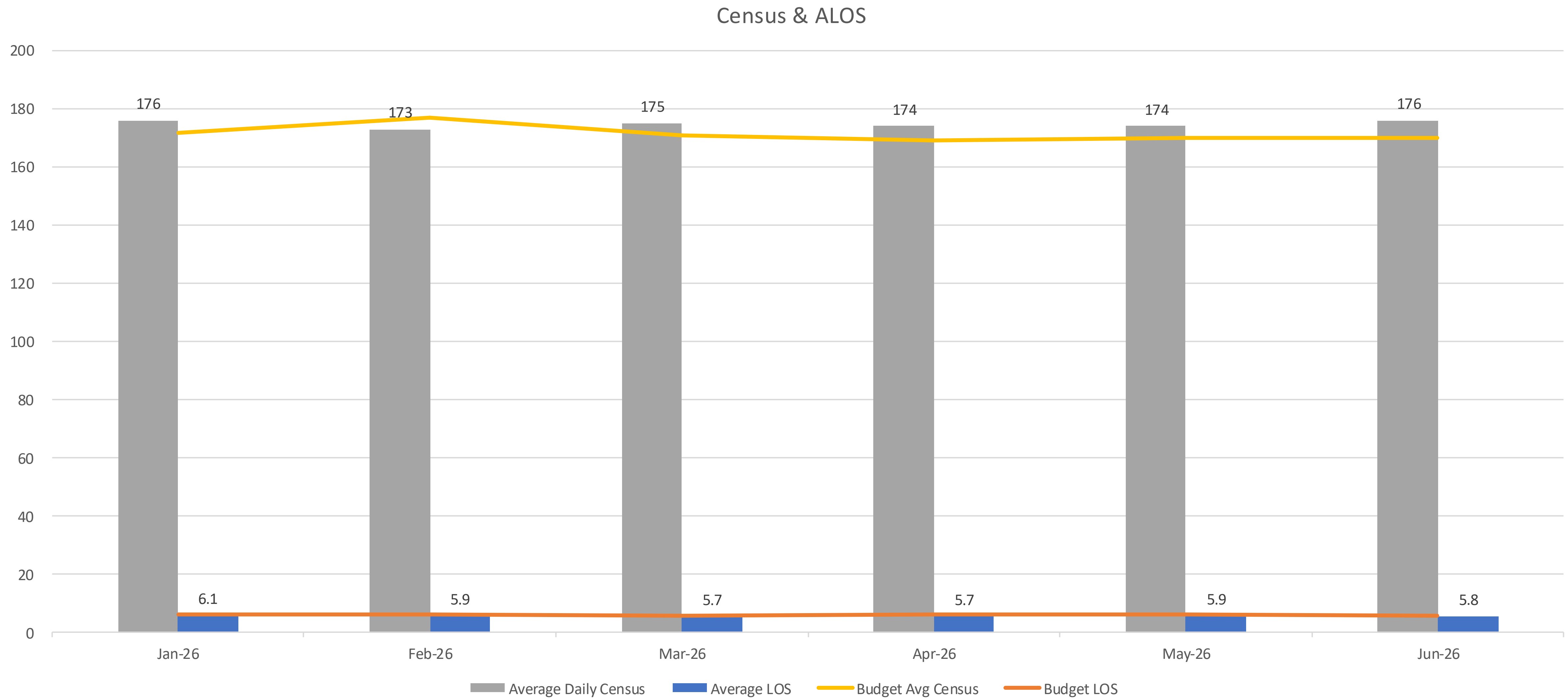
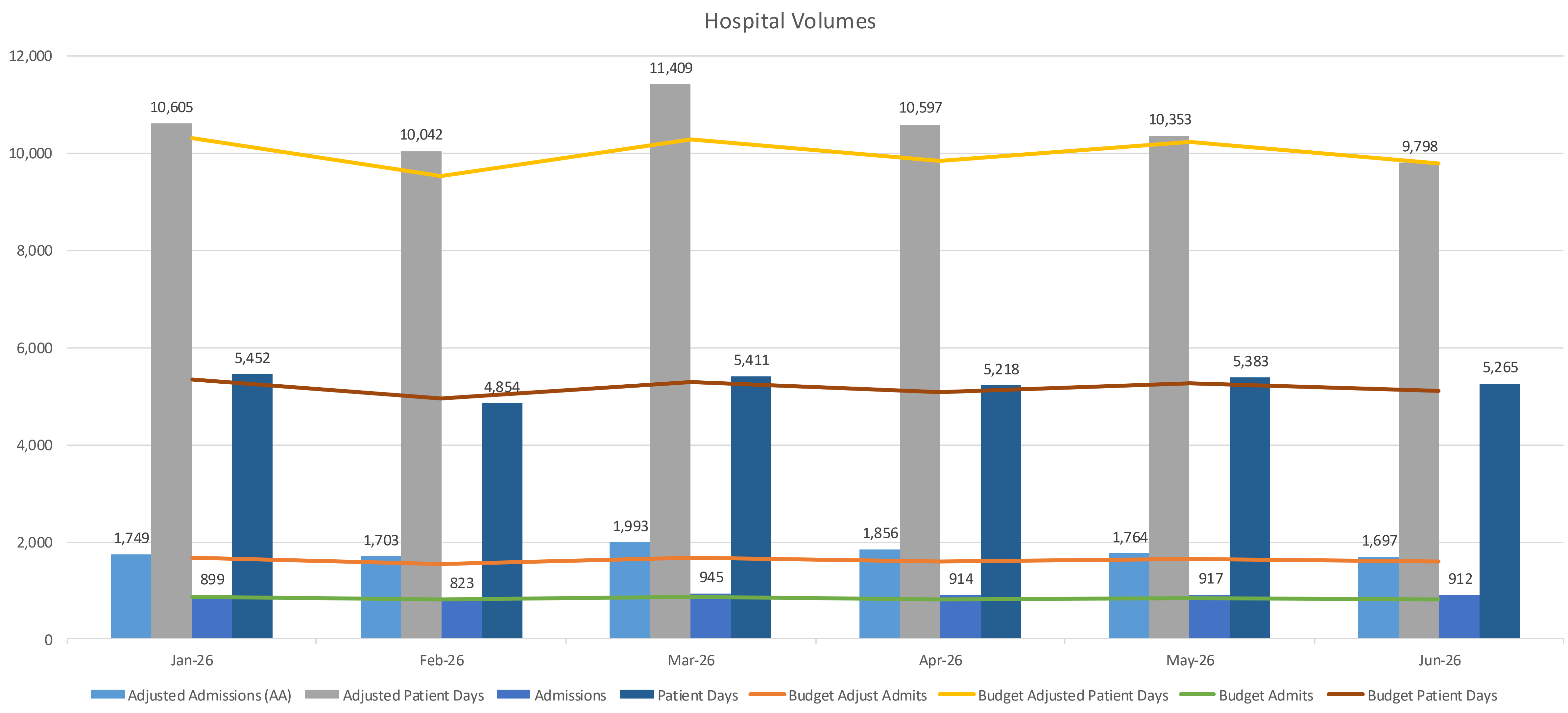
Board of Governors' Report

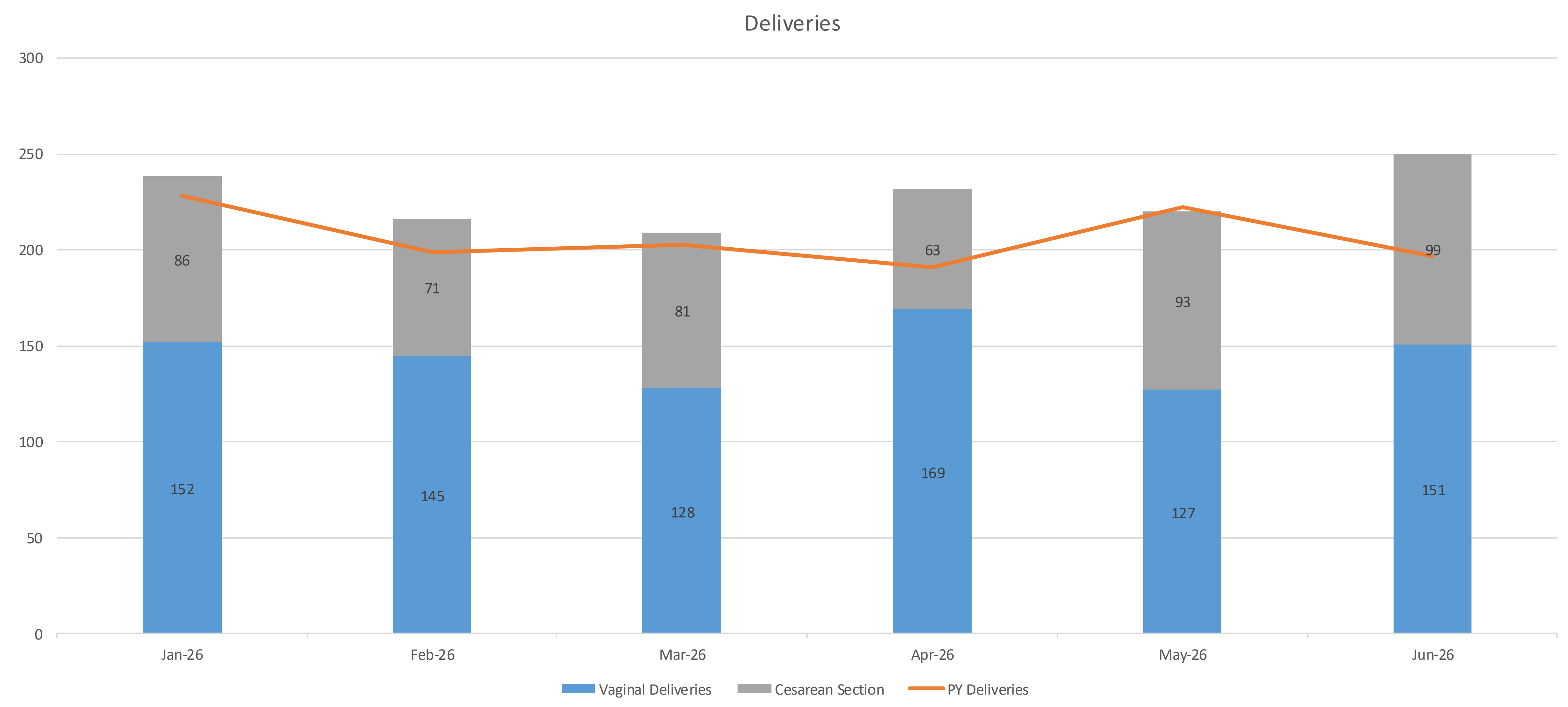
Kern Medical – June 2026


Census & ALOS
200
180
160
140
120
100
80
60
40
20
0
176
173
175
174
174
176
6.1
5.9
5.7
5.7
5.9
5.8
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Average Daily Census
Average LOS
Budget Avg Census
Budget LOS

Slide 2



KernMedical | 160 YEARS Health for Life.



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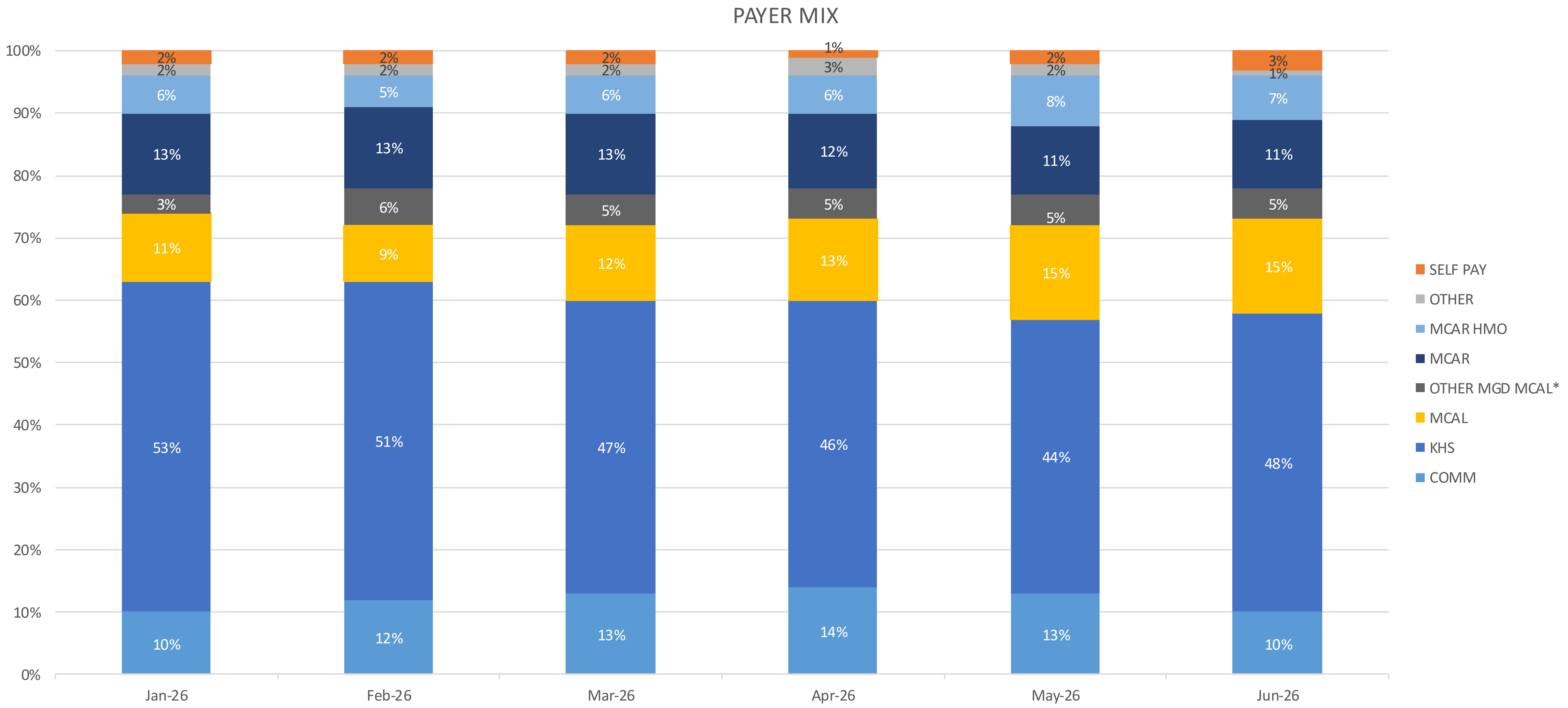
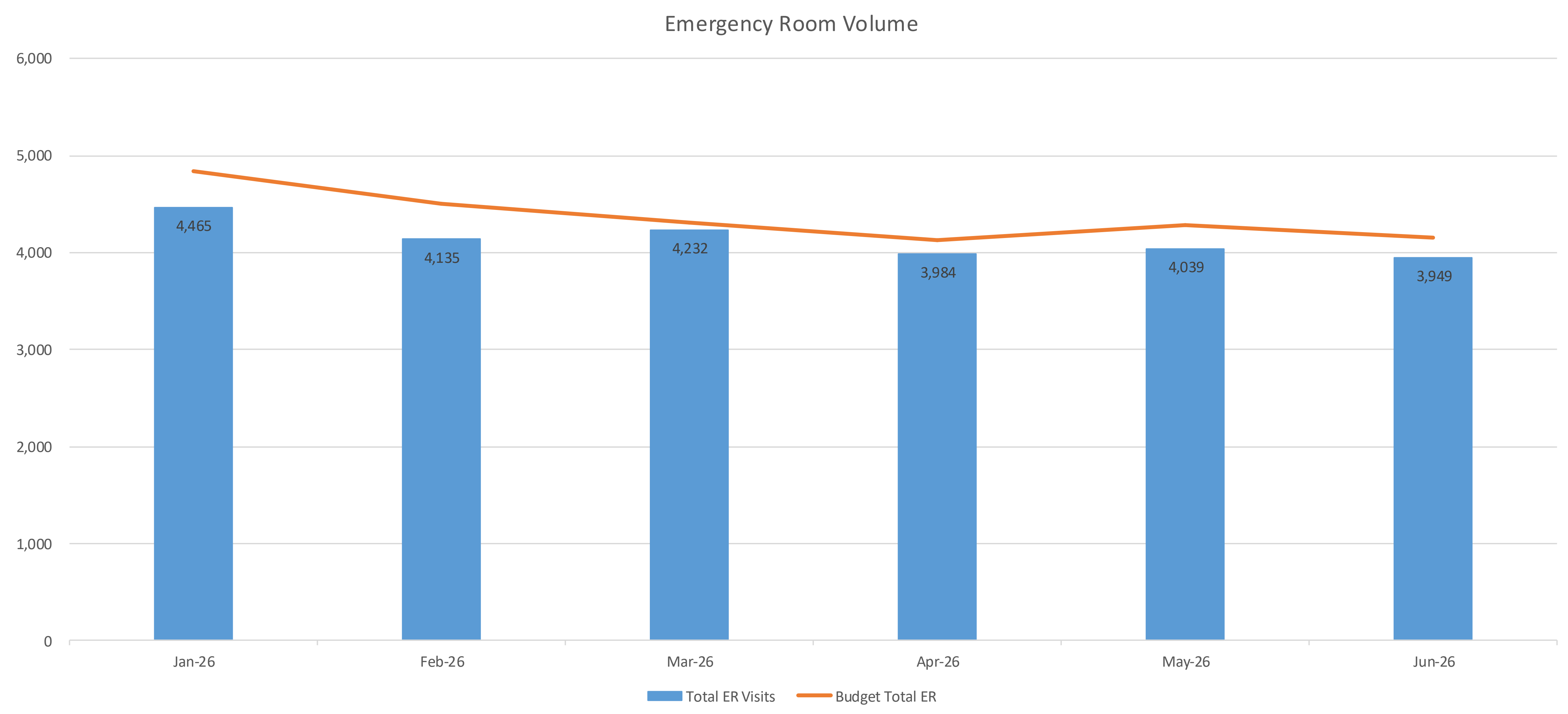

PAYER MIX
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Jan-26: 2% 2% 6% 13% 3% 11% 53% 10%
Feb-26: 2% 2% 5% 13% 6% 9% 51% 12%
Mar-26: 2% 2% 6% 13% 5% 12% 47% 13%
Apr-26: 1% 3% 6% 12% 5% 13% 46% 14%
May-26: 2% 2% 8% 11% 5% 15% 44% 13%
Jun-26: 3% 1% 7% 11% 5% 15% 48% 10%
SELF PAY
OTHER
MCAR HMO
MCAR
OTHER MGD MCAL*
MCAL
KHS
COMM



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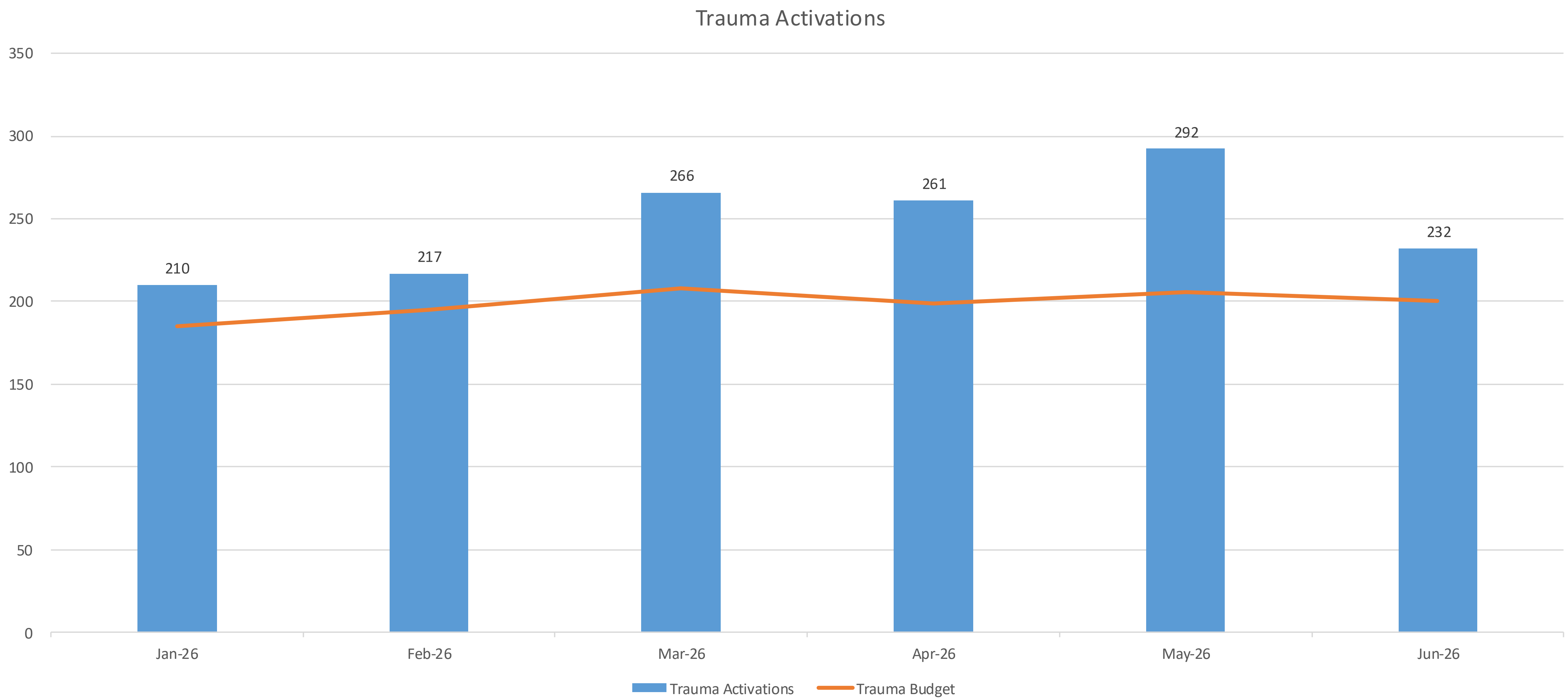
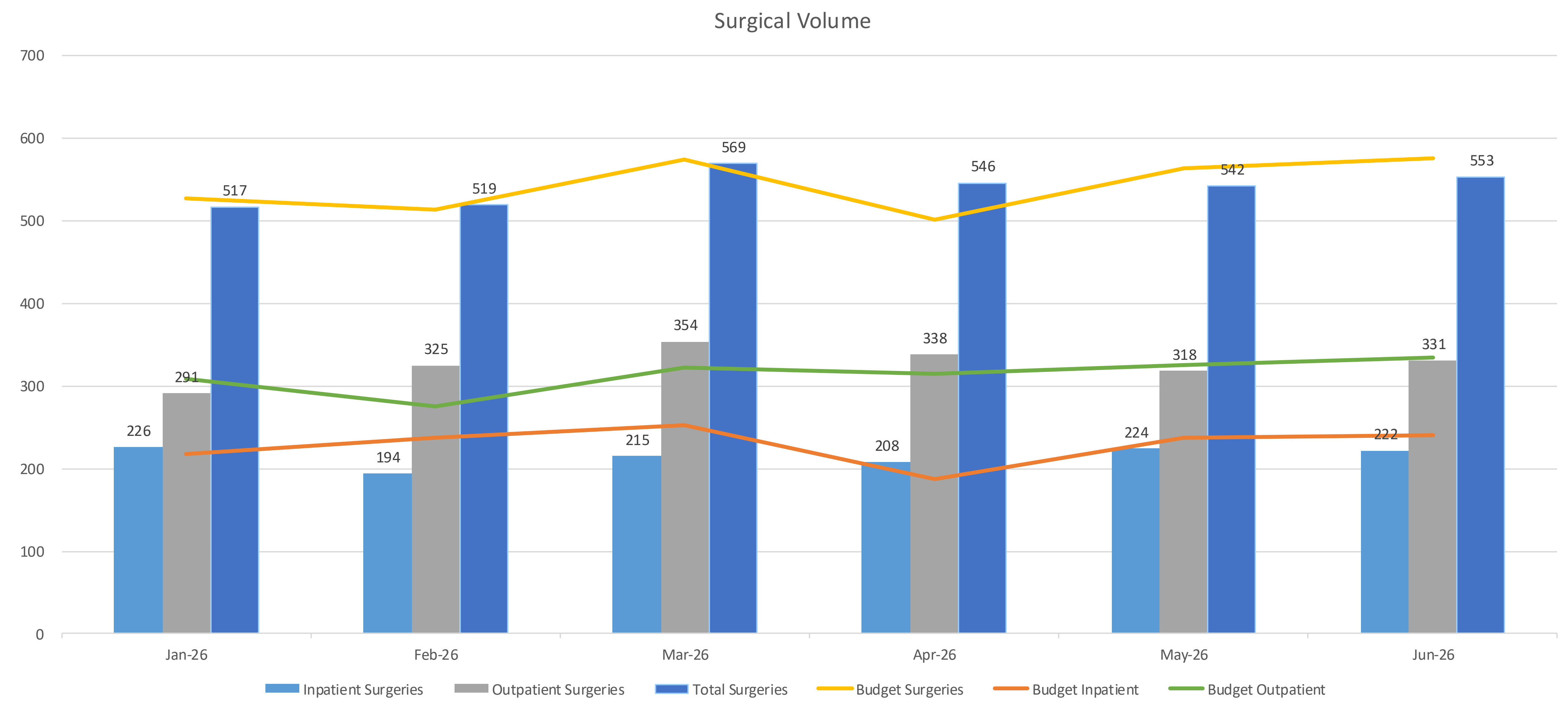
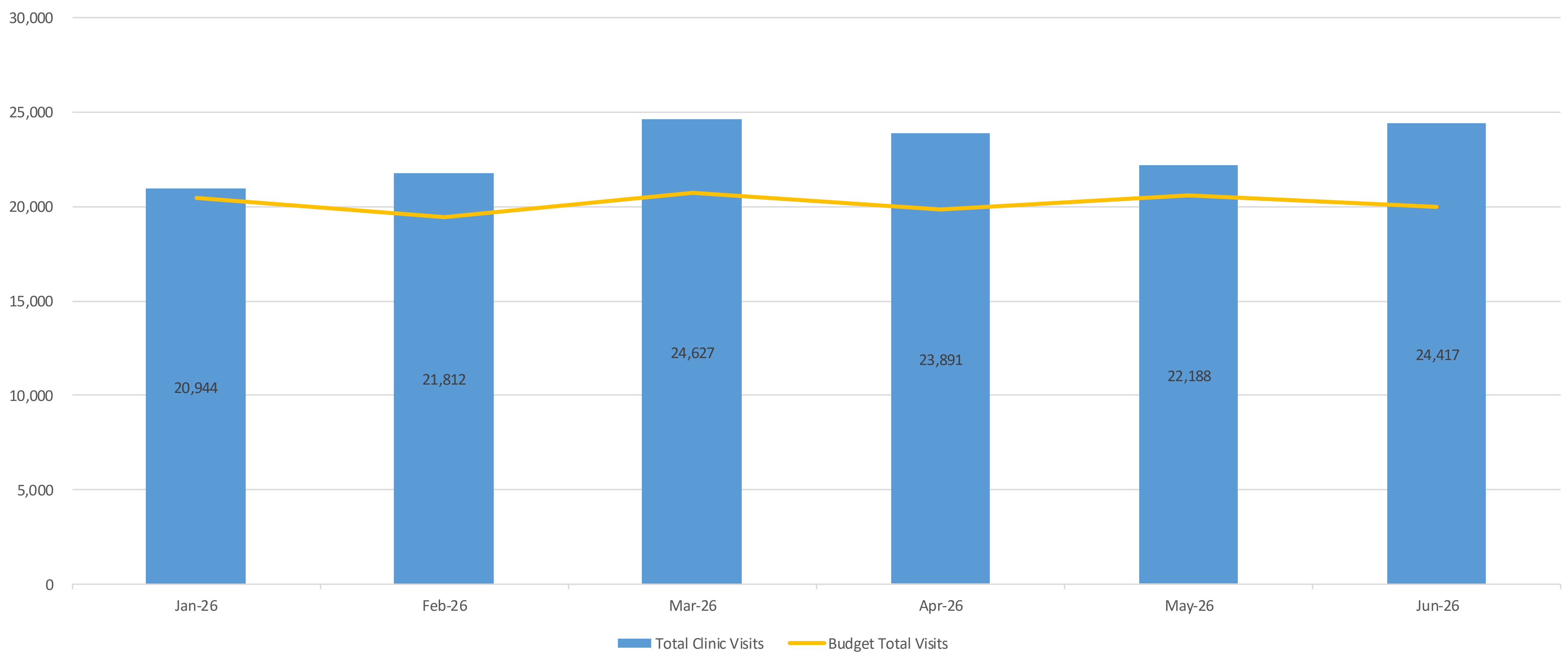
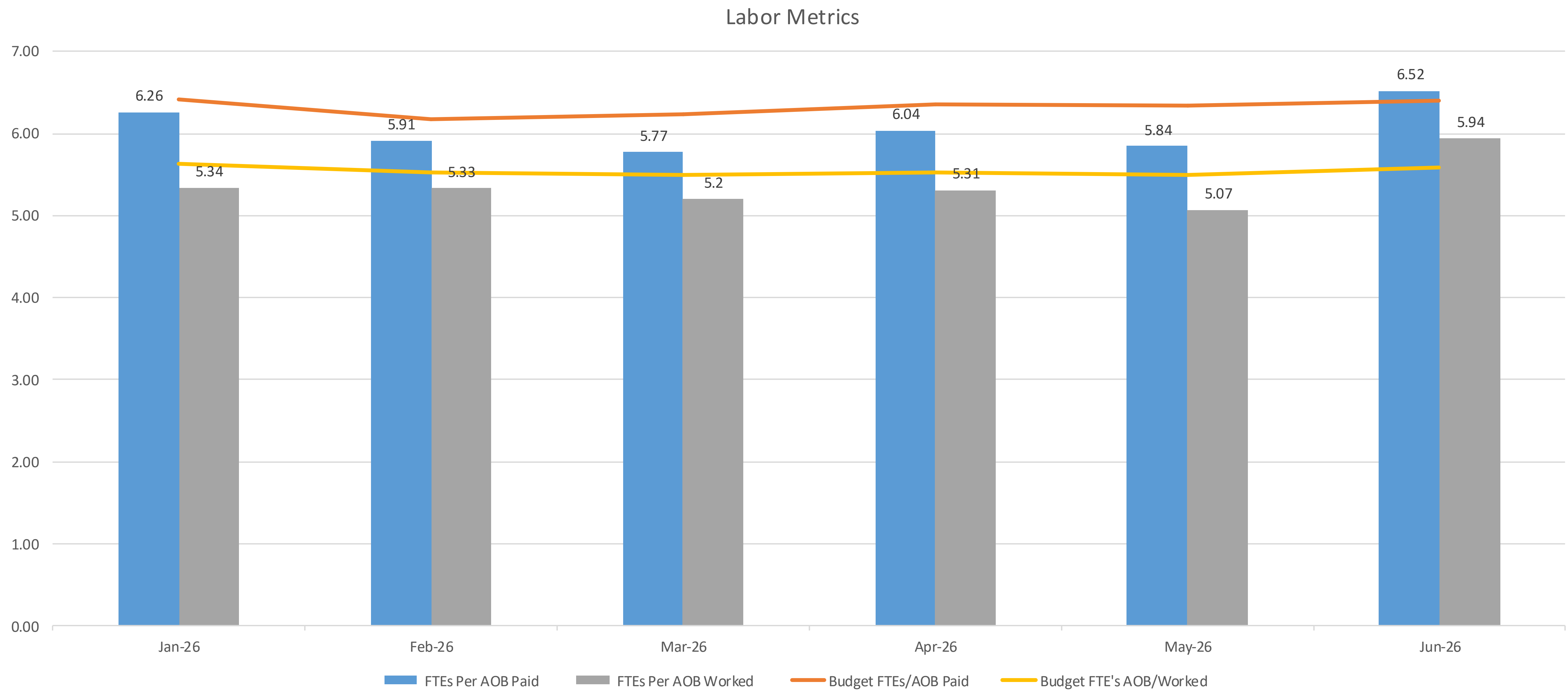

Trauma Activations
350
300
250
200
150
100
50
0
210
217
266
261
292
232
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Trauma Activations
Trauma Budget

Slide 7

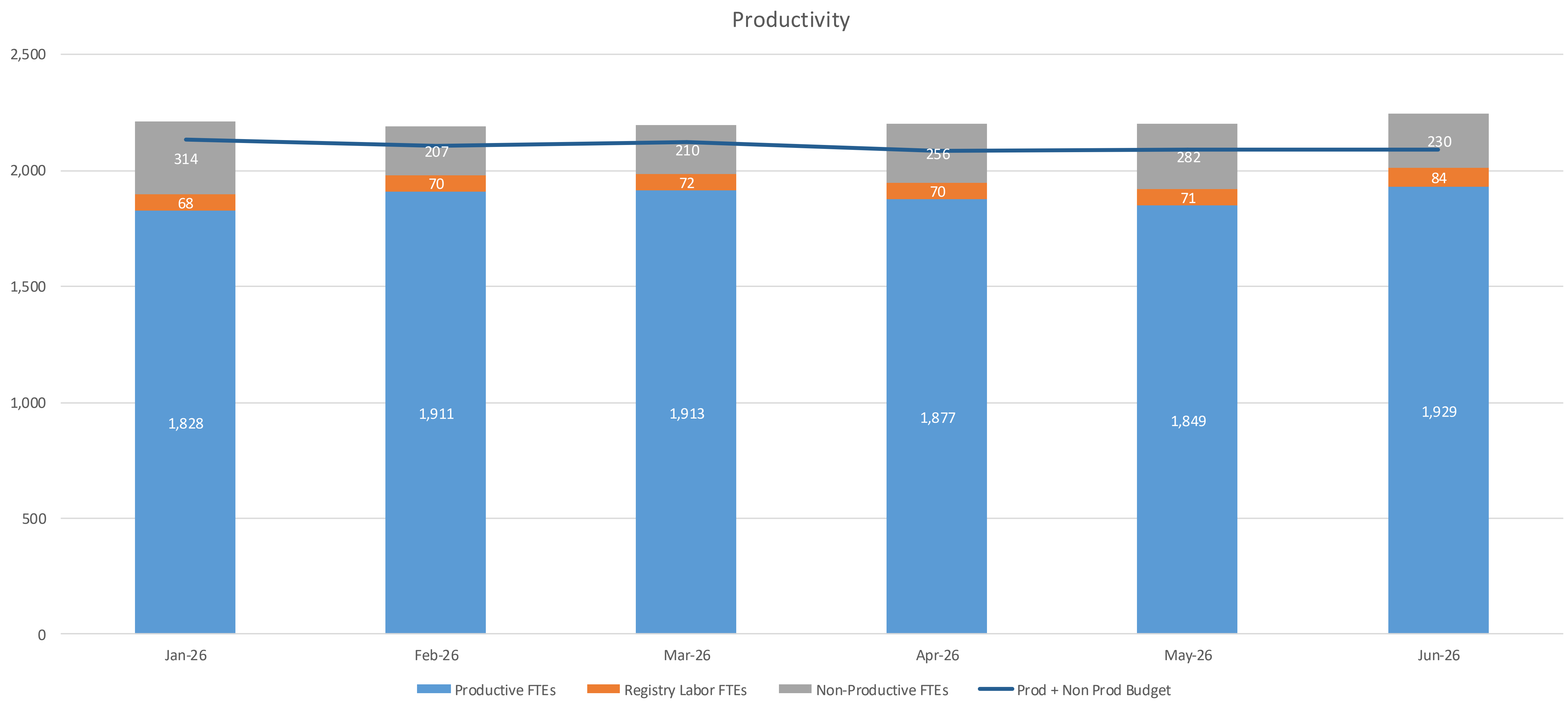

Surgical Volume
700
600
500
400
300
200
100
0
517
519
569
546
542
553
291
325
354
338
318
331
226
194
215
208
224
222
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Inpatient Surgeries
Outpatient Surgeries
Total Surgeries
Budget Surgeries
Budget Inpatient
Budget Outpatient

Clinic Visits





Labor Metrics
7.00
6.00
5.00
4.00
3.00
2.00
1.00
0.00
6.26
5.34
5.91
5.33
5.77
5.2
6.04
5.31
5.84
5.07
6.52
5.94
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
FTEs Per AOB Paid
FTEs Per AOB Worked
Budget FTEs/AOB Paid
Budget FTE's AOB/Worked



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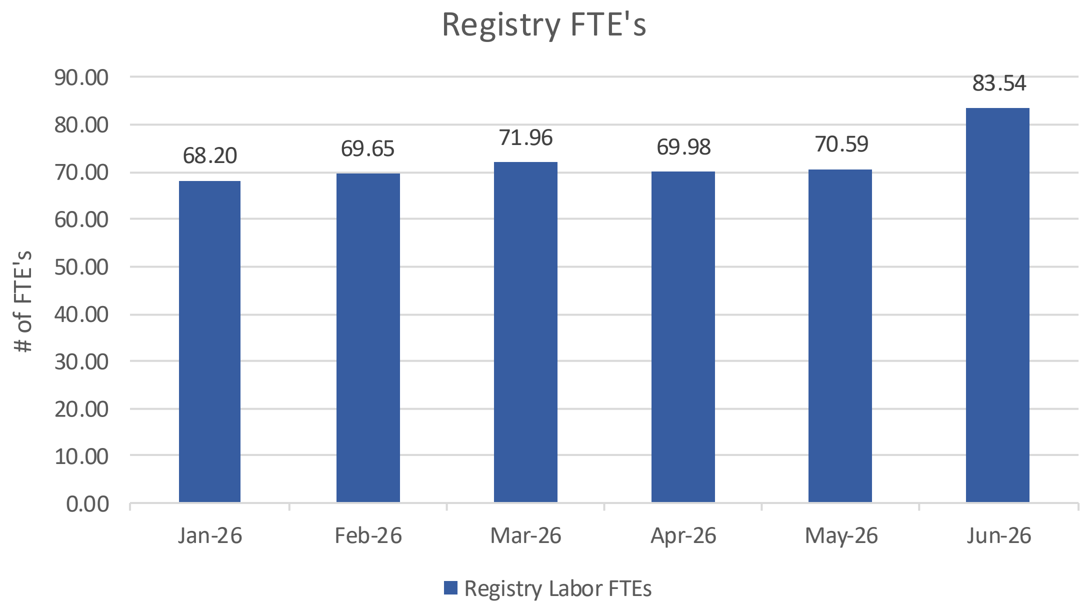
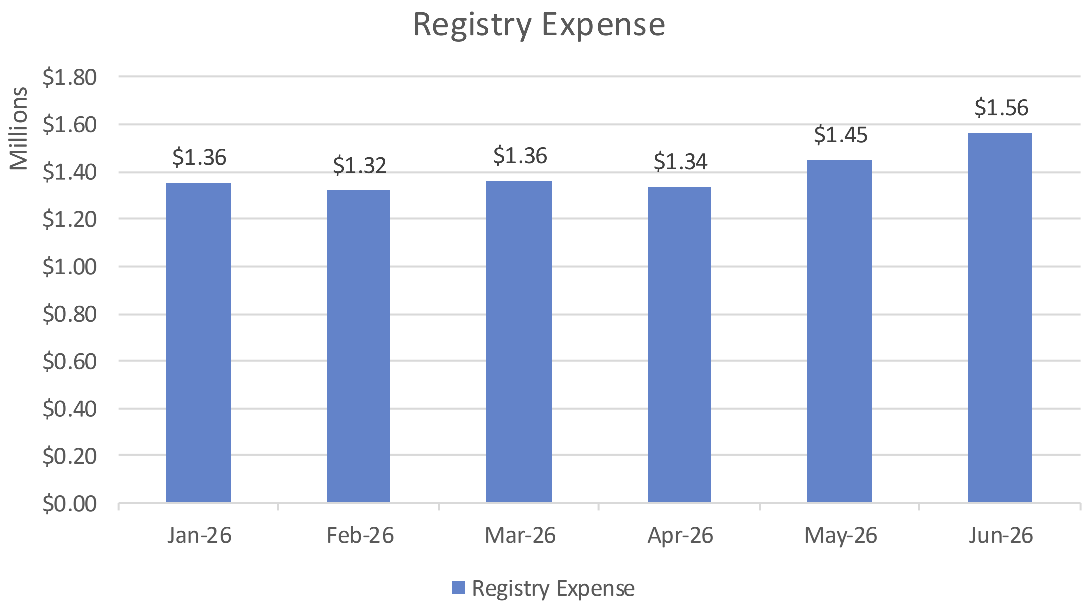
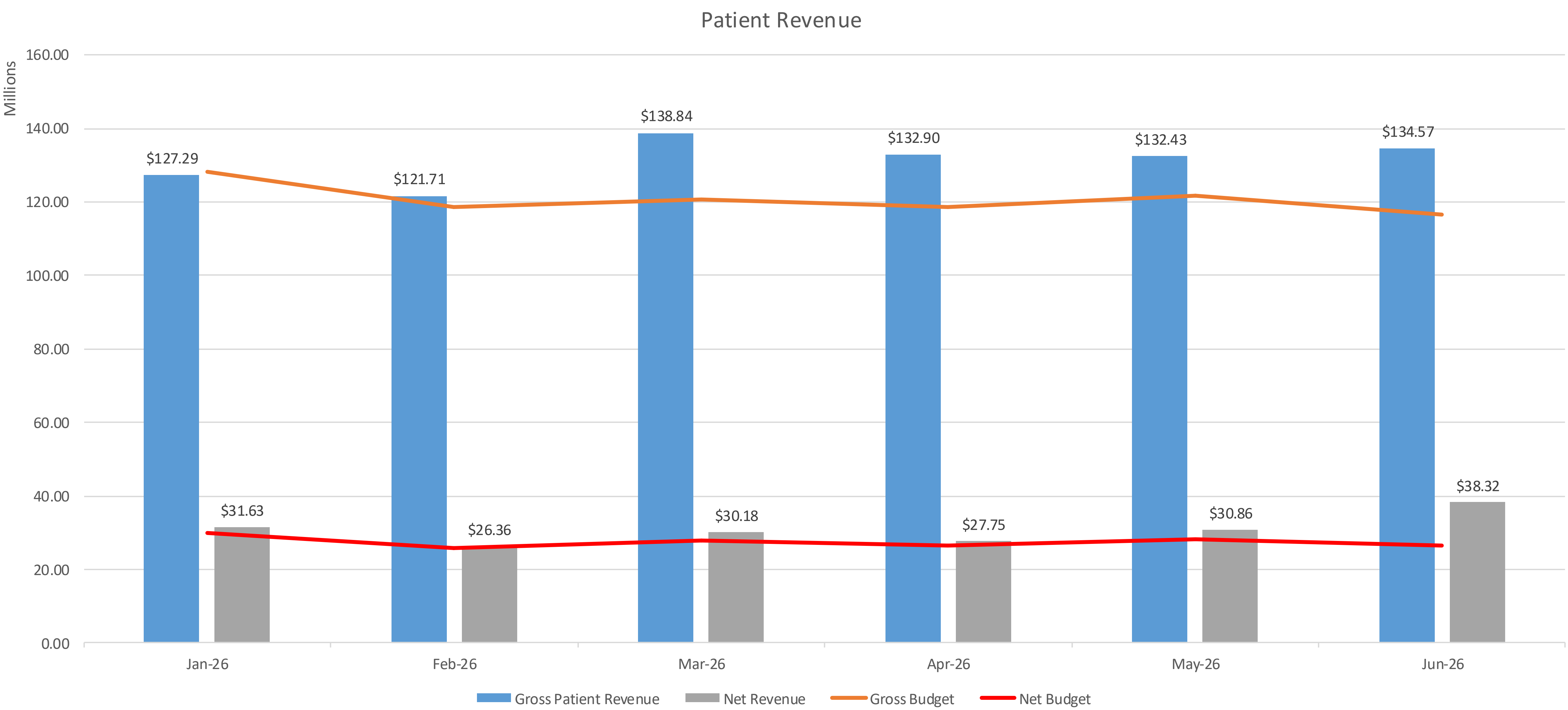


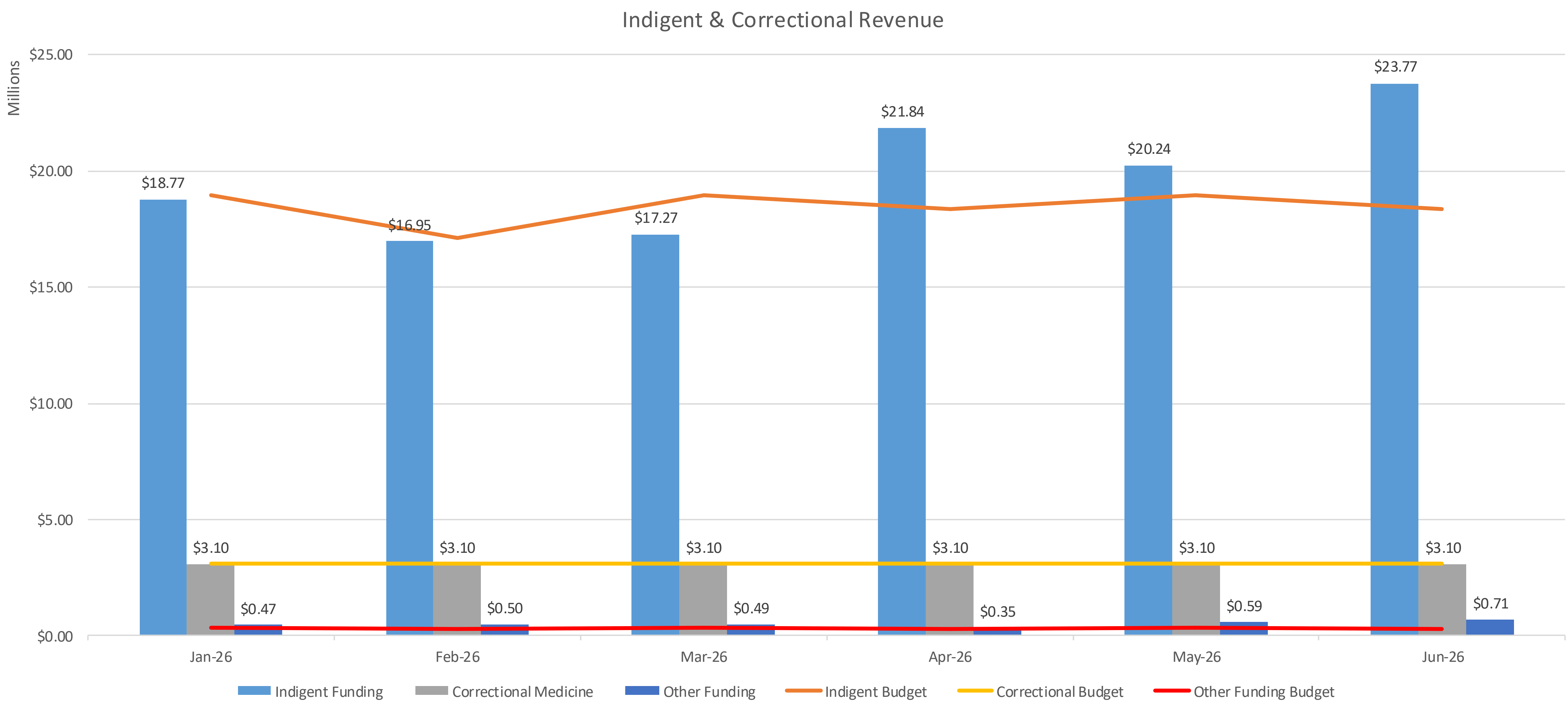
Registry FTE's
# of FTE's
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
68.20
69.65
71.96
69.98
70.59
83.54
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Registry Labor FTEs

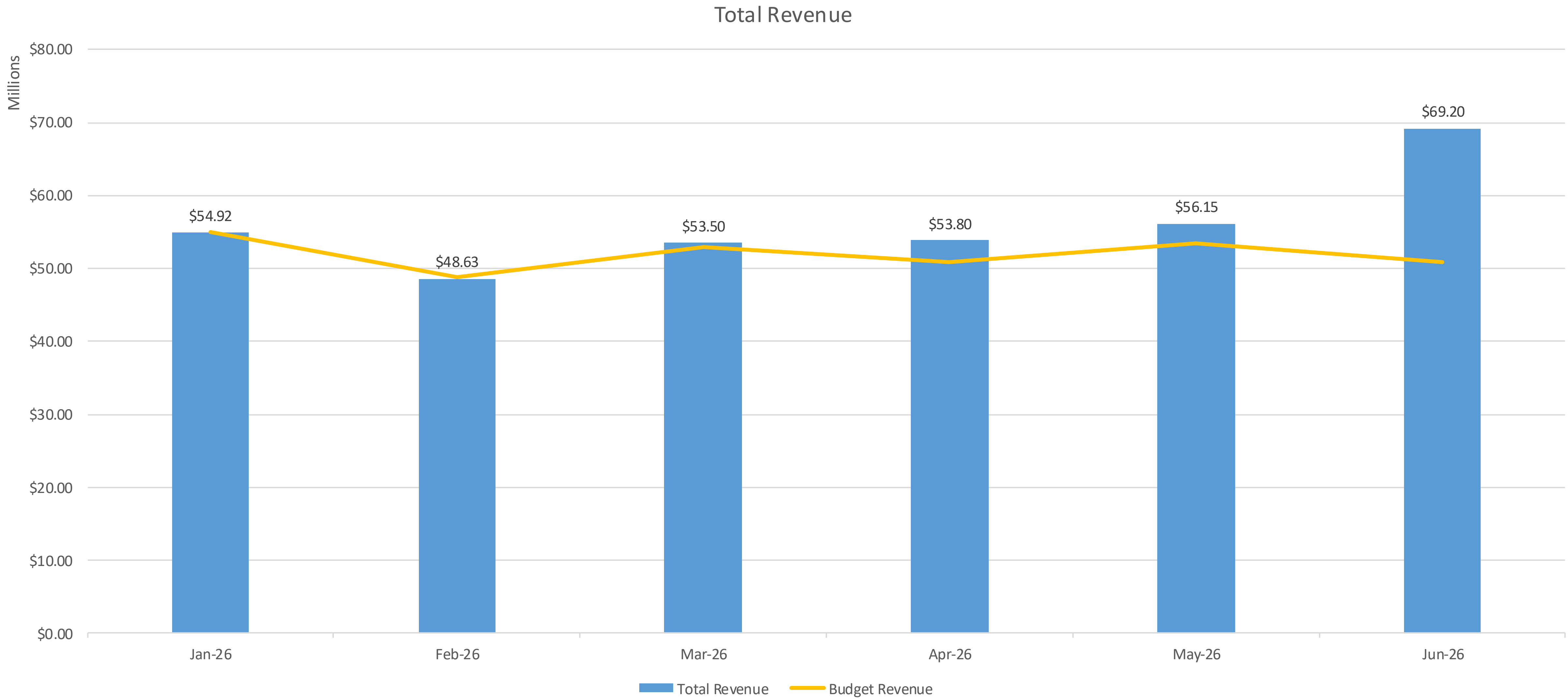


Registry Expense
Millions
$1.80
$1.60
$1.40
$1.20
$1.00
$0.80
$0.60
$0.40
$0.20
$0.00
$1.36
$1.32
$1.36
$1.34
$1.45
$1.56
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Registry Expense

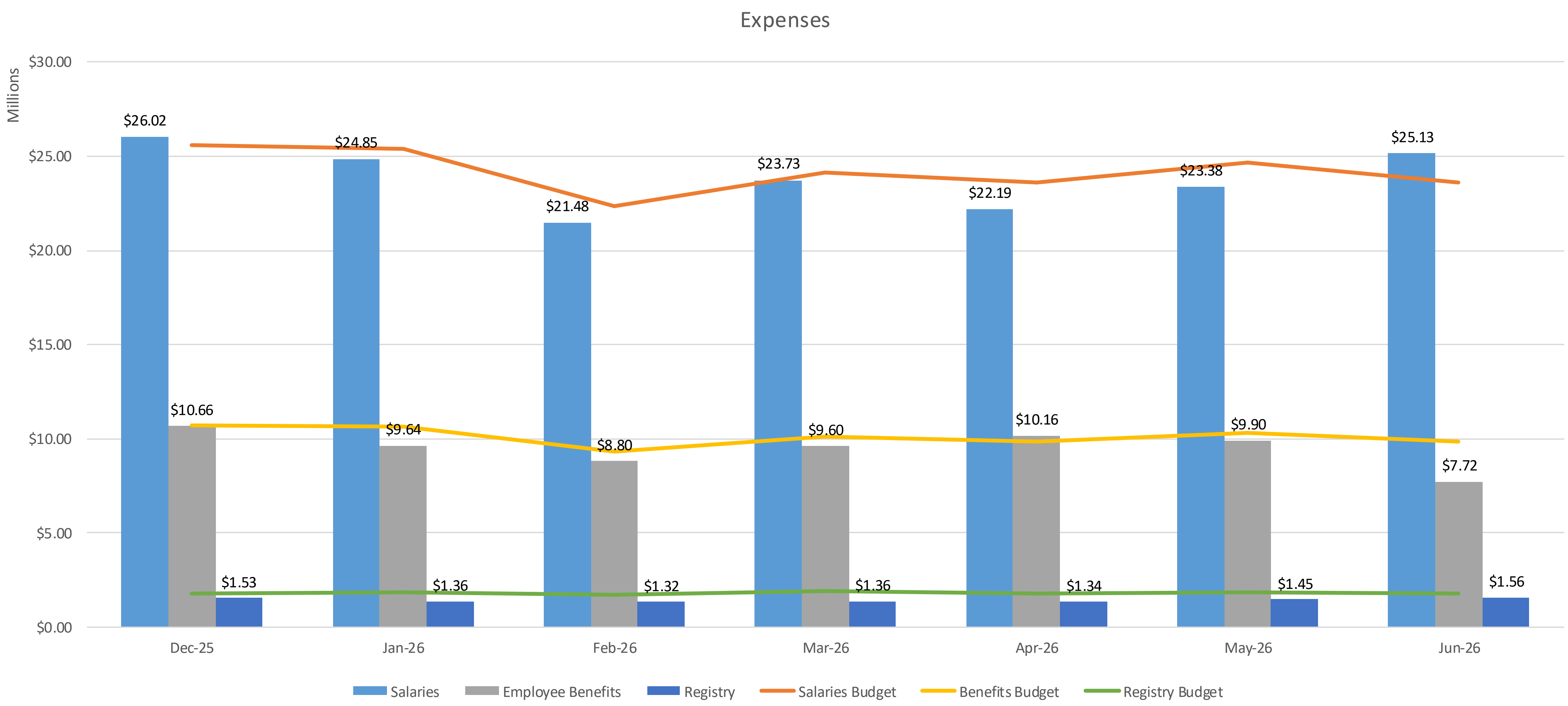


KernMedical | 160 YEARS Health for Life.

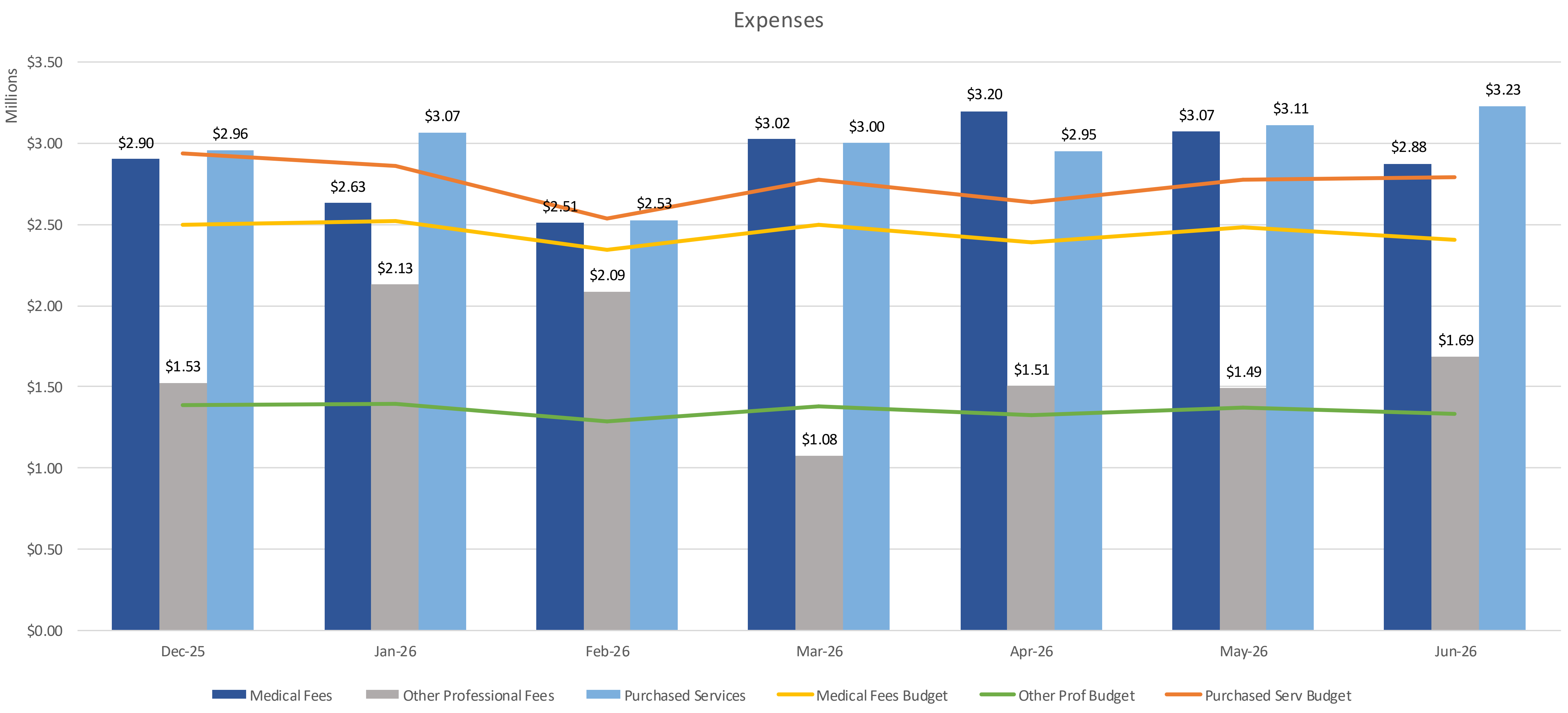

Indigent & Correctional Revenue
Millions
$25.00
$20.00
$15.00
$10.00
$5.00
$0.00
$18.77
$16.95
$17.27
$21.84
$20.24
$23.77
$3.10
$3.10
$3.10
$3.10
$3.10
$3.10
$0.47
$0.50
$0.49
$0.35
$0.59
$0.71
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Indigent Funding
Correctional Medicine
Other Funding
Indigent Budget
Correctional Budget
Other Funding Budget

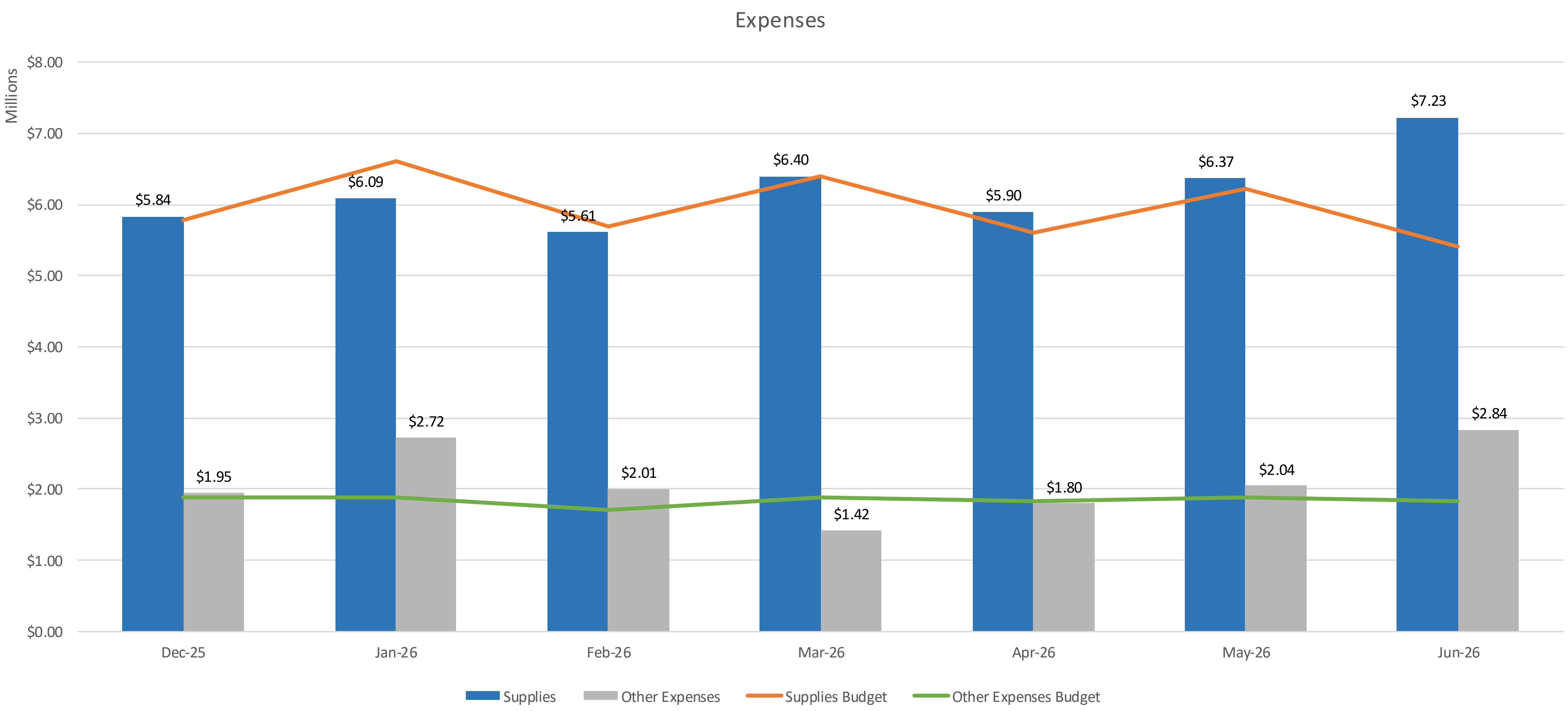


KernMedical | 160 YEARS Health for Life.

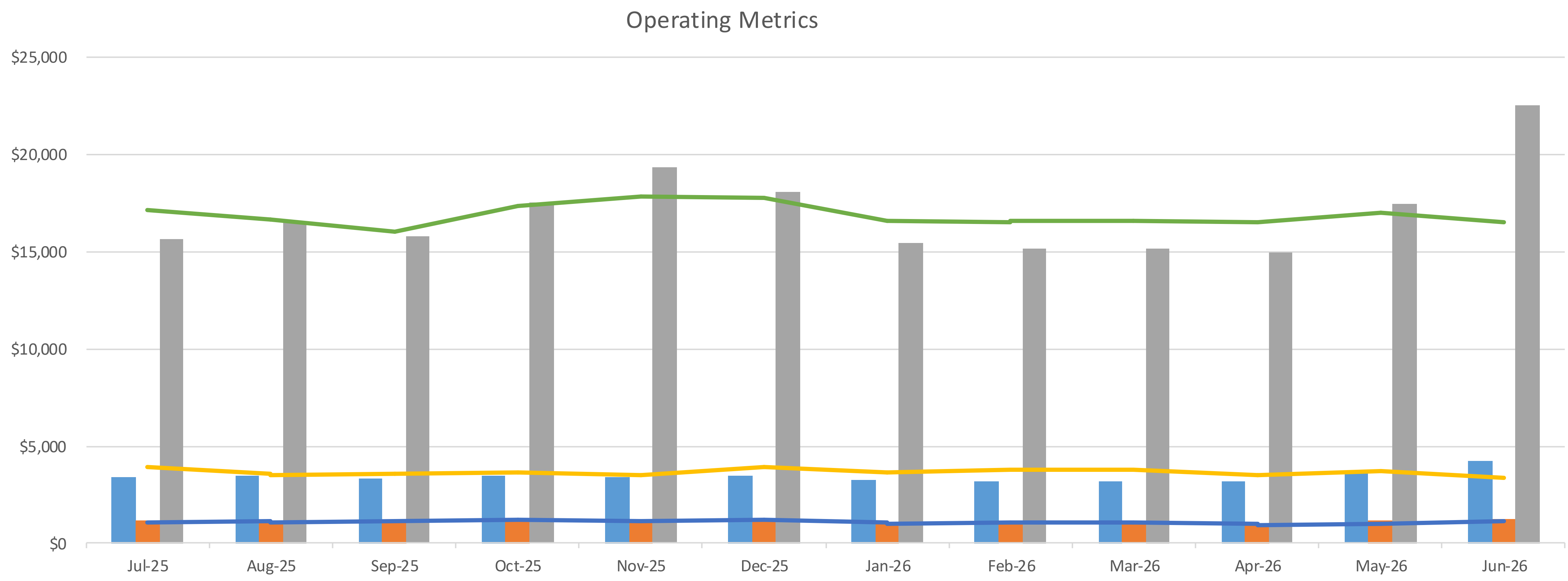


Expenses
Millions
$30.00
$25.00
$20.00
$15.00
$10.00
$5.00
$0.00
$26.02
$24.85
$21.48
$23.73
$22.19
$23.38
$25.13
$10.66
$9.64
$8.80
$9.60
$10.16
$9.90
$7.72
$1.53
$1.36
$1.32
$1.36
$1.34
$1.45
$1.56
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Salaries
Employee Benefits
Registry
Salaries Budget
Benefits Budget
Registry Budget

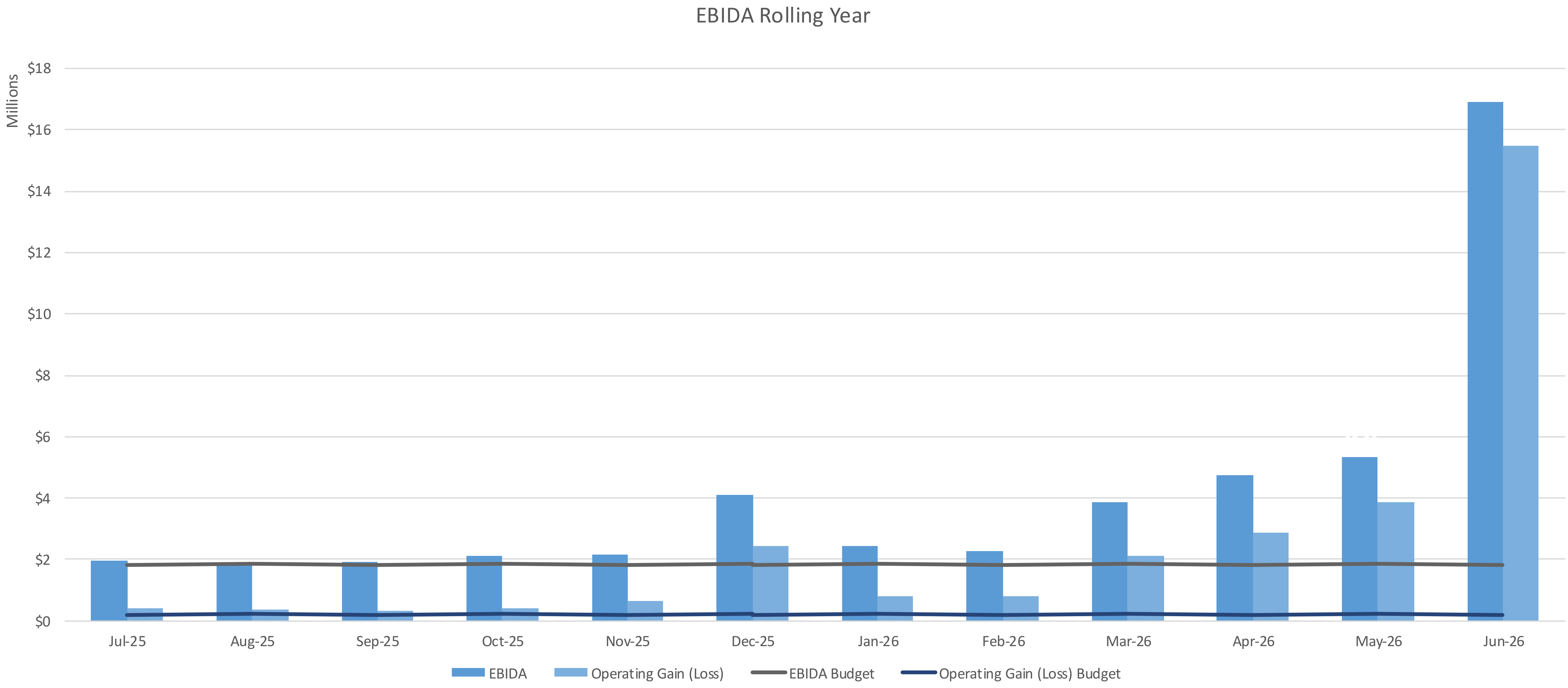

Expenses
Millions
$3.50
$3.00
$2.50
$2.00
$1.50
$1.00
$0.50
$0.00
$2.90
$1.53
$2.96
$2.63
$2.13
$3.07
$2.51
$2.09
$2.53
$3.02
$1.08
$3.00
$3.20
$1.51
$2.95
$3.07
$1.49
$3.11
$2.88
$1.69
$3.23
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Medical Fees
Other Professional Fees
Purchased Services
Medical Fees Budget
Other Prof Budget
Purchased Serv Budget

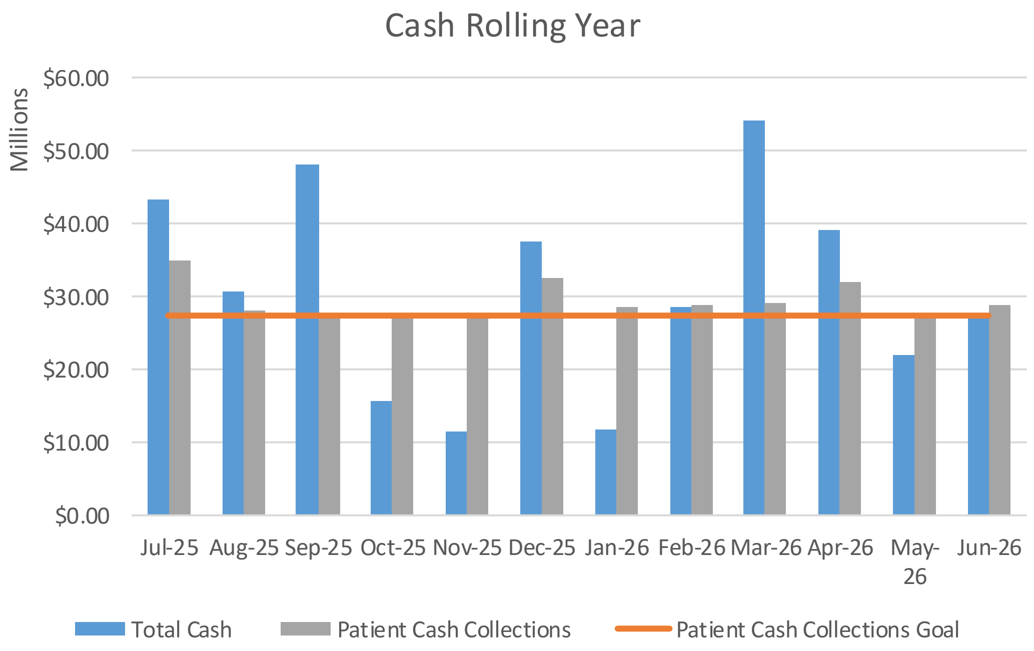


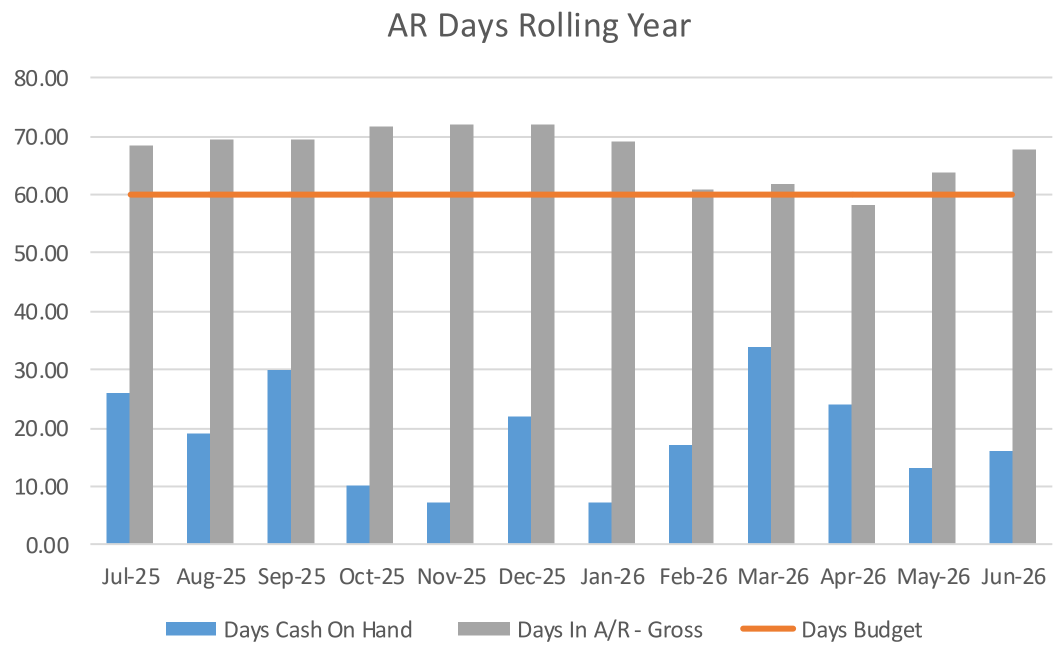
KernMedical | 160 YEARS Health for Life.



	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Supply Expense per AA	$3,412	$3,471	$3,338	$3,458	$3,421	$3,482	$3,298	$3,212	$3,212	$3,178	$3,612	$4,259
Pharm Cost per AA	$1,199	$1,118	$1,140	$1,194	$1,094	$1,211	$1,093	$971	$971	$1,032	$1,167	$1,270
Net Revenue Per AA	$15,633	$16,506	$15,778	$17,508	$19,312	$18,085	$15,482	$15,148	$15,148	$14,950	$17,495	$22,580
Budget Supp/AA	$3,909	$3,567	$3,604	$3,686	$3,532	$3,943	$3,669	$3,822	$3,822	$3,497	$3,741	$3,395
Budget Pharm/AA	$1,098	$1,142	$1,162	$1,228	$1,162	$1,230	$1,065	$1,092	$1,092	$990	$1,018	$1,124
Budget Net Rev/AA	$17,181	$16,643	$16,073	$17,329	$17,863	$17,783	$16,593	$16,581	$16,581	$16,493	$17,003	$16,546


EBIDA Rolling Year
Millions
$18
$16
$14
$12
$10
$8
$6
$4
$2
$0
Jul-25
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
EBIDA
Operating Gain (Loss)
EBIDA Budget
Operating Gain (Loss) Budget


Cash Rolling Year
Millions
$60.00
$50.00
$40.00
$30.00
$20.00
$10.00
$0.00
Jul-25 Aug-25 Sep-25 Oct-25 Nov-25 Dec-25 Jan-26 Feb-26 Mar-26 Apr-26 May-26 Jun-26
Total Cash
Patient Cash Collections
Patient Cash Collections Goal


AR Days Rolling Year
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
Jul-25 Aug-25 Sep-25 Oct-25 Nov-25 Dec-25 Jan-26 Feb-26 Mar-26 Apr-26 May-26 Jun-26
Days Cash On Hand
Days In A/R - Gross
Days Budget

KERN MEDICAL

3-Month Trend Analysis: Revenues & Expenses

June 30, 2026

	APRIL	MAY	JUNE	BUDGET JUNE	VARIANCE POS (NEG)	PY JUNE
Gross Patient Revenue	$ 132,901,718	$ 132,426,417	$ 134,566,030	$ 116,649,356	15%	$ 119,470,785
Contractual Deductions	(105,150,275)	(101,570,158)	(96,243,053)	(90,287,102)	7%	(78,720,134)
Net Revenue	27,751,443	30,856,259	38,322,977	26,362,254	45%	40,750,652
Indigent Funding	21,839,978	20,238,739	23,769,628	18,361,796	29%	22,021,153
Correctional Medicine	3,097,712	3,097,713	3,097,713	3,095,522	0.1%	5,573,626
County Contribution	285,211	285,211	285,211	285,211	(0%)	285,211
Incentive Funding	66,537	302,616	420,219	70,043	500%	92,694
Net Patient Revenue	53,040,882	54,780,538	65,895,749	48,174,826	37%	68,723,335
Other Operating Revenue	736,870	1,355,264	3,289,048	2,657,654	24%	4,617,730
Other Non-Operating Revenue	18,963	14,885	17,286	11,689	48%	47,073
Total Revenues	53,796,715	56,150,687	69,202,082	50,844,169	36.1%	73,388,137
Expenses						
Salaries	22,186,875	23,376,008	25,132,698	23,583,530	7%	22,388,240
Employee Benefits	10,160,711	9,899,306	7,722,503	9,862,632	(22%)	(3,818,852)
Registry	1,336,449	1,449,594	1,564,270	1,775,439	(12%)	1,559,674
Medical Fees	3,201,290	3,071,944	2,876,831	2,406,990	20%	2,517,403
Other Professional Fees	1,505,747	1,492,346	1,687,215	1,333,263	27%	1,519,109
Supplies	5,898,579	6,370,555	7,227,895	5,409,136	34%	4,995,663
Purchased Services	2,953,065	3,114,765	3,229,437	2,793,850	16%	3,071,408
Other Expenses	1,796,421	2,044,295	2,836,599	1,829,119	55%	8,569,756
Operating Expenses	49,039,137	50,818,814	52,277,449	48,993,959	7%	40,802,401
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	$ 4,757,578	$ 5,331,873	$ 16,924,633	$ 1,850,209	814.7%	$ 32,585,736
EBIDA Margin	9%	9%	24%	4%	572%	44%
Interest	275,264	264,111	262,871	335,744	(22%)	278,656
Depreciation	928,031	530,609	537,876	657,304	(18%)	710,865
Amortization	685,920	675,283	666,234	652,001	2%	629,260
Total Expenses	50,928,353	52,288,818	53,744,430	50,639,008	6%	42,421,182
Operating Gain (Loss)	$ 2,868,363	$ 3,861,869	$ 15,457,652	$ 205,161	7,434%	$ 30,966,955
Operating Margin	5.33%	6.88%	22.34%	0.40%	5,435.7%	42.2%

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

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	$ 1,543,338,352	$ 1,458,817,339	6%	$ 1,416,182,905	9%
Contractual Deductions	(1,181,654,145)	(1,125,623,459)	5%	(1,094,259,060)	8%
Net Revenue	361,684,207	333,193,880	9%	321,923,844	12%
Indigent Funding	228,235,459	223,401,855	2%	221,263,117	3%
Correctional Medicine	37,172,560	37,146,267	0%	42,224,388	(12%)
County Contribution	3,422,531	3,422,531	(0%)	3,422,529	0%
Incentive Funding	2,184,881	852,188	156%	1,046,148	109%
Net Patient Revenue	632,699,637	598,016,721	6%	589,880,027	7%
Other Operating Revenue	20,501,257	32,334,785	(37%)	32,164,312	(36%)
Other Non-Operating Revenue	228,429	143,105	60%	189,216	21%
Total Revenues	653,429,322	630,494,611	4%	622,233,555	5%
Expenses					
Salaries	283,035,940	290,993,754	(3%)	270,197,206	5%
Employee Benefits	114,461,852	121,693,588	(6%)	98,912,035	16%
Registry	17,900,317	21,687,300	(17%)	21,762,265	(18%)
Medical Fees	35,473,411	29,468,177	20%	29,777,367	19%
Other Professional Fees	18,566,431	16,306,539	14%	17,279,862	7.4%
Supplies	73,806,341	72,171,445	2%	67,721,487	9%
Purchased Services	36,118,947	33,647,101	7%	34,557,155	5%
Other Expenses	24,237,048	22,254,283	9%	28,349,303	(15%)
Operating Expenses	603,600,287	608,222,187	(1%)	568,556,681	6%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	$ 49,829,035	$ 22,272,424	124%	$ 53,676,874	(7.2%)
EBIDA Margin	8%	4%	116%	9%	(12%)
Interest	3,360,823	4,047,796	(17%)	4,035,843	(17%)
Depreciation	8,094,469	7,887,642	3%	8,287,629	(2%)
Amortization	7,785,417	7,824,018	(0%)	7,282,908	7%
Total Expenses	622,840,996	627,981,643	(1%)	588,163,062	6%
Operating Gain (Loss)	$ 30,588,326	$ 2,512,968	1,117%	$ 34,070,493	(10%)
Operating Margin	4.7%	0.4%	1,074.5%	5.5%	(15%)

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KERN MEDICAL
BALANCE SHEET

	JUNE 2026	JUNE 2025
ASSETS:		
Total Cash	**$ 27,347,800**	**$ 29,112,277**
Patient Receivables Subtotal	307,055,383	307,125,505
Contractual Subtotal	(239,051,561)	(266,628,405)
Net Patient Receivable	**68,003,822**	**40,497,100**
Total Indigent Receivable	280,031,766	236,821,006
Total Other Receivable	23,386,114	18,915,570
Total Prepaid Expenses	6,590,157	7,630,236
Total Inventory	5,666,193	4,732,535
Total Current Assets	**411,025,852**	**337,708,724**
Deferred Outflows of Resources	113,460,412	124,532,718
Total Land, Equipment, Buildings and Intangibles	280,142,308	272,511,539
Total Construction in Progress	21,592,739	16,830,709
Total Property, Plant & Equipment	**301,735,048**	**289,342,249**
Total Accumulated Depr & Amortization	(194,027,345)	(183,555,309)
Net Property, Plant, and Equipment	**107,707,703**	**105,786,940**
Total Long Term Assets	**113,460,412**	**124,532,718**
Total Assets	**$ 632,193,966**	**$ 568,028,382**

KERN MEDICAL
BALANCE SHEET

	JUNE 2026	JUNE 2025
LIABILITIES & EQUITY:		
Total Accounts Payable	$ **15,232,066**	$ **12,024,241**
Total Accrued Compensation	32,129,584	28,062,137
Total Due Government Agencies	5,596,744	1,778,086
Total Other Accrued Liabilities	38,091,779	25,210,005
Total Current Liabilities	**91,050,172**	**67,074,469**
Unfunded Pension Liability	331,776,526	344,447,058
Other Long-Term Liabilities	72,162,490	80,152,724
Total Long-Term Liabilities	**403,939,016**	**424,599,782**
Total Liabilities	**494,989,188**	**491,674,251**
Total Net Position	**137,204,778**	**76,354,131**
Total Liabilities and Net Position	$ **632,193,966**	$ **568,028,382**

KERN MEDICAL
STATEMENT OF CASH FLOWS

	Fiscal Year-to-Date June 2026	Fiscal Year-End June 2025	Fiscal Year-to-Date June 2025	Fiscal Year-End June 2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for patient/current services	$ 351,656,610	$ 318,273,169	$ 314,552,945	$ 292,533,084
Cash received for other operations	256,065,319	262,872,978	260,727,035	233,602,712
Cash paid for salaries and benefits	(392,647,446)	(382,309,780)	(377,869,782)	(339,411,493)
Cash paid for services and supplies	(205,077,135)	(198,862,050)	(202,668,841)	(186,981,598)
Net cash (used in) provided by operating activities	9,997,348	(25,683)	(5,258,643)	(257,296)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash (provided to) received from various County funds	-	381,436	-	-
Interest paid - pension obligation bond	92,824	(2,539,472)	256,677	420,331
Principal paid - pension obligation bond	(1,981,763)	(1,062,281)	(1,058,183)	(1,062,281)
Interest paid - line of credit	-	(783,152)	-	-
Line of credit payment	-	-	-	-
Net cash provided by (used in) noncapital financing activities	(1,888,939)	(4,003,469)	(801,506)	(641,950)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition or construction of capital assets	(12,392,799)	(13,228,131)	(11,508,871)	(18,896,864)
Payments on right-of-usage lease liability	3,557,623	(3,802,269)	(2,850,043)	3,896,089
Interest paid - right-of-usage lease liability	715	-	(7,976)	31,211
Payments on SBITA liability	(666,518)	(817,100)	(762,463)	(752,150)
Interest paid - SBITA	(559)	-	(580)	2,013
Net cash used by capital and related financing activities	(9,501,538)	(17,847,500)	(15,129,933)	(15,719,700)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on bank deposits and investments	-	185,478	-	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,393,129)	(21,691,174)	(21,190,081)	(16,618,946)
CASH AND CASH EQUIVALENTS, beginning of year	28,740,929	50,432,103	50,302,358	66,921,303
CASH AND CASH EQUIVALENTS, year-to-date	$ 27,347,800	$ 28,740,929	$ 29,112,277	$ 50,302,358