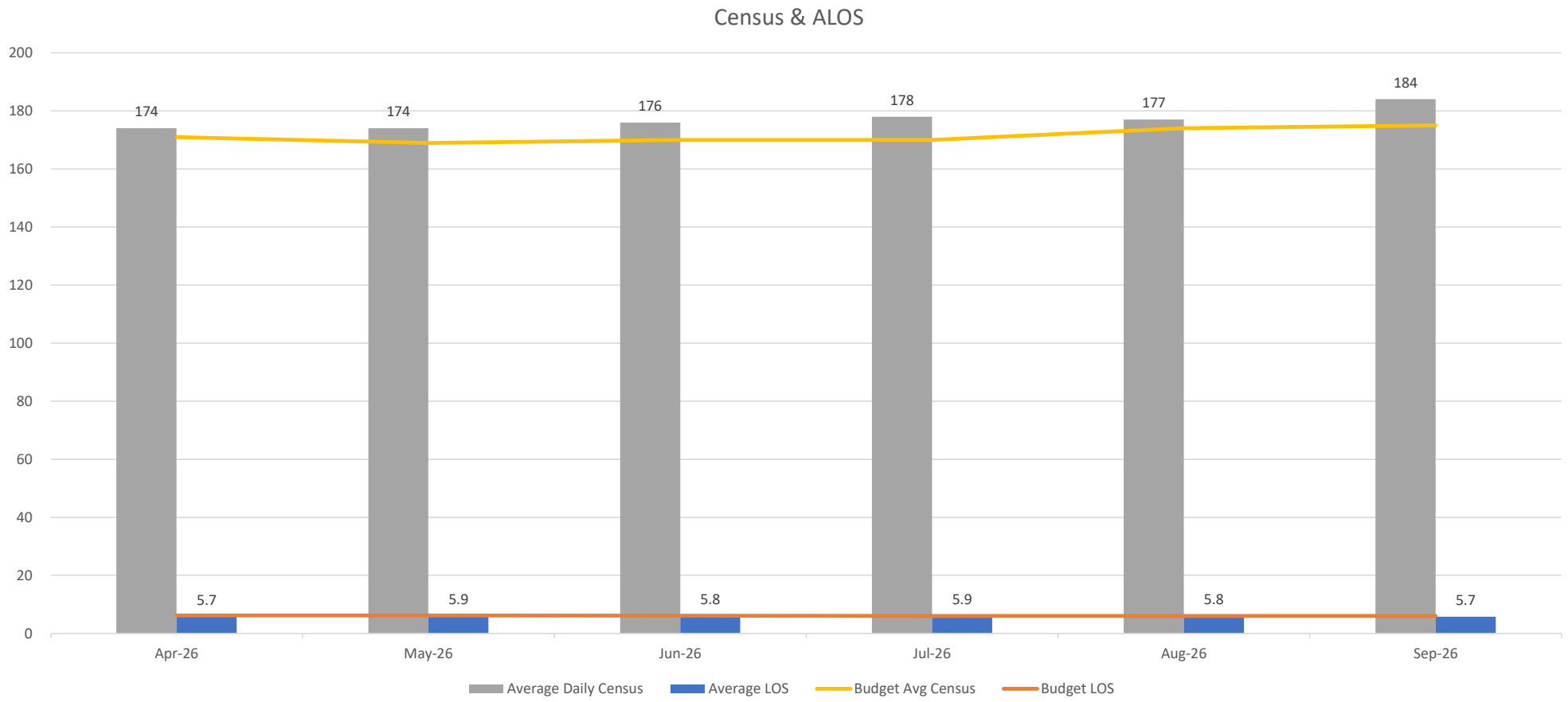
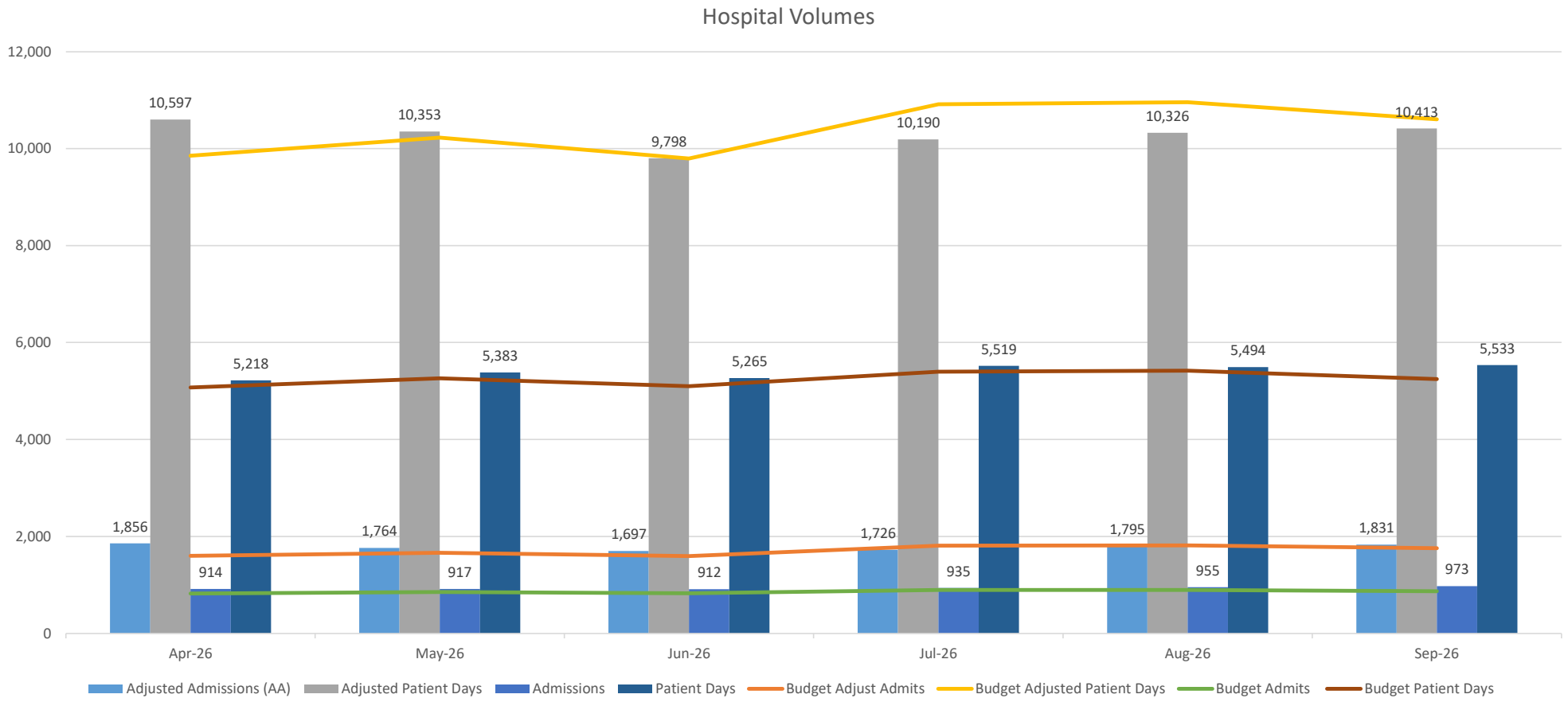
Board of Governors' Report

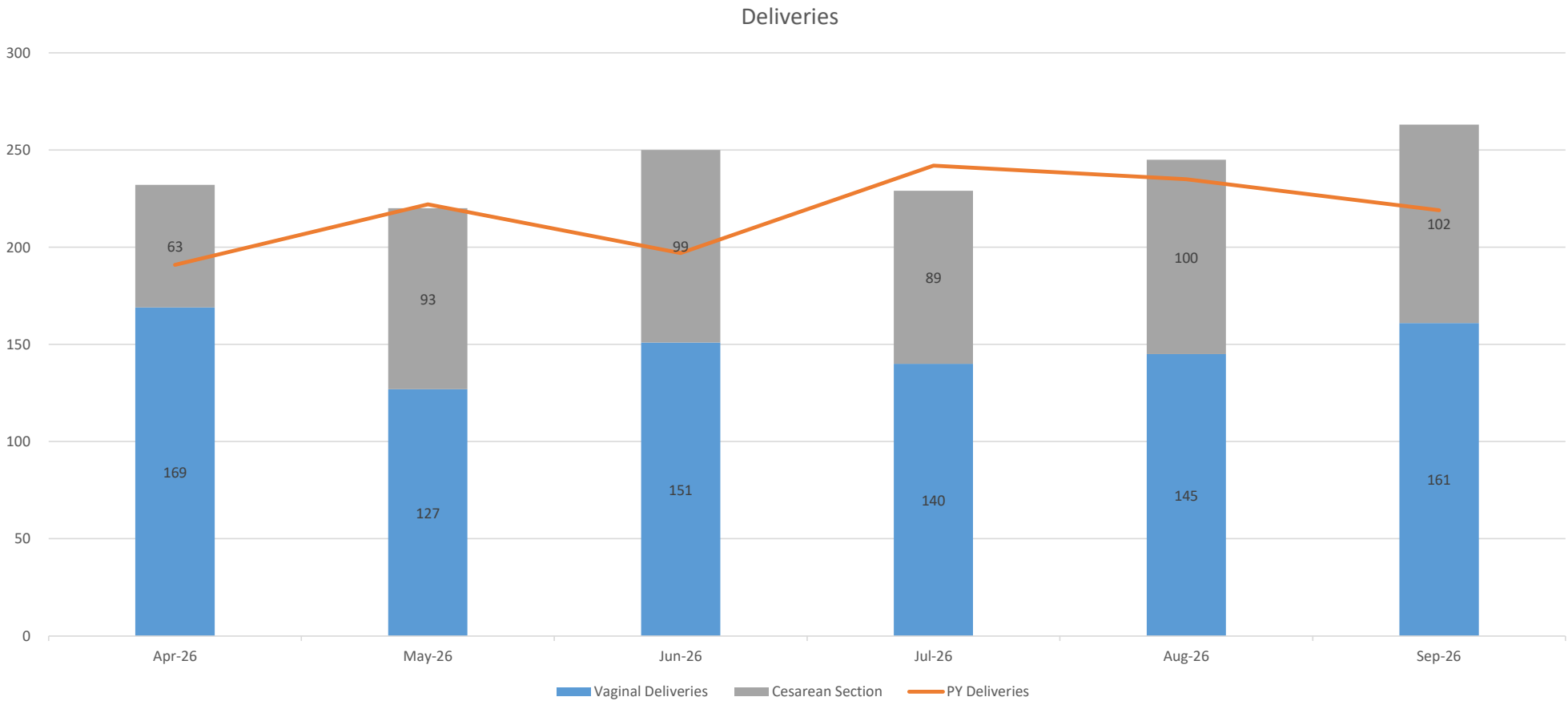
Kern Medical – September 2026



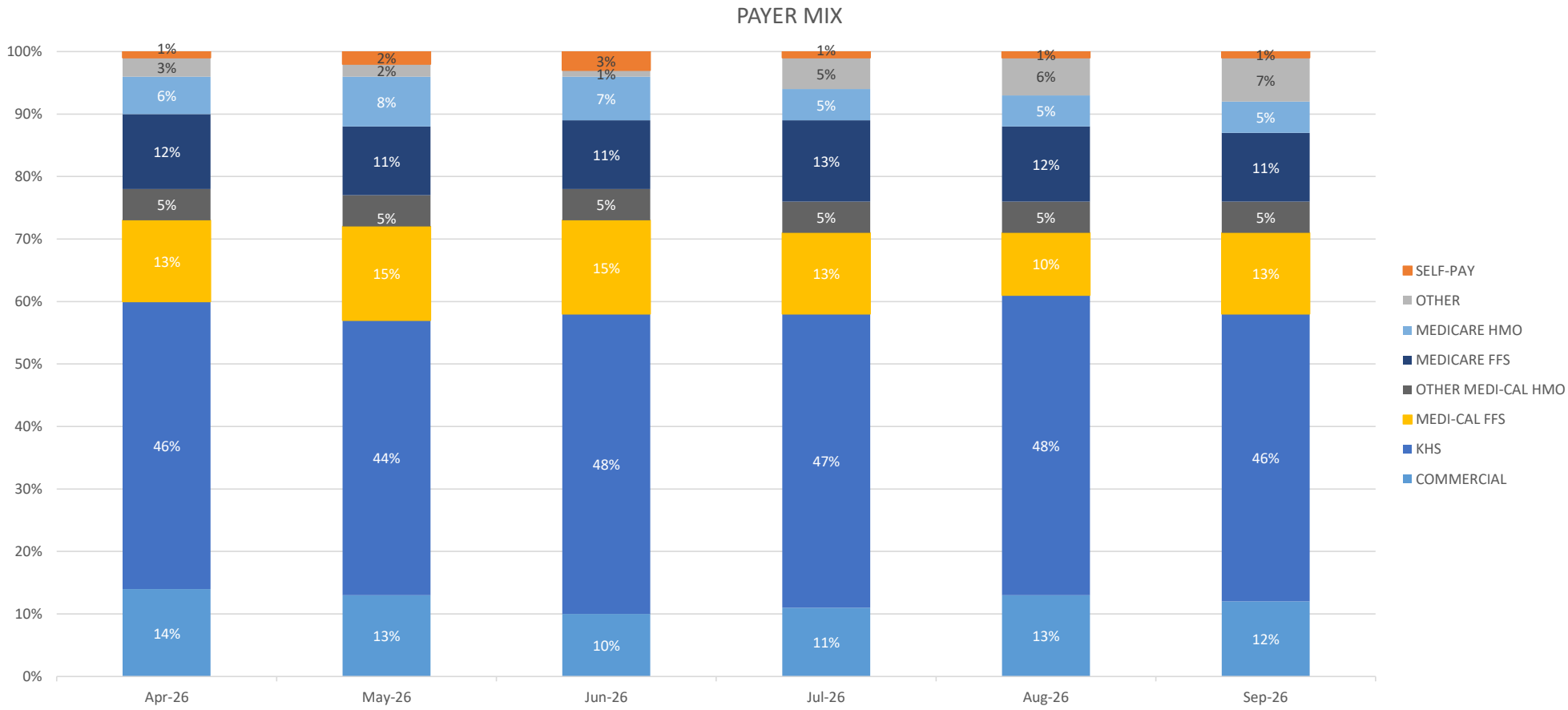
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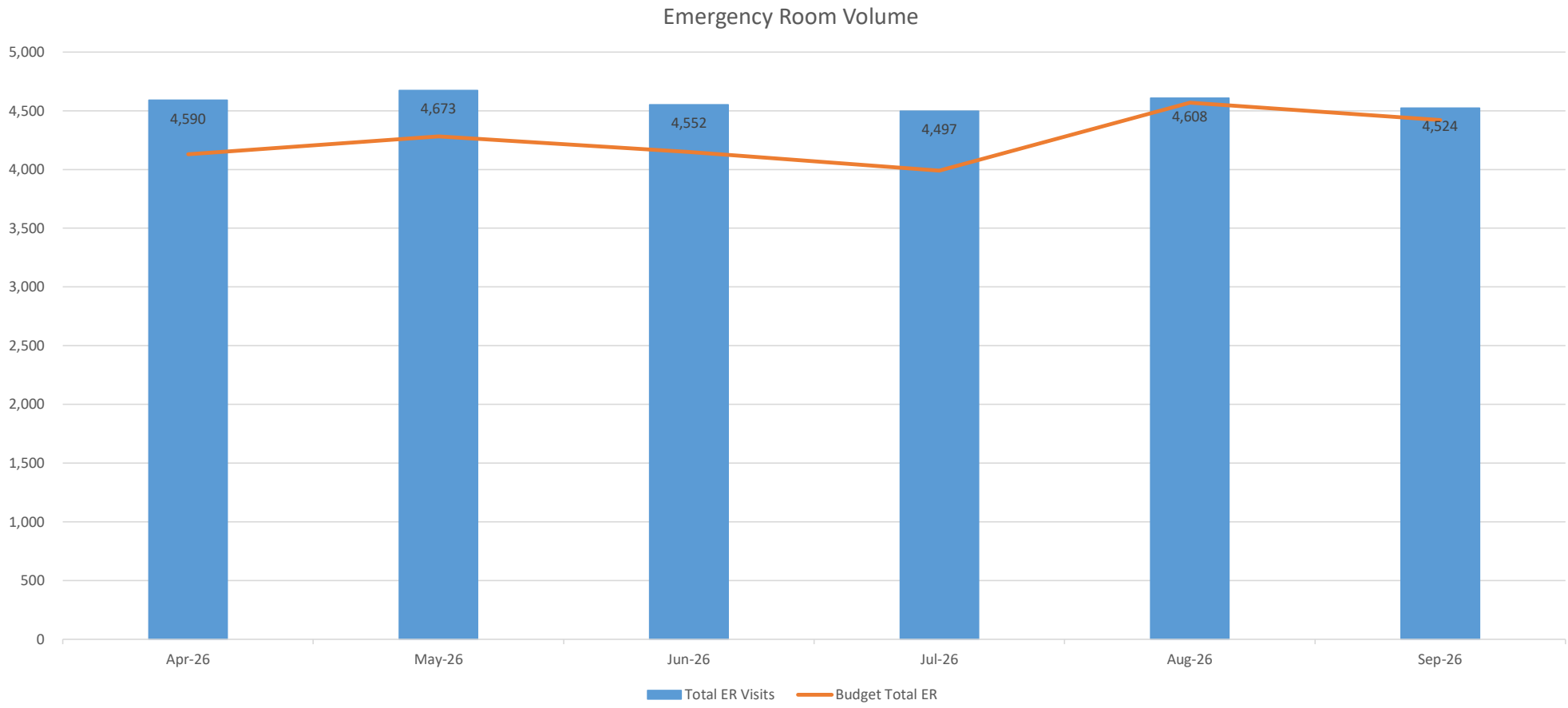
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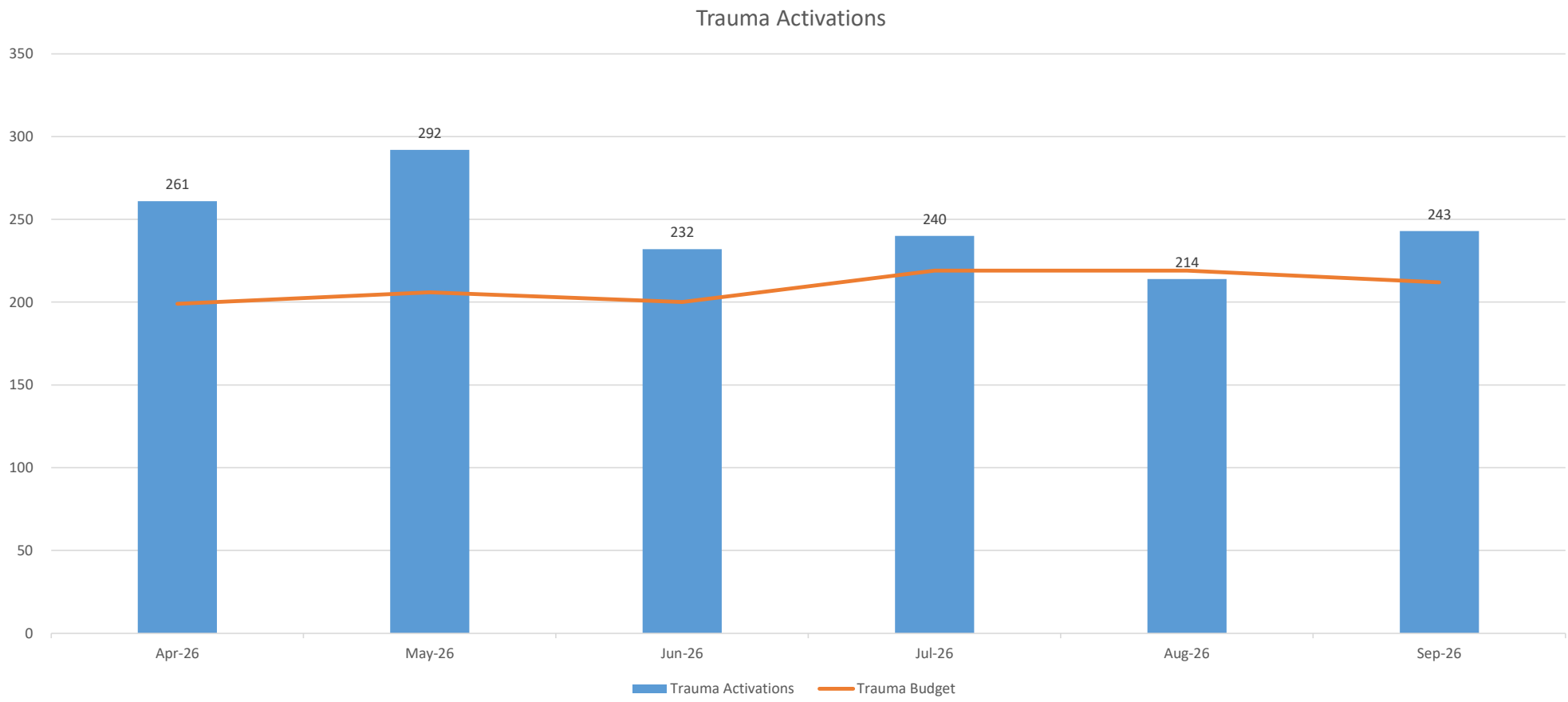
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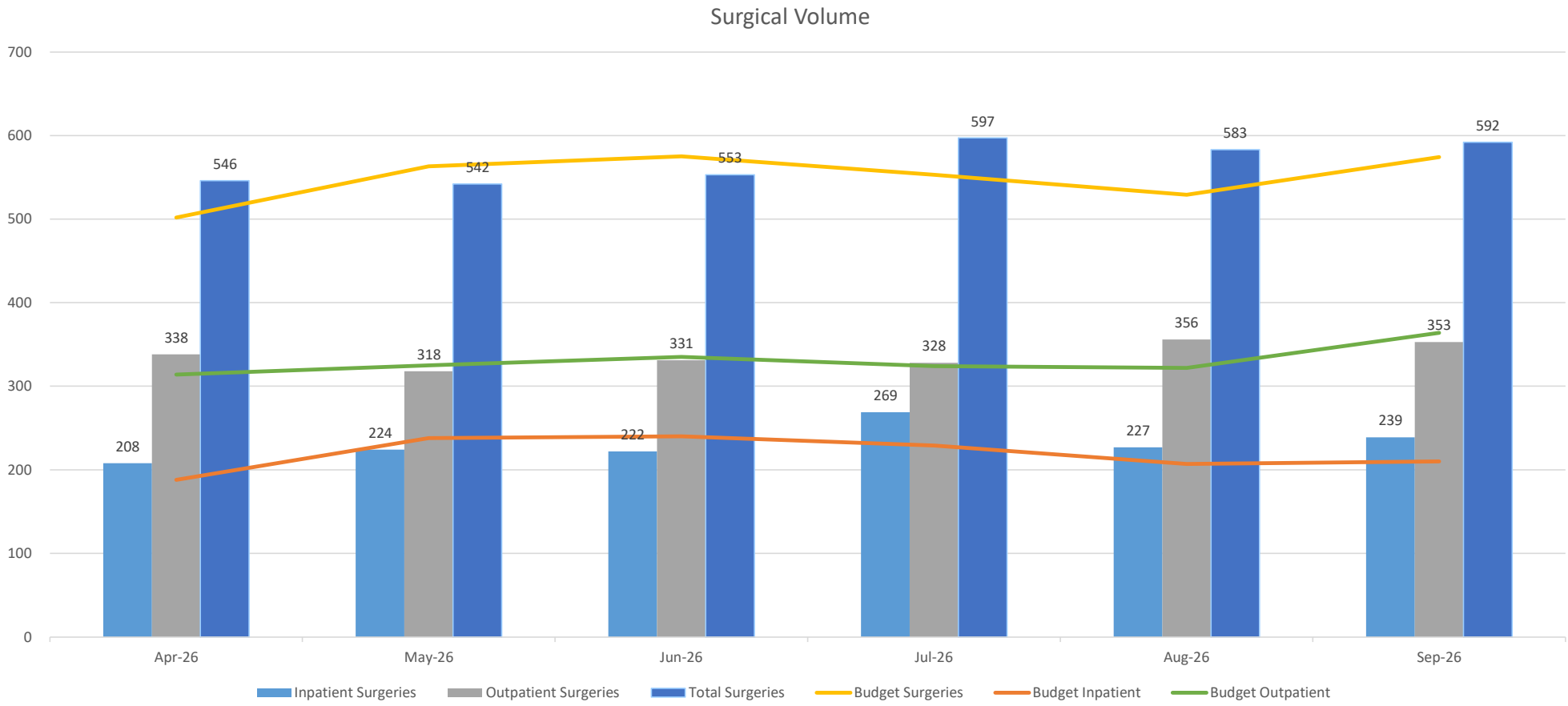
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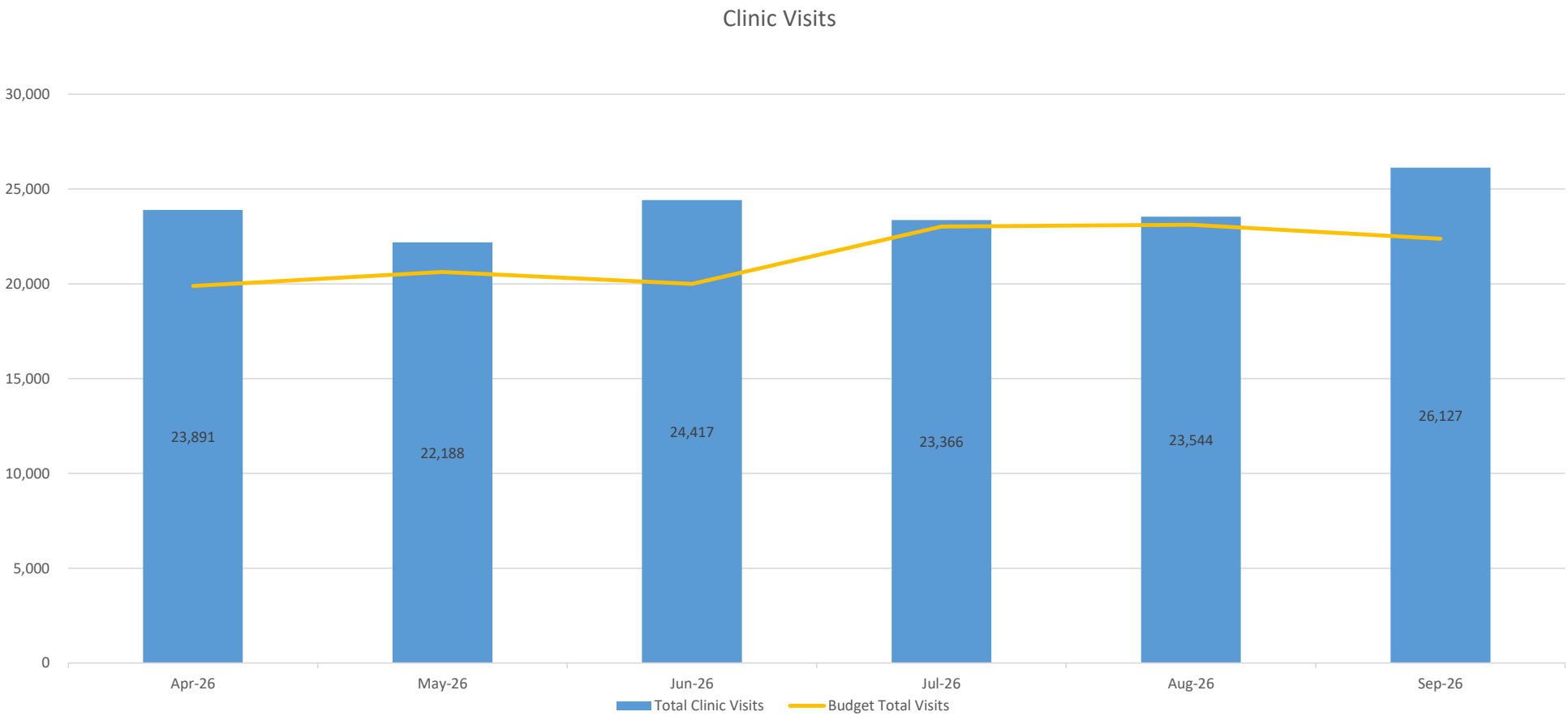
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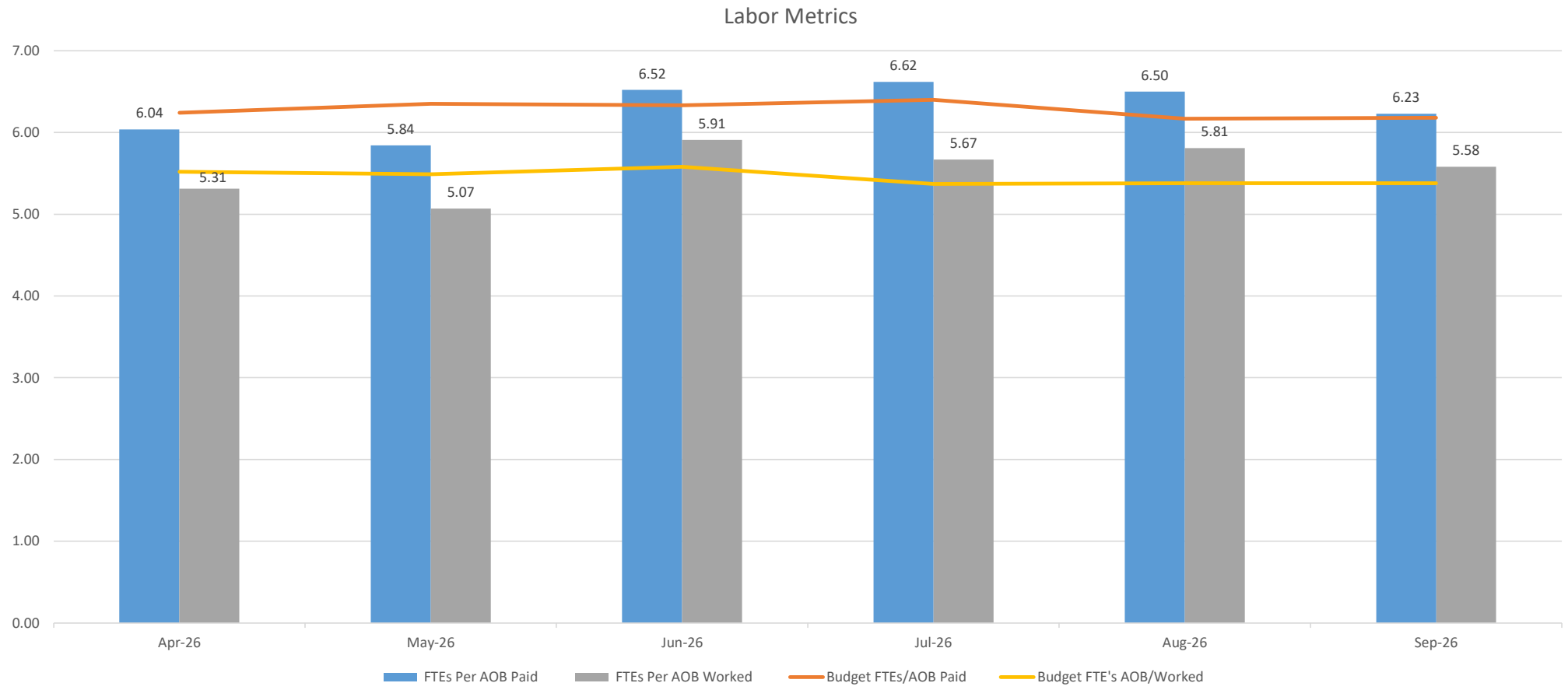
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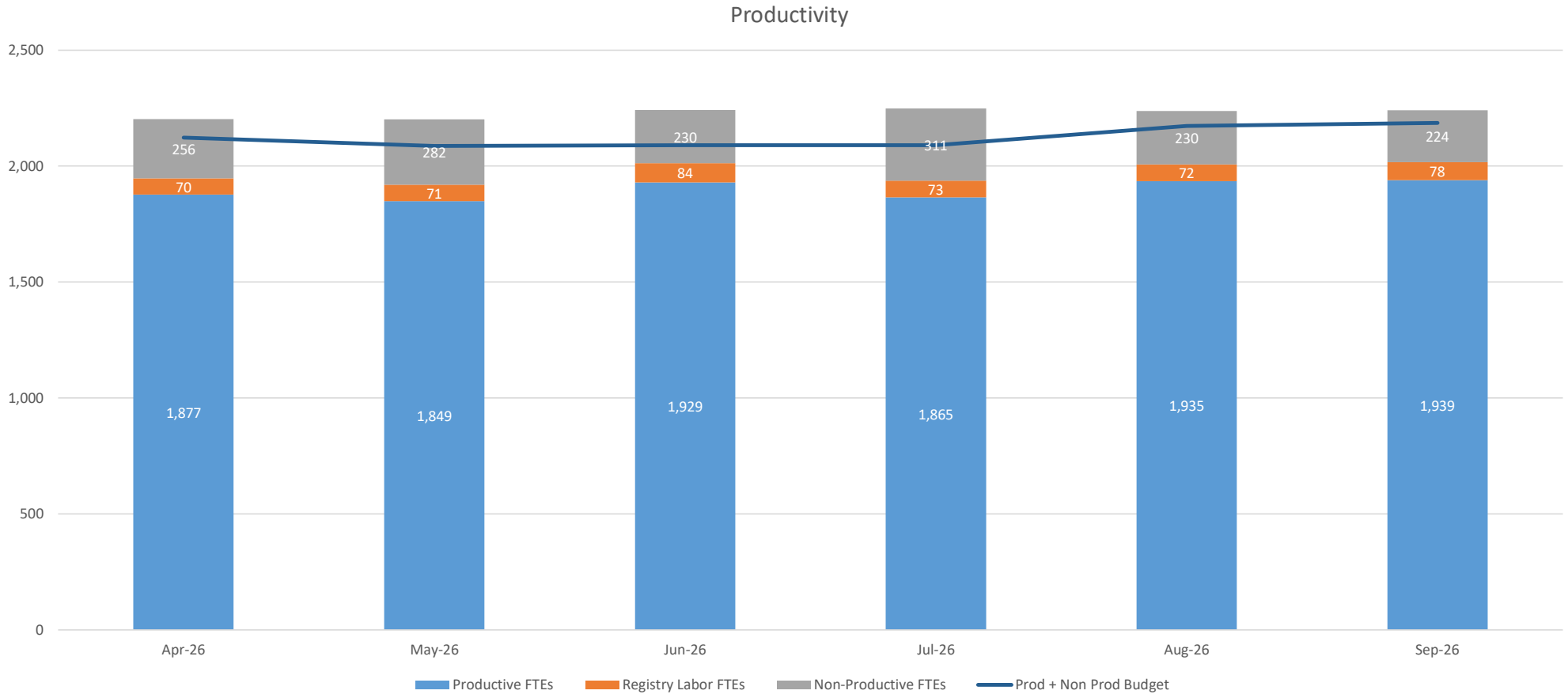
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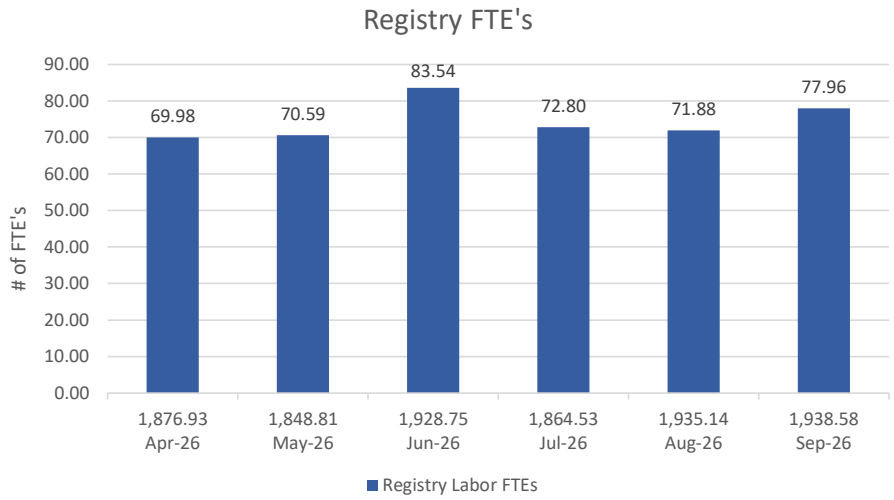
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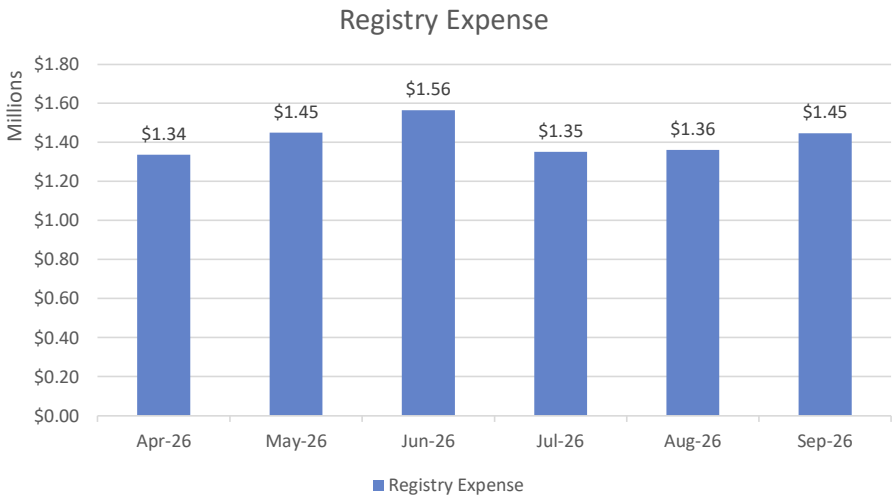


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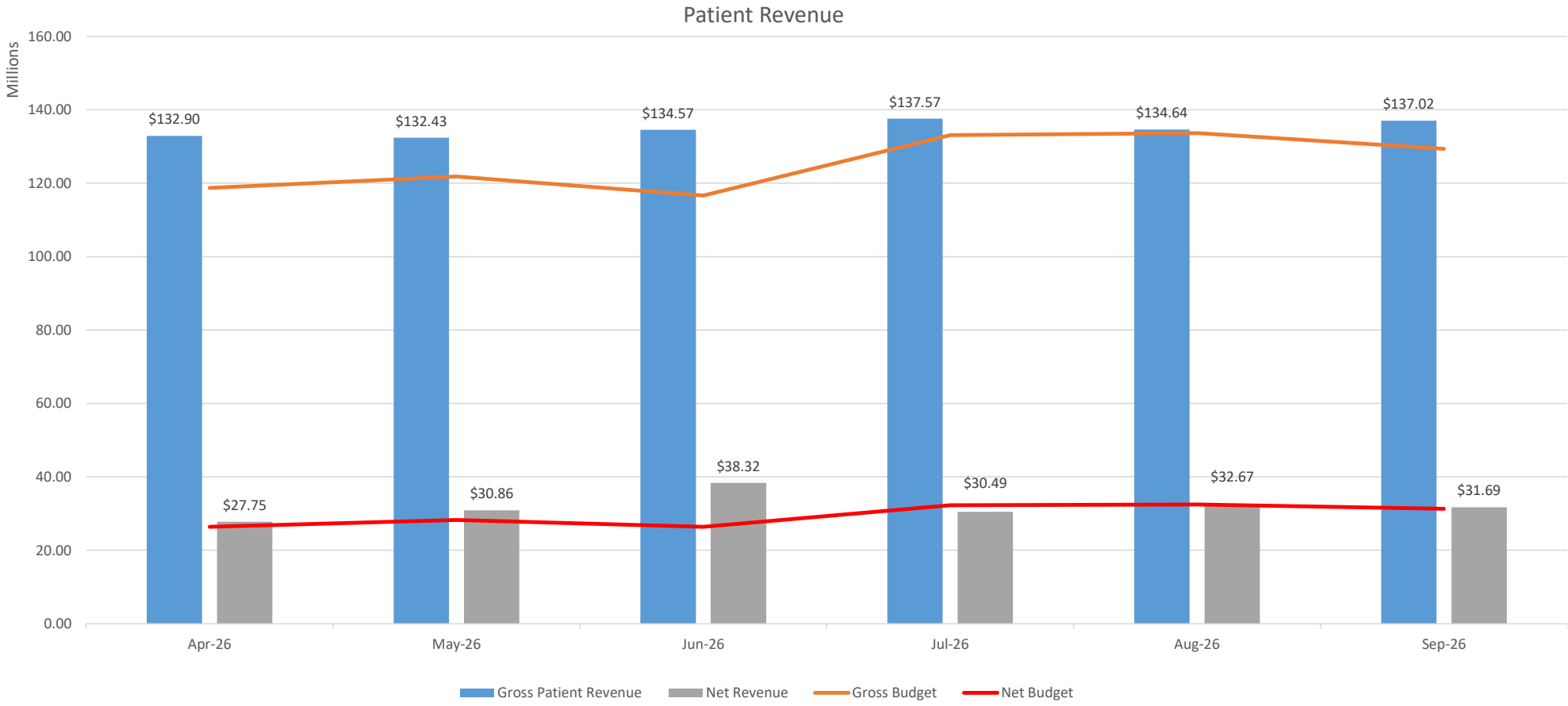


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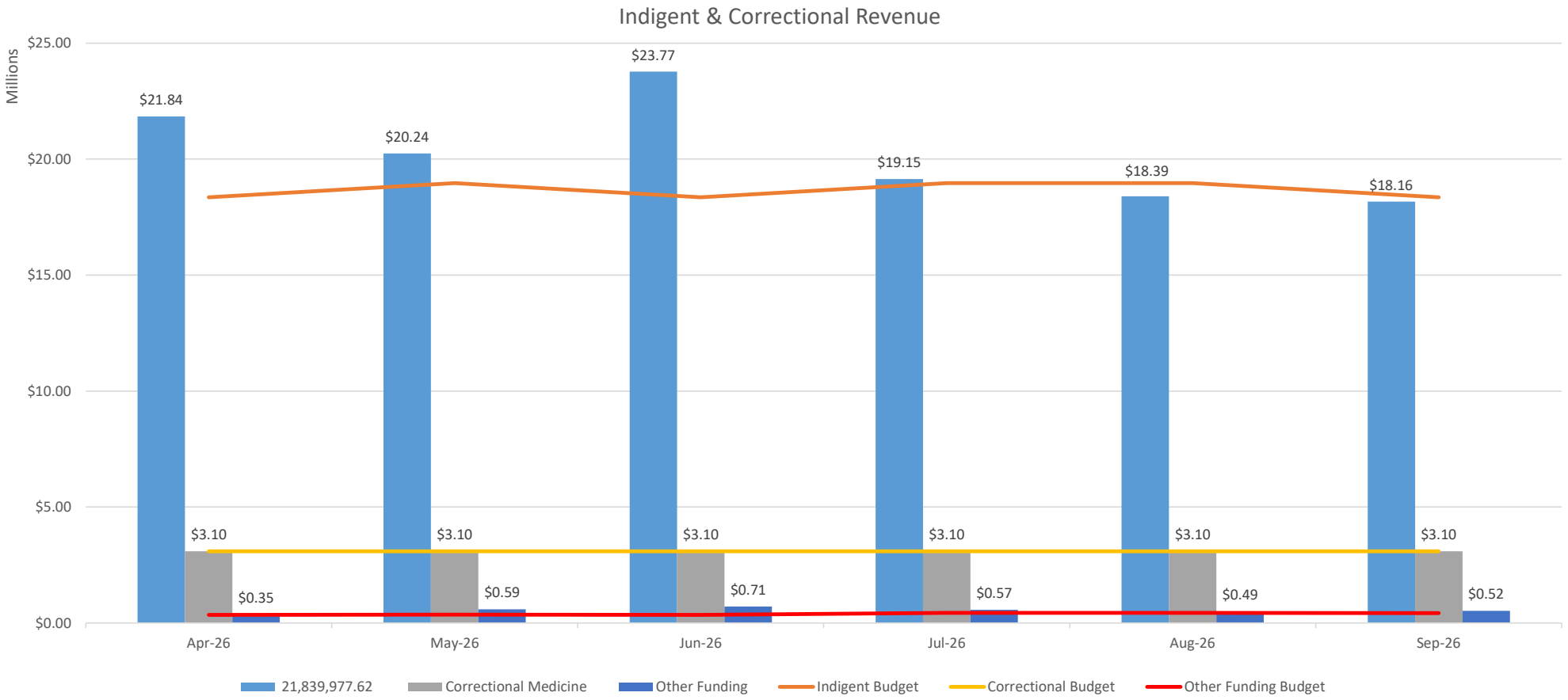




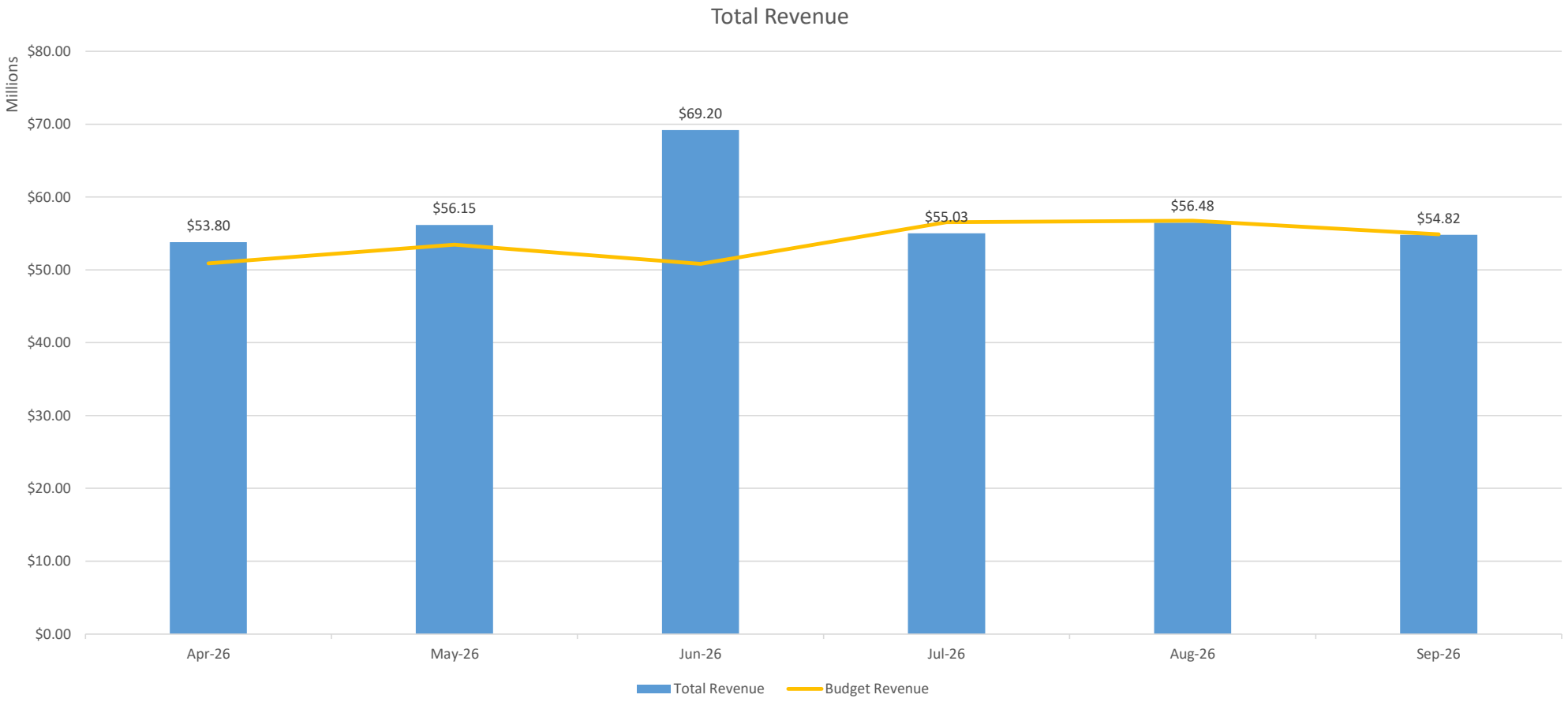
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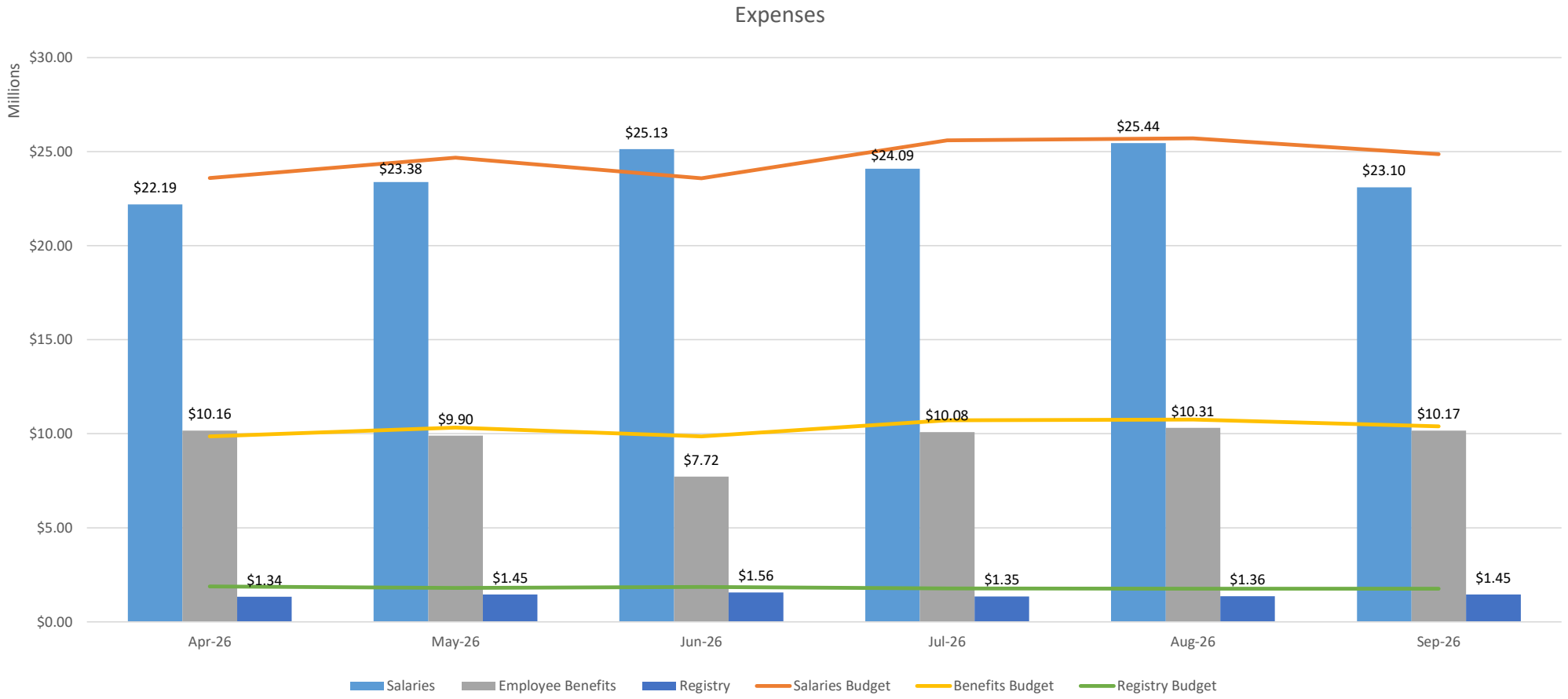
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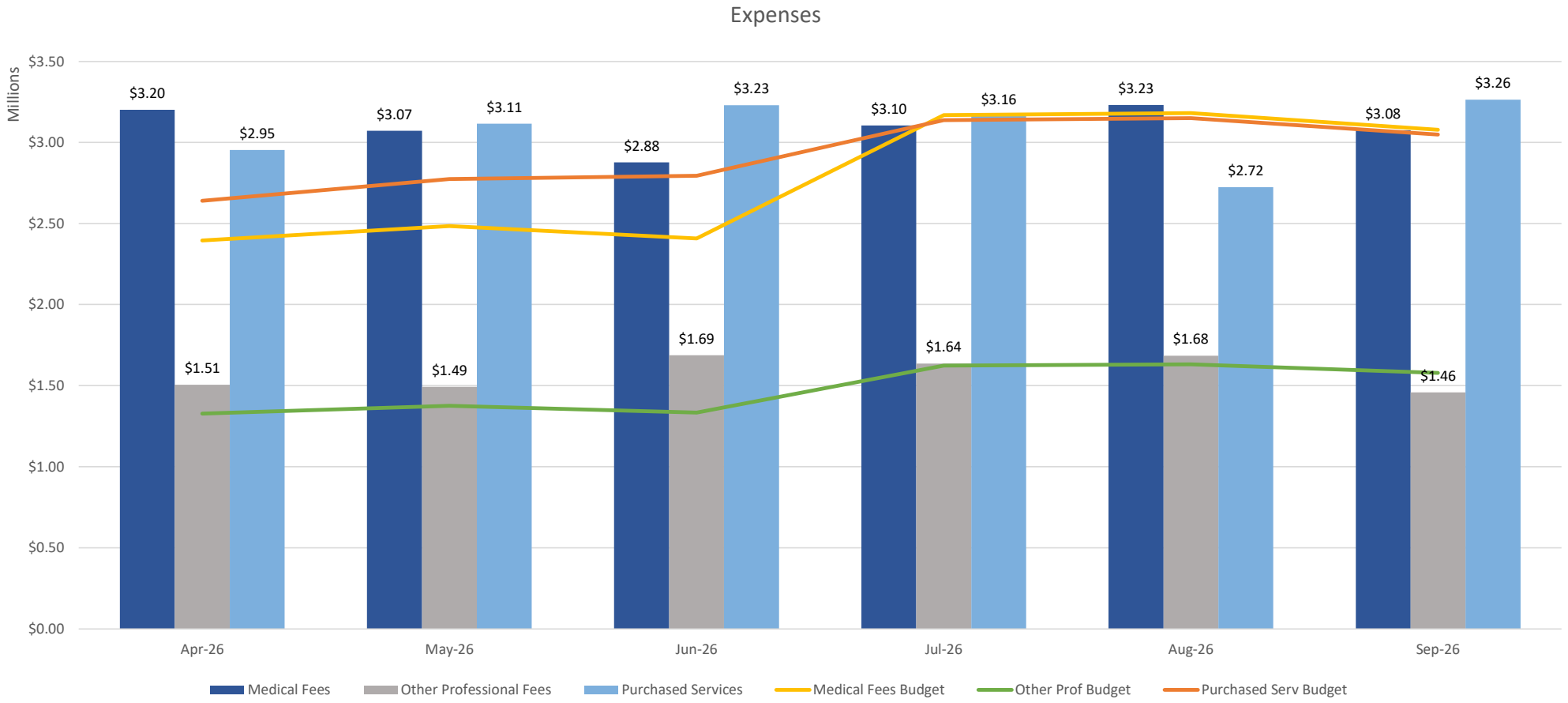
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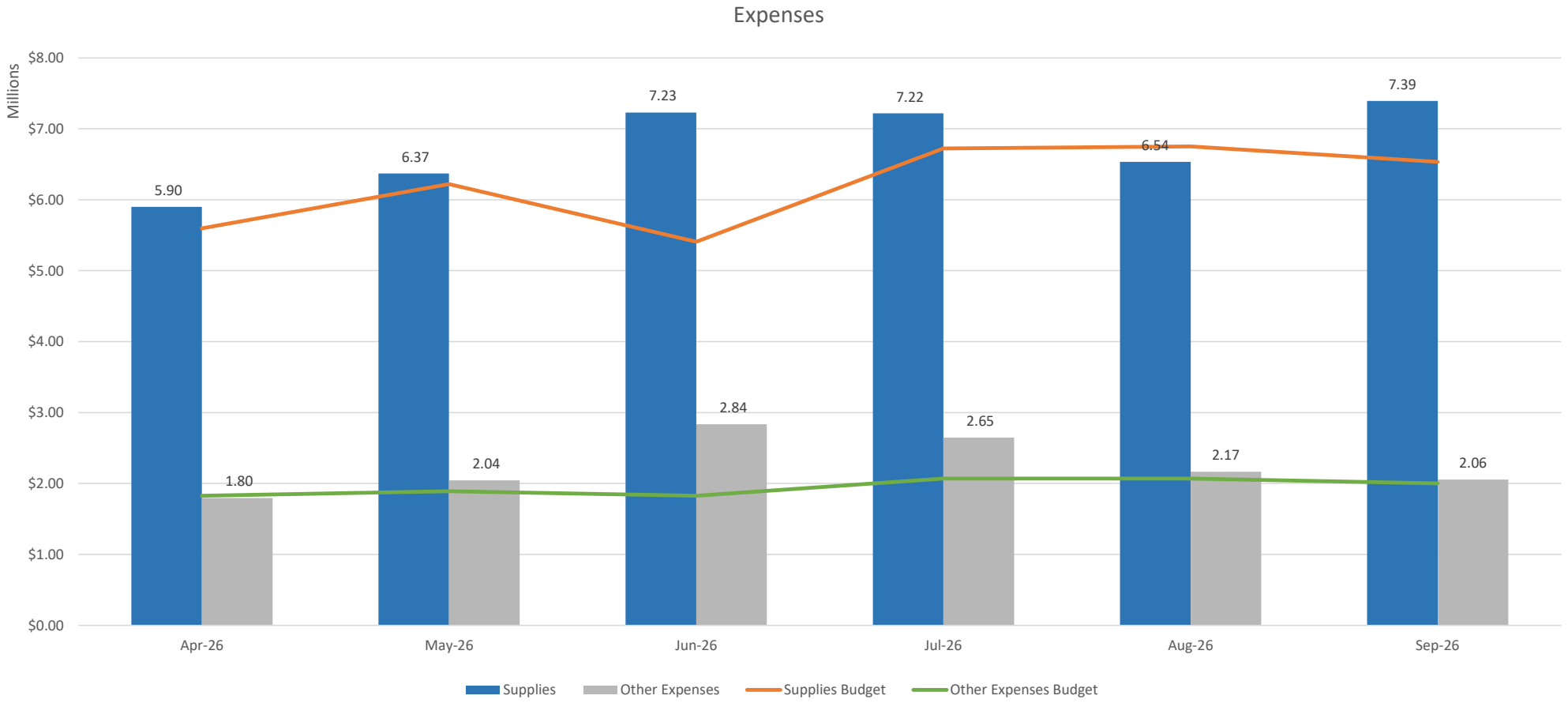
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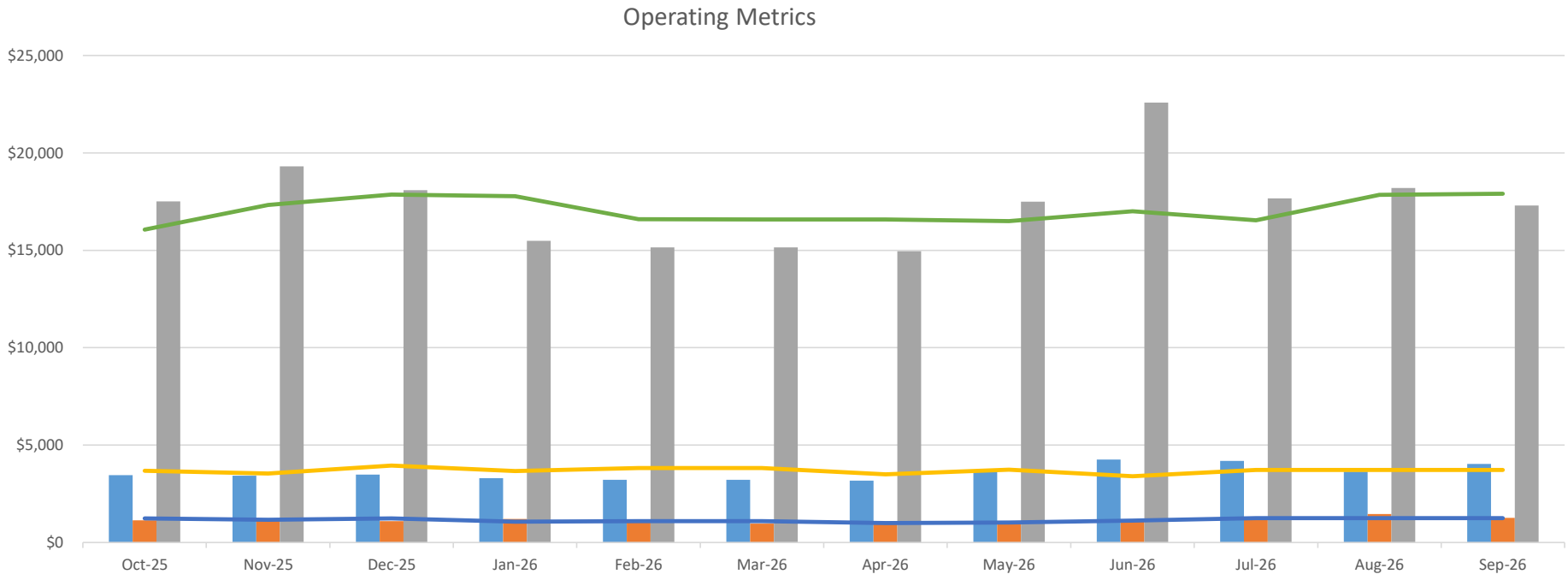
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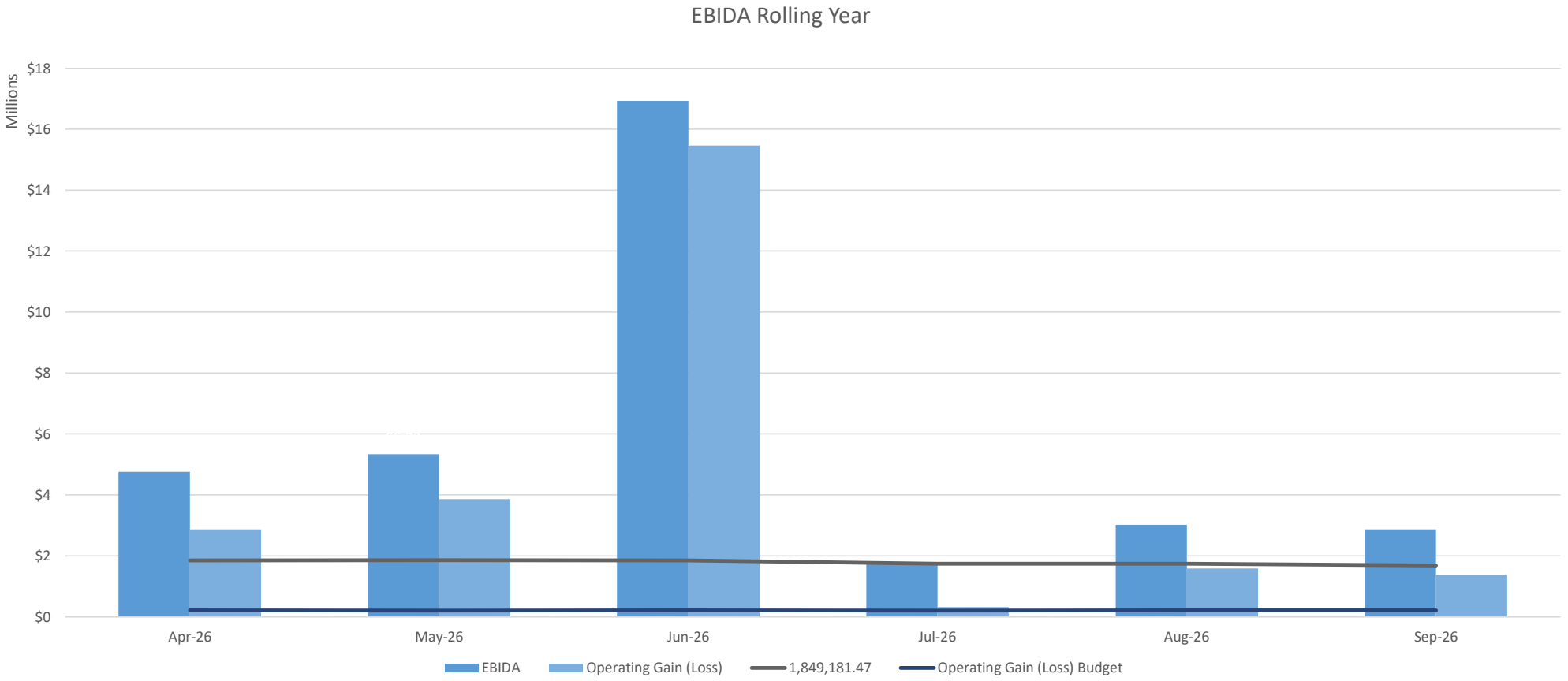
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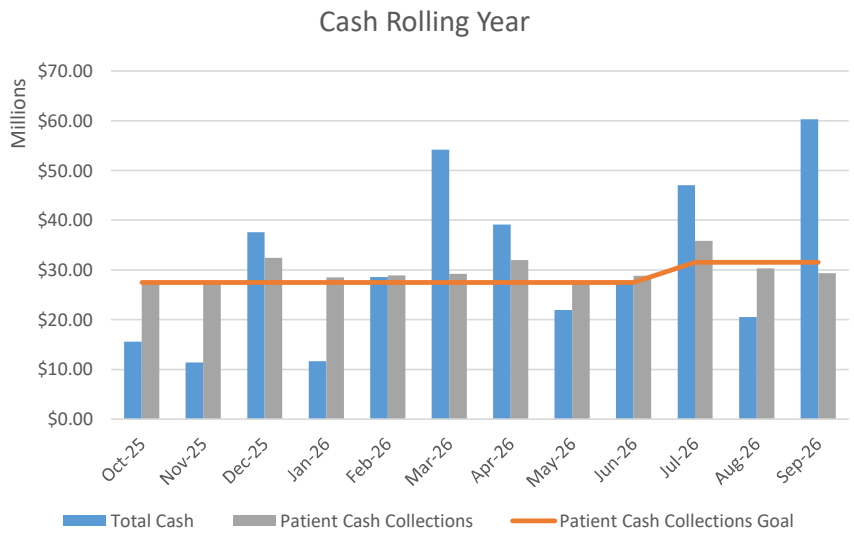
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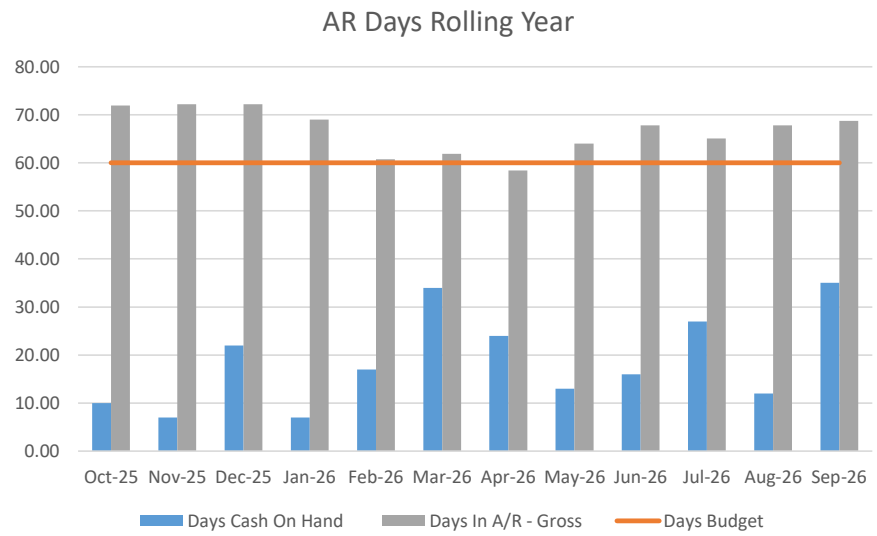


	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Supply Expense per AA	$3,458	$3,421	$3,482	$3,298	$3,212	$3,212	$3,178	$3,612	$4,259	$4,180	$3,641	$4,037
Pharm Cost per AA	$1,140	$1,194	$1,094	$1,211	$1,093	$971	$971	$1,032	$1,167	$1,270	$1,458	$1,257
Net Revenue Per AA	$17,508	$19,312	$18,085	$15,482	$15,148	$15,148	$14,950	$17,495	$22,580	$17,664	$18,202	$17,303
Budget Supp/AA	$3,686	$3,532	$3,943	$3,669	$3,822	$3,822	$3,497	$3,741	$3,395	$3,721	$3,723	$3,723
Budget Pharm/AA	$1,228	$1,162	$1,230	$1,065	$1,092	$1,092	$990	$1,018	$1,124	$1,243	$1,244	$1,244
Budget Net Rev/AA	$16,073	$17,329	$17,863	$17,783	$16,593	$16,581	$16,581	$16,493	$17,003	$16,546	$17,849	$17,903



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KERN MEDICAL
3-Month Trend Analysis: Revenues & Expenses
September 30, 2026

	JULY	AUGUST	SEPTEMBER	BUDGET SEPTEMBER	VARIANCE POS (NEG)	PRIOR YEAR SEPTEMBER
Gross Patient Revenue	$ 137,566,293	$ 134,644,018	$ 137,016,527	$ 129,338,778	6%	$ 124,462,106
Contractual Deductions	(107,072,483)	(101,973,231)	(105,331,360)	(98,059,420)	7%	(94,898,573)
Net Revenue	30,493,810	32,670,786	31,685,167	31,279,358	1%	29,563,534
Indigent Funding	19,145,240	18,394,702	18,164,488	18,361,796	(1%)	17,355,942
Correctional Medicine	3,097,713	3,097,713	3,097,713	3,095,522	0.1%	3,097,713
County Contribution	285,211	285,211	289,435	285,211	1%	285,211
Incentive Funding	284,119	209,444	230,114	143,836	60%	93,941
Net Patient Revenue	53,306,094	54,657,856	53,466,918	53,165,723	1%	50,396,341
Other Operating Revenue	1,707,031	1,802,166	1,277,599	1,706,704	(25%)	1,496,682
Other Non-Operating Revenue	18,642	18,454	75,931	11,136	582%	24,766
Total Revenues	55,031,767	56,478,477	54,820,448	54,883,564	(0.1%)	51,917,788
Expenses						
Salaries	24,087,214	25,443,743	23,095,169	24,856,416	(7%)	22,494,669
Employee Benefits	10,080,897	10,312,372	10,167,753	10,394,953	(2%)	9,759,894
Registry	1,351,856	1,361,939	1,447,257	1,707,176	(15%)	1,495,347
Medical Fees	3,103,870	3,229,896	3,075,155	3,078,210	(0%)	3,063,042
Other Professional Fees	1,635,531	1,684,175	1,458,551	1,577,725	(8%)	1,508,403
Supplies	7,216,624	6,535,043	7,392,639	6,533,148	13%	6,216,285
Purchased Services	3,164,334	2,724,454	3,263,363	3,048,546	7%	3,302,993
Other Expenses	2,647,018	2,166,478	2,055,069	2,001,328	3%	2,160,560
Operating Expenses	53,287,343	53,458,099	51,954,956	53,197,502	(2%)	50,001,194
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	$ 1,744,424	$ 3,020,378	$ 2,865,492	$ 1,686,062	70.0%	$ 1,916,595
EBIDA Margin	3%	5%	5%	3%	70%	4%
Interest	214,175	238,844	244,162	320,697	(24%)	302,667
Depreciation	546,231	547,182	548,616	610,595	(10%)	695,832
Amortization	667,061	645,194	694,406	552,640	26%	595,855
Total Expenses	54,714,810	54,889,318	53,442,141	54,681,435	(2%)	51,595,548
Operating Gain (Loss)	$ 316,958	$ 1,589,158	$ 1,378,307	$ 202,129	582%	$ 322,240
Operating Margin	0.58%	2.81%	2.51%	0.37%	582.7%	0.6%

KERN MEDICAL
Year-to-Date: Revenues & Expenses
September 30, 2026

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PRIOR YEAR FYTD	PRIOR YEAR VARIANCE
Gross Patient Revenue	$ 409,226,837	$ 396,104,840	3%	$ 378,854,371	8%
Contractual Deductions	(314,377,074)	(300,103,622)	5%	(293,186,858)	7%
Net Revenue	94,849,763	96,001,218	(1%)	85,667,513	11%
Indigent Funding	55,704,431	56,309,509	(1%)	54,897,802	1%
Correctional Medicine	9,293,140	9,286,567	0%	9,293,140	0%
County Contribution	859,857	855,633	0%	855,633	0%
Incentive Funding	723,677	441,096	64%	303,149	139%
Net Patient Revenue	161,430,868	162,894,022	(1%)	151,017,237	7%
Other Operating Revenue	4,786,797	5,233,893	(9%)	5,474,996	(13%)
Other Non-Operating Revenue	113,027	34,151	231%	76,710	47%
Total Revenues	166,330,692	168,162,066	(1%)	156,568,942	6%
Expenses					
Salaries	72,626,126	76,162,977	(5%)	69,974,180	4%
Employee Benefits	30,561,021	31,851,357	(4%)	29,191,373	5%
Registry	4,161,051	5,234,425	(21%)	4,780,535	(13%)
Medical Fees	9,408,921	9,427,134	(0%)	8,984,244	5%
Other Professional Fees	4,778,257	4,831,843	(1%)	4,232,396	12.9%
Supplies	21,144,306	20,008,009	6%	18,499,913	14%
Purchased Services	9,152,150	9,336,286	(2%)	8,958,173	2%
Other Expenses	6,868,565	6,137,407	12%	6,072,505	13%
Operating Expenses	158,700,399	162,989,438	(3%)	150,693,318	5%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	$ 7,630,293	$ 5,172,628	48%	$ 5,875,624	29.9%
EBIDA Margin	5%	3%	49%	4%	22%
Interest	697,181	983,472	(29%)	798,776	(13%)
Depreciation	1,642,029	1,872,492	(12%)	2,064,161	(20%)
Amortization	2,006,661	1,694,762	18%	1,787,566	12%
Total Expenses	163,046,269	167,540,164	(3%)	155,343,821	5%
Operating Gain (Loss)	$ 3,284,423	$ 621,901	428%	$ 1,225,122	168%
Operating Margin	2.0%	0.4%	433.9%	0.8%	152%

KERN MEDICAL
BALANCE SHEET

	SEPTEMBER 2026	SEPTEMBER 2025
ASSETS:		
Total Cash	**$ 60,266,443**	**$ 48,196,221**
Patient Receivables Subtotal	305,492,188	308,462,975
Contractual Subtotal	(237,439,963)	(273,007,439)
Net Patient Receivable	**68,052,225**	**34,455,536**
Total Indigent Receivable	265,421,676	244,103,571
Total Other Receivable	13,931,812	17,333,854
Total Prepaid Expenses	6,805,638	6,924,942
Total Inventory	5,950,596	4,881,898
Total Current Assets	**420,428,390**	**356,896,020**
Deferred Outflows of Resources	113,460,412	124,532,718
Investments Deposited with Trustee	0	0
Total Land, Equipment, Buildings and Intangibles	283,857,181	270,853,827
Total Construction in Progress	23,550,180	18,344,383
Total Property, Plant & Equipment	**307,407,361**	**289,198,210**
Total Accumulated Depr & Amortization	(197,657,995)	(185,348,335)
Net Property, Plant, and Equipment	**109,749,367**	**103,849,875**
Total Long Term Assets	**113,460,412**	**124,532,718**
Total Assets	**$ 643,638,168**	**$ 585,278,613**

KERN MEDICAL
BALANCE SHEET

	SEPTEMBER 2026	SEPTEMBER 2025
LIABILITIES & EQUITY:		
Total Accounts Payable	$ 17,190,743	$ 11,409,498
Total Accrued Compensation	28,710,248	24,398,332
Total Due Government Agencies	4,177,680	1,342,500
Total Other Accrued Liabilities	49,314,190	46,893,048
Total Current Liabilities	**99,392,860**	**84,043,378**
Unfunded Pension Liability	331,776,526	344,447,058
Other Long-Term Liabilities	71,979,582	79,336,805
Total Long-Term Liabilities	**403,756,108**	**423,783,863**
Total Liabilities	**503,148,968**	**507,827,241**
Total Net Position	**140,489,201**	**77,451,372**
Total Liabilities and Net Position	$ **643,638,168**	$ **585,278,613**

KERN MEDICAL
STATEMENT OF CASH FLOWS

	Fiscal Year-to-Date September 2026	Fiscal Year-to-Date June 2026	Fiscal Year-to-Date September 2025	Fiscal Year-to-Date June 2025
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for patient/current services	$ 94,801,360	$ 351,656,610	$ 90,709,077	$ 314,552,945
Cash received for other operations	93,631,865	256,065,319	65,322,681	260,727,035
Cash paid for salaries and benefits	(106,606,484)	(392,647,446)	(102,829,359)	(377,869,782)
Cash paid for services and supplies	(43,053,292)	(205,077,135)	(43,444,339)	(202,668,841)
Net cash (used in) provided by operating activities	38,773,449	9,997,348	9,758,061	(5,258,643)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash (provided to) received from various County funds	-	-	-	-
Interest paid - pension obligation bond	-	92,824	-	256,677
Principal paid - pension obligation bond	-	(1,981,763)	-	(1,058,183)
Interest paid - line of credit	-	-	-	-
Line of credit payment	-	-	10,000,000	-
Net cash provided by (used in) noncapital financing activities	-	(1,888,939)	10,000,000	(801,506)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition or construction of capital assets	(5,672,314)	(12,392,799)	144,038	(11,508,871)
Payments on right-of-usage lease liability	(73,664)	3,557,623	(621,405)	(2,850,043)
Interest paid - right-of-usage lease liability	559	715	(2,098)	(7,976)
Payments on SBITA liability	(109,244)	(666,518)	(194,514)	(762,463)
Interest paid - SBITA	(143)	(559)	(138)	(580)
Net cash used by capital and related financing activities	(5,854,806)	(9,501,538)	(674,117)	(15,129,933)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on bank deposits and investments	-	-	-	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	32,918,643	(1,393,129)	19,083,944	(21,190,081)
CASH AND CASH EQUIVALENTS, beginning of year	27,347,800	28,740,929	29,112,277	50,302,358
CASH AND CASH EQUIVALENTS, year-to-date	$ 60,266,443	$ 27,347,800	$ 48,196,221	$ 29,112,277