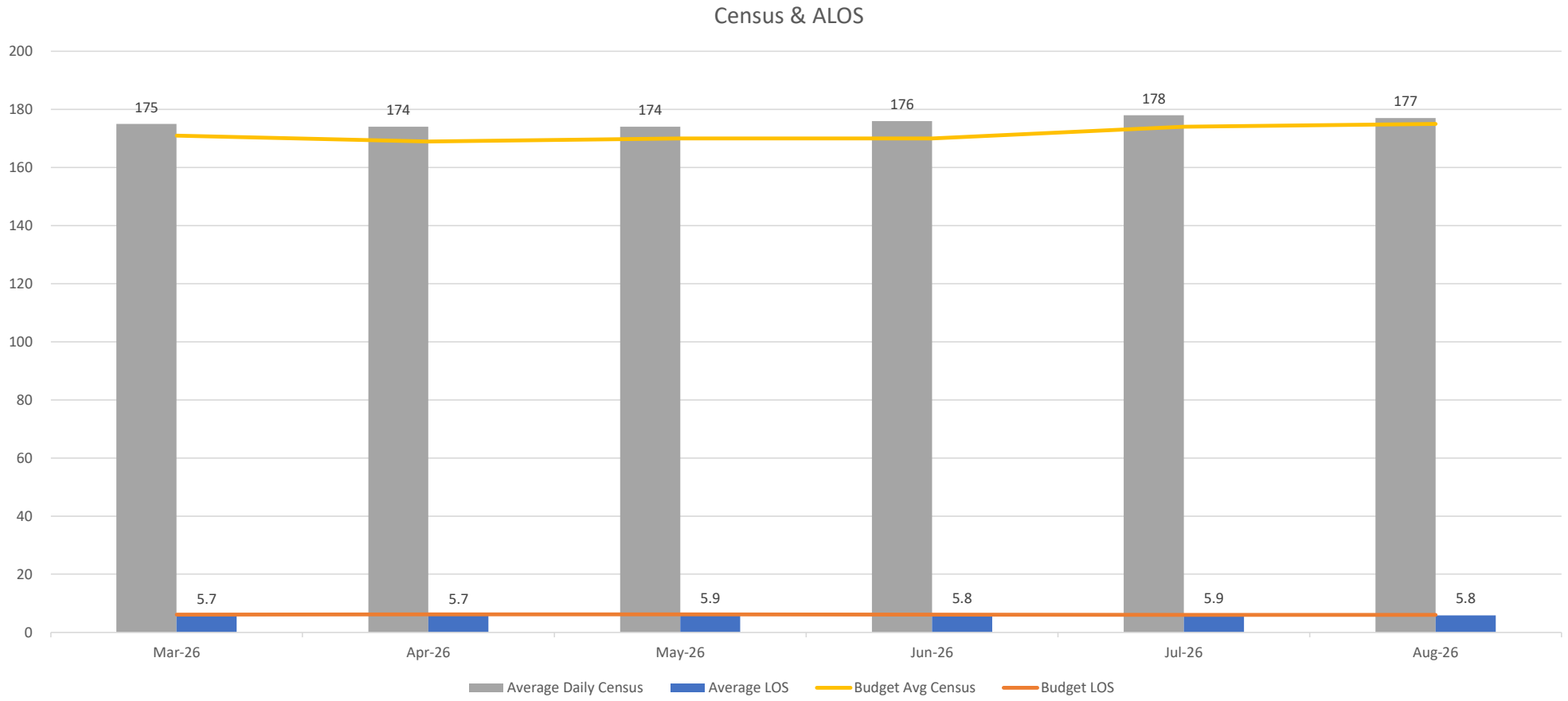
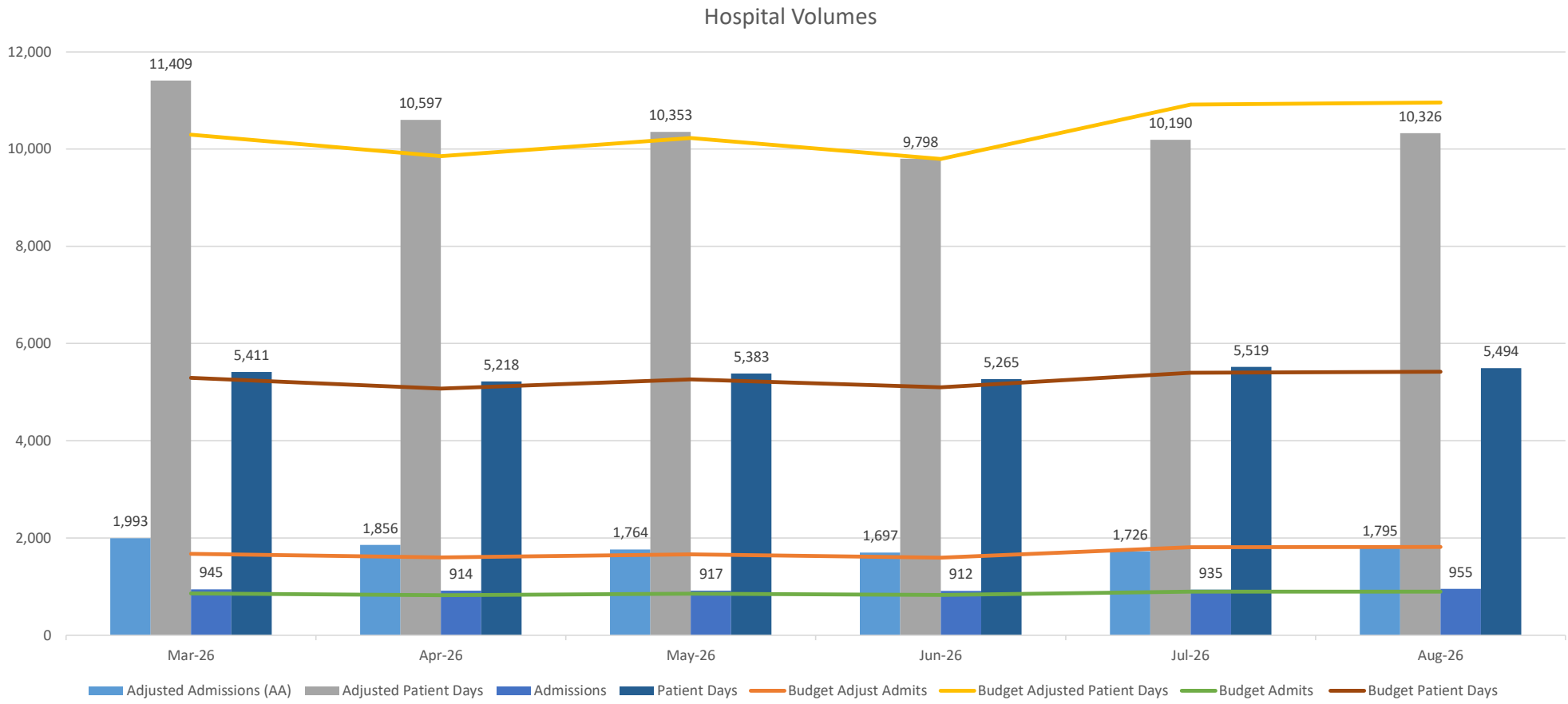
Board of Governors' Report

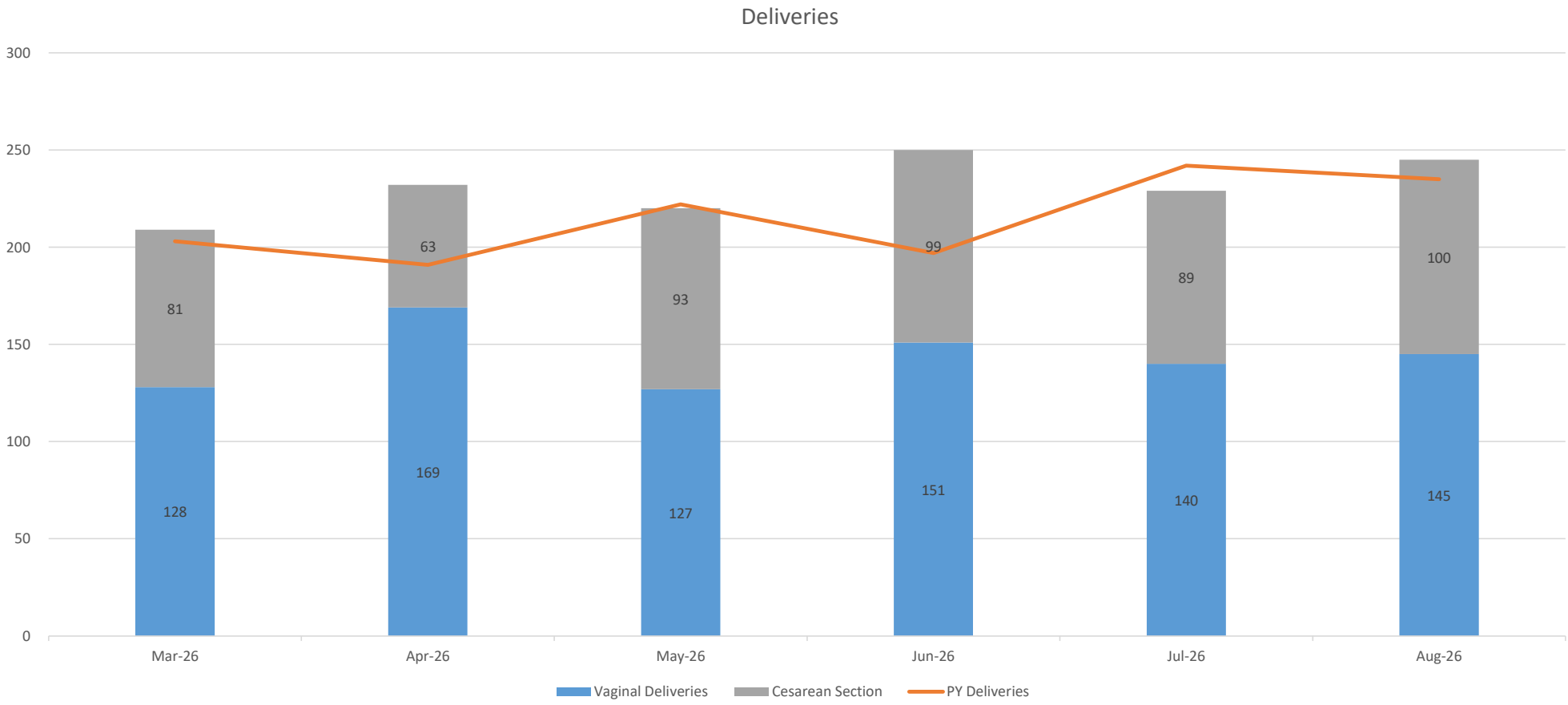
Kern Medical – August 2026



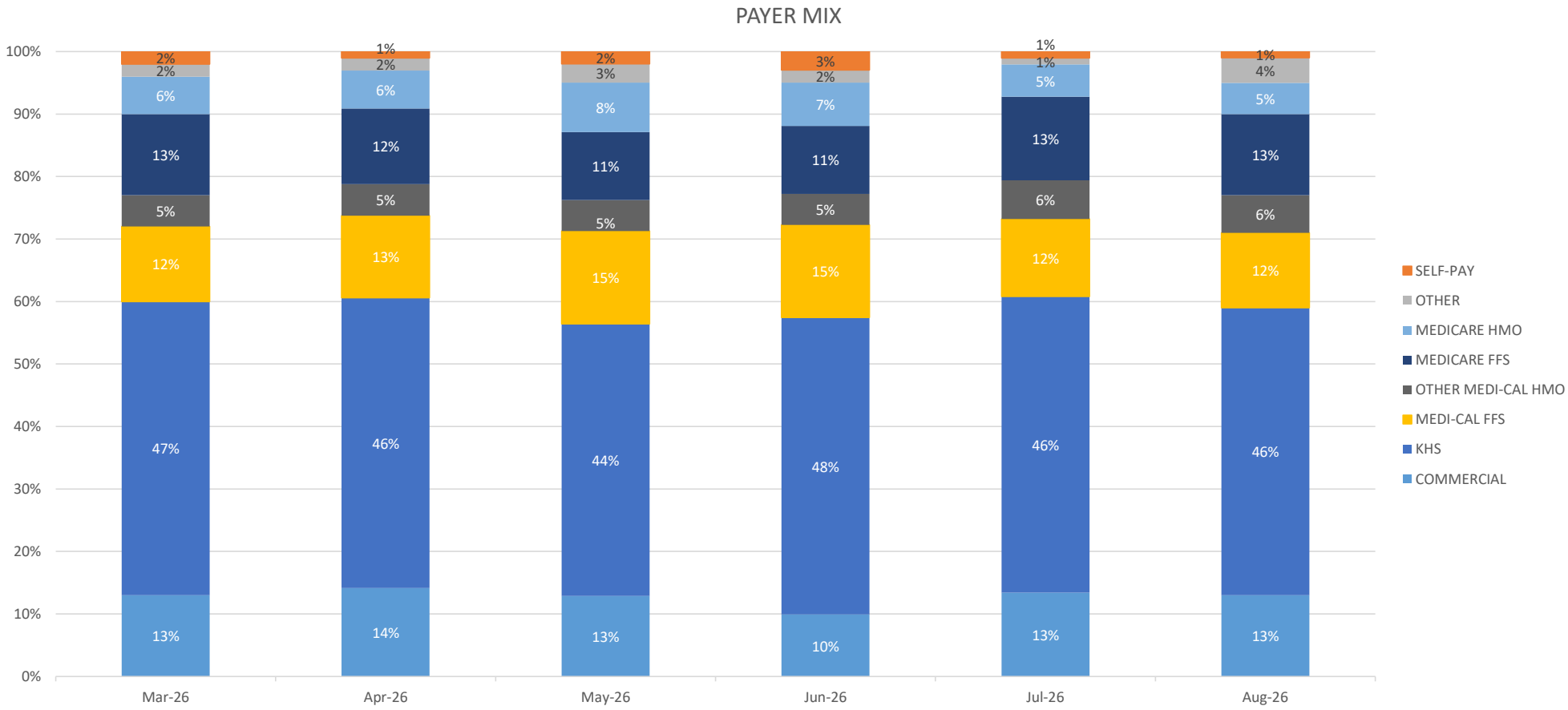
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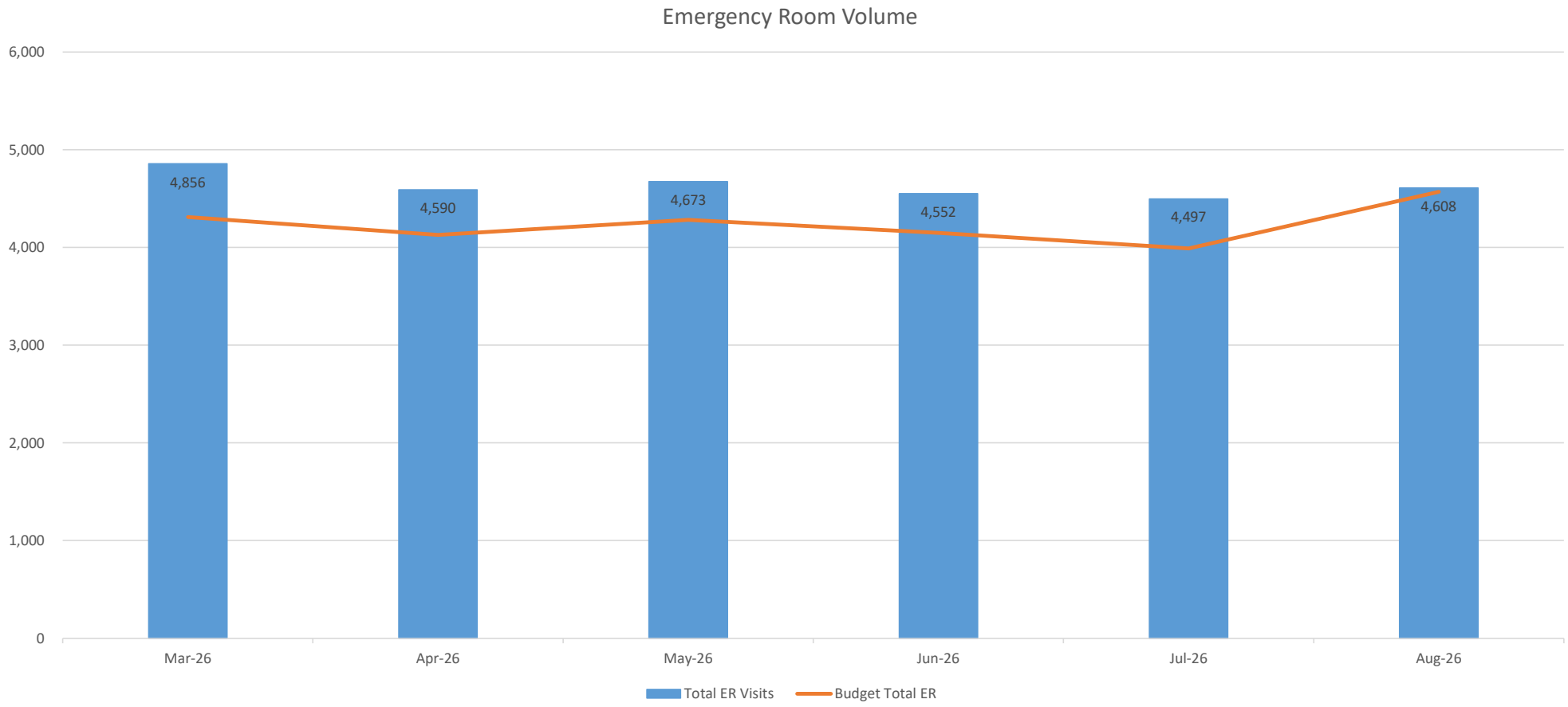
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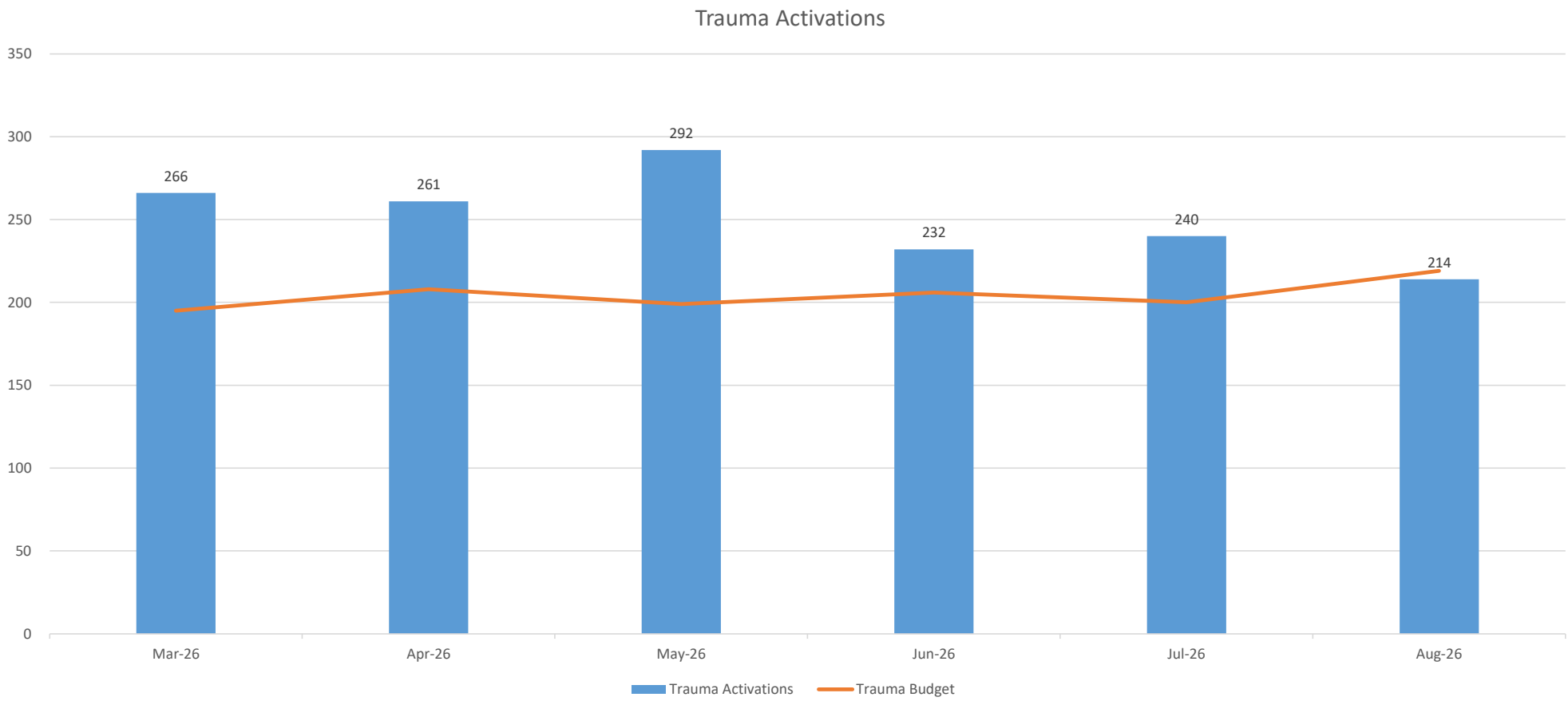
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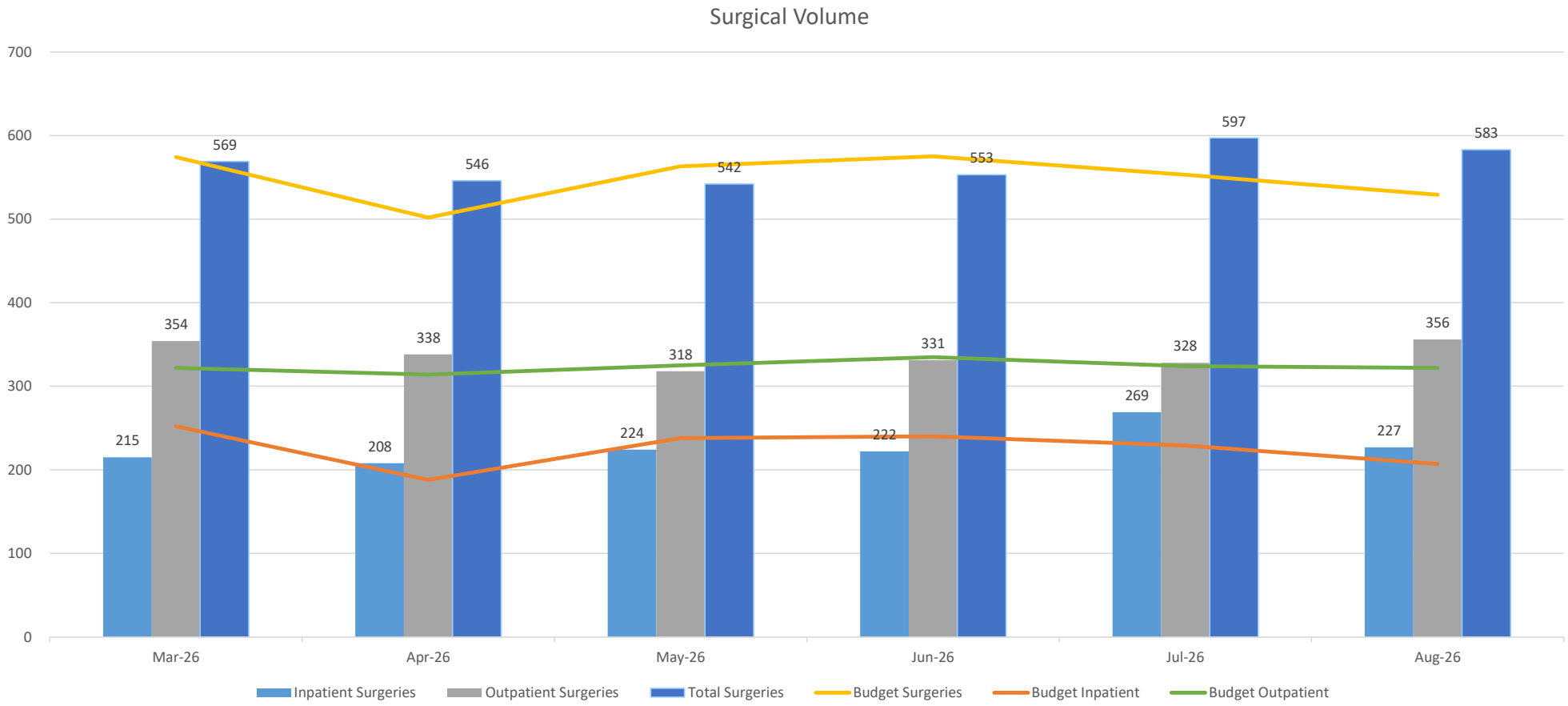
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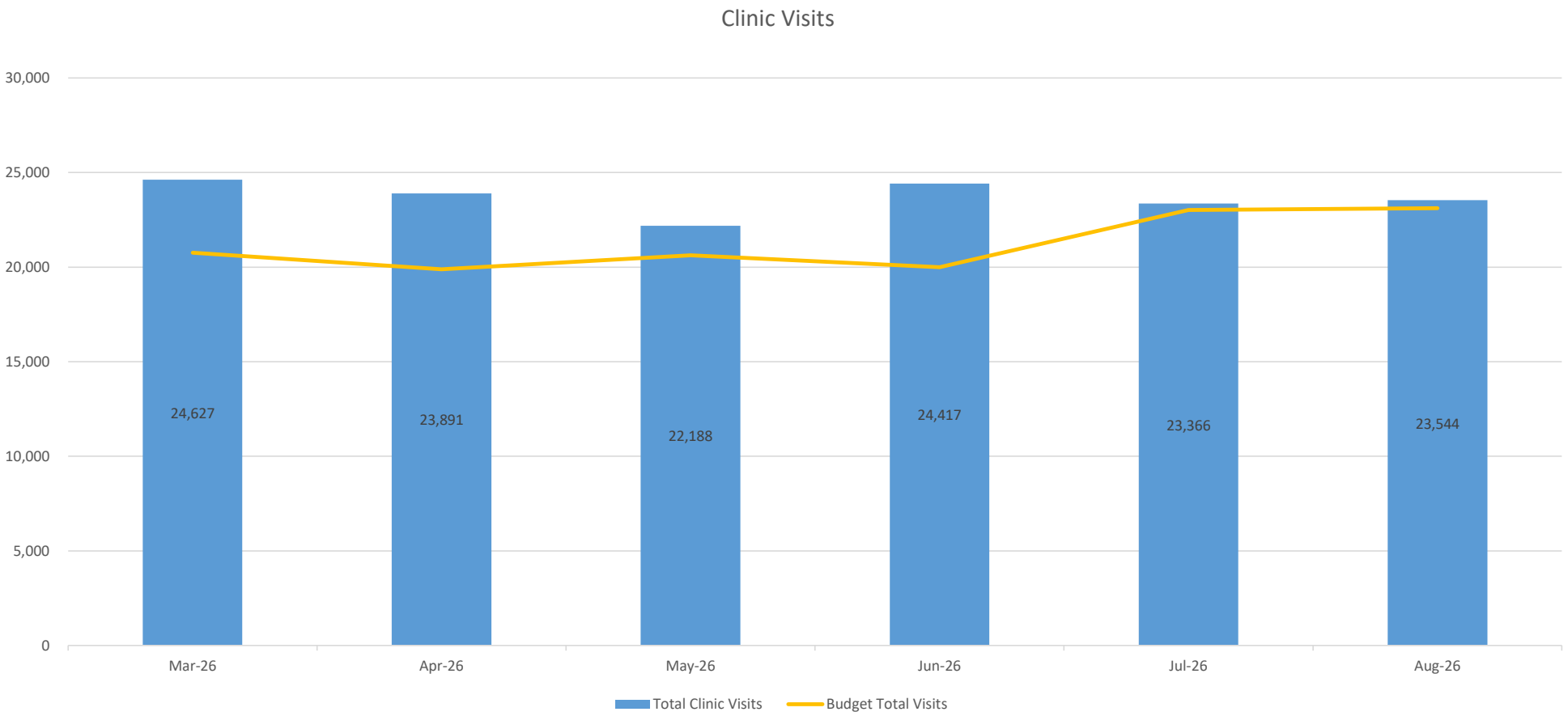
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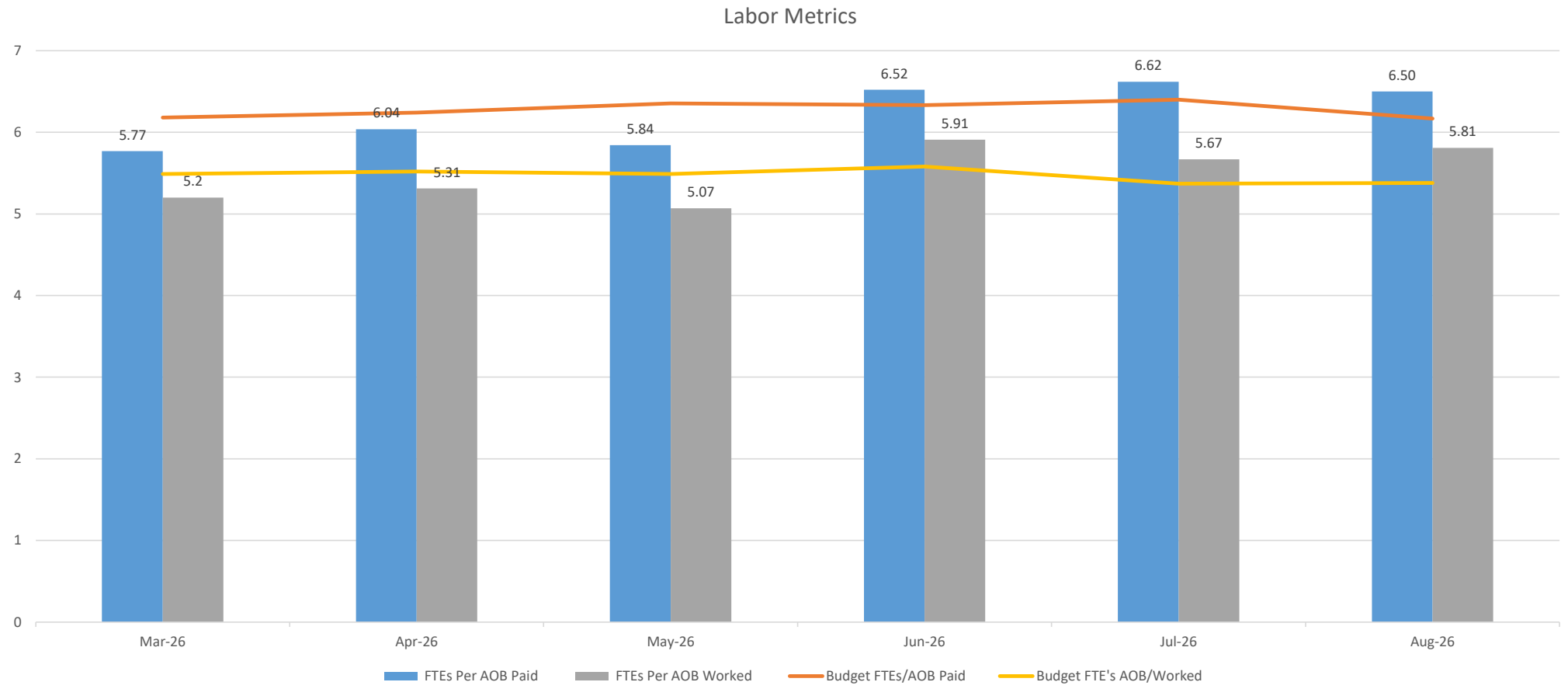
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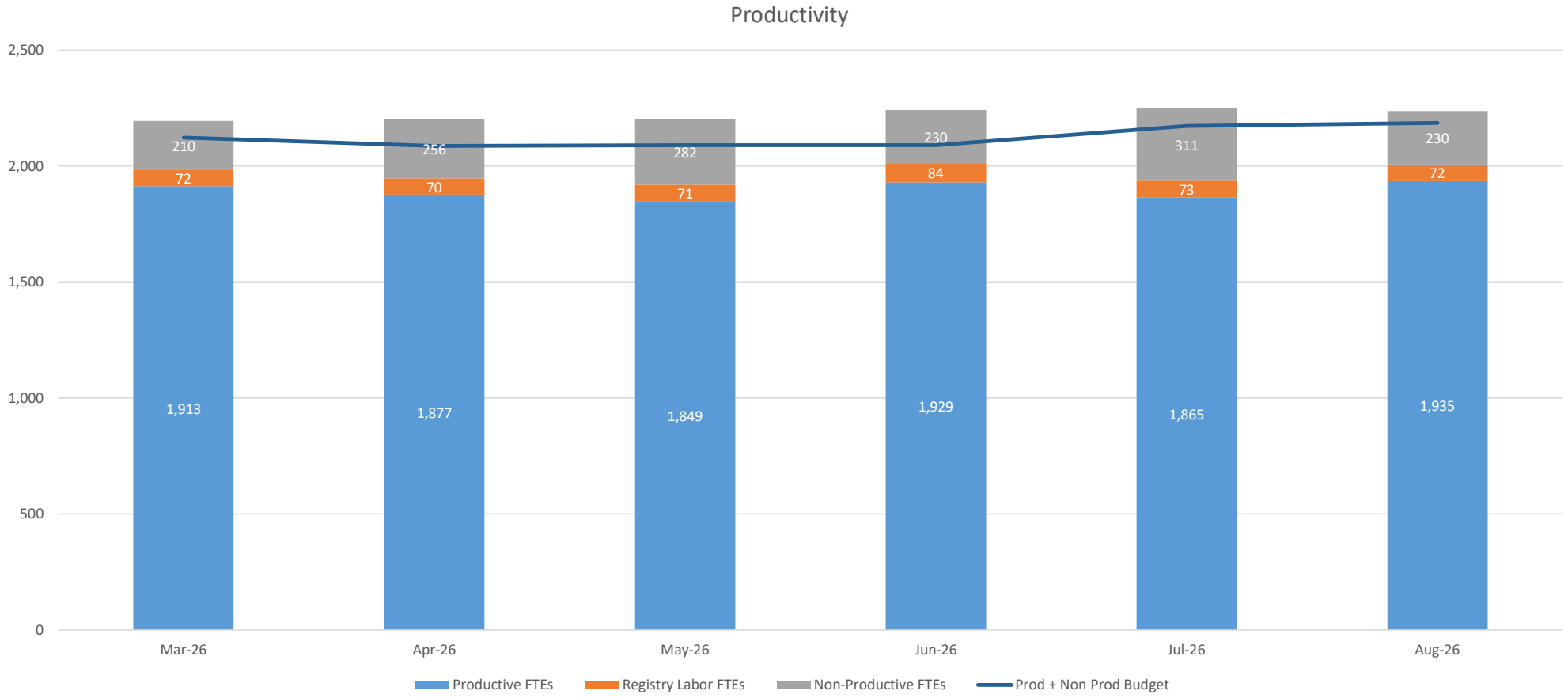
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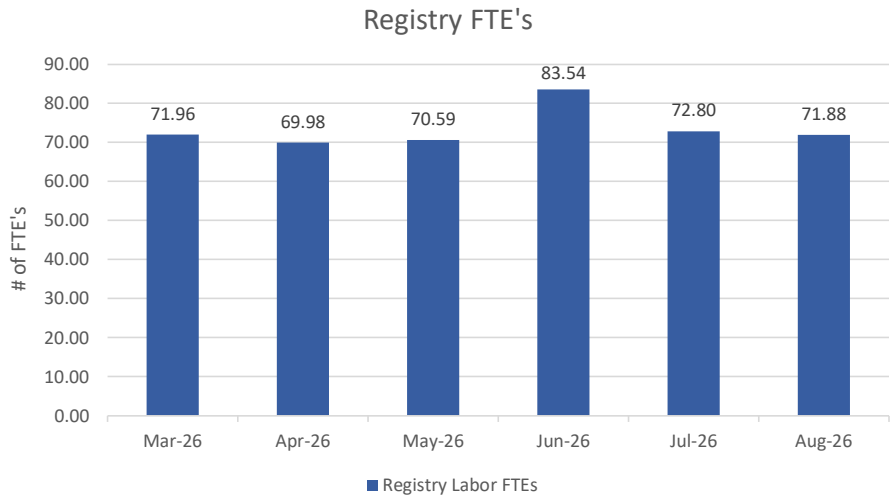
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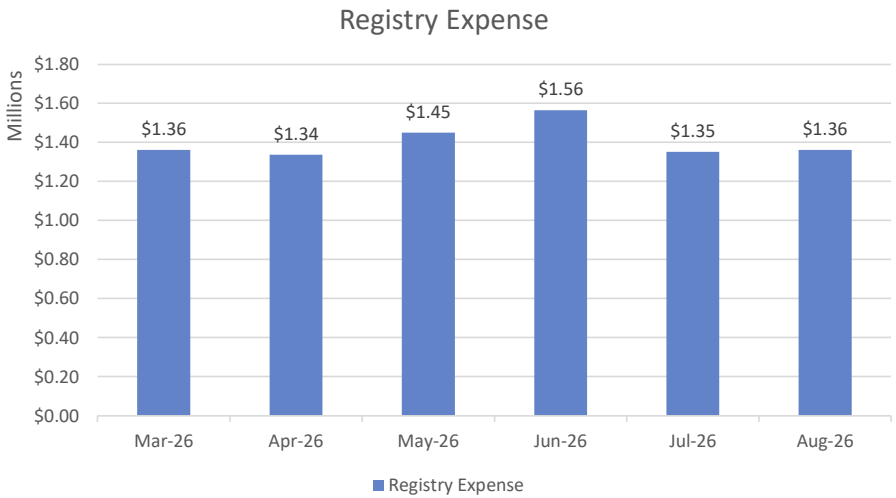


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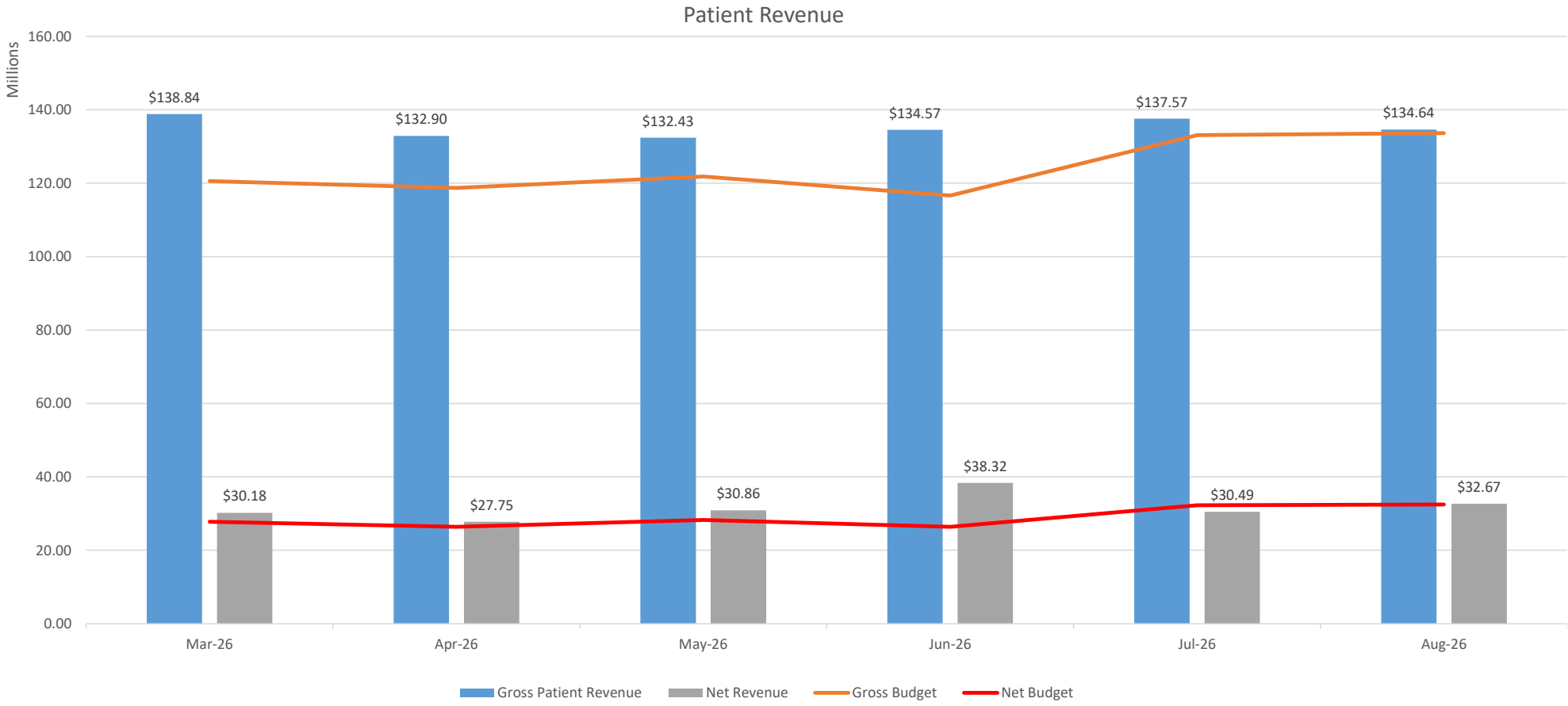


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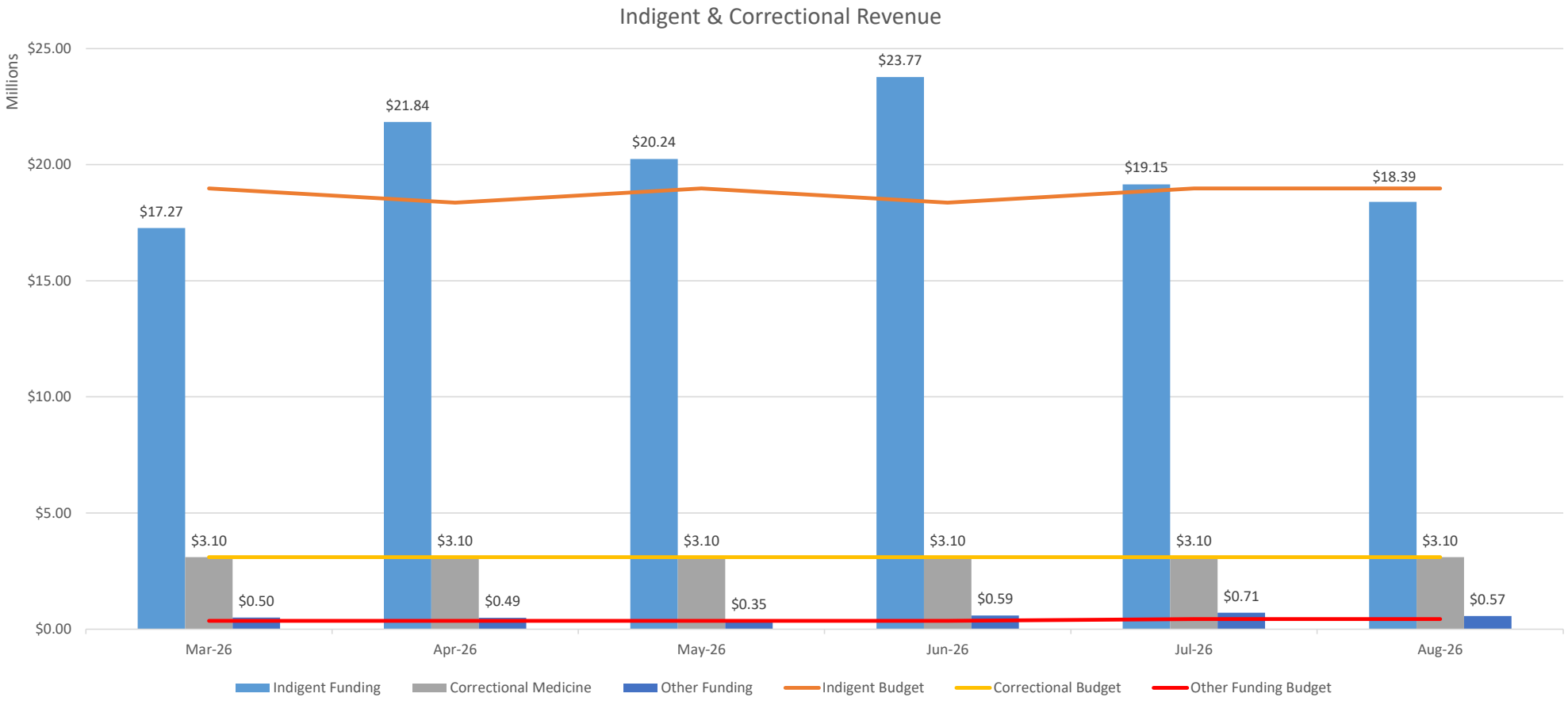




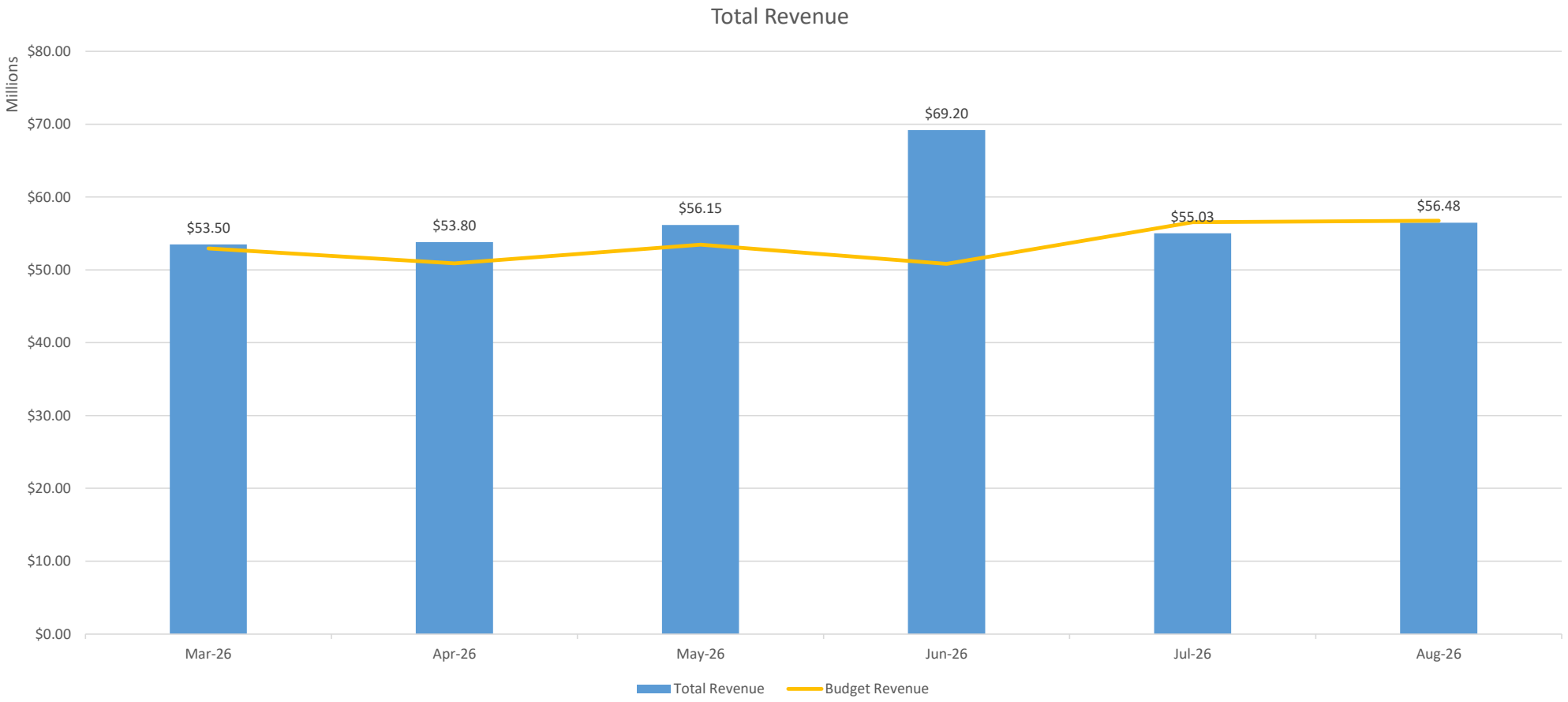
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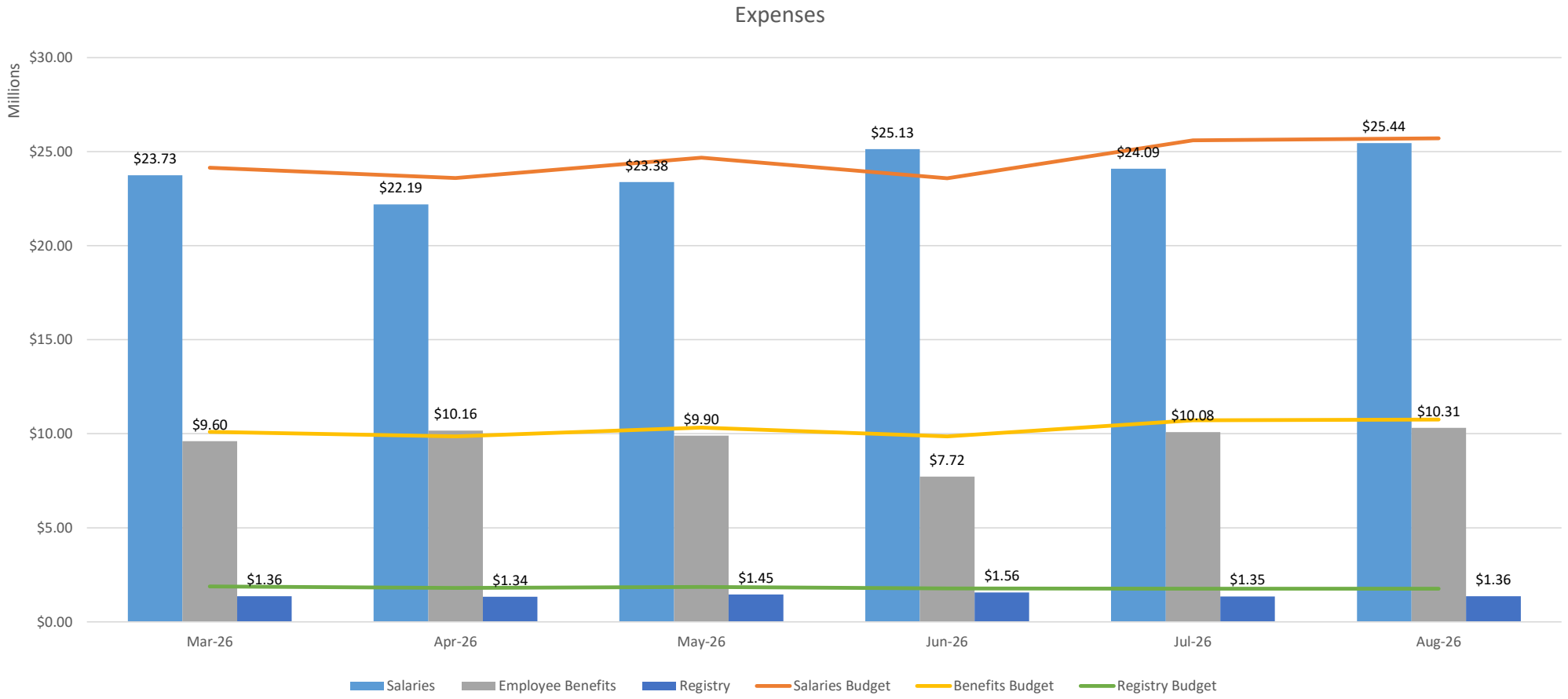
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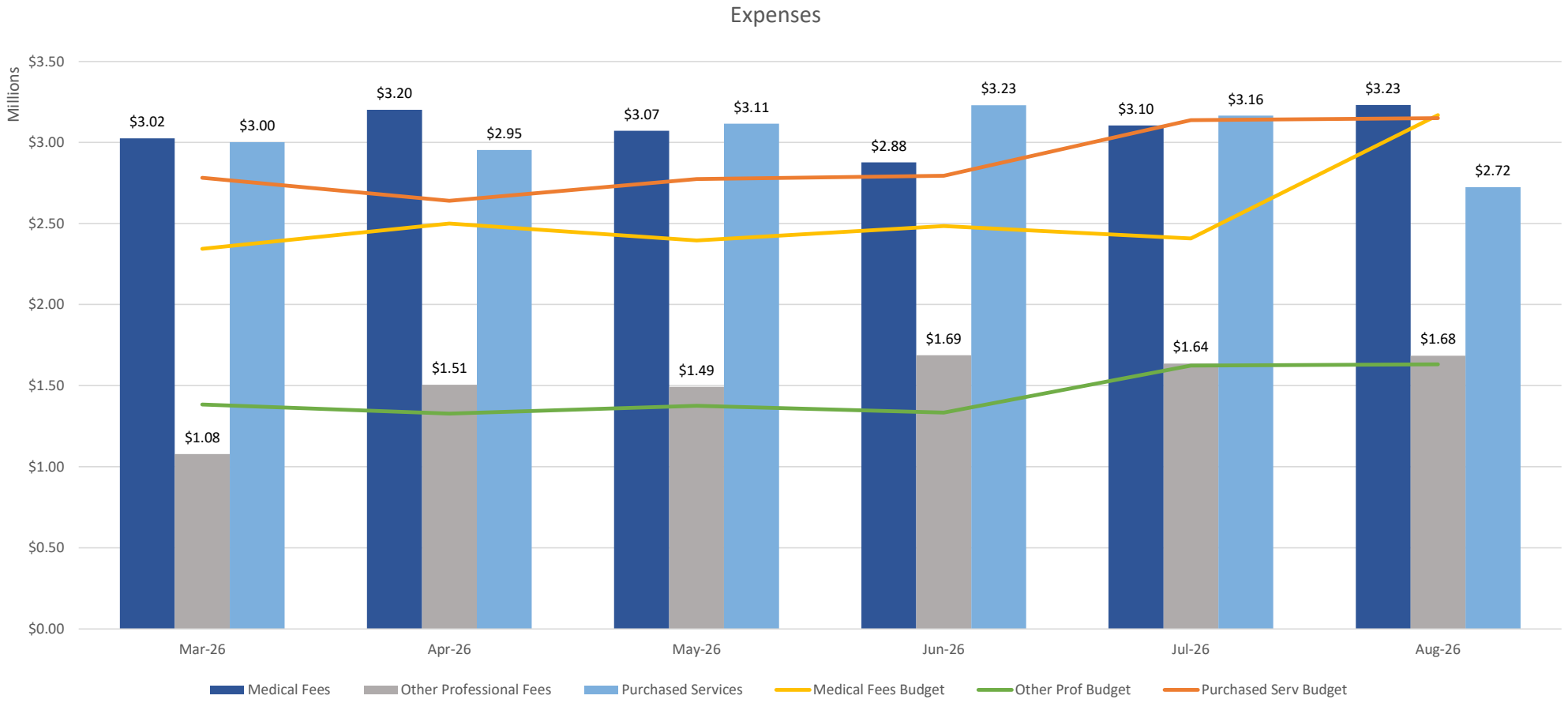
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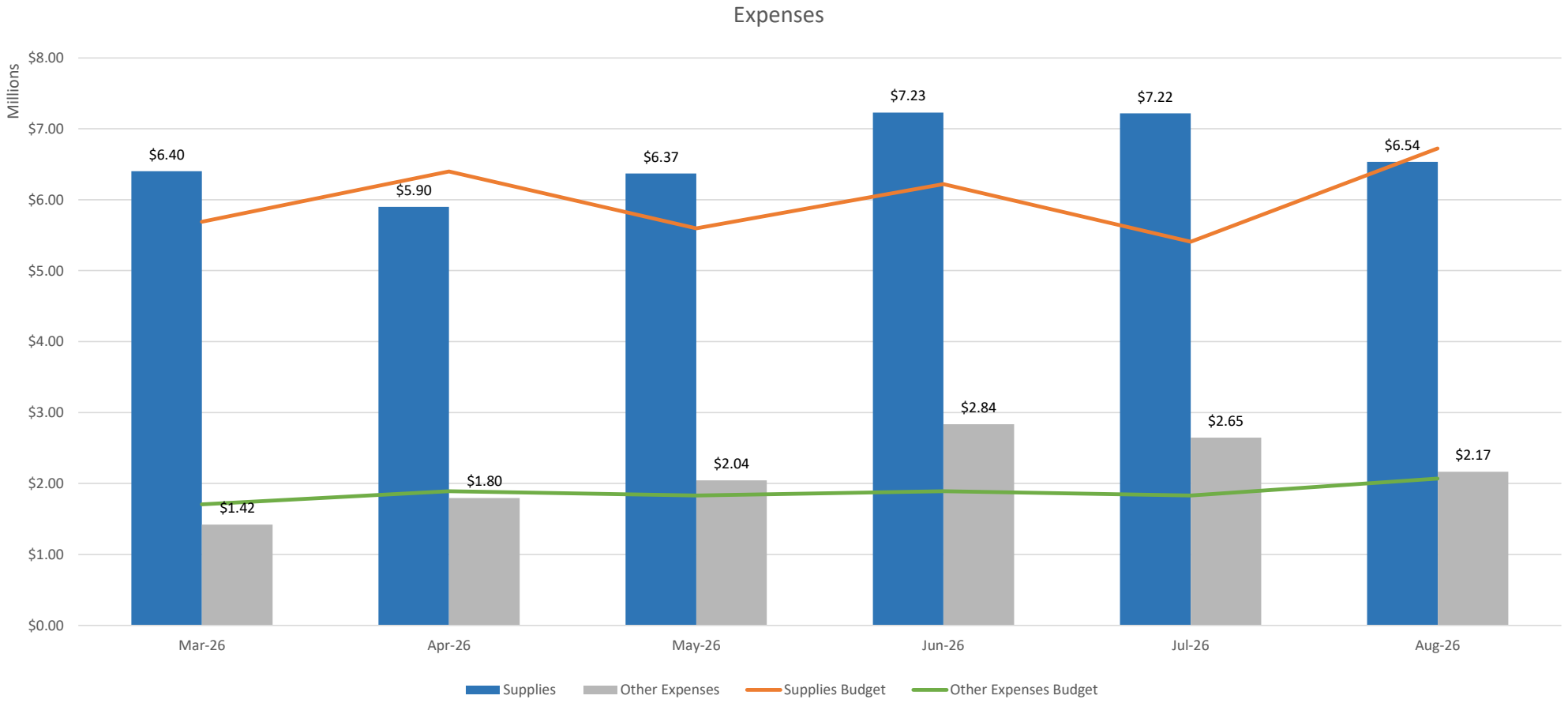
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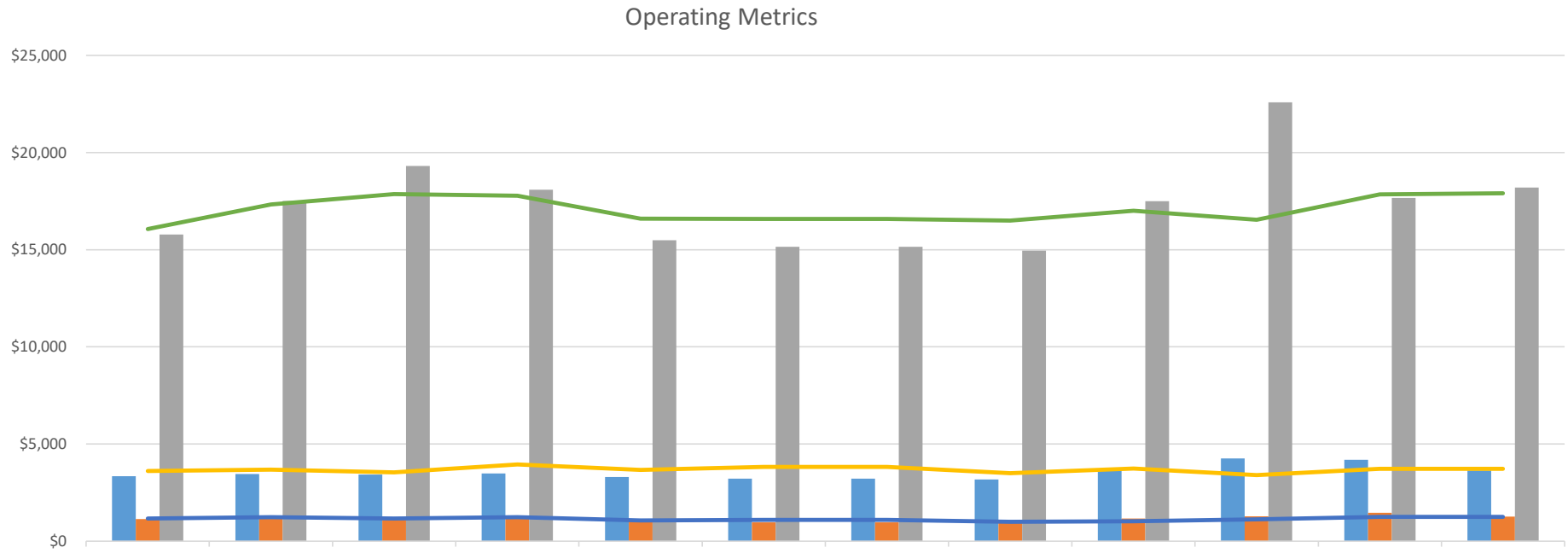
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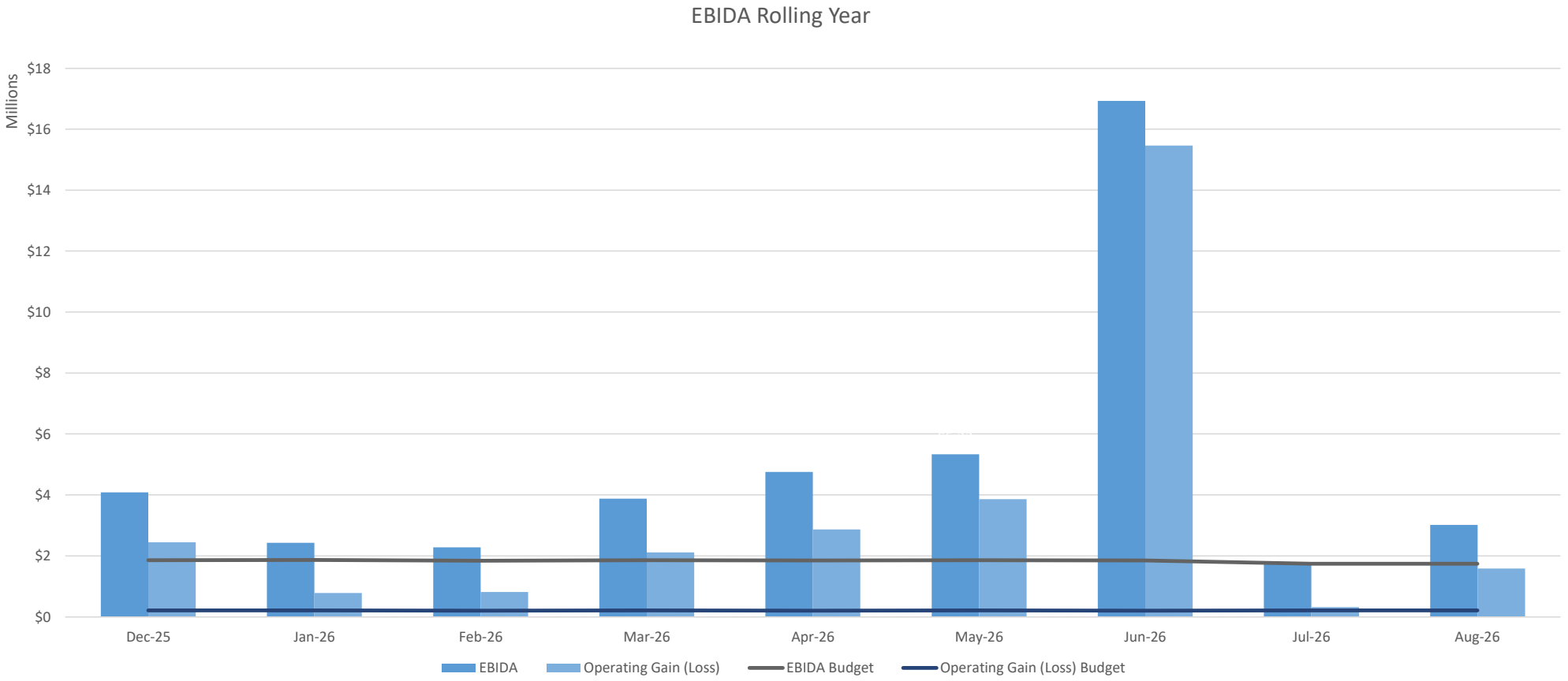


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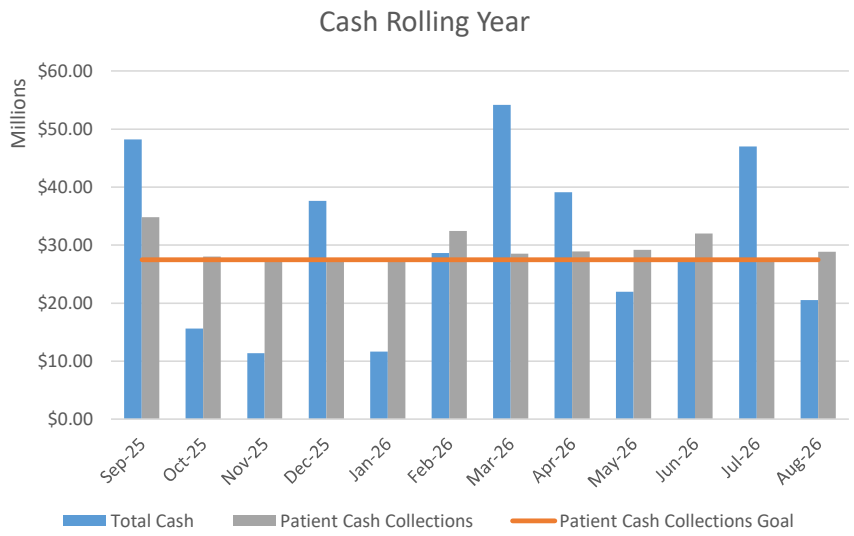


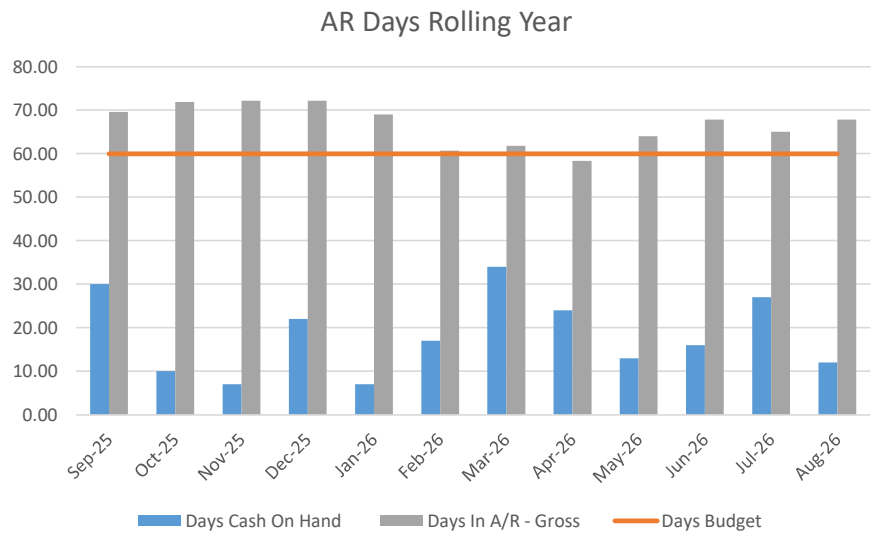
	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
Supply Expense per AA	$3,338	$3,458	$3,421	$3,482	$3,298	$3,212	$3,212	$3,178	$3,612	$4,259	$4,180	$3,641
Pharm Cost per AA	$1,140	$1,194	$1,094	$1,211	$1,093	$971	$971	$1,032	$1,167	$1,270	$1,458	$1,257
Net Revenue Per AA	$15,778	$17,508	$19,312	$18,085	$15,482	$15,148	$15,148	$14,950	$17,495	$22,580	$17,664	$18,202
Budget Supp/AA	$3,604	$3,686	$3,532	$3,943	$3,669	$3,822	$3,822	$3,497	$3,741	$3,395	$3,721	$3,723
Budget Pharm/AA	$1,162	$1,228	$1,162	$1,230	$1,065	$1,092	$1,092	$990	$1,018	$1,124	$1,243	$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
August 31, 2026

	JUNE	JULY	AUGUST	BUDGET AUGUST	VARIANCE POS (NEG)	PRIOR YEAR AUGUST
Gross Patient Revenue	$ 134,566,030	$ 137,566,293	$ 134,644,018	$ 133,649,702	1%	$ 124,608,923
Contractual Deductions	(96,243,053)	(107,072,483)	(101,973,231)	(101,186,133)	1%	(97,257,793)
Net Revenue	38,322,977	30,493,810	32,670,786	32,463,569	1%	27,351,130
Indigent Funding	23,769,628	19,145,240	18,394,702	18,973,856	(3%)	18,770,930
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	285,211	285,211	(0%)	285,211
Incentive Funding	420,219	284,119	209,444	148,630	41%	122,896
Net Patient Revenue	65,895,749	53,306,094	54,657,856	54,966,788	(1%)	49,627,880
Other Operating Revenue	3,289,048	1,707,031	1,802,166	1,763,594	2%	1,601,375
Other Non-Operating Revenue	17,286	18,642	18,454	11,507	60%	20,943
Total Revenues	69,202,082	55,031,767	56,478,477	56,741,890	(0.5%)	51,250,198
Expenses						
Salaries	25,132,698	24,087,214	25,443,743	25,704,422	(1%)	23,614,753
Employee Benefits	7,722,503	10,080,897	10,312,372	10,749,589	(4%)	9,208,158
Registry	1,564,270	1,351,856	1,361,939	1,764,015	(23%)	1,647,574
Medical Fees	2,876,831	3,103,870	3,229,896	3,180,809	2%	2,692,755
Other Professional Fees	1,687,215	1,635,531	1,684,175	1,630,312	3%	1,352,254
Supplies	7,227,895	7,216,624	6,535,043	6,750,901	(3%)	5,969,679
Purchased Services	3,229,437	3,164,334	2,724,454	3,150,155	(14%)	2,801,139
Other Expenses	2,836,599	2,647,018	2,166,478	2,068,039	5%	2,099,122
	52,277,449	53,287,343	53,458,099	54,998,242	(3%)	49,385,436
Earnings Before Interest, Depreciation,	$ 16,924,633	$ 1,744,424	$ 3,020,378	$ 1,743,648	73.2%	$ 1,864,762
EBIDA Margin	24%	3%	5%	3%	74%	4%
Interest	262,871	214,175	238,844	331,387	(28%)	244,843
Depreciation	537,876	546,231	547,182	630,948	(13%)	665,336
Amortization	666,234	667,061	645,194	571,061	13%	595,855
	53,744,430	54,714,810	54,889,318	56,531,639	(3%)	50,891,470
Operating Gain (Loss)	$ 15,457,652	$ 316,958	$ 1,589,158	$ 210,251	656%	$ 358,727
Operating Margin	22.34%	0.58%	2.81%	0.37%	659.4%	0.7%

KERN MEDICAL

Year-to-Date: Revenues & Expenses

August 31, 2026

	FYTD	FYTD	POS (NEG)	PRIOR YEAR FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	$ 272,210,310	$ 266,766,062	2%	$ 254,392,264	7%
Contractual Deductions	(209,045,714)	(202,044,202)	3%	(198,288,285)	5%
Net Revenue	63,164,596	64,721,860	(2%)	56,103,979	13%
Indigent Funding	37,539,942	37,947,712	(1%)	37,541,860	(0%)
Correctional Medicine	6,195,427	6,191,045	0%	6,195,427	(0%)
County Contribution	570,422	570,422	(0%)	570,422	0%
Incentive Funding	493,563	297,260	66%	209,208	136%
Net Patient Revenue	107,963,950	109,728,299	(2%)	100,620,896	7%
Other Operating Revenue	3,509,198	3,527,189	(1%)	3,978,314	(12%)
Other Non-Operating Revenue	37,096	23,015	61%	51,944	(29%)
Total Revenues	111,510,244	113,278,502	(2%)	104,651,154	7%
Expenses					
Salaries	49,530,957	51,306,562	(3%)	47,479,511	4%
Employee Benefits	20,393,268	21,456,404	(5%)	19,431,480	5%
Registry	2,713,794	3,527,249	(23%)	3,285,188	(17%)
Medical Fees	6,333,766	6,348,924	(0%)	5,921,201	7%
Other Professional Fees	3,319,706	3,254,117	2%	2,723,992	21.9%
Supplies	13,751,667	13,474,861	2%	12,283,627	12%
Purchased Services	5,888,787	6,287,740	(6%)	5,655,180	4%
Other Expenses	4,813,496	4,136,079	16%	3,911,945	23%
	106,745,442	109,791,936	(3%)	100,692,125	6%
Earnings Before Interest, Depreciation,	$ 4,764,801	$ 3,486,566	37%	$ 3,959,029	20.4%
EBIDA Margin	4%	3%	39%	4%	13%
Interest	453,019	662,775	(32%)	496,109	(9%)
Depreciation	1,093,412	1,261,897	(13%)	1,368,329	(20%)
Amortization	1,312,255	1,142,122	15%	1,191,711	10%
	109,604,128	112,858,730	(3%)	103,748,273	6%
Operating Gain (Loss)	$ 1,906,116	$ 419,772	354%	$ 902,881	111%
Operating Margin	1.7%	0.4%	361.3%	0.9%	98%

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KERN MEDICAL
BALANCE SHEET

	AUGUST 2026	AUGUST 2025
ASSETS:		
Total Cash	**$ 20,526,824**	**$ 30,632,117**
Patient Receivables Subtotal	299,813,795	305,603,138
Contractual Subtotal	(234,582,323)	(274,440,847)
Net Patient Receivable	**65,231,473**	**31,162,291**
Total Indigent Receivable	333,355,141	261,381,922
Total Other Receivable	12,837,151	20,526,765
Total Prepaid Expenses	7,240,928	7,548,747
Total Inventory	5,780,072	4,770,828
Total Current Assets	**444,971,589**	**356,022,671**
Deferred Outflows of Resources	113,460,412	124,532,718
Investments Deposited with Trustee	0	0
Total Land, Equipment, Buildings and Intangibles	280,324,544	272,870,678
Total Construction in Progress	22,622,641	17,473,388
Total Property, Plant & Equipment	**302,947,185**	**290,344,066**
Total Accumulated Depr & Amortization	(196,414,972)	(186,115,348)
Net Property, Plant, and Equipment	**106,532,213**	**104,228,719**
Total Long Term Assets	**113,460,412**	**124,532,718**
Total Assets	**$ 664,964,213**	**$ 584,784,107**

KERN MEDICAL
BALANCE SHEET

	AUGUST 2026	AUGUST 2025
LIABILITIES & EQUITY:		
Total Accounts Payable	$ 16,694,554	$ 6,600,193
Total Accrued Compensation	33,612,064	32,149,460
Total Due Government Agencies	3,980,372	796,255
Total Other Accrued Liabilities	68,134,090	44,052,199
Total Current Liabilities	**122,421,080**	**83,598,107**
Unfunded Pension Liability	331,776,526	344,447,058
Other Long-Term Liabilities	71,655,714	79,609,811
Total Long-Term Liabilities	**403,432,240**	**424,056,869**
Total Liabilities	**525,853,319**	**507,654,975**
Total Net Position	**139,110,894**	**77,129,132**
Total Liabilities and Net Position	$ **664,964,213**	$ **584,784,107**

KERN MEDICAL
STATEMENT OF CASH FLOWS

	Fiscal Year-to-Date August 2026	Fiscal Year-to-Date June 2026	Fiscal Year-to-Date August 2025	Fiscal Year-to-Date June 2025
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for patient/current services	$ 65,936,946	$ 351,656,610	$ 65,438,788	$ 314,552,945
Cash received for other operations	3,193,713	256,065,319	21,438,919	260,727,035
Cash paid for salaries and benefits	(68,441,746)	(392,647,446)	(62,823,668)	(377,869,782)
Cash paid for services and supplies	(25,789,812)	(205,077,135)	(30,987,979)	(202,668,841)
Net cash (used in) provided by operating activities	(25,100,899)	9,997,348	(6,933,940)	(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	20,000,000	-	10,000,000	-
Net cash provided by (used in) noncapital financing activities	20,000,000	(1,888,939)	10,000,000	(801,506)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition or construction of capital assets	(1,212,137)	(12,392,799)	(1,001,818)	(11,508,871)
Payments on right-of-usage lease liability	(434,045)	3,557,623	(413,413)	(2,850,043)
Interest paid - right-of-usage lease liability	(1,069)	715	(1,396)	(7,976)
Payments on SBITA liability	(72,731)	(666,518)	(129,500)	(762,463)
Interest paid - SBITA	(95)	(559)	(92)	(580)
Net cash used by capital and related financing activities	(1,720,076)	(9,501,538)	(1,546,219)	(15,129,933)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on bank deposits and investments	-	-	-	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,820,976)	(1,393,129)	1,519,841	(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	$ 20,526,824	$ 27,347,800	$ 30,632,117	$ 29,112,277