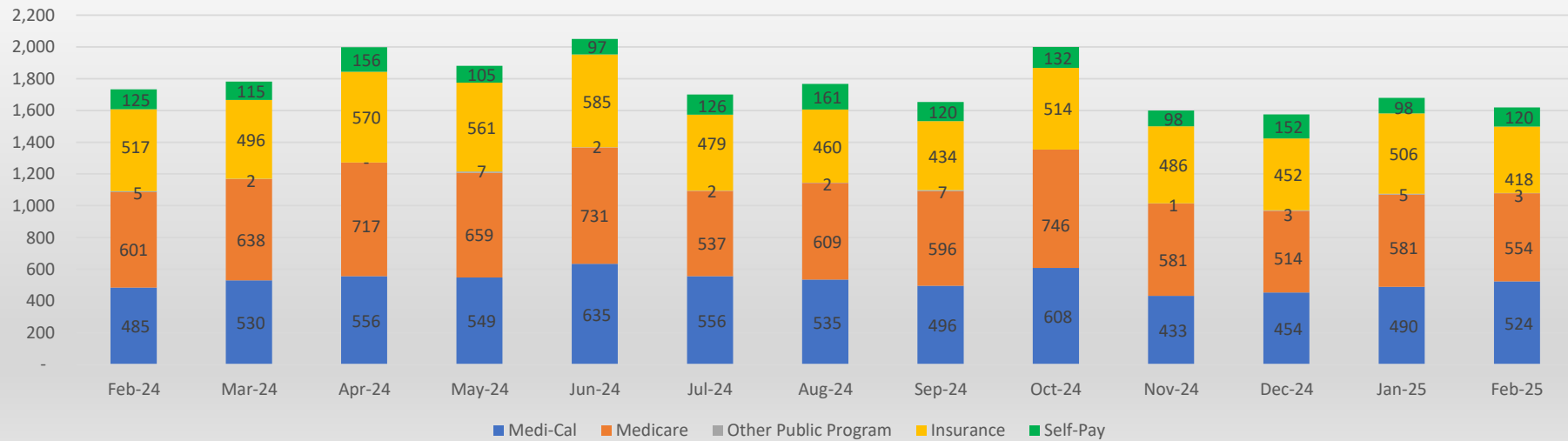


Unduplicated Patients

SAC = 5,000



Monthly Visits by Financial Class



REDWOOD COAST MEDICAL SERVICES, INC.

Statement of Financial Position - Preliminary

As of 2/28/2025

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Current Assets			
Cash & Investments			
Cash on Hand	579,191.93	1,305,381.40	(726,189.47)
Cash-Management Restricted	466,336.94	565,325.00	(98,988.06)
Investments	1,806,375.30	1,637,592.73	168,782.57
Total Cash & Investments	<u>2,851,904.17</u>	<u>3,508,299.13</u>	<u>(656,394.96)</u>
Patient Accounts Receivable			
Accounts Receivable	642,199.47	622,421.87	19,777.60
Allowance for Doubtful Accounts	(243,598.00)	(205,140.00)	(38,458.00)
Total Patient Accounts Receivable	<u>398,601.47</u>	<u>417,281.87</u>	<u>(18,680.40)</u>
Other Current Assets			
Medi-Cal Receivable - Current Year	24,010.00	74,210.00	(50,200.00)
Medi-Cal Receivable - Prior Year	43,362.00	79,803.00	(36,441.00)
Grants Receivable	14,899.00	2,327.52	12,571.48
QIP Receivable	139,983.39	129,972.00	10,011.39
Other Accounts Receivable	1,477.00	1,477.66	(0.66)
Prepaid Expenses	110,140.82	128,110.29	(17,969.47)
Other Assets	6,000.00	6,000.00	0.00
Total Other Current Assets	<u>339,872.21</u>	<u>421,900.47</u>	<u>(82,028.26)</u>
Total Current Assets	<u>3,590,377.85</u>	<u>4,347,481.47</u>	<u>(757,103.62)</u>
Long Term Assets			
Fixed Assets			
Property & Equipment	5,103,050.03	4,940,485.31	162,564.72
Accumulated Depreciation	(2,599,252.21)	(2,499,012.00)	(100,240.21)
Total Fixed Assets	<u>2,503,797.82</u>	<u>2,441,473.31</u>	<u>62,324.51</u>
Construction in Progress			
Construction in Progress	283,663.06	217,285.98	66,377.08
Total Construction in Progress	<u>283,663.06</u>	<u>217,285.98</u>	<u>66,377.08</u>
Right of Use Assets			
Right-of-Use Assets	230,106.00	230,106.00	0.00
Accumulated Amortization-ROU	(196,385.42)	(62,157.00)	(134,228.42)
Total Right of Use Assets	<u>33,720.58</u>	<u>167,949.00</u>	<u>(134,228.42)</u>
Total Long Term Assets	<u>2,821,181.46</u>	<u>2,826,708.29</u>	<u>(5,526.83)</u>
Total Assets	<u>6,411,559.31</u>	<u>7,174,189.76</u>	<u>(762,630.45)</u>

REDWOOD COAST MEDICAL SERVICES, INC.

Statement of Financial Position - Preliminary

As of 2/28/2025

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Current Liabilities			
Accounts Payable	137,215.41	116,069.98	21,145.43
Other Accounts Payable	27,633.80	32,510.00	(4,876.20)
Patient Refunds Due	4,519.72	5,635.33	(1,115.61)
Accrued Compensation and Related Liabilities	474,509.58	402,959.45	71,550.13
Medi-Cal Payable - Current Year	0.00	10,556.00	(10,556.00)
Medi-Cal Payable - Prior Year	12,139.43	296,299.90	(284,160.47)
Other Liabilities	49,201.00	49,201.00	0.00
Current Portion of LT Leases	39,838.25	74,400.00	(34,561.75)
Deferred Revenue	139,753.78	183,675.66	(43,921.88)
Total Current Liabilities	<u>884,810.97</u>	<u>1,171,307.32</u>	<u>(286,496.35)</u>
Long Term Debt			
Leases Payable - Long Term	0.00	98,135.00	(98,135.00)
Total Long Term Debt	<u>0.00</u>	<u>98,135.00</u>	<u>(98,135.00)</u>
Total Liabilities	<u>884,810.97</u>	<u>1,269,442.32</u>	<u>(384,631.35)</u>
Net Assets			
Unrestricted Net Assets	5,816,433.70	5,873,281.47	(56,847.77)
Current Year Net Excess/Deficit	(289,685.36)	31,465.97	(321,151.33)
Total Net Assets	<u>5,526,748.34</u>	<u>5,904,747.44</u>	<u>(377,999.10)</u>
Total Liabilities & Net Assets	<u>6,411,559.31</u>	<u>7,174,189.76</u>	<u>(762,630.45)</u>

REDWOOD COAST MEDICAL SERVICES, INC.

Statement of Activities

From 2/1/2025 Through 2/28/2025

	<u>MTD Actual</u>	<u>MTD Budget</u>	<u>Variance</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>
Patient Revenue						
Medi-Cal	179,767.22	156,660.00	23,107.22	1,241,328.87	1,386,832.00	(145,503.13)
Medicare	123,416.01	149,945.00	(26,528.99)	1,033,236.94	1,326,457.00	(293,220.06)
Family Pact	1,437.19	625.00	812.19	6,775.31	6,040.00	735.31
Insurance	58,671.26	74,637.00	(15,965.74)	489,643.76	659,437.00	(169,793.24)
Other Public Programs	304.00	0.00	304.00	304.00	0.00	304.00
Self Pay & Other	38,400.00	55,061.00	(16,661.00)	290,103.86	485,467.00	(195,363.14)
Sliding Scale & Other Write-Offs	(47,767.37)	(27,990.00)	(19,777.37)	(230,104.19)	(246,558.00)	16,453.81
Medi-Cal PPS Settlement	0.00	0.00	0.00	14,879.00	0.00	14,879.00
Cost Report & Other Settlements	(10,868.00)	0.00	(10,868.00)	18,950.00	20,000.00	(1,050.00)
Patient Refunds	(537.51)	(417.00)	(120.51)	(3,449.93)	(3,336.00)	(113.93)
Total Patient Revenue	<u>342,822.80</u>	<u>408,521.00</u>	<u>(65,698.20)</u>	<u>2,861,667.62</u>	<u>3,634,339.00</u>	<u>(772,671.38)</u>
Operating Expenses						
Operating Expenses	743,234.19	762,506.00	19,271.81	6,053,904.27	6,528,743.00	474,838.73
Total Operating Expenses	<u>743,234.19</u>	<u>762,506.00</u>	<u>19,271.81</u>	<u>6,053,904.27</u>	<u>6,528,743.00</u>	<u>474,838.73</u>
Net Before Other Revenue	<u>(400,411.39)</u>	<u>(353,985.00)</u>	<u>(46,426.39)</u>	<u>(3,192,236.65)</u>	<u>(2,894,404.00)</u>	<u>(297,832.65)</u>
Grants & Other Revenue						
Grant Revenue-Federal 330	154,629.00	157,295.00	(2,666.00)	1,237,018.00	1,258,360.00	(21,342.00)
Grant Revenue-Federal UDS	(2,632.00)	0.00	(2,632.00)	26,725.00	0.00	26,725.00
Grant Revenue-USAC	0.00	1,902.00	(1,902.00)	16,458.76	15,216.00	1,242.76
Grant Revenue-Other	22,940.00	24,035.00	(1,095.00)	241,365.47	192,280.00	49,085.47
340B Revenue	130,884.42	32,879.00	98,005.42	107,855.88	265,496.00	(157,640.12)
Contract Revenue-CLSD	66,667.32	66,666.00	1.32	533,333.28	533,328.00	5.28
Partnership QIP Revenue	4,600.00	4,582.00	18.00	36,800.00	36,664.00	136.00
ARCH QIP Revenue	12,500.00	12,496.00	4.00	99,856.33	99,975.00	(118.67)
QIP-Other	0.00	342.00	(342.00)	0.00	2,735.00	(2,735.00)
Rental Income	3,002.00	3,017.00	(15.00)	24,016.00	24,136.00	(120.00)
Other Income	300.00	508.00	(208.00)	7,018.91	4,064.00	2,954.91
Interest & Dividends Earned	4,026.52	4,508.00	(481.48)	73,466.73	36,064.00	37,402.73
Total Grants & Other Revenue	<u>396,917.26</u>	<u>308,230.00</u>	<u>88,687.26</u>	<u>2,403,914.36</u>	<u>2,468,318.00</u>	<u>(64,403.64)</u>
Net Operating Income/(Loss)	<u>(3,494.13)</u>	<u>(45,755.00)</u>	<u>42,260.87</u>	<u>(788,322.29)</u>	<u>(426,086.00)</u>	<u>(362,236.29)</u>
Fundraising & Capital Activity						
Capital Grant Revenue	0.00	3,333.00	(3,333.00)	4,304.00	26,664.00	(22,360.00)
Fundraising Income	12,961.00	41,667.00	(28,706.00)	483,052.17	333,336.00	149,716.17
Fundraising Expense	(8,155.20)	(816.00)	(7,339.20)	(67,509.01)	(7,117.00)	(60,392.01)
Donations	0.00	450.00	(450.00)	5,273.18	3,600.00	1,673.18
Realized/Unrealized Gains/(Losses)	3,255.74	0.00	3,255.74	73,516.59	0.00	73,516.59
Total Fundraising & Capital Activity	<u>8,061.54</u>	<u>44,634.00</u>	<u>(36,572.46)</u>	<u>498,636.93</u>	<u>356,483.00</u>	<u>142,153.93</u>
Net Excess of Revenue over Expenses	<u><u>4,567.41</u></u>	<u><u>(1,121.00)</u></u>	<u><u>5,688.41</u></u>	<u><u>(289,685.36)</u></u>	<u><u>(69,603.00)</u></u>	<u><u>(220,082.36)</u></u>

REDWOOD COAST MEDICAL SERVICES, INC.

Schedule of Expenses

From 2/1/2025 Through 2/28/2025

	Actual	Budget	Variance	YTD Actual	YTD Budget	Variance
Salaries & Wages						
Salaries & Wages	421,393.39	453,663.00	32,269.61	3,594,392.78	3,969,537.00	375,144.22
Total Salaries & Wages	<u>421,393.39</u>	<u>453,663.00</u>	<u>32,269.61</u>	<u>3,594,392.78</u>	<u>3,969,537.00</u>	<u>375,144.22</u>
Benefits						
Payroll Taxes	32,788.13	32,639.00	(149.13)	258,079.88	285,580.00	27,500.12
Health Insurance	43,169.00	41,953.00	(1,216.00)	378,095.48	367,068.00	(11,027.48)
Workmans Compensation	4,728.00	4,885.00	157.00	38,483.00	42,739.00	4,256.00
Retirement	3,025.54	2,053.00	(972.54)	17,397.13	17,959.00	561.87
Other Benefits	500.00	389.00	(111.00)	4,500.00	3,397.00	(1,103.00)
Total Benefits	<u>84,210.67</u>	<u>81,919.00</u>	<u>(2,291.67)</u>	<u>696,555.49</u>	<u>716,743.00</u>	<u>20,187.51</u>
Contracted Services						
Contracted Physician	0.00	1,727.00	1,727.00	5,000.00	15,109.00	10,109.00
Contracted NP	2,643.79	4,383.00	1,739.21	32,719.63	38,352.00	5,632.37
Contracted Mental Health Provider	0.00	0.00	0.00	(4,837.79)	0.00	4,837.79
Contracted Dentist Svcs	0.00	1,586.00	1,586.00	10,187.50	13,880.00	3,692.50
Contracted Pharmacist	0.00	490.00	490.00	225.00	4,290.00	4,065.00
Total Contracted Services	<u>2,643.79</u>	<u>8,186.00</u>	<u>5,542.21</u>	<u>43,294.34</u>	<u>71,631.00</u>	<u>28,336.66</u>
Total Compensation	<u>508,247.85</u>	<u>543,768.00</u>	<u>35,520.15</u>	<u>4,334,242.61</u>	<u>4,757,911.00</u>	<u>423,668.39</u>
Facility Expenses						
Depreciation-Facility	6,301.33	5,417.00	(884.33)	50,406.57	43,336.00	(7,070.57)
Amortization-Facility ROU	6,391.83	6,392.00	0.17	51,134.64	51,136.00	1.36
Interest Expense-Facility ROU	169.40	234.00	64.60	2,090.31	1,872.00	(218.31)
Janitorial	2,912.50	2,416.00	(496.50)	23,096.92	19,328.00	(3,768.92)
Rent	4,245.00	3,745.00	(500.00)	33,060.00	29,960.00	(3,100.00)
Repairs & Maint-Facility	11,213.22	1,166.00	(10,047.22)	28,894.70	9,328.00	(19,566.70)
Utilities	9,914.29	7,617.00	(2,297.29)	71,840.01	60,936.00	(10,904.01)
Real Estate Taxes	4,248.64	1,542.00	(2,706.64)	14,240.41	12,336.00	(1,904.41)
Total Facility Expenses	<u>45,396.21</u>	<u>28,529.00</u>	<u>(16,867.21)</u>	<u>274,763.56</u>	<u>228,232.00</u>	<u>(46,531.56)</u>
Other Expenses						
Advice Line	110.00	1,825.00	1,715.00	13,950.00	14,600.00	650.00
Audit Fees	0.00	0.00	0.00	20,750.00	21,500.00	750.00
Bad Debt	0.00	125.00	125.00	2,369.00	1,000.00	(1,369.00)
Bank Charges	841.24	1,050.00	208.76	8,025.17	8,400.00	374.83
Board Expense	1,856.00	2,342.00	486.00	17,029.59	18,736.00	1,706.41
Billing Services	1,687.86	3,367.00	1,679.14	17,489.28	26,936.00	9,446.72
Computer Supplies & Support	44,986.15	41,788.00	(3,198.15)	411,338.55	334,304.00	(77,034.55)
Consulting Fees	3,941.04	7,846.00	3,904.96	34,936.93	62,768.00	27,831.07
Consulting Fees - Accounting	6,100.00	9,213.00	3,113.00	65,865.72	73,704.00	7,838.28
Consulting Fees - Government Compliance	3,412.00	2,371.00	(1,041.00)	17,557.00	18,968.00	1,411.00
Consulting Fees - CFO	2,481.00	1,958.00	(523.00)	11,029.00	15,664.00	4,635.00
Continuing Education	299.00	1,441.00	1,142.00	9,033.61	11,528.00	2,494.39
Depreciation Expense	2,220.85	1,853.00	(367.85)	19,347.08	14,824.00	(4,523.08)
Donations/Contributions	76.75	442.00	365.25	10,799.02	3,536.00	(7,263.02)
Dues & Subscriptions	1,467.33	2,426.00	958.67	18,231.67	19,408.00	1,176.33
Employee Recognition	0.00	1,654.00	1,654.00	14,948.53	13,232.00	(1,716.53)
Equipment Lease	2,333.93	1,917.00	(416.93)	18,817.94	15,336.00	(3,481.94)
Fundraising Allocation	(1,074.20)	(816.00)	258.20	(9,470.57)	(7,117.00)	2,353.57
Infectious Waste Disposal	1,701.13	2,041.00	339.87	14,128.54	16,328.00	2,199.46

REDWOOD COAST MEDICAL SERVICES, INC.

Schedule of Expenses

From 2/1/2025 Through 2/28/2025

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>
Insurance-General	2,571.00	3,308.00	737.00	21,638.96	26,464.00	4,825.04
Insurance-D&O	2,344.00	2,800.00	456.00	20,569.11	22,400.00	1,830.89
Insurance-Malpractice	1,015.00	1,230.00	215.00	8,913.52	9,840.00	926.48
Lab Services	19,413.40	5,470.00	(13,943.40)	41,034.55	43,760.00	2,725.45
Legal Fees	0.00	0.00	0.00	2,205.00	0.00	(2,205.00)
Memberships & Publications	0.00	92.00	92.00	0.00	736.00	736.00
Minor Equipment	0.00	2,210.00	2,210.00	4,053.73	17,680.00	13,626.27
Outreach Fundraiser Event	0.00	0.00	0.00	66.49	0.00	(66.49)
Outreach & Hlth Ed Matls Exp	1,089.65	933.00	(156.65)	9,892.83	7,464.00	(2,428.83)
Payroll Service Fees	3,061.06	2,392.00	(669.06)	20,012.20	19,136.00	(876.20)
Penalties & Late Fees	148.58	0.00	(148.58)	498.36	0.00	(498.36)
Postage & Shipping	500.00	1,243.00	743.00	7,870.79	9,961.00	2,090.21
Publicity/Advertising	130.00	866.00	736.00	5,476.22	6,928.00	1,451.78
Recruiting Expense	0.00	3,333.00	3,333.00	14,393.28	26,664.00	12,270.72
Recruiting-Moving Expense	0.00	1,666.00	1,666.00	0.00	13,328.00	13,328.00
Provider Housing	3,013.44	2,600.00	(413.44)	26,938.84	20,800.00	(6,138.84)
Repairs & Maint-Equipment	13,365.28	3,792.00	(9,573.28)	27,084.22	30,336.00	3,251.78
Retirement Administration	1,037.50	275.00	(762.50)	4,125.00	2,200.00	(1,925.00)
Supplies-Office	4,358.75	7,049.00	2,690.25	33,933.25	56,392.00	22,458.75
Supplies-Clinical	35,175.44	35,152.00	(23.44)	272,006.31	281,216.00	9,209.69
Supplies-Vaccines	2,787.91	3,924.00	1,136.09	22,286.62	31,392.00	9,105.38
Supplies-Pharmaceutical	2,436.52	2,199.00	(237.52)	17,339.19	17,592.00	252.81
Taxes & Licenses	3,721.00	1,509.00	(2,212.00)	8,519.21	12,072.00	3,552.79
Telephone/Communication	6,543.14	10,707.00	4,163.86	54,258.60	85,656.00	31,397.40
Transcription Services	5,162.00	6,325.00	1,163.00	31,491.66	50,600.00	19,108.34
Travel & Conferences	4,834.76	4,065.00	(769.76)	40,296.88	32,520.00	(7,776.88)
X-Ray Expenses	4,441.62	4,226.00	(215.62)	33,817.22	33,808.00	(9.22)
Total Other Expenses	<u>189,590.13</u>	<u>190,209.00</u>	<u>618.87</u>	<u>1,444,898.10</u>	<u>1,542,600.00</u>	<u>97,701.90</u>
Total Operating Expenses	<u>743,234.19</u>	<u>762,506.00</u>	<u>19,271.81</u>	<u>6,053,904.27</u>	<u>6,528,743.00</u>	<u>474,838.73</u>
Total Operating Expenses After Allocation	<u>743,234.19</u>	<u>762,506.00</u>	<u>19,271.81</u>	<u>6,053,904.27</u>	<u>6,528,743.00</u>	<u>474,838.73</u>

REDWOOD COAST MEDICAL SERVICES, INC.

Statement of Cash Flows

As of 2/28/2025

	<u>Current Period</u>	<u>Current Year</u>
Operating Activities		
Change in Net Assets		
	4,567.41	(289,685.36)
Adjustments to Reconcile Change in Net Assets to Cash		
Depreciation and Amortization	14,914.01	120,888.29
(Increase)/Decrease in Accounts Receivable	123,658.90	217,948.42
(Increase)/Decrease in Grants Receivable	(10,224.16)	(28,985.01)
(Increase)/Decrease Estimated Medi-Cal Receivable	(24,010.00)	4,383.00
(Increase)/Decrease in Prepaid Expenses	(35,315.86)	(6,433.11)
Increase/(Decrease) in Accounts Payable	35,046.81	114,984.24
Increase/(Decrease) in Accrued Expenses	(1,130.82)	(143,982.47)
Increase/(Decrease) in Estimated Medi-Cal Payable	(10,207.28)	(253,613.57)
Increase/(Decrease) in Deferred Revenue	(11,069.65)	128,971.38
Total Adjustments to Reconcile Change in Net Assets to Cash	<u>81,661.95</u>	<u>154,161.17</u>
Total Operating Activities	<u>86,229.36</u>	<u>(135,524.19)</u>
Cash Flows from Investing Activities		
Investing Activities		
Construction in Progress	(4,418.01)	(180,356.19)
Total Investing Activities	<u>(4,418.01)</u>	<u>(180,356.19)</u>
Total Cash Flows from Investing Activities	<u>(4,418.01)</u>	<u>(180,356.19)</u>
Cash Flows from Financing Activities		
Financing Activities		
Increase/(Decrease) in Leases Payable	(6,583.60)	(51,933.69)
Total Financing Activities	<u>(6,583.60)</u>	<u>(51,933.69)</u>
Total Cash Flows from Financing Activities	<u>(6,583.60)</u>	<u>(51,933.69)</u>
Net Increase(Decrease) in Cash	<u>75,227.75</u>	<u>(367,814.07)</u>
Cash at Beginning of Period		
	<u>2,776,676.42</u>	<u>3,219,718.24</u>
Cash at End of Period	<u><u>2,851,904.17</u></u>	<u><u>2,851,904.17</u></u>



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FINANCIAL NARRATIVE - PRELIMINARY February 2025

Financial results:

We recorded a bottom-line profit of \$4,567 for January, which was \$5,688 better than the budgeted loss of \$1,121. Our year-to-date bottom-line loss was \$289,685, which was \$220,282 worse than the year-to-date budgeted bottom-line loss of \$69,603.

- Net Patient Revenue (NPR) of \$342,823 was \$65,698 less than the budgeted NPR of \$408,521.

NPR Variance	\$ (65,698.20)
Due to higher/(lower) visits	\$ (98,152.39)
Due to higher/(lower) rate per visit	\$ 32,454.19

- February visits of 1,619 were 512 fewer than budgeted visits of 2,131.
- The average rate per visit of \$211.75 was \$20.05 higher than the budgeted average rate per visit of \$191.70.
 - We adjusted our Managed Medi-Cal visits to our interim rate of \$324.91, which was effective February 1. This rate is \$42.09 higher than our previous rate of \$282.82 per visit.
- Grants and Other Revenue of \$396,917 were \$88,687 higher than budgeted.
 - 340B program revenue was \$98,005 more than budgeted.
- Fundraising and Capital Activity of \$8,062 was \$36,572 under budget.
 - Fundraising Income was \$28,706 less than budgeted due to timing.
 - Fundraising Expenses were \$7,339.20 more than budgeted due to the unbudgeted capital campaign consultant fees.
- Operating Expenses of \$743,234 were \$19,272 less than budgeted.
 - Total Compensation was \$35,520 under budget due to vacant positions and lower contracted provider utilization.



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- Facility Repair & Maintenance was \$10,047 over budget due to radiator and pump maintenance.
- Computer Supplies and Support were \$3,198 over budget.
- Consulting Fees were \$3,905 under budget.
- Accounting Fees were \$3,113 over budget due to having underestimated prior month's costs and fees for seasonal projects.
- Lab Services were \$13,943 over budget.
- Recruiting Expense was \$3,333 under budget.
- Telephone and Communications were \$4,614 under budget due to changing the vendor.

Changes in Financial position:

- Cash and Investments were \$2,851,904 as of the end of February.
 - Cash and Investments increased by \$75,228 during the month.

Management Letter and Report to Those
Charged With Governance (In accordance with AU-C 265)

Redwood Coast Medical Services, Inc.

For The Year Ended June 30, 2024

Board of Directors
Redwood Coast Medical Services, Inc.
Gualala, California

We have audited the financial statements of Redwood Coast Medical Services, Inc., (the “Center”) for the years ending June 30, 2024, and have issued our audit report thereon dated March 31, 2025. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Center are described in Note 1 of the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2024. We noted no transactions entered into by the Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We believe that allowance for contractual and third-party payor settlements are particularly sensitive accounting estimates. The amount of the allowance is based on management's evaluation of the collectability of receivables and settlements based on current regulations. We have performed tests of the allowance to satisfy ourselves as to their reasonableness in relation to the financial statements taken as a whole.

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

Our Responsibility under Generally Accepted Auditing Standards - As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Center. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Disagreement with Management - For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting,

or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants - To the best of our knowledge, management has not consulted with, or obtained opinions from, other independent accountants during the past year that are subject to the requirements of Statement on Auditing Standards No. 50, "Reports on the Application of Accounting Principles."

Issues Discussed Prior to Retention of Independent Auditors - Prior to retention as the Center's auditors, we generally discuss a variety of matters with management, including the application of accounting principles and auditing standards. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit - There were no difficulties encountered in dealing with management while performing our audit.

Results of Audit and Reports Issued:

	Met	Not Met
Financial Audit- Unmodified Opinion	X	
Single Audit- Compliance	X	
Single Audit- Internal Control	X	
No Disagreements with Management	X	
Full Transparency and Disclosure	X	

This information is intended solely for the use of the Finance Committee, Board of Directors, and management of the Center and should not be used for any other purpose.

Sincerely,

CAW. LLP

Fresno, California
March 31, 2025

Audited Financial Statements

Redwood Coast Medical Services, Inc.

For the Year Ended June 30, 2024

Redwood Coast Medical Services, Inc.

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Independent Auditor's Report

Board of Directors
Redwood Coast Medical Services
Gualala, California

Opinion

We have audited the accompanying financial statements of Redwood Coast Medical Services (the "Center"), which comprise the balance sheet as of June 30, 2024 and the related statement of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Redwood Coast Medical Services as of June 30, 2024 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would

influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

CAW, LLP

Fresno, California

March 26, 2025

Redwood Coast Medical Services, Inc.
Balance Sheet
June 30, 2024

	June 30, 2024
Assets	
Current assets	
Cash and cash equivalents	\$ 1,148,698
Investments	2,071,020
Patient accounts receivable, net	616,550
Grant and other receivables	125,567
Prepaid and other current assets	105,515
Total current assets	4,067,350
Property and equipment, net	2,767,714
Total assets	\$ 6,835,064
 Liabilities and net assets	
Current liabilities	
Current portion of long-term debt	\$ 74,035
Accounts payable and accrued expenses	132,818
Accrued payroll and other related liabilities	542,859
Estimated third-party payor settlements	193,998
Deferred revenue	10,782
Total current liabilities	954,492
Long-term debt, net of current portion	64,138
Total liabilities	1,018,630
Net assets	
Without donor restrictions	5,816,434
Total net assets	5,816,434
Total liabilities and net assets	\$ 6,835,064

See accompanying Notes to the Financial Statements

Redwood Coast Medical Services, Inc.
Statements of Operations and Changes in Net Assets
For the year ended June 30,

	For the year ended June 30,
	2024
Changes in unrestricted net assets	
Revenue and other support	
Net patient service revenue	4,581,262
Grants and contribution revenue	4,119,536
Interest and other revenues	256,166
Total unrestricted revenue and other support	8,956,964
Expenses	
Salaries and wages	5,280,495
Employee benefits	971,683
Purchased services and professional services	838,816
Office and other supplies	676,660
Occupancy costs	327,300
Depreciation	191,498
Insurance	86,699
Interest	8,531
Other	632,129
Total expenses	9,013,811
Excess (deficit) of revenues over expenses	(56,847)
Decrease in net assets	(56,847)
Net assets	
Beginning of year	5,873,283
End of year	5,816,436

See accompanying Notes to the Financial Statements

Redwood Coast Medical Services, Inc.
Statements of Cash Flows
For the years ended June 30,

	2024
Cash flows from operating activities	
Change in net assets	(56,847)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	191,498
Changes in operating assets and liabilities	
Change in patient accounts receivable	(80,643)
Change in grants and other receivables	61,335
Change in prepaid expenses and deposits	(10,146)
Change in third-party settlements payable	-
Change in accounts payable and accrued expenses	(18,108)
Change in accrued payroll and other related liabilities	112,587
Changes in deferred revenue and operating lease assets	(209,040)
Net cash provided by operating activities	(9,364)
Cash flows from investing activities	
Acquisition of property, building, and equipment	(259,032)
Change in investments, net	(660,378)
Net cash used in investing activities	(919,410)
Net increase (decrease) in cash and cash equivalents	(928,774)
Cash and cash equivalents, beginning of year	2,077,469
Cash and cash equivalents, end of year	1,148,695
 Supplemental disclosure of cash flow information	
Interest paid	\$ 8,531

See accompanying Notes to the Financial Statements

Redwood Coast Medical Services, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2024

Note 1: Summary of Significant Accounting Policies

Organization: Redwood Coast Medical Services, Inc. (the “Center”) is a not-for-profit, public benefit corporation, incorporated in 1977. Its three clinics in Gualala and Point Area serve a rural and sparsely populated area that includes the coastal communities of Northern Sonoma and Southern Mendocino Counties. RCMS is a federally qualified health center and, as the sole provider of health care services in the area, offers primary medical and dental care and behavioral health services. In addition, RCMS has a senior/geriatric case management program, offers visiting nurse services to homebound patients in the area, and provides palliative and end of life care as part of a hospice program that includes respite and bereavement support. Urgent care services are available at the Gualala facility during normal clinic hours and, because RCMS is designated by the state of California as an Interim Stabilization Facility, RCMS is authorized to receive ambulance transports.

All services offered by RCMS are designed to meet identified needs of the community, are integrated with existing health care services and systems, and are evaluated on a regular basis to assure that community health needs are being met

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting, recognizing revenues when earned and expenses when incurred, in accordance with Generally Accepted Accounting Principles (GAAP).

Net Assets with Donor Restrictions: Contributions, including government grants and contracts, are recorded as restricted revenue if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, donor restricted assets are reclassified to unrestricted net assets and reported in the statement of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as unrestricted revenue.

Cash and Cash Equivalents: The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Center routinely invests surplus operating funds in highly liquid instruments, such as money markets or mutual funds. Of the cash balances as of June 30, 2024, \$230,744 exceeded the federal depository insurance. Investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at their fair values in the balance sheet. Unrealized gains and losses are included in the statement of operations. Investments with maturities greater than one year are classified as long term.

Recent Accounting Pronouncements: Accounting Standards Update (“ASU”) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, requires the Center to present financial assets measured at amortized cost at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses are based on relevant information about historical experience, current conditions, and reasonable supportable forecasts that affect the collectability of the reported amounts. The Center adopted ASU No. 2016-13 on July 1, 2023. The adoption of this ASU did not have a material impact on the consolidated financial statements.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimates applicable to these financial statements include: the collectability of accounts receivable, useful lives of property and equipment, and third-party payor settlements.

Redwood Coast Medical Services, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (continued)

Accounts Receivable: The Center reports patient accounts receivable at amounts that reflect the consideration to which the Center expects to be entitled in exchange for providing patient care. In evaluating the collectability of patient accounts receivable, the Center regularly analyzes its past history and identifies and reviews trends for each of its major payor sources of revenue to estimate appropriate and sufficient implicit and explicit price concessions reflected in patient accounts receivable.

For receivables associated with services provided to patients who have third-party coverage, the Center analyzes contractually due amounts and provides additional implicit and explicit price concessions, if necessary, based upon historical collection history for deductibles and copayments on accounts for which the third-party payer had not yet paid, or for remaining payer balances.

For receivables associated with self-pay patients, which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Center records a significant implicit price concession in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is reflected as a reduction in patient accounts receivable.

Property, Building and Equipment: Land, building and equipment are recorded at cost at the date of acquisition. The Center capitalizes all acquisitions of \$5,000 or greater. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets ranging from three to forty years. Leasehold improvements are amortized on a straight-line method over the estimated useful life of the improvement or the term of the lease, whichever is less. Construction-in-progress is recorded at cost and is capitalized upon completion. Interest costs on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Depreciation is recorded when construction is substantially complete and the assets are placed in service.

Third-Party Contractual Agreements: The Center has agreements with Medicare that provide payments under a cost-based reimbursement system and with Medi-Cal that provide payments under the Prospective Payment System (“PPS”). In the case of Medicare, reasonable estimates are made and reported in the period services are rendered, and differences between the estimates and actual receipts are included in the statement of operations in the period in which they are determined. In the case of Medi-Cal, payments under the PPS system are final, unless the number of reimbursable visits is changed because of an audit by the State of California, Department of Healthcare Services. In addition, under the Medi-Cal PPS, the Center may apply for a change-in-scope of services annually. This process may result in additional Medi-Cal reimbursement for the Center.

Donated Services, Materials and Facilities:

The Center regularly solicits contributions of services, materials, and facilities from the community. These contributions are recorded at fair market value as contribution revenue and contract service, supply, or facility expense.

Redwood Coast Medical Services, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (continued)

Revenue Recognition: Patient service revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payers (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Center bills the patients and third-party payers several days after the services are performed. Revenue is recognized as performance obligations are satisfied. The Center provides medical, behavioral health and dental services to eligible patients at a discounted rate or for a nominal fee, based on eligibility determined by the patient's household size and income.

Revenue from government grants and contracts restricted for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. Grants and contracts awarded for the acquisition of long-lived assets are reported as capital grants and contributions revenue, in absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired.

Contributions are recognized as revenue when they are received or unconditionally pledged. Donor stipulations that limit the use of the donation are recognized as contributions with donor restrictions. When the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from donor restrictions. The Center reports gifts of cash and other assets as support with donor restrictions if received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements. Absent donor-imposed restrictions, the Center records donated services, materials, and facilities as support without donor restrictions. It is the policy of the Center to encourage contributions.

Capital grants and contributions consist of grants and contributions or resources that are restricted by the grantors or donors for capital asset purposes-to acquire, construct or renovate capital assets associated with the restricted purpose. Capital grants and contributions are recorded as increases to net assets with donor restrictions when cash is received in advance of acquisition of capital assets. Capital grants and contributions are released and recognized into net assets without restrictions when capital assets are acquired and/or placed in service.

Donor restricted net assets was \$430,826 and consisted of donations restricted by purpose.

Income Taxes: The Center has been recognized by the Internal Revenue Service as a non-profit corporation as described in Sec. 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and state income taxes on related income pursuant to Sec 501(a) of the IRC and California Revenue and Taxation Code Sec 23701(d). The Center files a United States federal tax return and a California state tax return and has determined that its major tax jurisdictions are the United States and California. Typically, three tax years remain open and subject to examination by the appropriate government agencies in the United States and California.

Reclassification: Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Redwood Coast Medical Services, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2024

Note 2: Fair Value of Financial Instruments

Financial Accounting Standards Board’s (FASB) Accounting Standard Codification (ASC) 820, *Fair Value Measurements and Disclosures*, requires the fair value of financial assets and liabilities to be determined using a specific fair-value hierarchy. The objective of the fair value measurement of financial instruments is to reflect the hypothetical amounts at which the Center could sell assets or transfer liabilities in an orderly transaction between market participants at the measurement date. FASB ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets;

Level 2 - Observable inputs other than Level I prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets;

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets.

Pursuant to FASB ASC 820, the Center’s investments are classified within Level 1 and Level 2 of the fair-value hierarchy. The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024:

	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
June 30, 2024:				
Govt bonds and cash equivalents	1,188,724		1,188,724	
Equities	882,296	882,296		
Total	\$ 2,071,020	\$882,296	\$ 1,188,724	\$ -

The carrying amounts reported in the balance sheets for other financial assets and liabilities that are not measured at fair value on a recurring basis including patient accounts receivable, grant, contract, and other receivables, estimated third-party payor settlements, accounts payable and other accrued expenses, accrued payroll and related liabilities, deferred revenue, and long term debt approximate fair value.

Redwood Coast Medical Services, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2024

Note 3: Information Regarding Liquidity and Availability of Resources

The Center strives to maintain liquid financial assets sufficient to cover 30 days of general expenditures. The following table reflects the Center’s financial assets as of June 30, 2024, reduced by amounts that are not available to meet general expenditures within one year of the balance sheet date.

	2024
Cash and cash equivalents	\$ 1,148,698
Investments	2,071,020
Patient accounts receivable	616,550
Total financial assets	3,836,268
Deferred revenue and other	10,782
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,825,486

In addition to financial assets available to meet general expenditures over the next 12 months, the Center operates with a balanced budget and anticipates collecting sufficient patient service revenue to cover general expenditures not covered by grants or donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Center’s cash and shows nearly positive cash generated by operations for fiscal year 2024.

Note 4: Grants, Contracts and Other Receivables

Grants and contract receivables are comprised of the following at June 30, 2024:

	2024
Federal grants	\$ 38,900
Partnership health grants, PIP, QIP	73,569
Other	13,099
Total	\$ 125,567

Redwood Coast Medical Services, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2024

Note 5: Property and Equipment

Land, building and equipment at June 30, 2024 was comprised of the following:

	2024
Land	\$ 859,884
Buildings and improvements	3,034,352
Equipment	1,208,813
Less: Accumulated depreciation	(2,529,499)
	\$ 2,573,550

Depreciation and amortization expense for the year ended June 30, 2024 totaled to \$191,498.

Note 6: Post Retirement Benefits

The Center sponsors a tax-deferred annuity plan qualified under section 403(b) of the Internal Revenue Code. All employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code at their discretion. The Center’s contribution to the plan is based on the employees’ compensation and years of service, up to a fixed percentage, which is adjusted from time to time and totaled \$22,344 For the year ended June 30, 2024.

Note 7: Functional Expenses

The Center provides healthcare services primarily to residents within its geographic area. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage and usage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. Expenses related to providing these healthcare services are as follows: Expenses related to providing these health care services are as follows:

June 30, 2024

	Program Services	Admin	Fundraising	Total
Salaries and benefits	\$ 4,859,685	\$ 1,381,524	\$ 10,968	\$ 6,252,177
Professional fees	292,825	215,007	-	507,832
Supplies and other	788,968	1,025,886	13,230	1,828,084
Facility costs	105,819	119,870	-	225,689
Depreciation	135,097	56,401	-	191,498
Interest	8,531	-	-	8,531
	\$ 6,190,925	\$ 2,798,688	\$ 24,198	\$ 9,013,811

Redwood Coast Medical Services, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2024

Note 8: Commitments and Contingencies

Line of Credit - The Center maintains a \$250,000 line-of-credit for working capital needs with a national bank, maturing on January 31, 2025. The interest rate is variable, and as of June 30, was 4.75%. The Center had no borrowings on the line-of-credit at June 30, 2024.

Litigation, malpractice, and workers' compensation claims - The Center is deemed an employee of the federal government and is covered for malpractice insurance under the Federal Tort Claims Act ("FTCA"). The Center has on-going litigation claims as result of its normal course of operations; however, in the opinion of management, these claims will be fully covered by the Center's insurance coverage and will not have a material adverse effect upon the financial statements.

Risks and uncertainties - Laws and regulations governing Medicare and Medi-Cal programs are complex and subject to interpretation. The Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoings. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medi-Cal programs.

Redwood Coast Medical Services, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2024

Note 9: Net Patient Revenue

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

Medicare - Medical services rendered to Medicare program beneficiaries are paid under a cost-based reimbursement system. The Center is reimbursed at a tentative ("interim") rate, with final settlement determined after submission of the annual cost report by the Center and audit thereof by the fiscal intermediary. All such reports have been audited by Medicare through June 30, 2023.

Medi-Cal - Medical and dental services rendered to Medi-Cal beneficiaries are paid under the Prospective Payment System (PPS). For clinic sites that existed prior to 2000, the PPS rates were established by the Center's "Base Year" cost report filed under the previous cost based reimbursement system. For clinics opened after that date, PPS rates are established using the rates of three similar clinics or based on an initial year cost report. These rates are adjusted annually according to changes in the Medicare Economic Index and any approved changes in the Center's scope of service.

Managed care contracts and other - The Center has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Center under these agreements includes such methods as reimbursed costs, discounts from established rates, pre-determined fees for service, percentage of charges, and others.

The following shows revenue by significant payor types at June 30,

	2024
Medicaid	\$ 1,529,675
Medicare	1,780,503
Insurance and other	1,271,084
Total	\$ 4,581,262

Note 10: Concentration of Credit Risk

The Center grants credit without collateral to its patients and third-party payors. Patient accounts receivable from the government agencies administering the Medicare and the Medi-Cal programs and private insurance companies administering the Medi-Cal Managed Care programs represent the only concentrated group of credit risk for the Center and management does not believe that there are significant credit risks associated with these agencies and private insurance companies. Other contracted and private pay patient receivables consist of payors and individuals involved in diverse activities, subject to differing economic conditions and does not represent any concentrated risks to the center. Significant concentrations of net patient accounts receivable as of June 30, 2024 are as follows:

	2024
Medicare	39%
Medicaid	34%
Insurance and other	27%
	100%

For the year ended June 30, 2024, the Center received \$2,119,784 in Community Health Center grants from the Department of Health and Human Services, which represents 24% of the total revenue received.

Redwood Coast Medical Services, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2024

Note 11: Leases

The Center has operating leases for clinics and certain equipment. The Center elected the short-term lease practical expedient related to leases that are 12 months or less.

Leases for clinics typically include multiple optional renewal periods. Upon opening a new clinic location, the Center typically installs leasehold improvements with various useful lives. Due to the specialized nature of clinic space and leasehold improvements installed, Management concludes that it is reasonably certain that a renewal option will be exercised, and thus such renewal period is included in the lease term, and the related payments are reflected in the ROU asset and lease liability.

Each operating lease includes fixed rental payments, however, it is common for the lease payments to increase at pre-determined dates based on the change in the consumer price index. The Center's operating leases are comprised of both gross leases and net leases, in which separate payments are made to the lessor based on the lessor's property and casualty insurance costs and the property taxes assessed on the property, as well as a portion of the common area maintenance associated with the property. The Center has elected the practical expedient not to separate lease and non-lease components for all building leases.

During the years ended June 30, 2024 total lease expense was \$90,119 .

The future payments due under terms of contracted operating leases as of June 30, 2024 are as follows: \$81,036 for 2025, \$20,250 for 2026.

Note 12: Subsequent Events

The Center has evaluated all events and transactions that occurred after June 30, 2024, and through March 26, 2025, the date of the financial statements and notes to financial statement were available to be issued.

SINGLE AUDIT REPORTS

Redwood Coast Medical Services, Inc.
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2024

Federal Grant / Program Title	Federal ALN Number	Pass-Through Identification Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, PUBLIC HEALTH SERVICES:			
Direct Programs			
Health Center Program Cluster	93.224		\$ 2,045,904
Capital Development Grants	93.526		73,880
Subtotal			2,119,784
Total federal financial assistance			\$ 2,119,784

Redwood Coast Medical Services, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2024

Note A: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) summarizes the expenditures of Redwood Coast Medical Services, Inc. (the “Center”) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows for the Center.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Center used the federal de minimis cost rate.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

Board of Directors
Redwood Coast Medical Services, Inc.
Gualala, California

We have audited, 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* issued by the Comptroller General of the United States, the financial statements of Redwood Coast Medical Services, Inc. (the "Center"), which comprise the balance sheets as of June 30, 2024 and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Redwood Coast Medical Services, Inc. internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Redwood Coast Medical Services, Inc. financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CAW. LLP

Fresno, California
March 26, 2025

**Report on Compliance For Each Major Federal Program
And Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor’s Report

Board of Directors
Redwood Coast Medical Services, Inc.
Gualala, California

Report on Compliance for Each Major Federal Program

We have audited Redwood Coast Medical Services, Inc. (the “Center”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center’s major federal programs for the year ended June 30, 2024. The Center’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Redwood Coast Medical Services, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“GAAS”); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (“*Government Auditing Standards*”); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Center’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Management of Redwood Coast Medical Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with

a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CAW, LLP

Fresno California
March 26, 2025

Redwood Coast Medical Services, Inc.
Schedule of Findings and Questioned Costs
For the year ended June 30, 2024

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal Control over financial reporting: Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs: Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Major Programs

	<u>ALN Number</u>	
Consolidated Health Center Program	93.224	
Dollar threshold used to distinguish Types A and B programs	\$ 750,000	
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Redwood Coast Medical Services, Inc.
Schedule of Findings and Questioned Costs
For the year ended June 30, 2024

II. Current Year Audit Findings and Questioned Costs

Financial Statement Findings: No Matters are Reportable

Federal Award Findings And Questioned Costs: No Matters are Reportable

III. Prior Year Audit Findings and Questioned Costs

None

RCMS DRAFT STRATEGIC PLAN FOR 2025 -2030

Draft 3/14/2025

Our Mission and Vision

The mission of Redwood Coast Medical Services (RCMS) is to provide high quality, family-oriented, community based primary care, urgent care, dental care and behavioral health services, as well as a broad range of preventive health services to residents and visitors within the coastal areas of Southern Mendocino and Northern Sonoma Counties.

RCMS is a not-for-profit 501(c)(3) health center providing a full range of healthcare services at its three clinics located in Gualala and Point Arena. Services are designed to meet identified needs of the community. RCMS collaborates with Coast Life Support District, Mendonoma Health Alliance, the Mendocino County Health Administration and the Sonoma County Department of Health Services to serve residents in its service area. RCMS services are evaluated on a regular basis to assure that community health needs are being met.

RCMS serves qualified permanent area residents on a sliding fee scale

basis, visitors, and patients with Medi-Cal and Medicare coverage, private insurance and self-pay status. We turn no one away!

ASSUMPTIONS FOR ENVIRONMENT FROM 2025 - 2030

Number and Type of Patients to be Served

- No major population growth or socioeconomic shifts in the RCMS service area.
- The population remains in the 7,000 to 10,000 range with the current number of patients at the 4,500 level.
- The majority of patients will remain at 200% or less of poverty level.
- Hispanic patients and patients 65 and older will continue to be a large proportion of the population served by RCMS.
- Significant economic development is unlikely.
- A small percentage of the population will be wealthy.

Environmental Conditions Impacting Services

- Remoteness of area makes provision of both urgent and primary care services vital and in many cases necessary for the survival of people in the service area.
- There is no economic incentive for other providers to come to RCMS service area.
- Political and financial pressure may be put on RCMS over service to undocumented residents, women's health services and LGBTQ+ patients.
- Major earthquakes, wildfires, rain and windstorms are likely, requiring RCMS to be able to address traumatic injuries and provide health services to the community without outside assistance.
- Water will remain scarce.
- Roads will remain challenging.
- Sizeable visitor traffic, particularly in the summer and on holidays, will continue.
- Housing prices will stay high and long-term rentals will be in short supply.

- High speed internet for portions of the service area will remain a challenge.

Service Needs

- Urgent care will need to be available to respond to emergencies and high acuity patients.
- High quality primary care will need to be available to the different demographic groups residing in the RCMS service area.
- Access to specialists will remain a high priority.
- There is a high demand for home health, palliative and hospice care.
- Programs to encourage individuals to actively pursue healthy choices will require expansion.
- There will continue to be a high demand for behavioral health services.
- There will continue to be a high demand for quality dental services.
- There will continue to be a high demand for local pharmacy services.
- RCMS is considered the de facto public health provider for our service area during pandemics, flu spikes, earthquakes, storms and wildfires.

- New technologies are likely to switch procedures from the hospital to outpatient clinics.

Financial Realities

- Reimbursement and other contributions from the Federal and state governments may be reduced.
- Urgent care will continue to cost RCMS more than the reimbursement RCMS will obtain for these services.
- Annual fund raising among a limited population to deal with operating and capital issues will continue to be necessary.
- Fund raising for RCMS competes with other important community organizations and needs.
- The parcel tax that supports urgent care will either need to increase or other financial support must be developed.
- Information technology and security costs will rise significantly.
- The cost of recruiting, housing and retaining clinical and non-clinical staff will increase dramatically.

Working Environment

- Patients will expect timely digital access to records and easy electronic communication with their providers.
- Medical practice will be more data driven.
- Telemedicine may be an increasing element of primary and behavioral health visits.
- Providers will continue to risk burnout from the stress of their practices
- Health outcome and other reporting requirements will increase.
- Clinical and support staff will require a workplace built around collaboration, participation, positivity, teamwork and more.
- More testing and monitoring will be done at home versus the clinic.

Labor Pool for Clinic

- A significant number of rural doctors now practicing will be gone in the next few years.
- Continuing shortage of all clinical positions in the marketplace will continue.
- The cost of recruitment and retention will increase significantly.

- Affordability of housing and remoteness of area will be a challenge for clinical recruitment and retention.

Facilities

- Unless the Gualala clinic is renovated or expanded, its workflow will remain inefficient and the space for radiology and laboratory services will remain undersized.
- The number of treatment rooms in our current facilities may be insufficient.
- IT capability will need to be constantly updated to keep up with technological changes.

GOALS FOR 2025 – 2030

The existence of RCMS with its Urgent Care services is essential to the health and prosperity of our community. Because hospitals and providers are over two hours away in good weather, the existence of a health care organization that can provide care for traumatic injuries as well as primary care and other basic health services is necessary.

The continued existence of RCMS is based on three principles:

Provision of High Quality Comprehensive Health Care; Inspiring Joy

and Engagement at Work; and Ensuring Financial Viability. These three principles support the organization like the legs of a stool. Each must be sound for RCMS to succeed.

RCMS' STRATEGIC PLAN FOR 2025 – 2030

Provision of High Quality Comprehensive Health Care

- Continue to focus on and improve the quality of medical services using scientifically based measurement.
- Continue to support viable hospice, palliative care and home health capacity.
- Expand mental and behavioral health services and integrate them into primary care.
- Work with Genoa to expand pharmacy service hours and improve customer experience.
- Continue to provide quality dental services.
- Strengthen and expand video and telehealth capabilities.
- Build robust systems for patient/provider communication channels that meet patient and provider needs and support high quality care for our diverse population.

- Finalize decisions on clinical space needs and expansion options and determine how to finance them.
- Develop 10-year plan for upgrading equipment that will be annually updated.
- Assess and strengthen IT infrastructure.
- Evaluate opportunities to implement shared services with neighboring FQHCs and other health care providers serving Mendocino and Sonoma counties.
- Leverage technology to improve the patients' experience and provider productivity.
- Maintain and expand relationships with outside partners and health care resources, including Mendocino Health Alliance and Coast Life Support District.
- Develop close relationships between the CEOs and Medical Directors of RCMS and Partnership Health Plan.
- Continue engagement with public service providers in the service area, including Fire Departments, CalFire and CHP, to support community health and prepare for natural disasters.
- Actively seek ways to highlight RCMS services with community organizations and local employers.

- Strengthen relationships with hospitals and providers outside RCMS service area.

Inspiring Joy and Engagement at Work

- Provide market level compensation, good benefit packages and the best work environment.
- Invest in leadership development programs for medical and administrative staff.
- Develop clearly understood career ladders.
- Enhance methods of demonstrating appreciation for the staff.
- Engage staff in development of best practices and better ways to serve patients and the community.
- Support an effective performance evaluation system for staff involving supervisors, co-workers and direct reports that encourages regular appropriate feedback to individuals.
- Expand resources and tools for employee recruitment and retention:
 - Expand relationships with search firms.
 - Use appropriate job search advertising locally and nationally such as Linked In.
 - Encourage staff to identify possible applicants.

- Continue to explore how to develop Medical Assistants from the local population.
- Develop relationships with rural family residencies and rural physician assistant and nurse practitioner programs.
- Establish relationships with rural health networks in California and nationally.
- Establish relationships with dental programs.
- Explore ways to assist employees to find affordable housing.

Ensure Financial Viability

- Achieve positive net income.
- Maintain prudently funded reserves.
- Increase capture of potential reimbursement from private health plans and Federal and state payors.
- Explore the provision of more and different health services to meet the needs of the community.
- Support and increase grant writing capacity and continue to monitor and apply for state, federal and other grants.
- Explore the need for fundraising to make up for possibly reduced Federal and state funds.

- Emphasize to the community the importance of urgent care in the area and explain the reason for financial shortfalls from this service.
- Make the case to the community of the importance of modernized RCMS capital needs.
- Explore different ways of fundraising from a broad swath of the community while continuing the current activity.
- Highlight RCMS as a model for rural care at the federal and state level.
- Continue engagement with California Primary Care Association.
- Actively seek ways to highlight RCMS services with community organizations and local employers.