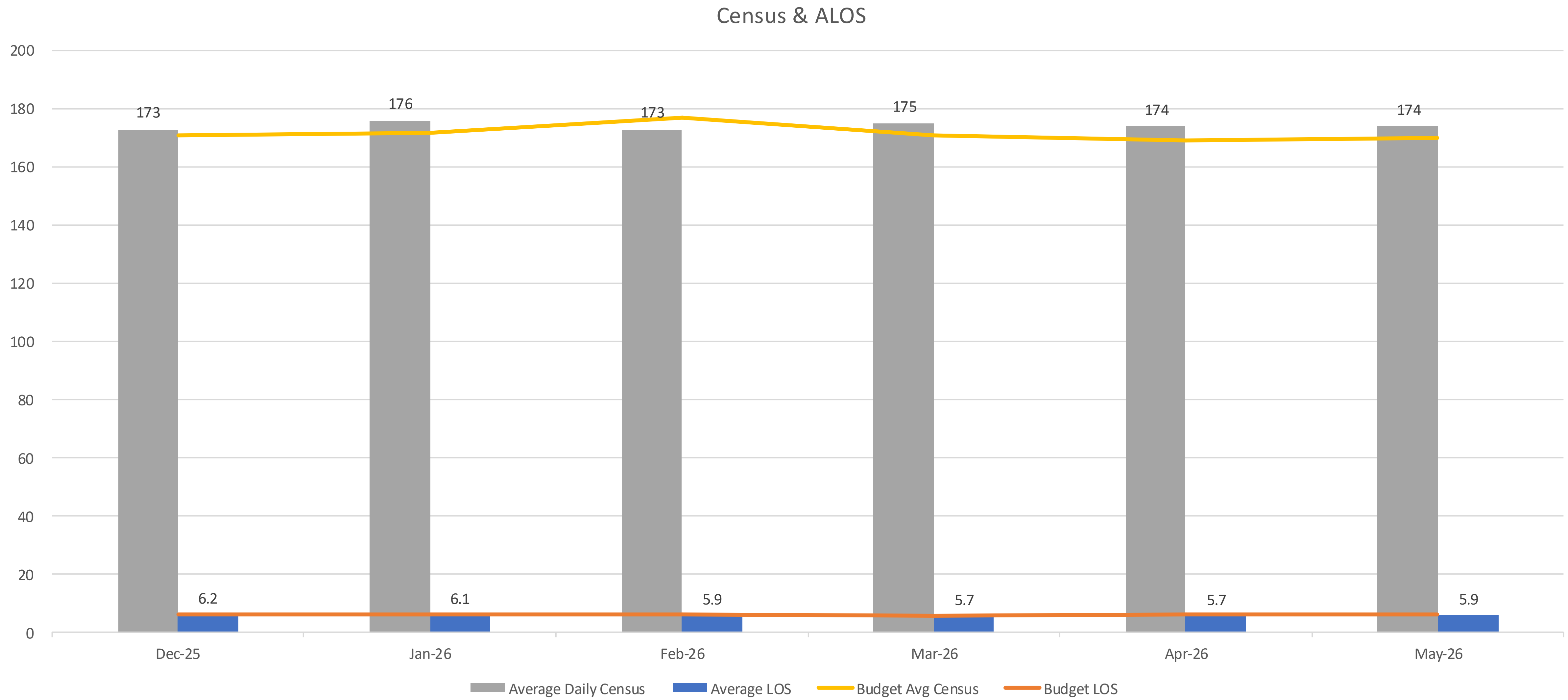
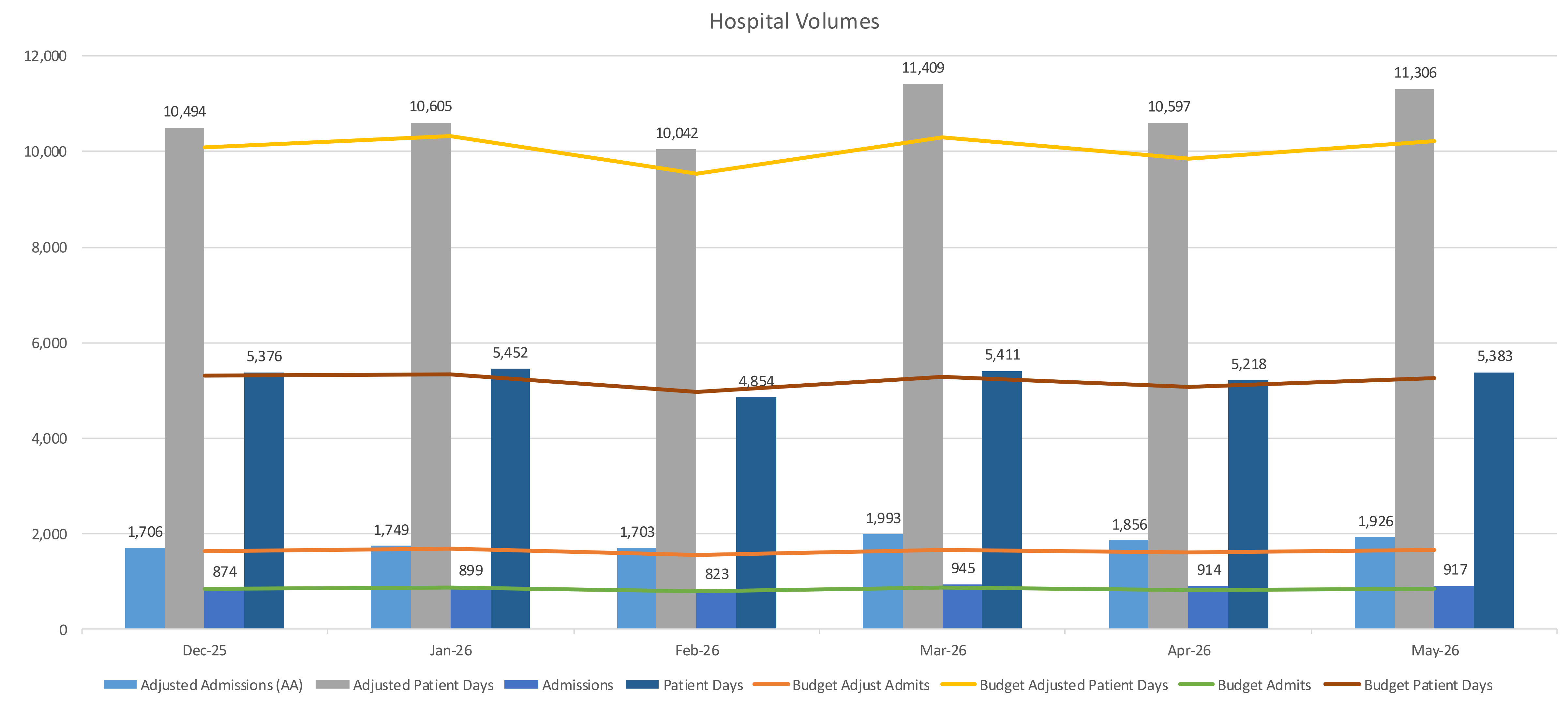
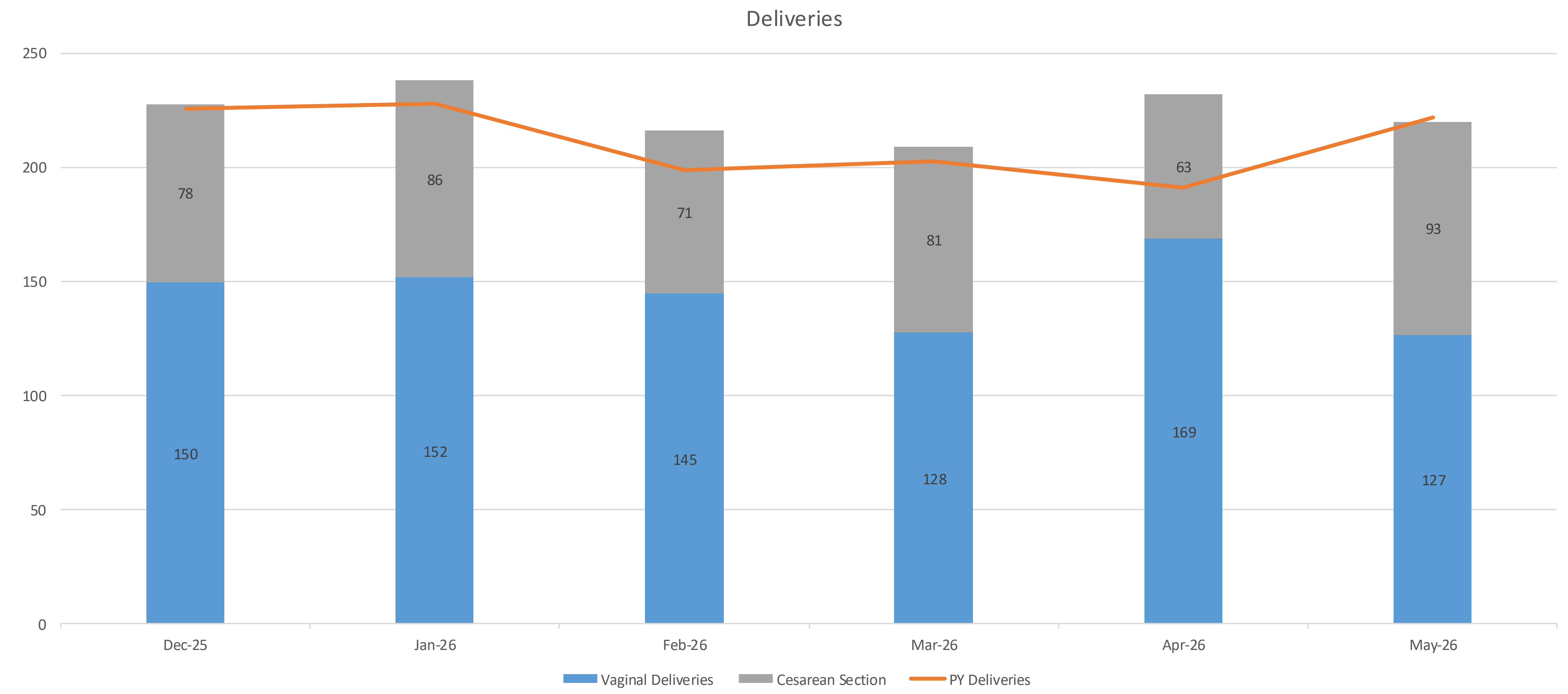
Board of Governors' Report

Kern Medical – May 2026


Census & ALOS
200
180
160
140
120
100
80
60
40
20
0
173
176
173
175
174
174
6.2
6.1
5.9
5.7
5.7
5.9
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Average Daily Census
Average LOS
Budget Avg Census
Budget LOS


Hospital Volumes
12,000
10,000
8,000
6,000
4,000
2,000
0
10,494
10,605
10,042
11,409
10,597
11,306
5,376
5,452
4,854
5,411
5,218
5,383
1,706
1,749
1,703
1,993
1,856
1,926
874
899
823
945
914
917
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Adjusted Admissions (AA)
Adjusted Patient Days
Admissions
Patient Days
Budget Adjust Admits
Budget Adjusted Patient Days
Budget Admits
Budget Patient Days



Slide 4

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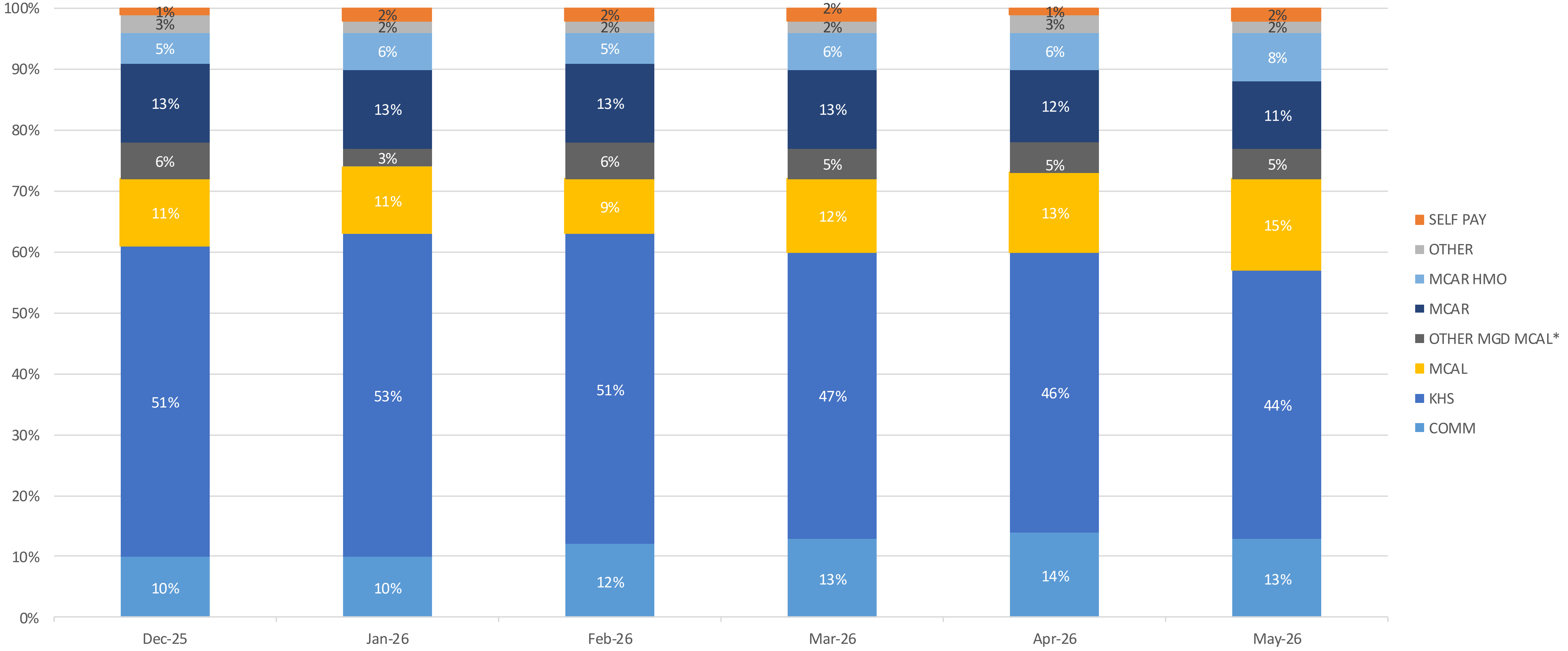
PAYER MIX



	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
SELF PAY	1%	2%	2%	2%	1%	2%
OTHER	3%	2%	2%	2%	3%	2%
MCAR HMO	5%	6%	5%	6%	6%	8%
MCAR	13%	13%	13%	13%	12%	11%
OTHER MGD MCAL*	6%	3%	6%	5%	5%	5%
MCAL	11%	11%	9%	12%	13%	15%
KHS	51%	53%	51%	47%	46%	44%
COMM	10%	10%	12%	13%	14%	13%

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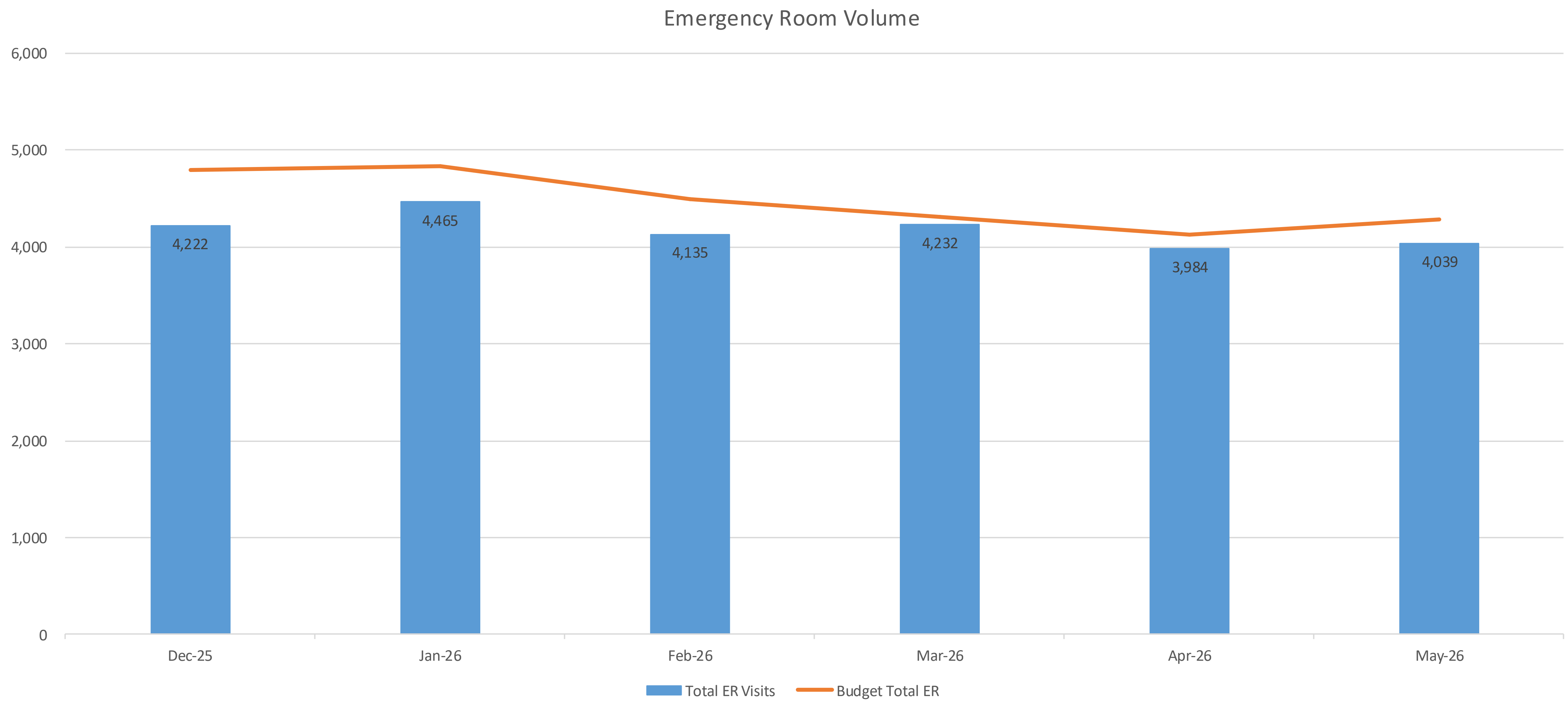
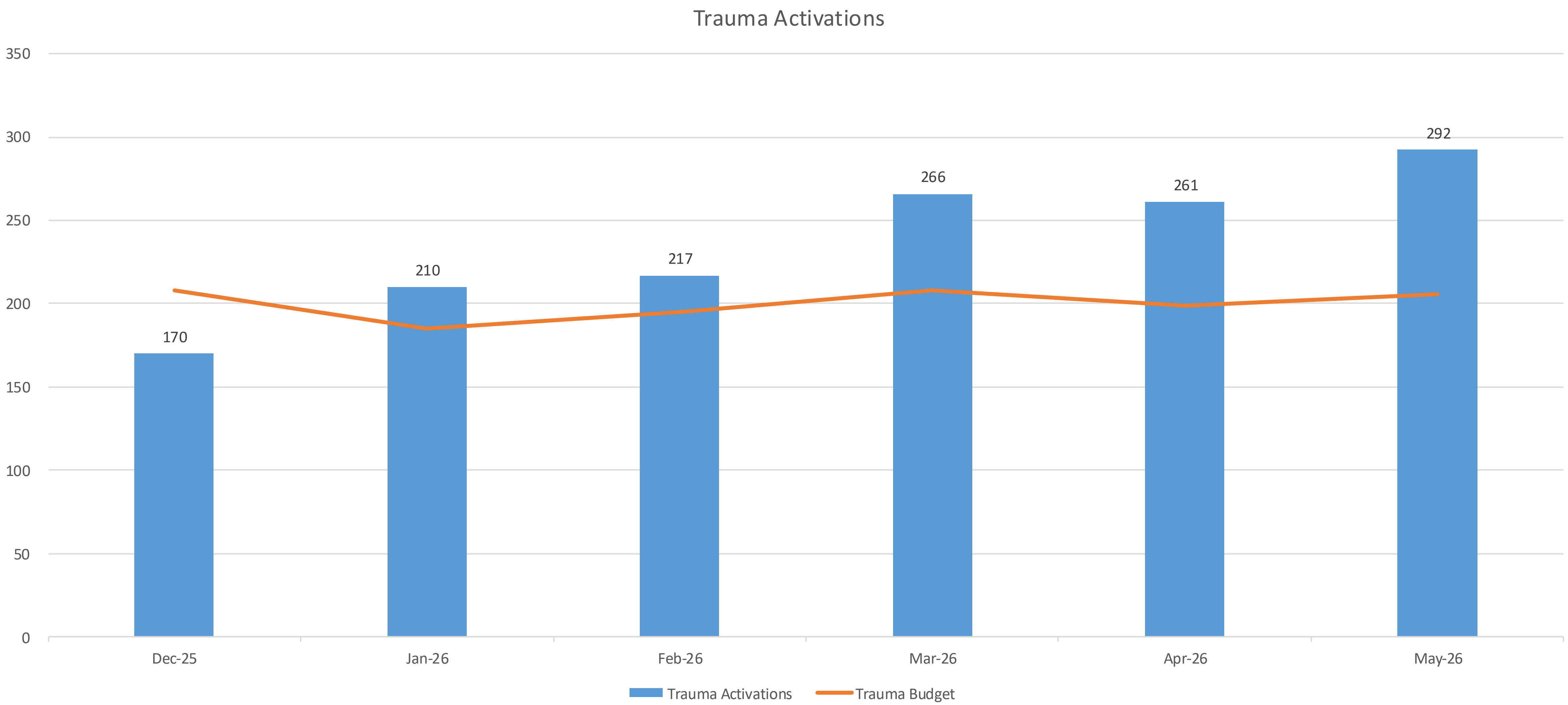

Emergency Room Volume
6,000
5,000
4,000
3,000
2,000
1,000
0
4,222
4,465
4,135
4,232
3,984
4,039
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Total ER Visits
Budget Total ER



Slide 7

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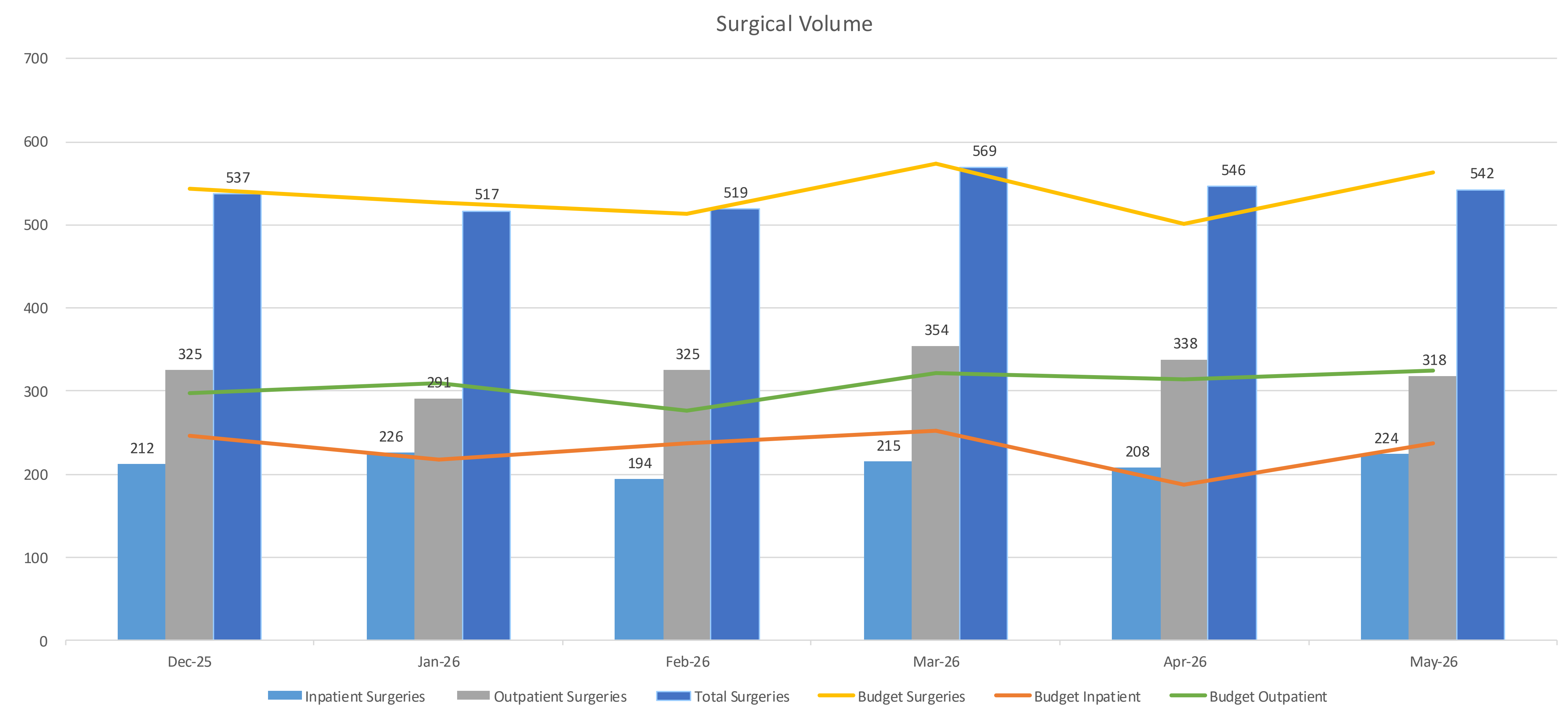

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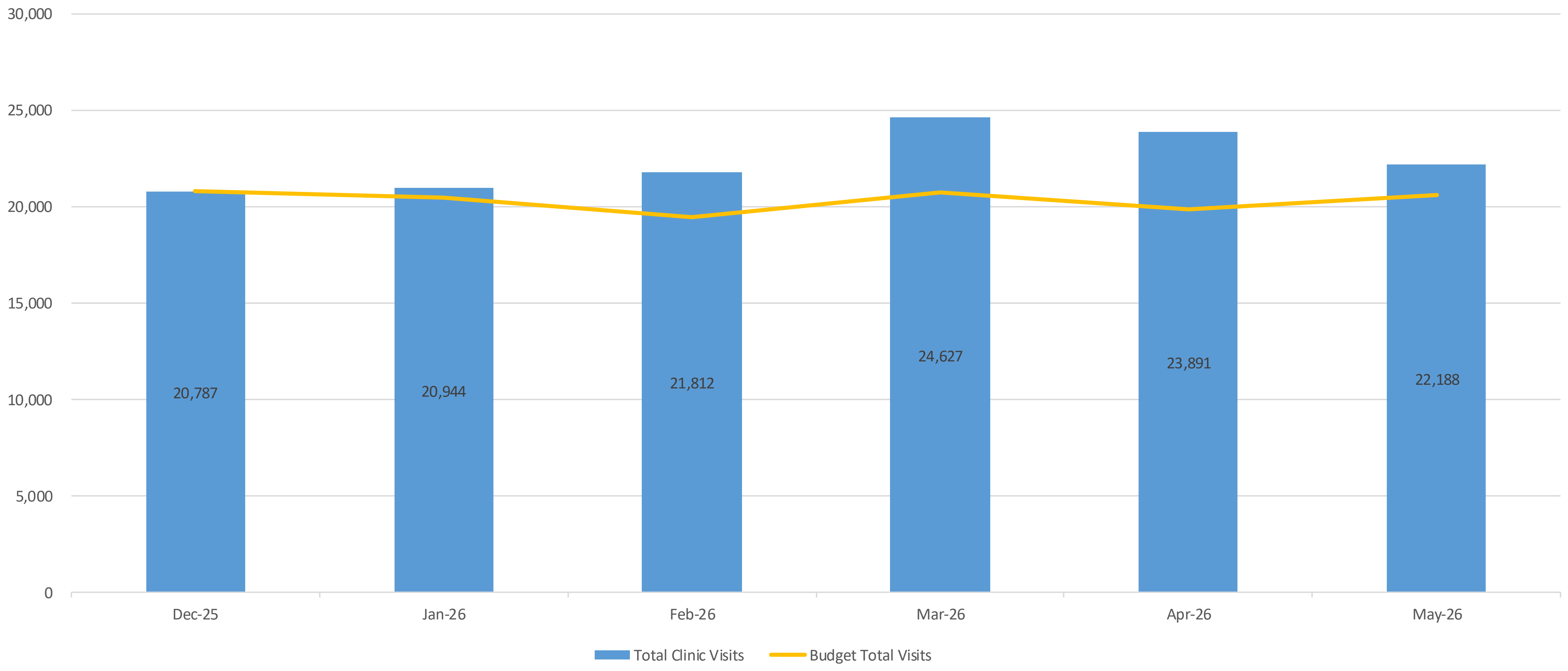
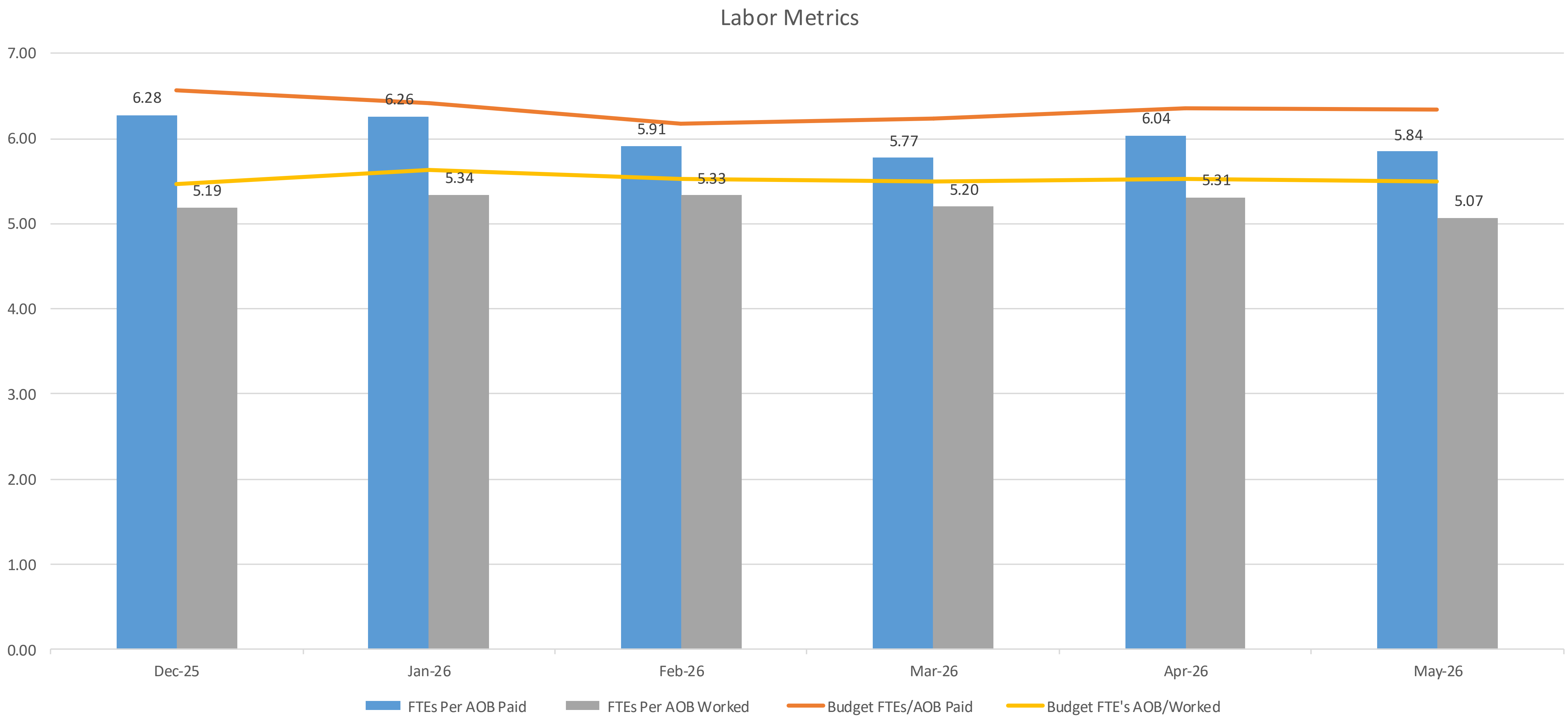
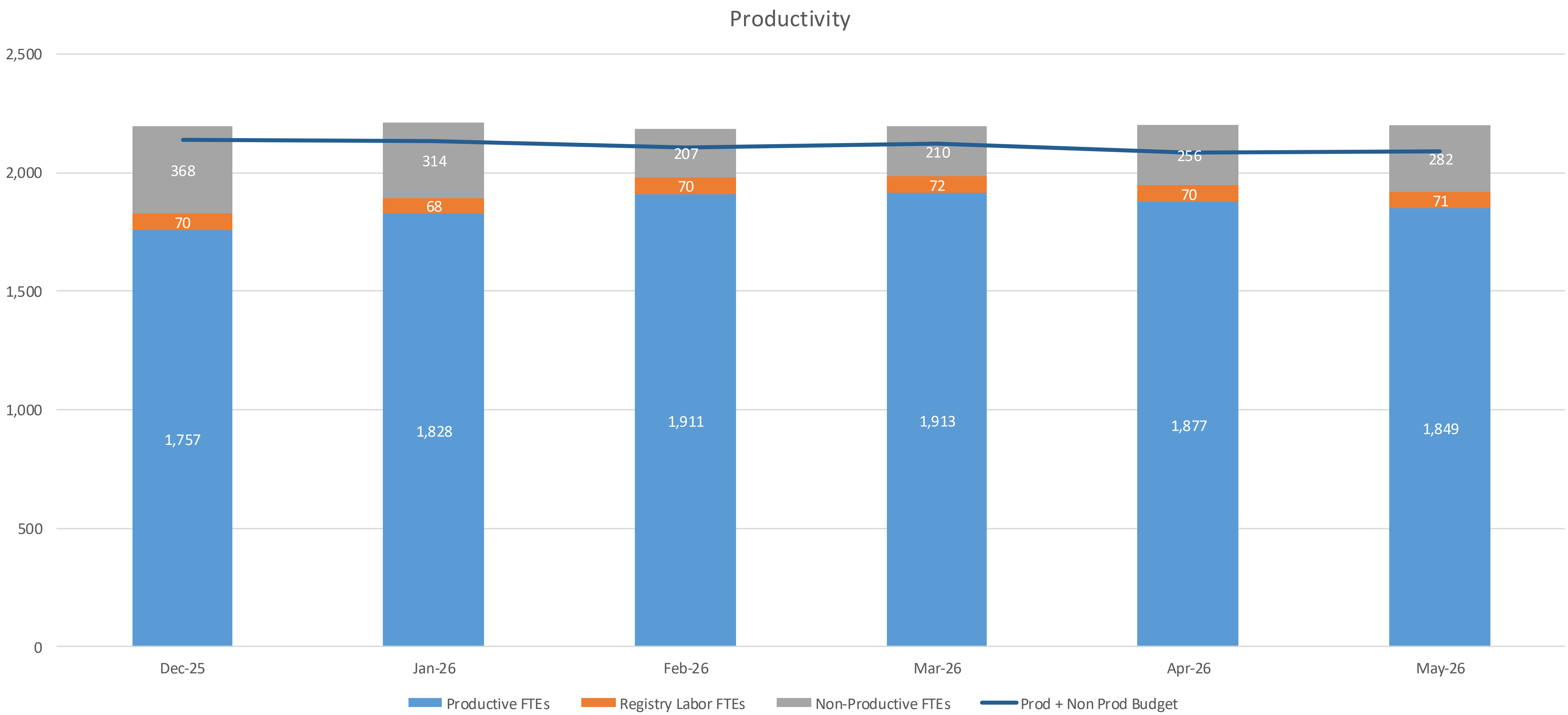
Clinic Visits

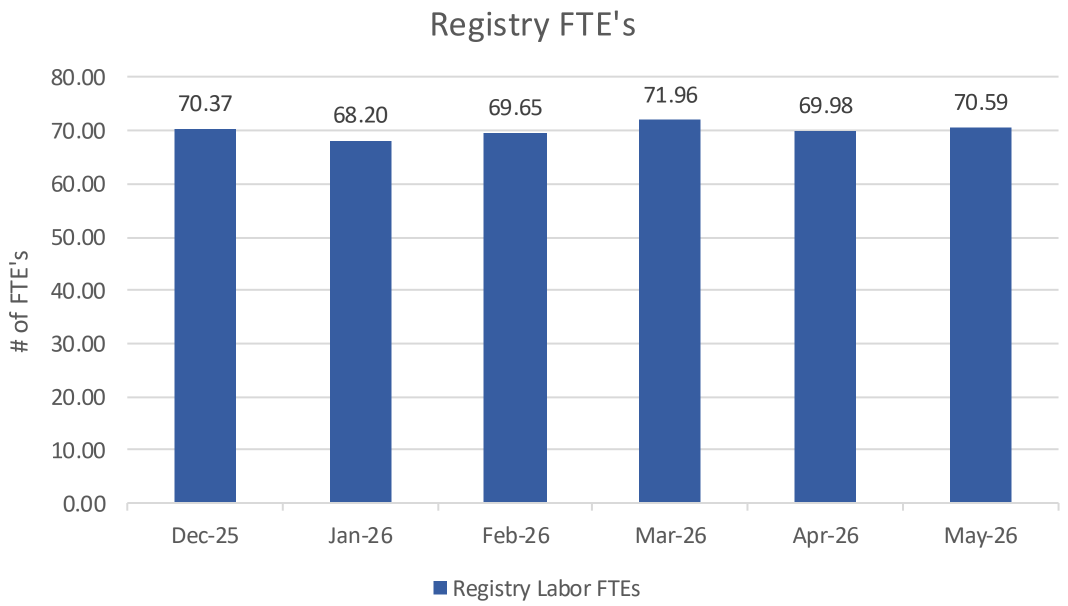




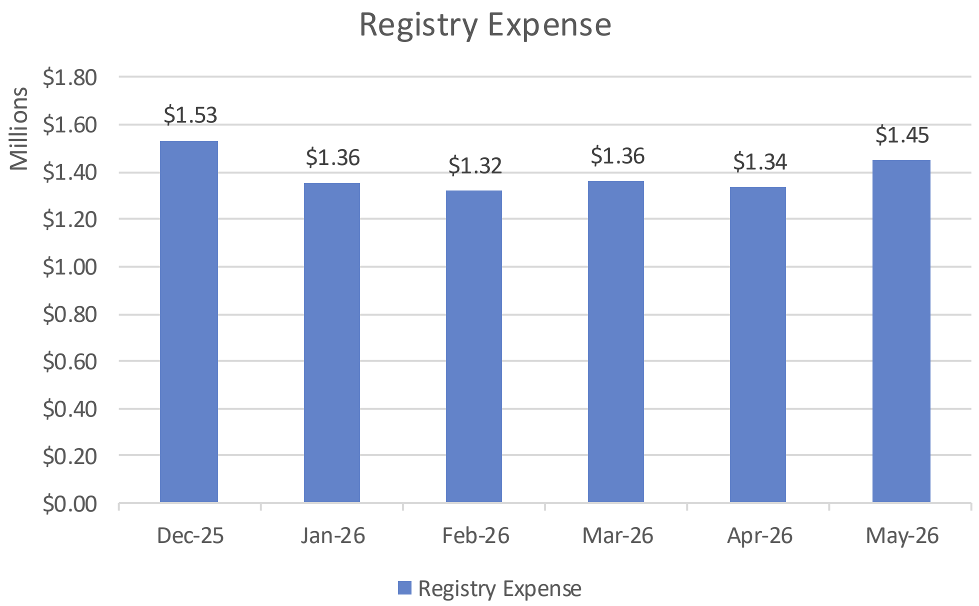
Labor Metrics
7.00
6.00
5.00
4.00
3.00
2.00
1.00
0.00
6.28
5.19
6.26
5.34
5.91
5.33
5.77
5.20
6.04
5.31
5.84
5.07
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
FTEs Per AOB Paid
FTEs Per AOB Worked
Budget FTEs/AOB Paid
Budget FTE's AOB/Worked



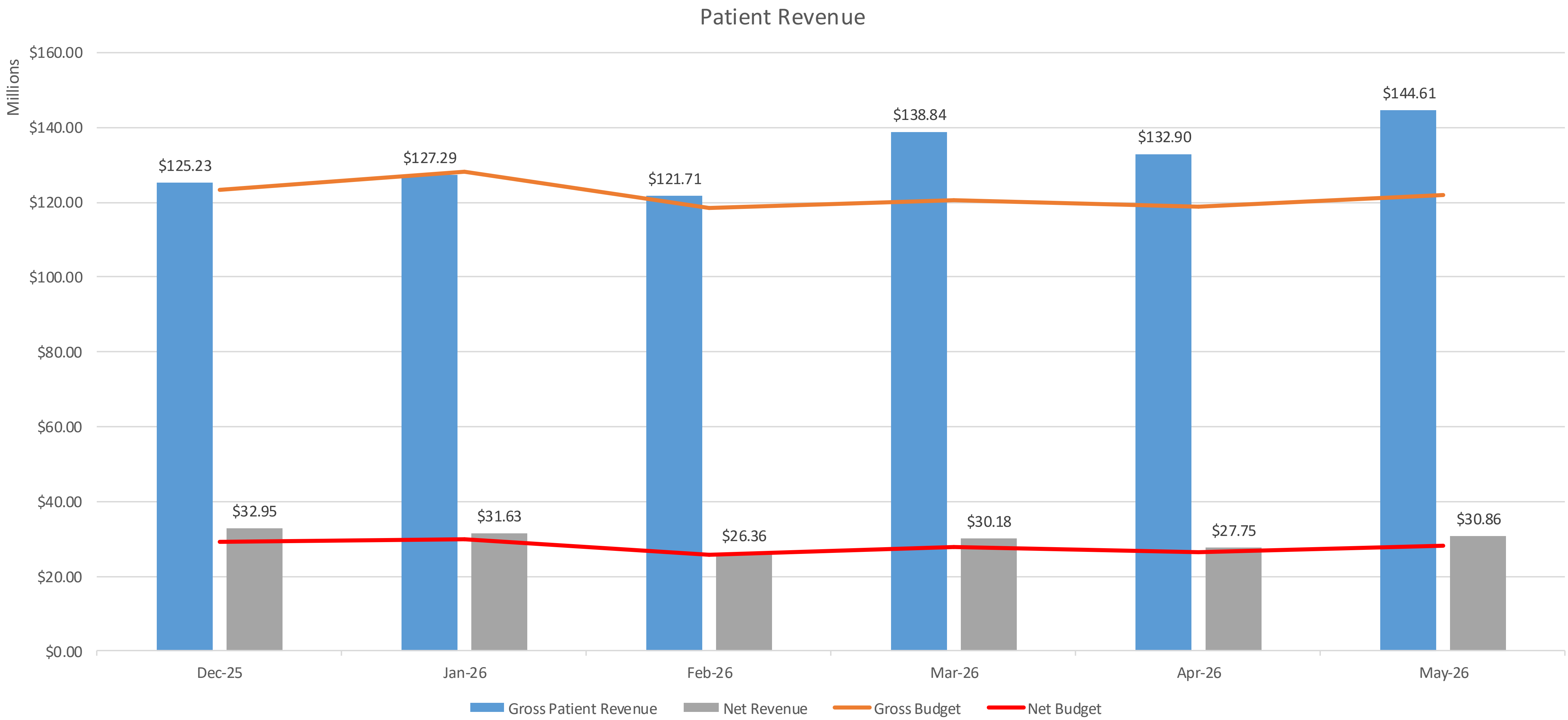
KernMedical | 160 YEARS Health for Life.



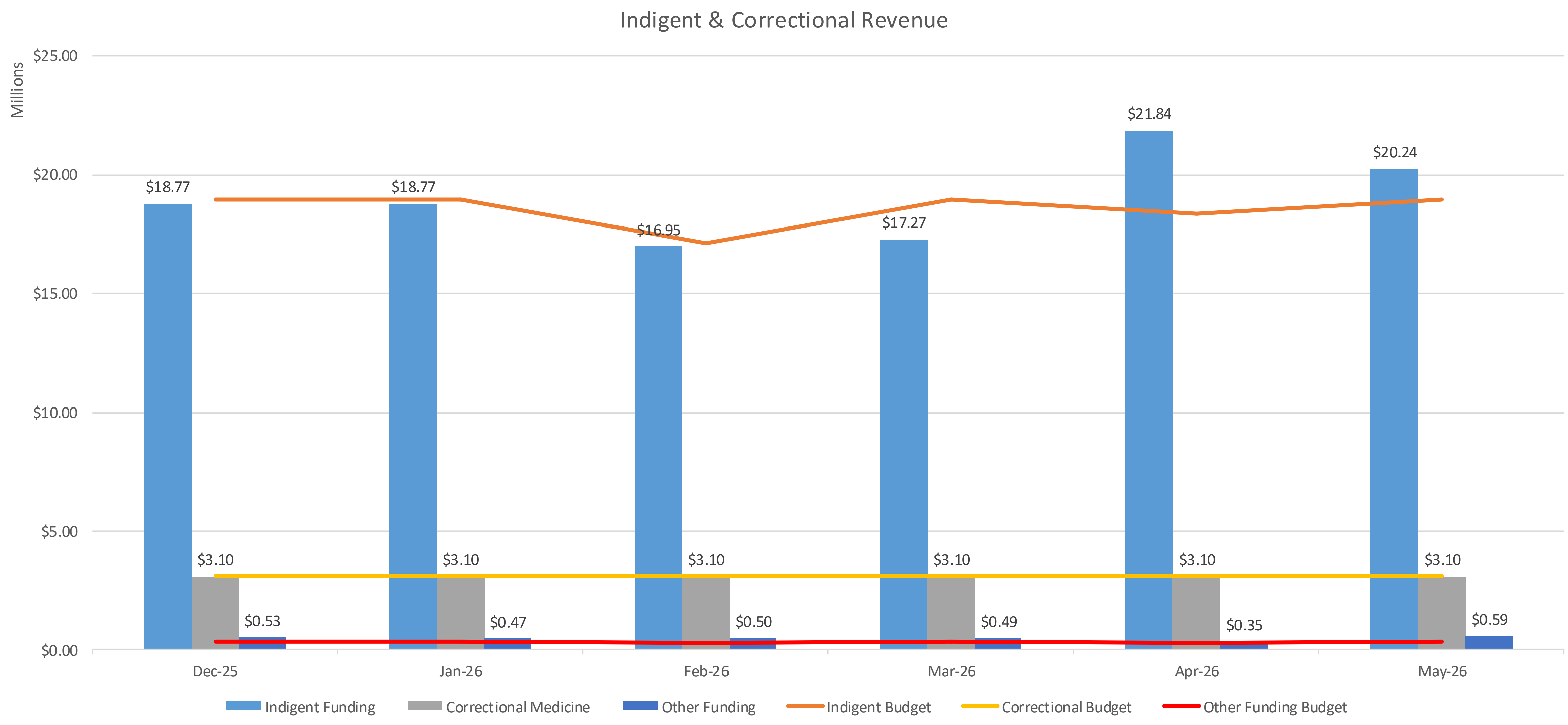
Registry FTE's
# of FTE's
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
70.37
68.20
69.65
71.96
69.98
70.59
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Registry Labor FTEs



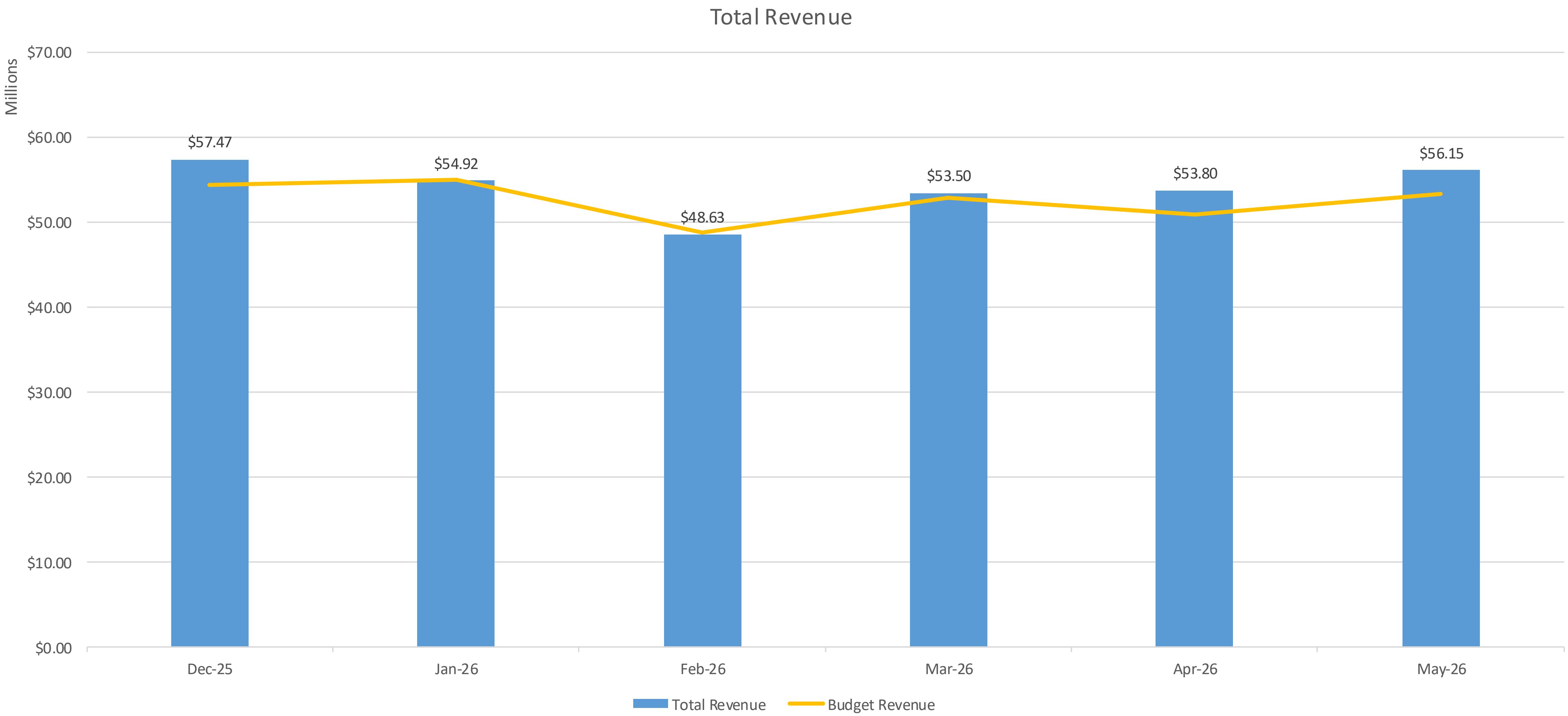
Registry Expense
Millions
$1.80
$1.60
$1.40
$1.20
$1.00
$0.80
$0.60
$0.40
$0.20
$0.00
$1.53
$1.36
$1.32
$1.36
$1.34
$1.45
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Registry Expense

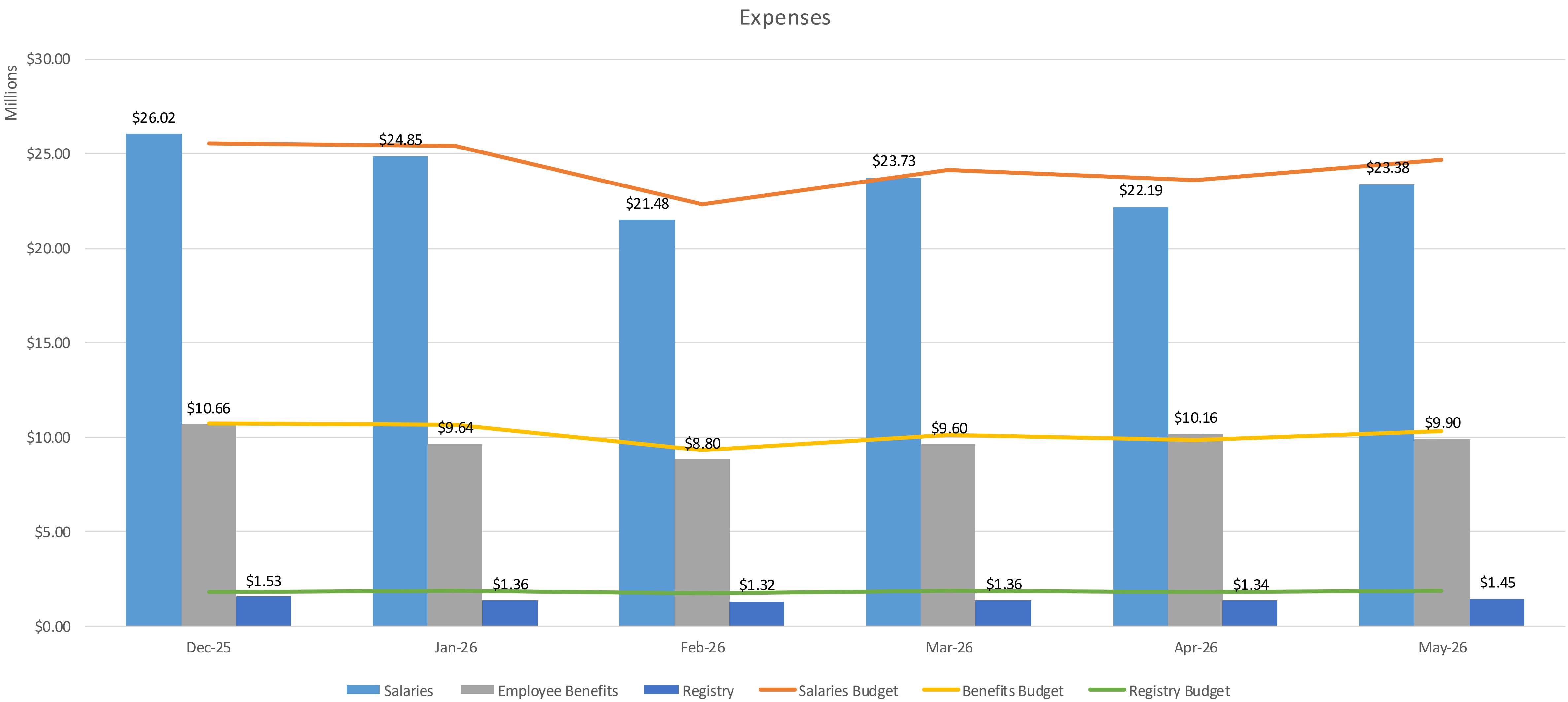


Patient Revenue
Millions
$160.00
$140.00
$120.00
$100.00
$80.00
$60.00
$40.00
$20.00
$0.00
$125.23
$32.95
$127.29
$31.63
$121.71
$26.36
$138.84
$30.18
$132.90
$27.75
$144.61
$30.86
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Gross Patient Revenue
Net Revenue
Gross Budget
Net Budget



Indigent & Correctional Revenue
Millions
$25.00
$20.00
$15.00
$10.00
$5.00
$0.00
$18.77
$18.77
$16.95
$17.27
$21.84
$20.24
$3.10
$3.10
$3.10
$3.10
$3.10
$3.10
$0.53
$0.47
$0.50
$0.49
$0.35
$0.59
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Indigent Funding
Correctional Medicine
Other Funding
Indigent Budget
Correctional Budget
Other Funding Budget


Total Revenue
Millions
$70.00
$60.00
$50.00
$40.00
$30.00
$20.00
$10.00
$0.00
$57.47
$54.92
$48.63
$53.50
$53.80
$56.15
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Total Revenue
Budget Revenue



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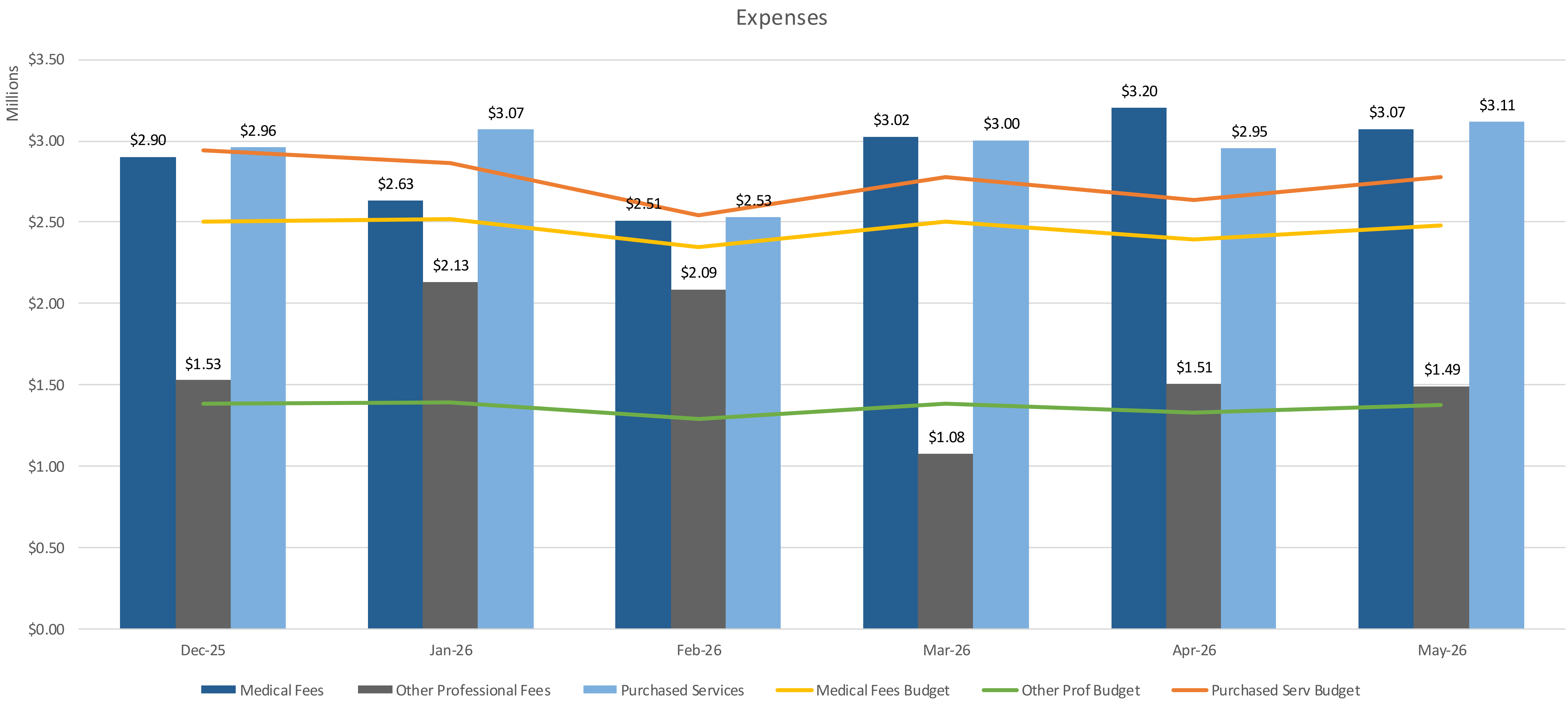
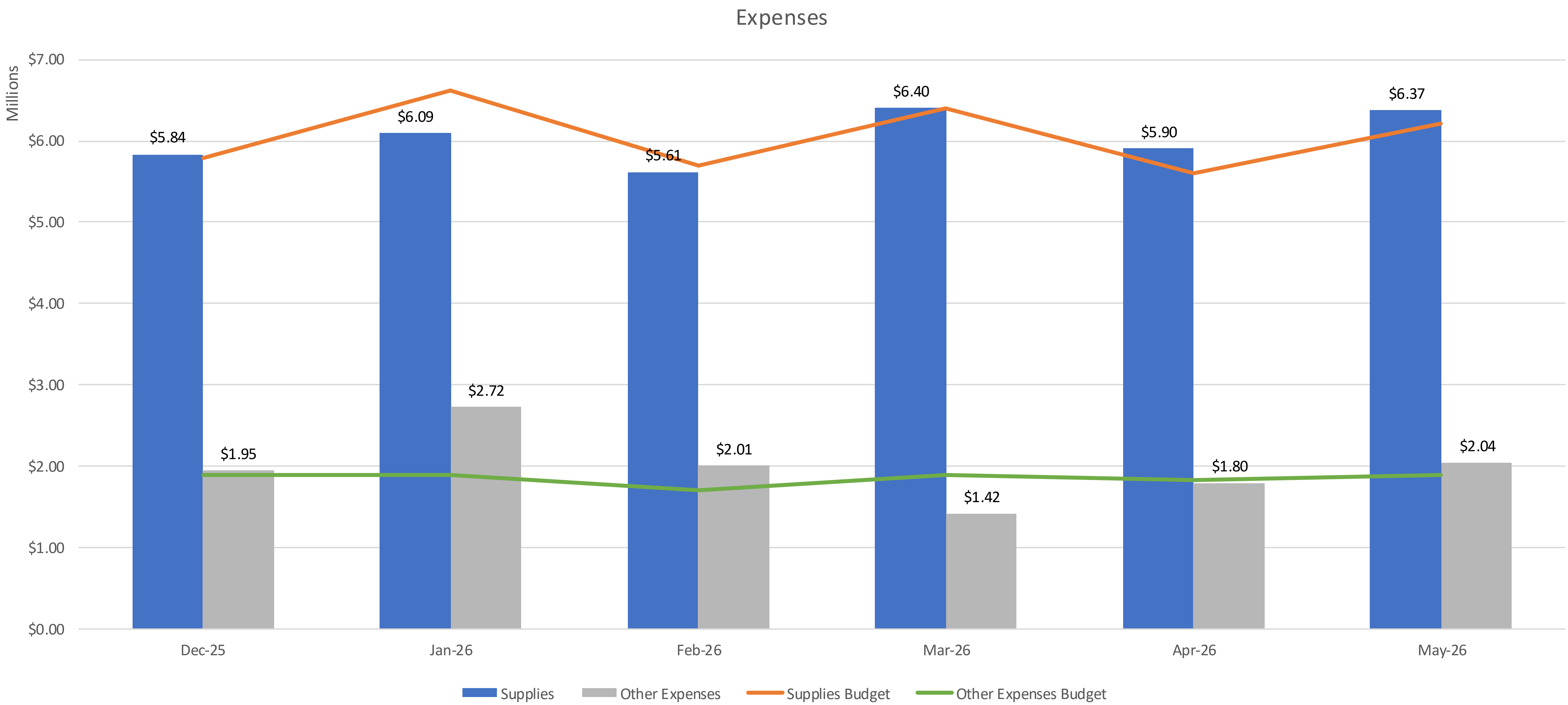


Expenses
Millions
$3.50
$3.00
$2.50
$2.00
$1.50
$1.00
$0.50
$0.00
$2.90
$1.53
$2.96
$2.63
$2.13
$3.07
$2.51
$2.09
$2.53
$3.02
$1.08
$3.00
$3.20
$1.51
$2.95
$3.07
$1.49
$3.11
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Medical Fees
Other Professional Fees
Purchased Services
Medical Fees Budget
Other Prof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



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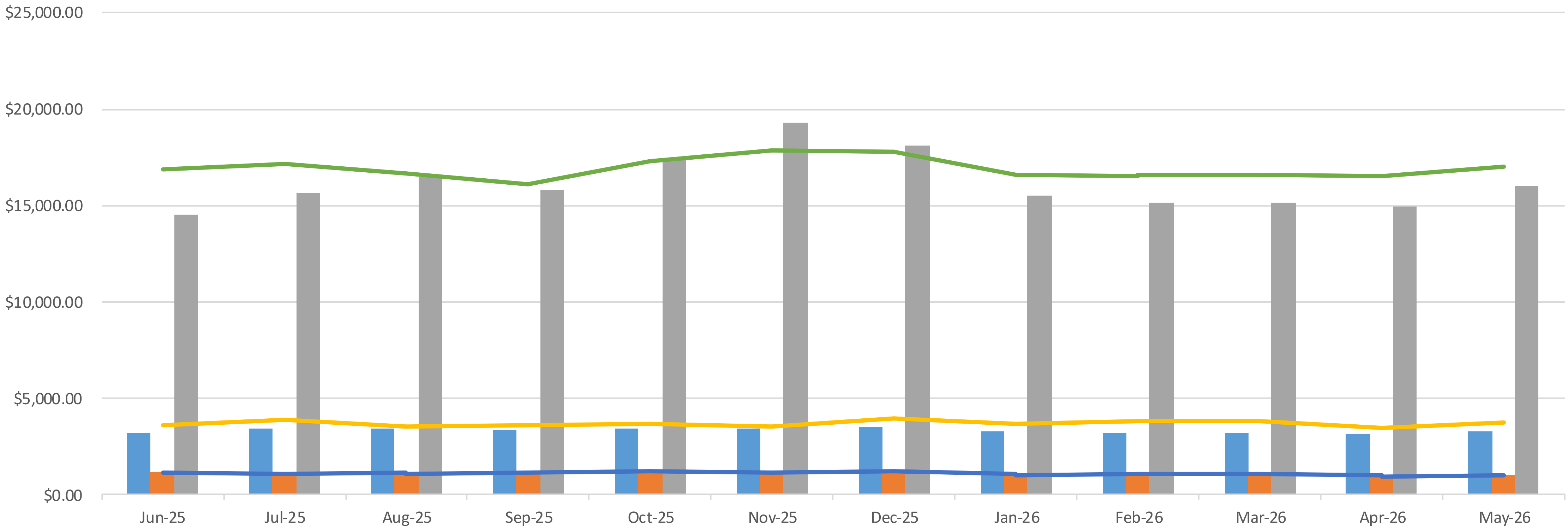
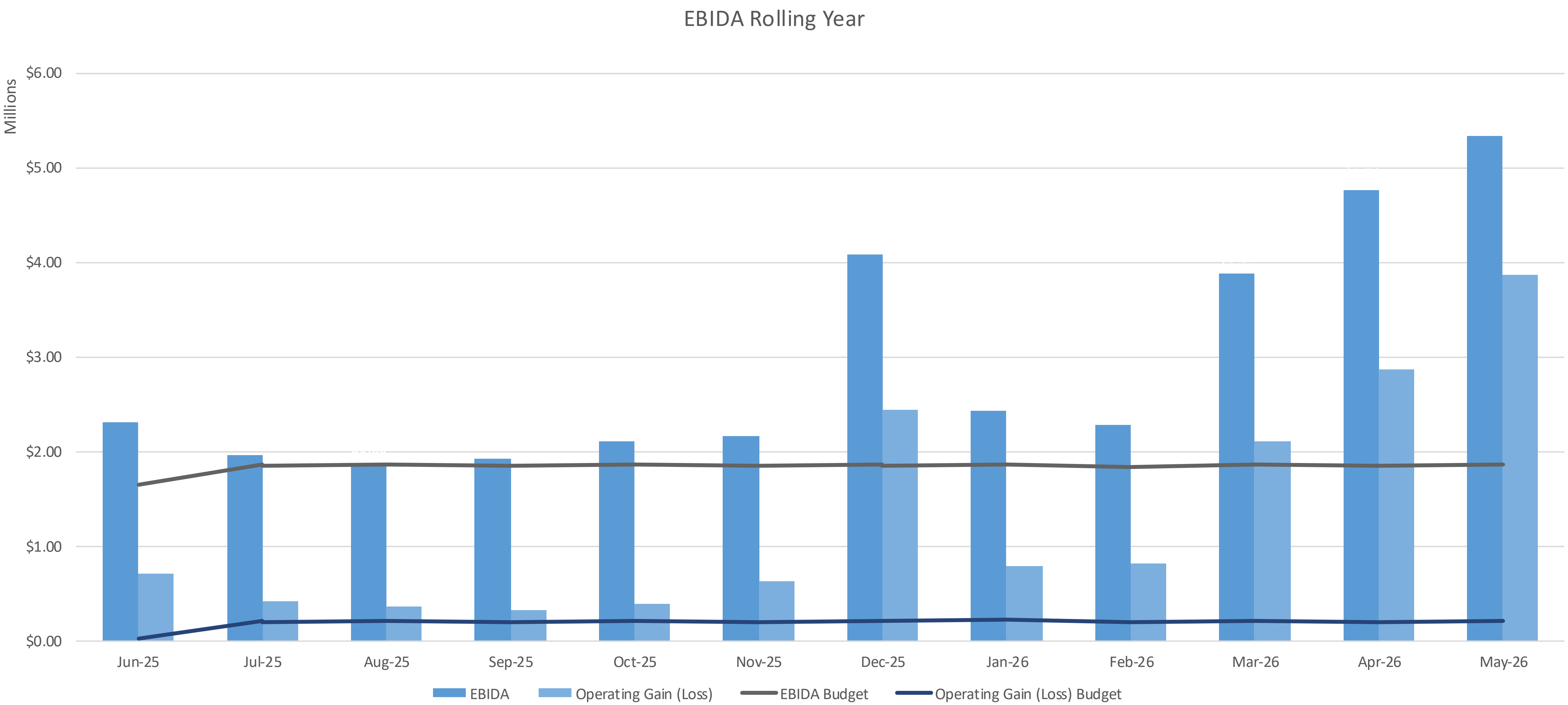
Operating Metrics



	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Supply Expense per AA	$3,191	$3,412	$3,471	$3,338	$3,458	$3,421	$3,482	$3,298	$3,212	$3,212	$3,178	$3,308
Pharm Cost per AA	$1,192	$1,199	$1,118	$1,140	$1,194	$1,094	$1,211	$1,093	$971	$971	$1,032	$1,069
Net Revenue Per AA	$14,532	$15,633	$16,506	$15,778	$17,508	$19,312	$18,085	$15,482	$15,148	$15,148	$14,950	$16,021
Budget Supp/AA	$3,583	$3,909	$3,567	$3,604	$3,686	$3,532	$3,943	$3,669	$3,822	$3,822	$3,497	$3,741
Budget Pharm/AA	$1,160	$1,098	$1,142	$1,162	$1,228	$1,162	$1,230	$1,065	$1,092	$1,092	$990	$1,018
Budget Net Rev/AA	$16,892	$17,181	$16,643	$16,073	$17,329	$17,863	$17,783	$16,593	$16,581	$16,581	$16,493	$17,003



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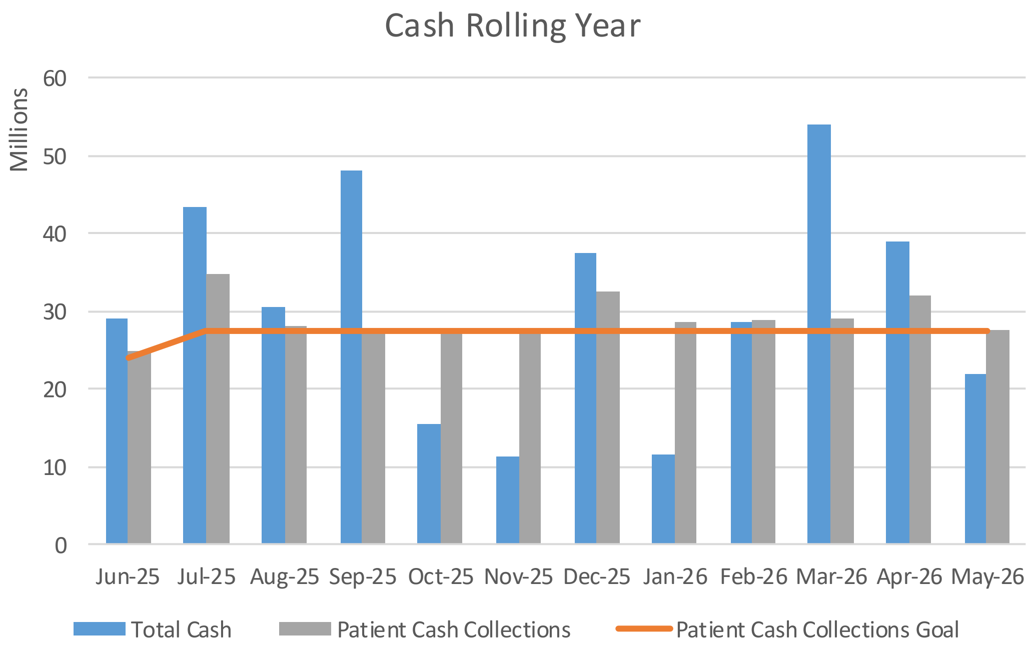

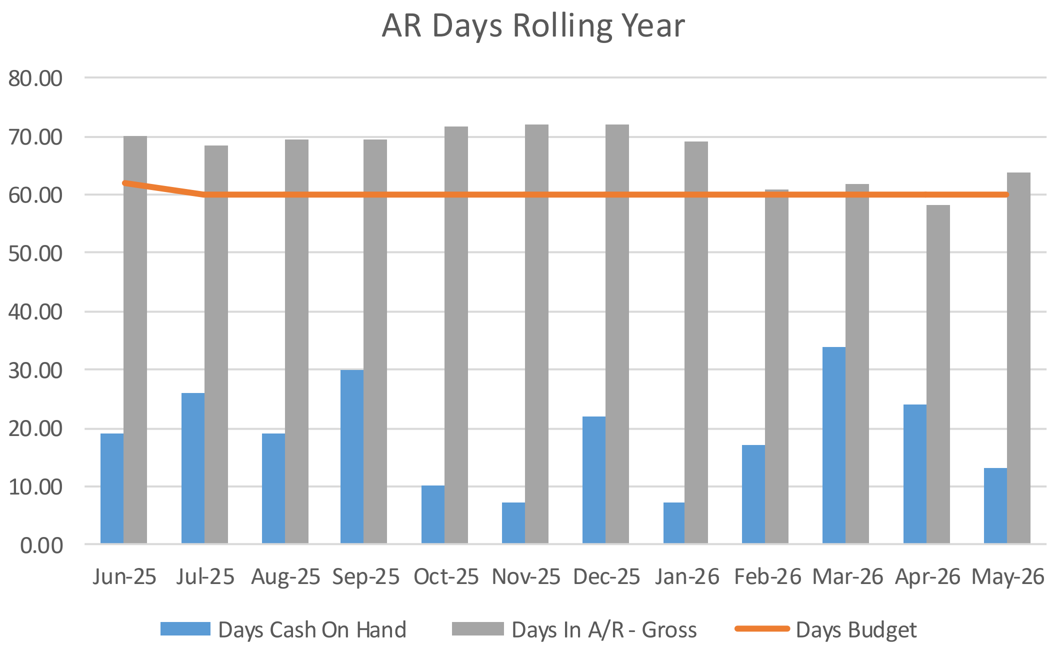

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KERN MEDICAL
3-Month Trend Analysis: Revenues & Expenses
May 31, 2026

	MARCH	APRIL	MAY	BUDGET MAY	VARIANCE POS (NEG)	PY MAY
Gross Patient Revenue	$ 138,835,088	$ 132,901,718	$ 144,609,987	$ 121,827,262	19%	$ 125,810,620
Contractual Deductions	(108,651,815)	(105,150,275)	(113,753,728)	(93,564,212)	22%	(83,727,130)
Net Revenue	30,183,273	27,751,443	30,856,259	28,263,050	9%	42,083,491
Indigent Funding	17,270,930	21,839,978	20,238,739	18,973,856	7%	22,560,508
Correctional Medicine	3,097,714	3,097,712	3,097,713	3,095,522	0.1%	5,673,626
County Contribution	285,211	285,211	285,211	285,211	(0%)	285,211
Incentive Funding	208,356	66,537	302,616	72,378	318%	95,309
Net Patient Revenue	51,045,484	53,040,882	54,780,538	50,690,017	8%	70,698,144
Other Operating Revenue	2,433,190	736,870	1,355,264	2,746,242	(51%)	3,872,452
Other Non-Operating Revenue	18,058	18,963	14,885	12,060	23%	11,619
Total Revenues	53,496,732	53,796,715	56,150,687	53,448,319	5.1%	74,582,215
Expenses						
Salaries	23,734,647	22,186,875	23,376,008	24,675,933	(5%)	22,675,175
Employee Benefits	9,601,619	10,160,711	9,899,306	10,319,475	(4%)	(2,226,052)
Registry	1,361,962	1,336,449	1,449,594	1,850,725	(22%)	1,681,019
Medical Fees	3,024,479	3,201,290	3,071,944	2,483,431	24%	2,388,135
Other Professional Fees	1,077,527	1,505,747	1,492,346	1,375,942	8%	1,611,738
Supplies	6,400,198	5,898,579	6,370,555	6,218,554	2%	4,773,067
Purchased Services	3,001,778	2,953,065	3,114,765	2,773,587	12%	3,059,054
Other Expenses	1,419,555	1,796,421	2,044,295	1,890,090	8%	8,606,604
Operating Expenses	49,621,765	49,039,137	50,818,814	51,587,736	(1%)	42,568,740
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	$ 3,874,967	$ 4,757,578	$ 5,331,873	$ 1,860,583	186.6%	$ 32,013,475
EBIDA Margin	7%	9%	9%	3%	173%	43%
Interest	317,786	275,264	264,111	339,518	(22%)	295,083
Depreciation	726,652	928,031	530,609	657,304	(19%)	731,372
Amortization	717,552	685,920	675,283	652,001	4%	585,896
Total Expenses	51,383,754	50,928,353	52,288,818	53,236,559	(2%)	44,181,092
Operating Gain (Loss)	$ 2,112,978	$ 2,868,363	$ 3,861,869	$ 211,760	1,724%	$ 30,401,123
Operating Margin	3.95%	5.33%	6.88%	0.40%	1,635.9%	40.8%

KERN MEDICAL
Year-to-Date Analysis: Revenues & Expenses
May 31, 2026

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	$ 1,420,955,892	$ 1,342,167,983	6%	$ 1,296,712,119	10%
Contractual Deductions	(1,097,594,662)	(1,035,336,357)	6%	(999,789,098)	10%
Net Revenue	323,361,230	306,831,626	5%	296,923,022	9%
Indigent Funding	204,465,830	205,040,059	(0%)	205,082,483	(0%)
Correctional Medicine	34,074,847	34,050,745	0%	36,650,762	(7%)
County Contribution	3,137,320	3,137,320	(0%)	3,137,318	0%
Incentive Funding	1,764,662	782,145	126%	953,455	85%
Net Patient Revenue	566,803,888	549,841,895	3%	542,747,040	4%
Other Operating Revenue	17,212,209	29,677,131	(42%)	30,272,383	(43%)
Other Non-Operating Revenue	211,143	131,416	61%	142,143	49%
Total Revenues	584,227,240	579,650,442	1%	573,161,567	2%
Expenses					
Salaries	257,903,242	267,410,224	(4%)	247,808,966	4%
Employee Benefits	106,739,349	111,830,956	(5%)	90,824,253	18%
Registry	16,336,047	19,911,861	(18%)	20,202,592	(19%)
Medical Fees	32,596,580	27,061,187	20%	27,259,964	20%
Other Professional Fees	16,879,216	14,973,276	13%	15,760,753	7.1%
Supplies	66,578,446	66,762,310	(0%)	61,903,763	8%
Purchased Services	32,889,510	30,853,251	7%	31,485,747	4%
Other Expenses	21,400,449	20,425,164	5%	26,540,681	(19%)
Operating Expenses	551,322,838	559,228,228	(1%)	521,786,718	6%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	$ 32,904,402	$ 20,422,215	61%	$ 51,374,849	(36.0%)
EBIDA Margin	6%	4%	60%	9%	(37%)
Interest	3,097,951	3,712,052	(17%)	3,778,577	(18%)
Depreciation	7,556,594	7,230,339	5%	7,576,765	(0%)
Amortization	7,119,183	7,172,016	(1%)	6,653,648	7%
Total Expenses	569,096,566	577,342,635	(1%)	539,795,708	5%
Operating Gain (Loss)	$ 15,130,674	$ 2,307,807	556%	$ 33,365,859	(55%)
Operating Margin	2.6%	0.4%	550.5%	5.8%	(56%)

KERN MEDICAL
BALANCE SHEET

	MAY 2026	MAY 2025
ASSETS:		
Total Cash	**$ 21,934,013**	**$ 53,584,870**
Patient Receivables Subtotal	293,591,837	305,951,413
Contractual Subtotal	(236,546,066)	(266,145,940)
Net Patient Receivable	**57,045,770**	**39,805,473**
Total Indigent Receivable	275,026,558	221,291,338
Total Other Receivable	19,267,941	16,730,551
Total Prepaid Expenses	6,933,289	6,455,398
Total Inventory	5,956,125	4,915,098
Total Current Assets	**386,163,696**	**342,782,727**
Deferred Outflows of Resources	113,460,412	124,532,718
Total Land, Equipment, Buildings and Intangibles	281,976,219	272,094,992
Total Construction in Progress	20,931,366	16,084,046
Total Property, Plant & Equipment	**302,907,585**	**288,179,038**
Total Accumulated Depr & Amortization	(194,777,627)	(182,215,184)
Net Property, Plant, and Equipment	**108,129,957**	**105,963,854**
Total Long Term Assets	**113,460,412**	**124,532,718**
Total Assets	**$ 607,754,065**	**$ 573,279,299**

KERN MEDICAL
BALANCE SHEET

		MAY 2026		MAY 2025
LIABILITIES & EQUITY:				
Total Accounts Payable	$	**9,015,474**	$	**9,571,986**
Total Accrued Compensation		29,088,855		27,928,905
Total Due Government Agencies		3,938,873		1,569,526
Total Other Accrued Liabilities		39,259,093		33,970,533
Total Current Liabilities		**81,302,295**		**73,040,951**
Unfunded Pension Liability		331,776,526		344,447,058
Other Long-Term Liabilities		72,928,119		80,141,793
Total Long-Term Liabilities		**404,704,645**		**424,588,851**
Total Liabilities		**486,006,939**		**497,629,802**
Total Net Position		**121,747,126**		**75,649,497**
Total Liabilities and Net Position	$	**607,754,065**	$	**573,279,299**

KERN MEDICAL
STATEMENT OF CASH FLOWS

	Fiscal Year-to-Date May 2026	Fiscal Year-End June 2025	Fiscal Year-to-Date May 2025	Fiscal Year-End June 2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for patient/current services	$ 324,291,684	$ 318,273,169	$ 290,243,750	$ 292,533,084
Cash received for other operations	232,018,075	262,872,978	255,152,606	233,602,712
Cash paid for salaries and benefits	(364,257,832)	(382,309,780)	(348,594,260)	(339,411,493)
Cash paid for services and supplies	(188,487,147)	(198,862,050)	(179,808,048)	(186,981,598)
Net cash (used in) provided by operating activities	3,564,779	(25,683)	16,994,048	(257,296)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash (provided to) received from various County funds	-	381,436	-	-
Interest paid - pension obligation bond	-	(2,539,472)	-	420,331
Principal paid - pension obligation bond	-	(1,062,281)	-	(1,062,281)
Interest paid - line of credit	-	(783,152)	-	-
Line of credit payment	-	-	-	-
Net cash provided by (used in) noncapital financing activities	-	(4,003,469)	-	(641,950)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition or construction of capital assets	(13,565,336)	(13,228,131)	(10,345,660)	(18,896,864)
Payments on right-of-usage lease liability	3,822,953	(3,802,269)	(2,659,700)	3,896,089
Interest paid - right-of-usage lease liability	1,499	-	(7,667)	31,211
Payments on SBITA liability	(630,300)	(817,100)	(697,975)	(752,150)
Interest paid - SBITA	(512)	-	(534)	2,013
Net cash used by capital and related financing activities	(10,371,695)	(17,847,500)	(13,711,536)	(15,719,700)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on bank deposits and investments	-	185,478	-	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,806,916)	(21,691,174)	3,282,512	(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	$ 21,934,013	$ 28,740,929	$ 53,584,870	$ 50,302,358