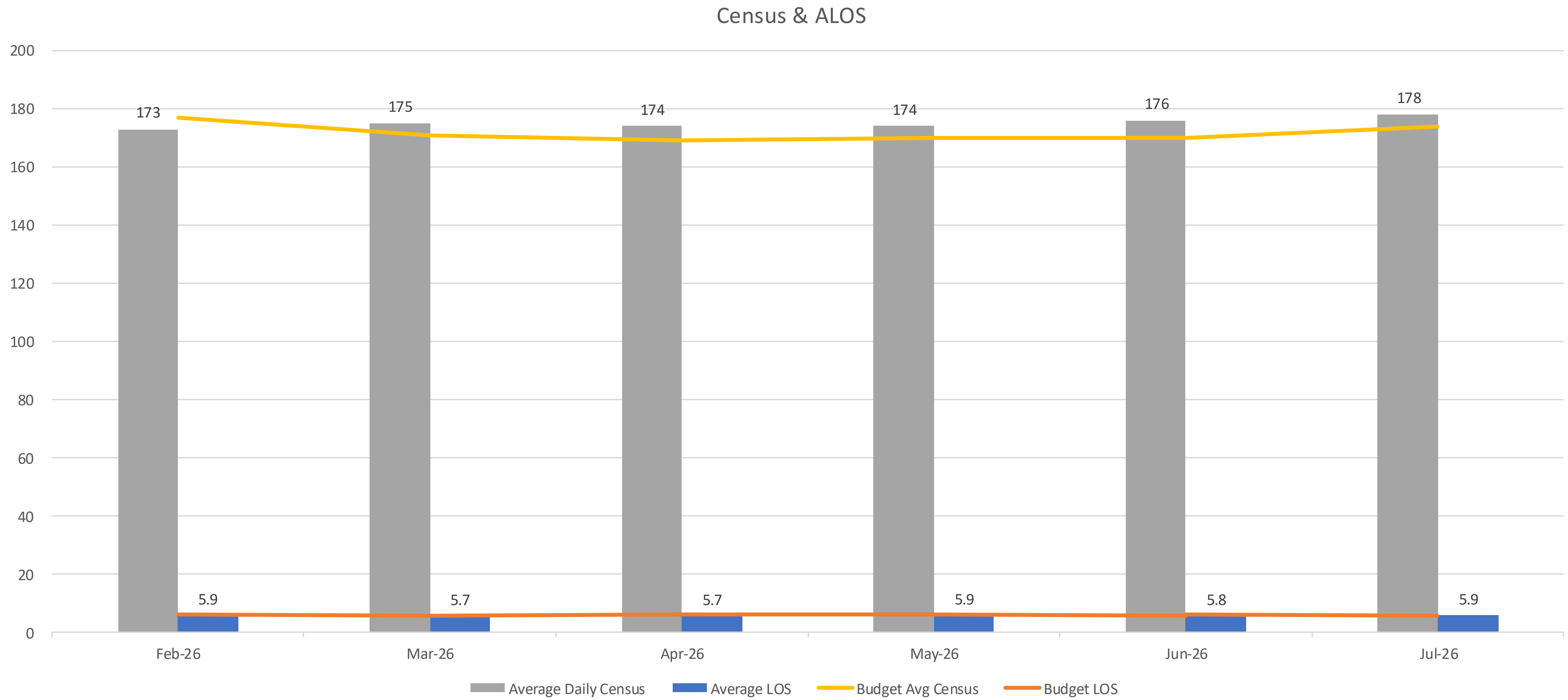
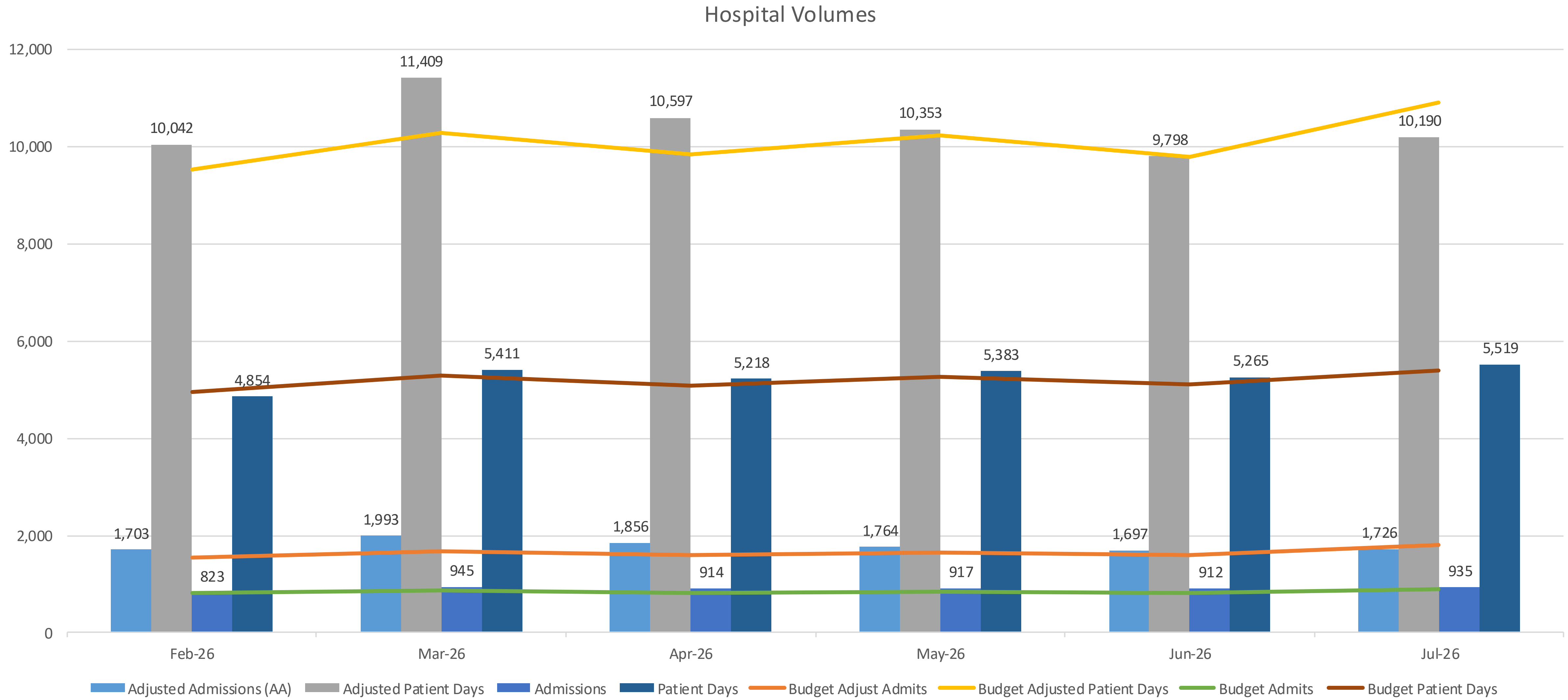
Board of Governors' Report

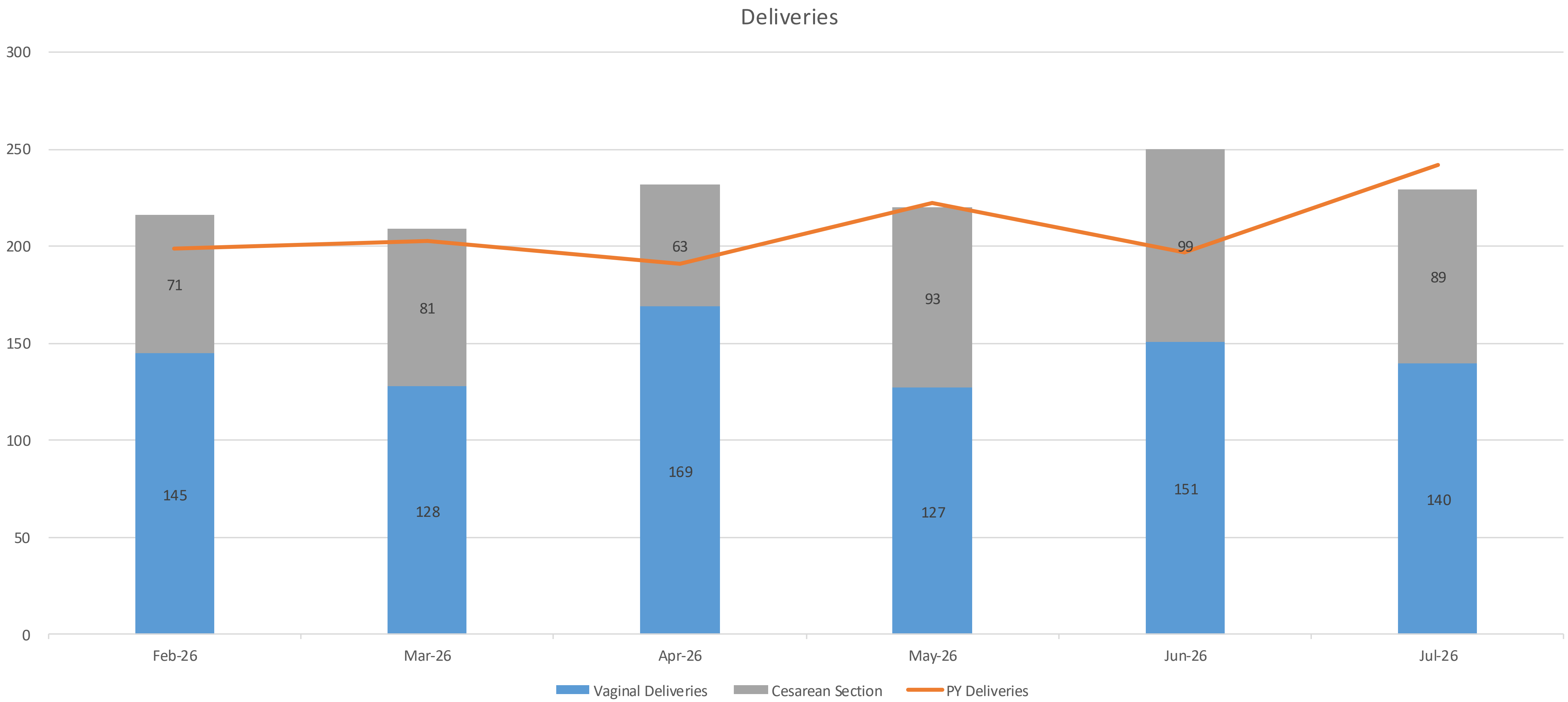
Kern Medical – July 2026

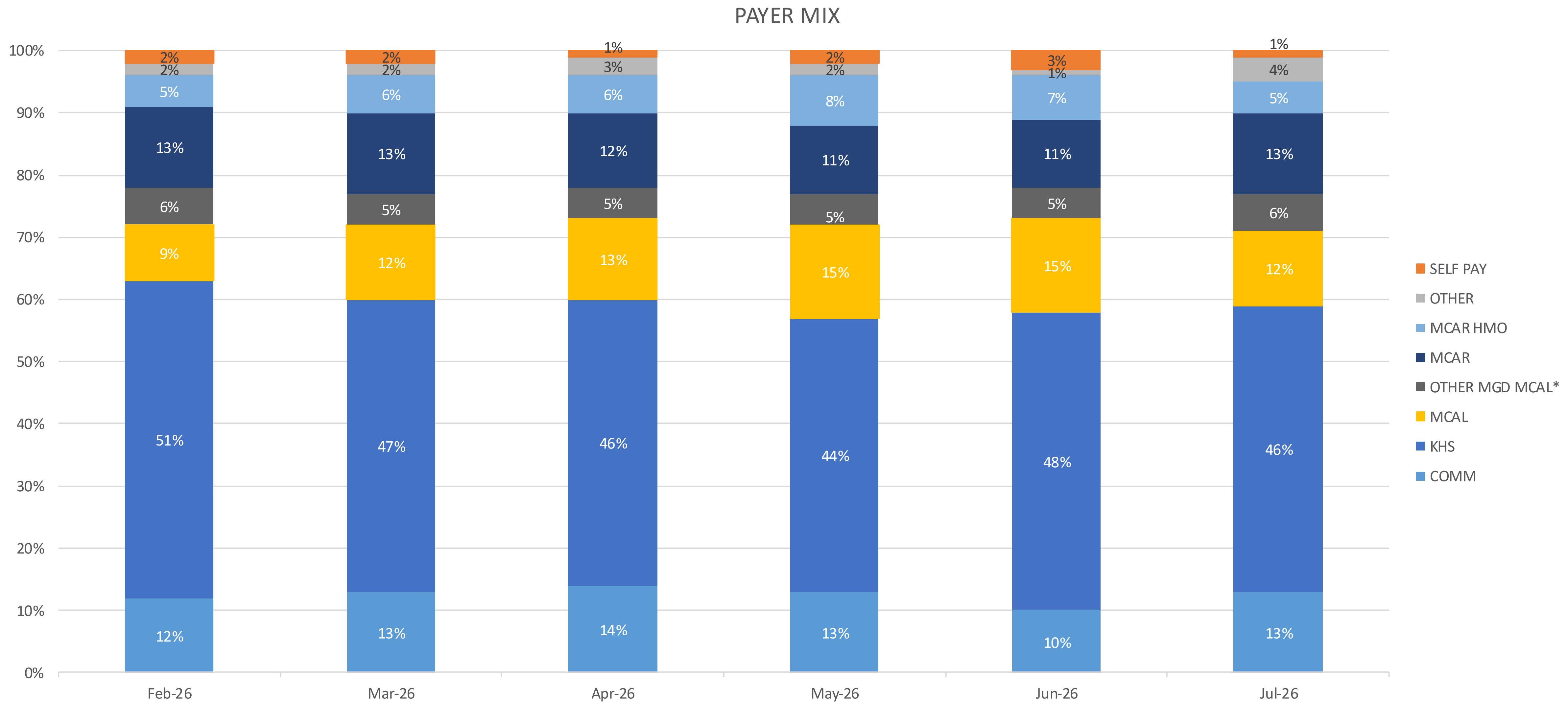


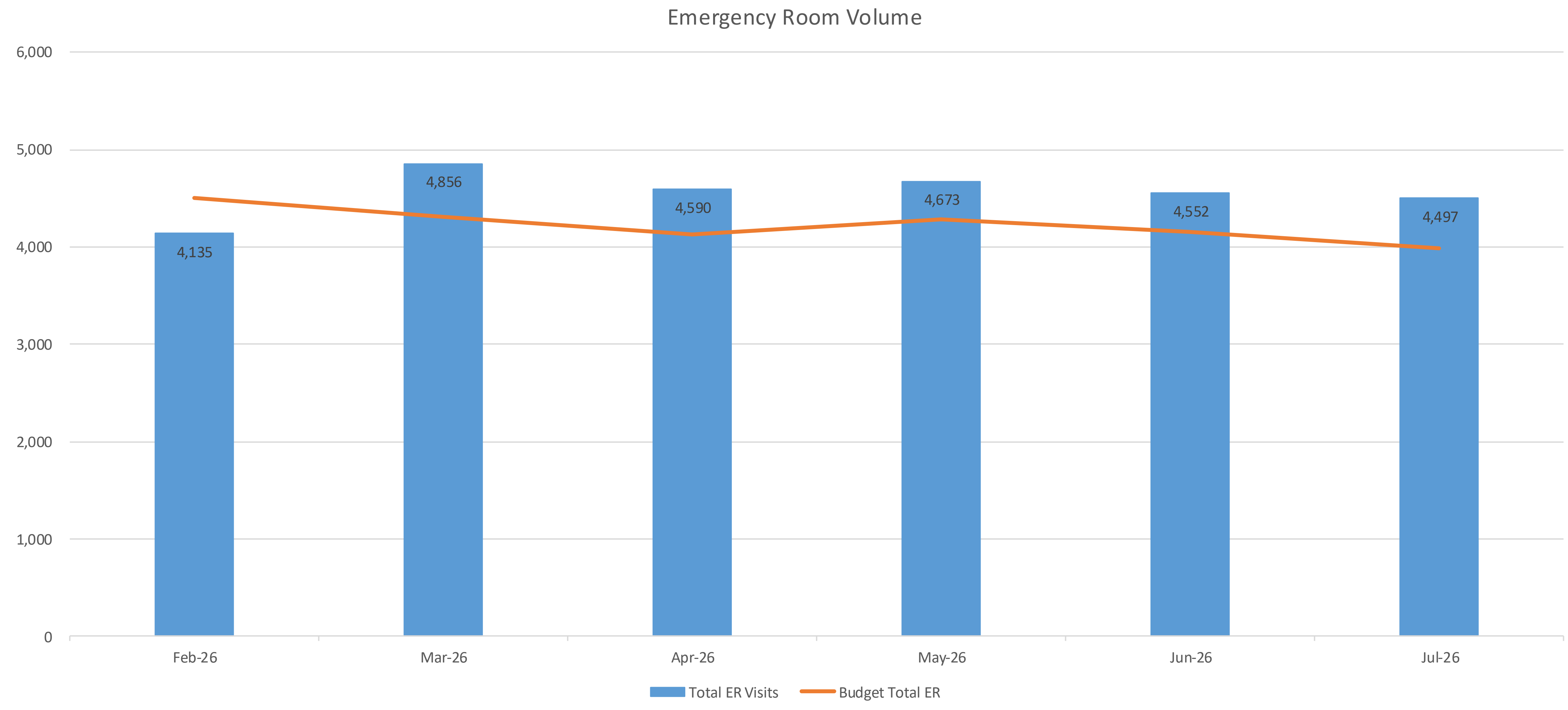
KernMedical | 160 YEARS Health for Life.



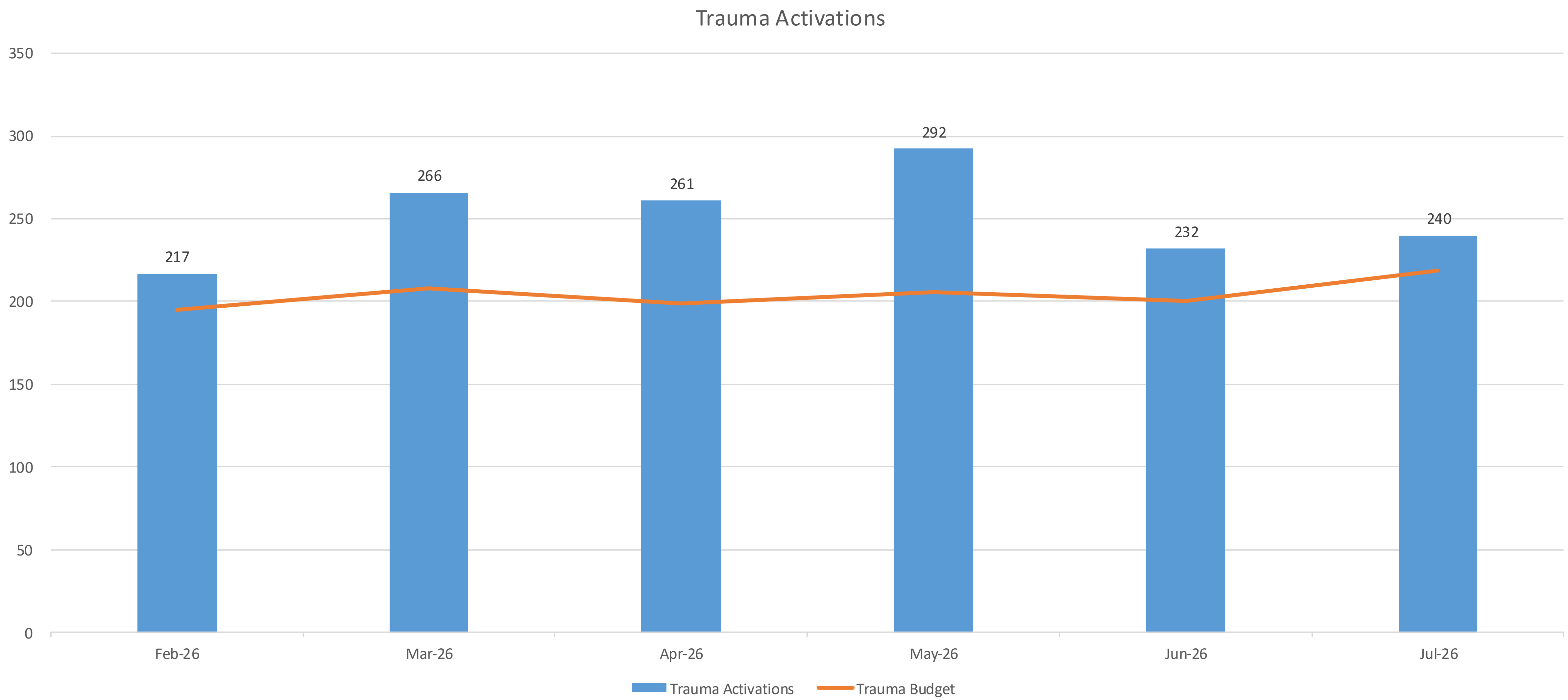
Hospital Volumes
12,000
10,000
8,000
6,000
4,000
2,000
0
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
1,703
10,042
823
4,854
1,993
11,409
945
5,411
1,856
10,597
914
5,218
1,764
10,353
917
5,383
1,697
9,798
912
5,265
1,726
10,190
935
5,519
Adjusted Admissions (AA)
Adjusted Patient Days
Admissions
Patient Days
Budget Adjust Admits
Budget Adjusted Patient Days
Budget Admits
Budget Patient Days

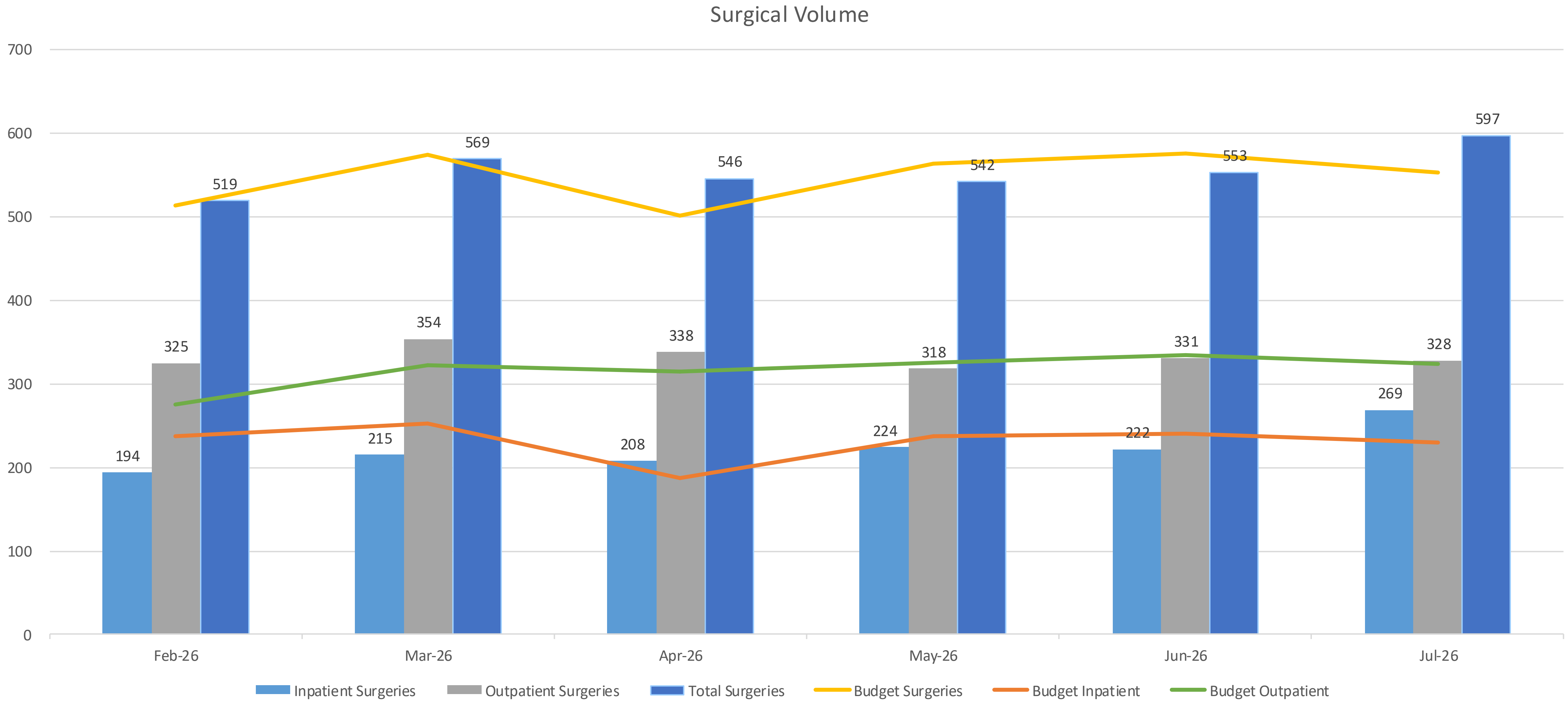

Deliveries
300
250
200
150
100
50
0
71
81
63
93
99
89
145
128
169
127
151
140
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Vaginal Deliveries
Cesarean Section
PY Deliveries


PAYER MIX
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
2%
2%
5%
13%
6%
9%
51%
12%
2%
2%
6%
13%
5%
12%
47%
13%
1%
3%
6%
12%
5%
13%
46%
14%
2%
2%
8%
11%
5%
15%
44%
13%
3%
1%
7%
11%
5%
15%
48%
10%
1%
4%
5%
13%
6%
12%
46%
13%
SELF PAY
OTHER
MCAR HMO
MCAR
OTHER MGD MCAL*
MCAL
KHS
COMM

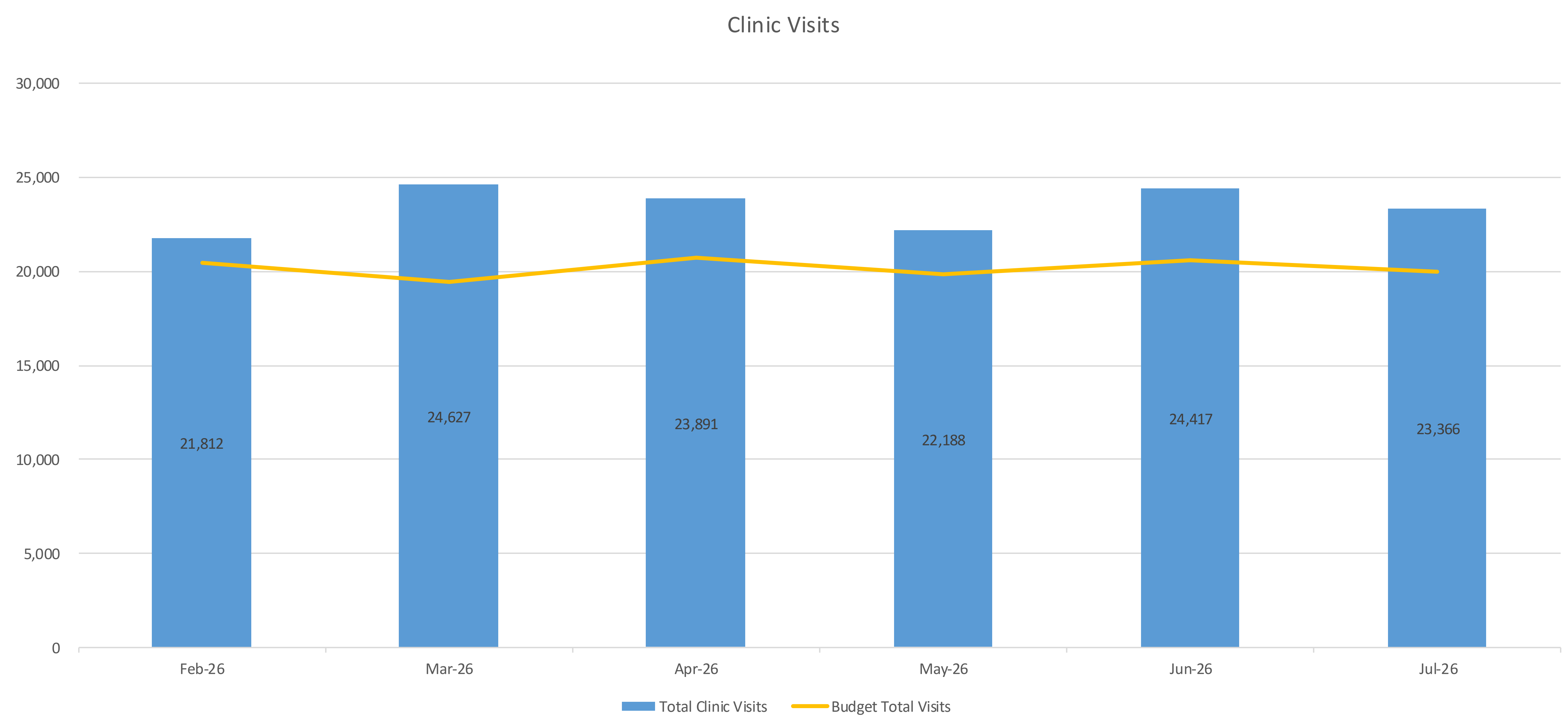


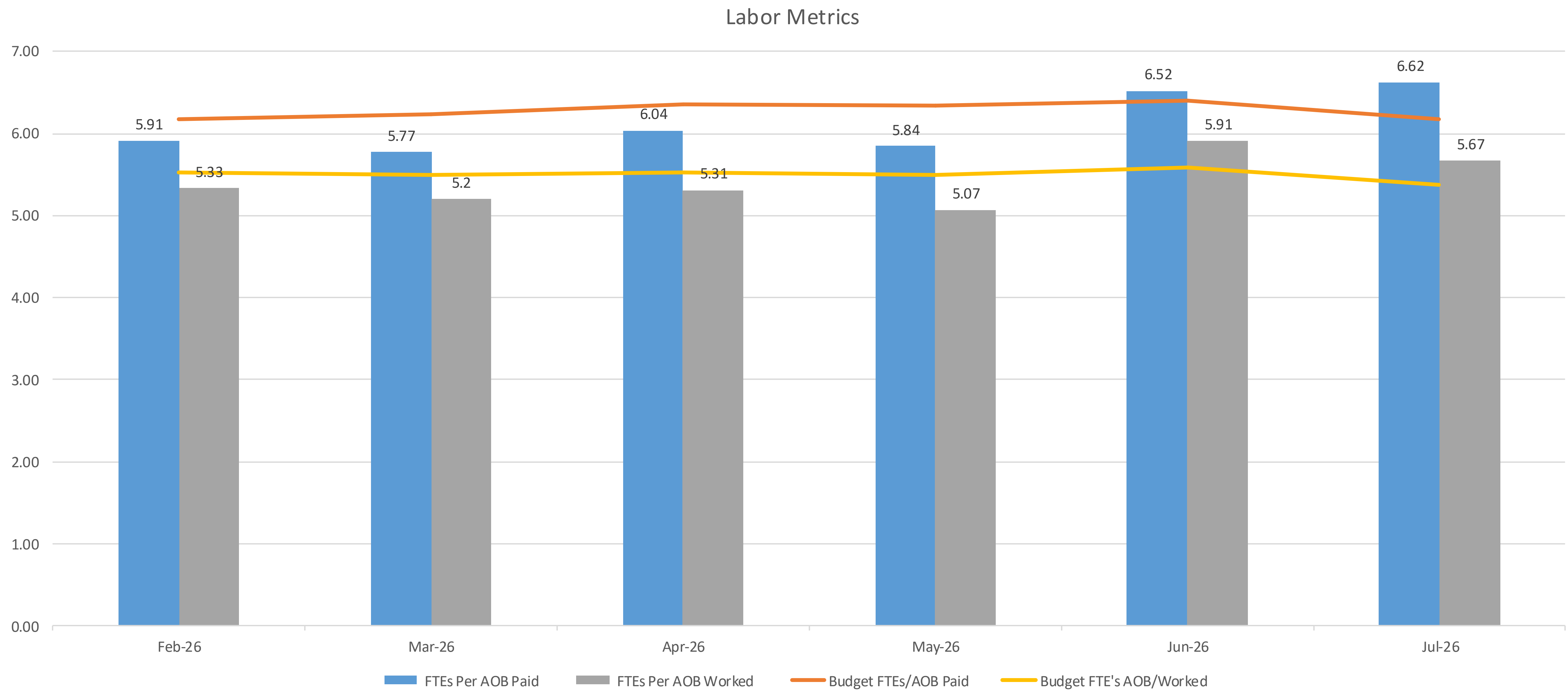
KernMedical | 160 YEARS Health for Life.


Trauma Activations
350
300
250
200
150
100
50
0
217
266
261
292
232
240
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Trauma Activations
Trauma Budget

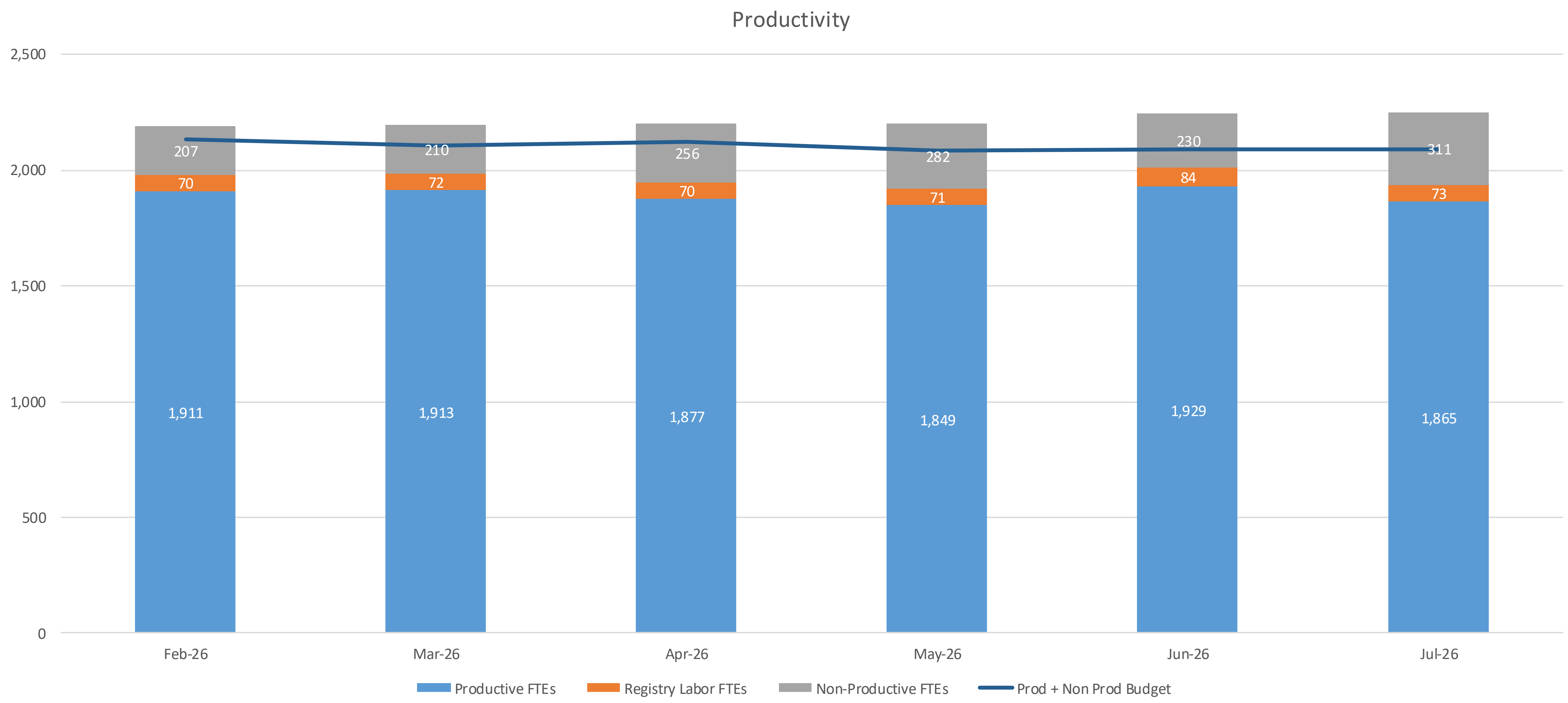


Surgical Volume
700
600
500
400
300
200
100
0
194
325
519
215
354
569
208
338
546
224
318
542
222
331
553
269
328
597
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Inpatient Surgeries
Outpatient Surgeries
Total Surgeries
Budget Surgeries
Budget Inpatient
Budget Outpatient


Clinic Visits
30,000
25,000
20,000
15,000
10,000
5,000
0
21,812
24,627
23,891
22,188
24,417
23,366
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Total Clinic Visits
Budget Total Visits



Labor Metrics
7.00
6.00
5.00
4.00
3.00
2.00
1.00
0.00
5.91
5.33
5.77
5.2
6.04
5.31
5.84
5.07
6.52
5.91
6.62
5.67
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
FTEs Per AOB Paid
FTEs Per AOB Worked
Budget FTEs/AOB Paid
Budget FTE's AOB/Worked



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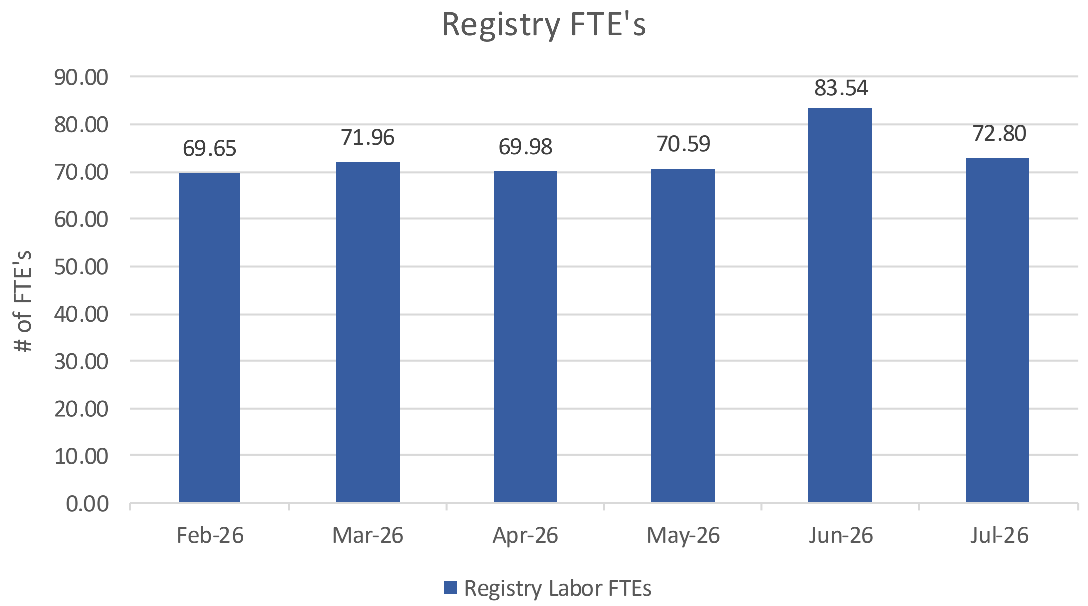
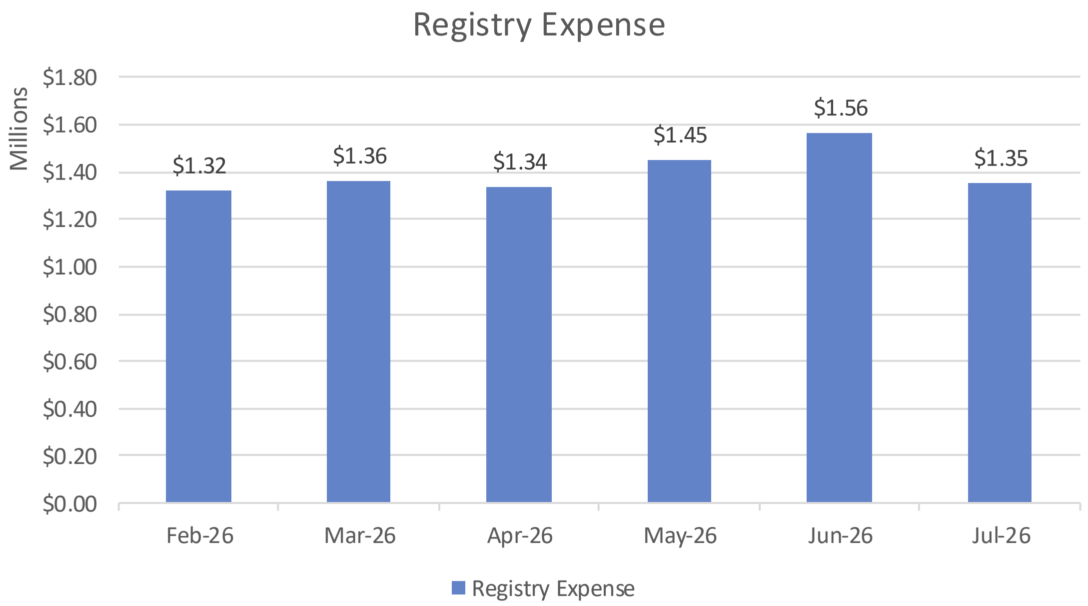
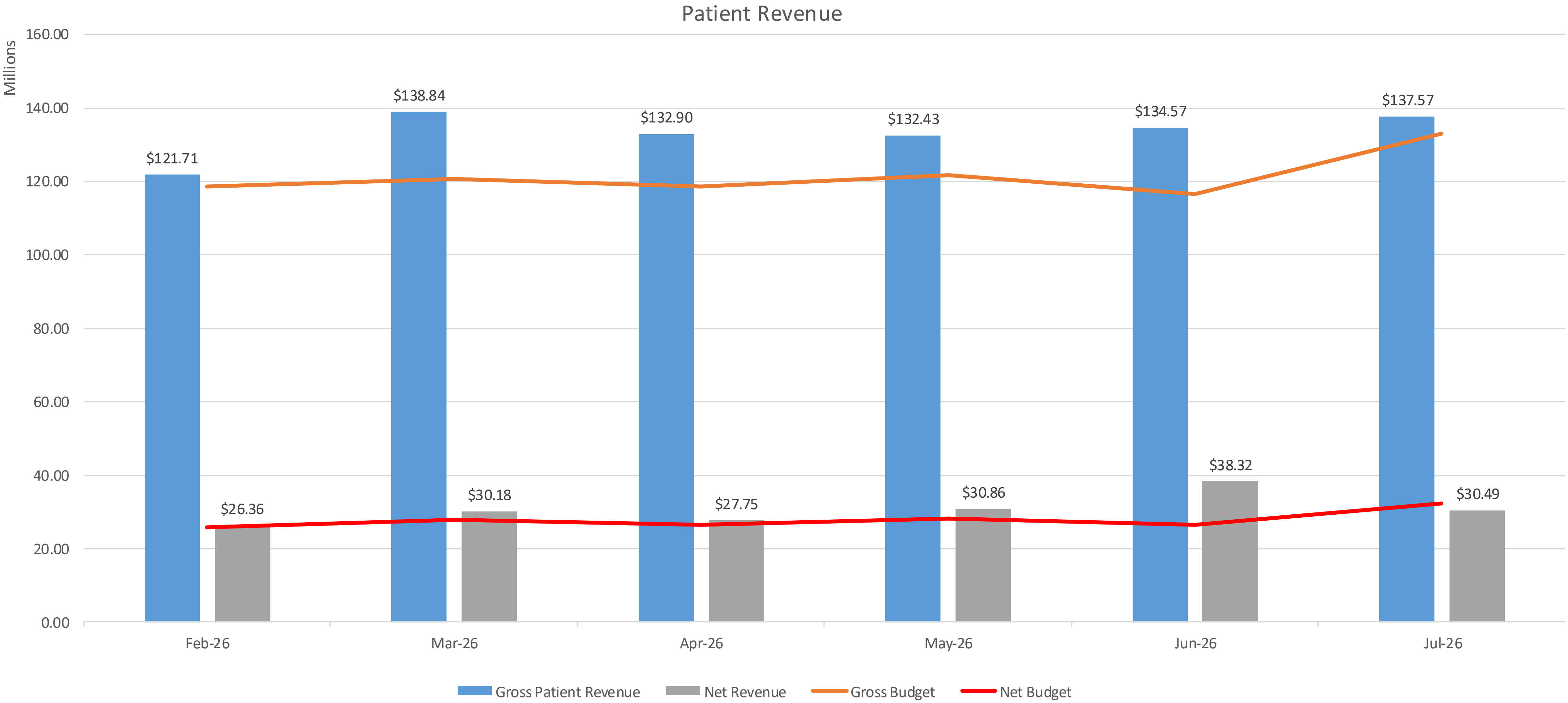
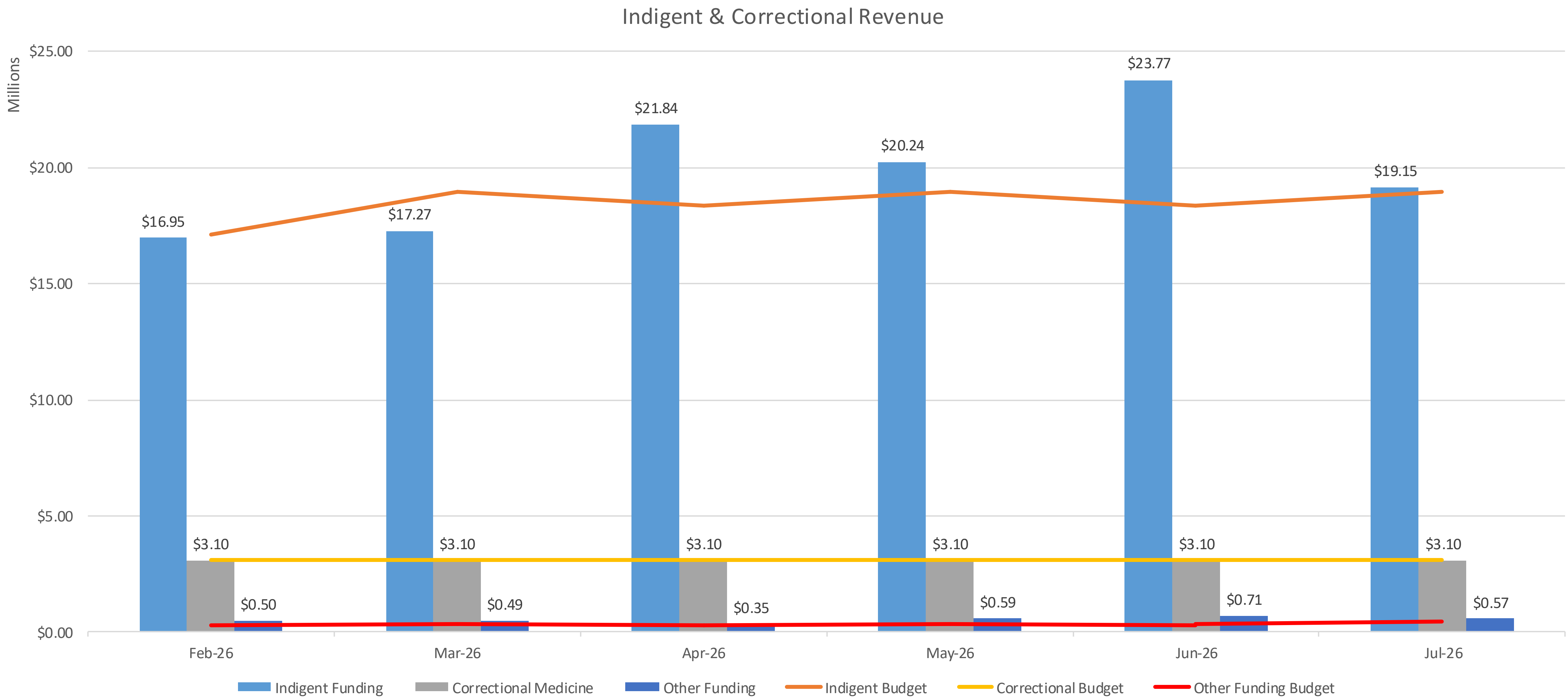


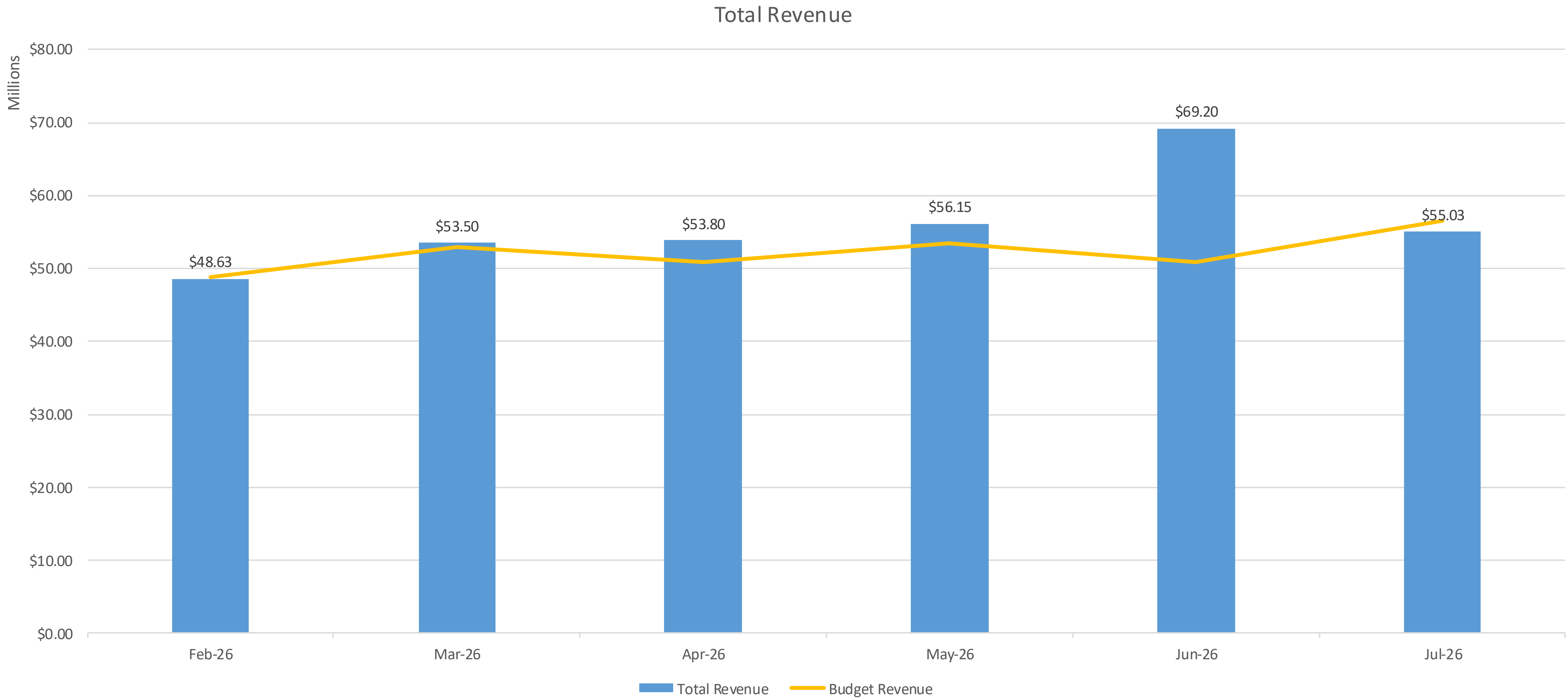
Registry FTE's
# of FTE's
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
69.65
71.96
69.98
70.59
83.54
72.80
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Registry Labor FTEs

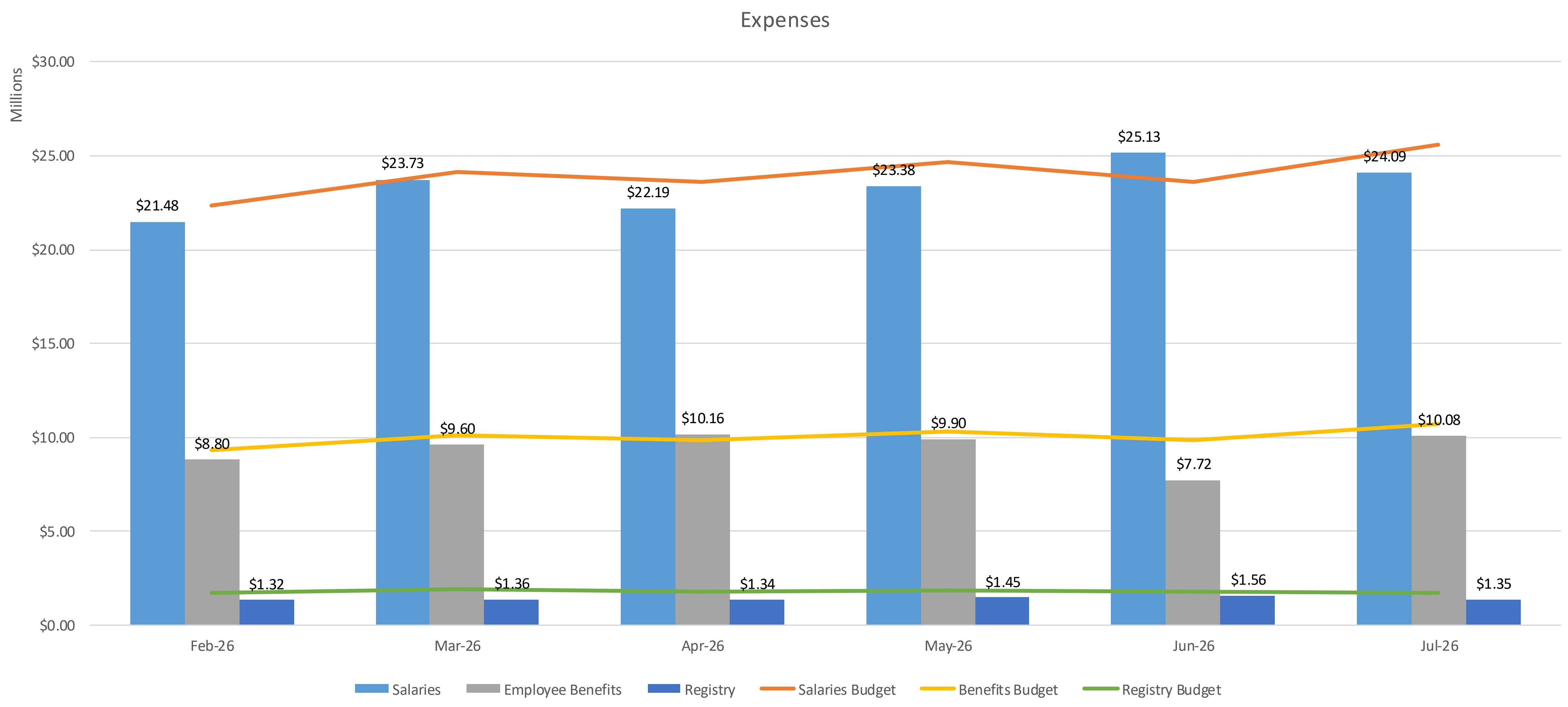


Registry Expense
Millions
$1.80
$1.60
$1.40
$1.20
$1.00
$0.80
$0.60
$0.40
$0.20
$0.00
$1.32
$1.36
$1.34
$1.45
$1.56
$1.35
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Registry Expense

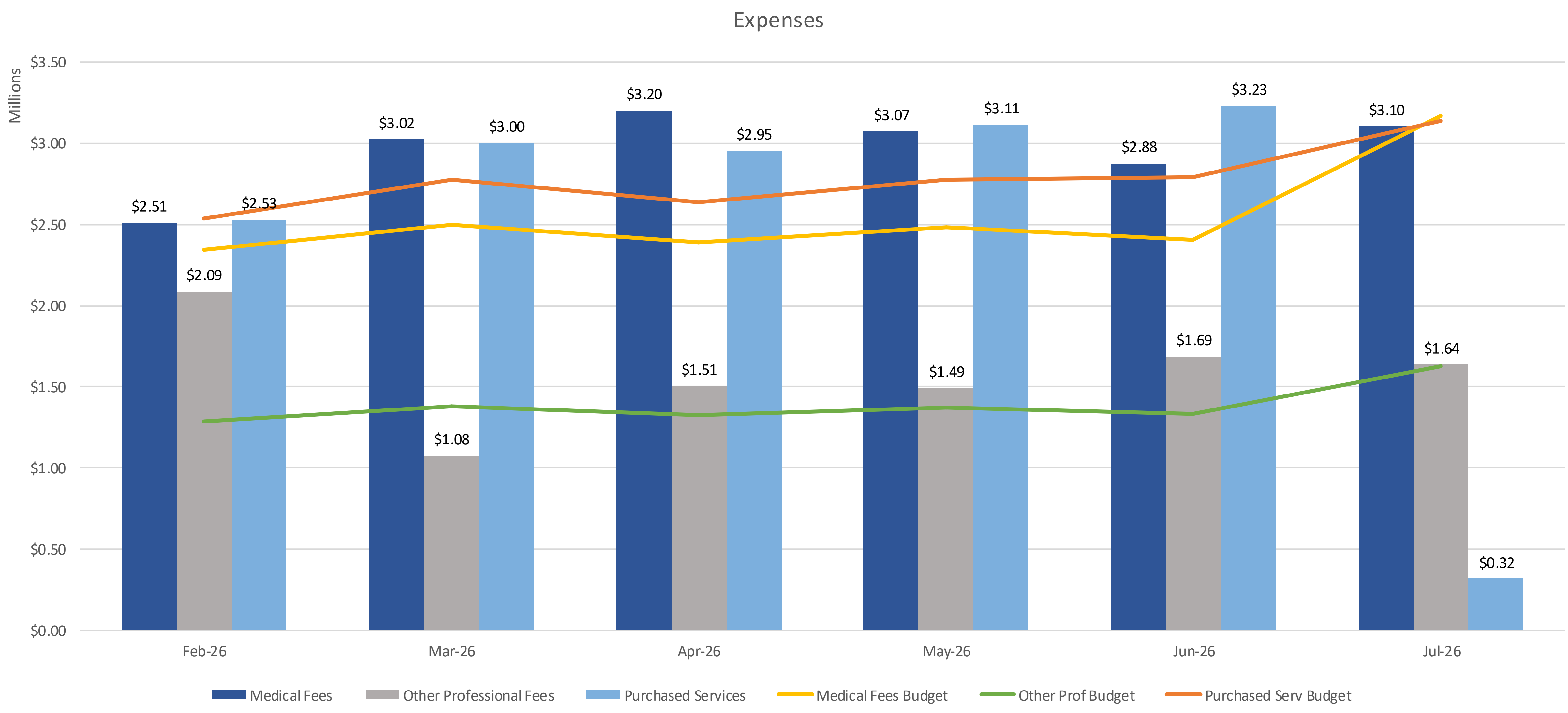

Patient Revenue
Millions
160.00
140.00
120.00
100.00
80.00
60.00
40.00
20.00
0.00
$121.71
$26.36
$138.84
$30.18
$132.90
$27.75
$132.43
$30.86
$134.57
$38.32
$137.57
$30.49
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Gross Patient Revenue
Net Revenue
Gross Budget
Net Budget


Indigent & Correctional Revenue
Millions
$25.00
$20.00
$15.00
$10.00
$5.00
$0.00
$16.95
$17.27
$21.84
$20.24
$23.77
$19.15
$3.10
$3.10
$3.10
$3.10
$3.10
$3.10
$0.50
$0.49
$0.35
$0.59
$0.71
$0.57
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Indigent Funding
Correctional Medicine
Other Funding
Indigent Budget
Correctional Budget
Other Funding Budget


Total Revenue
Millions
$80.00
$70.00
$60.00
$50.00
$40.00
$30.00
$20.00
$10.00
$0.00
$48.63
$53.50
$53.80
$56.15
$69.20
$55.03
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Total Revenue
Budget Revenue



Expenses
Millions
$30.00
$25.00
$20.00
$15.00
$10.00
$5.00
$0.00
$21.48
$8.80
$1.32
$23.73
$9.60
$1.36
$22.19
$10.16
$1.34
$23.38
$9.90
$1.45
$25.13
$7.72
$1.56
$24.09
$10.08
$1.35
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Salaries
Employee Benefits
Registry
Salaries Budget
Benefits Budget
Registry Budget



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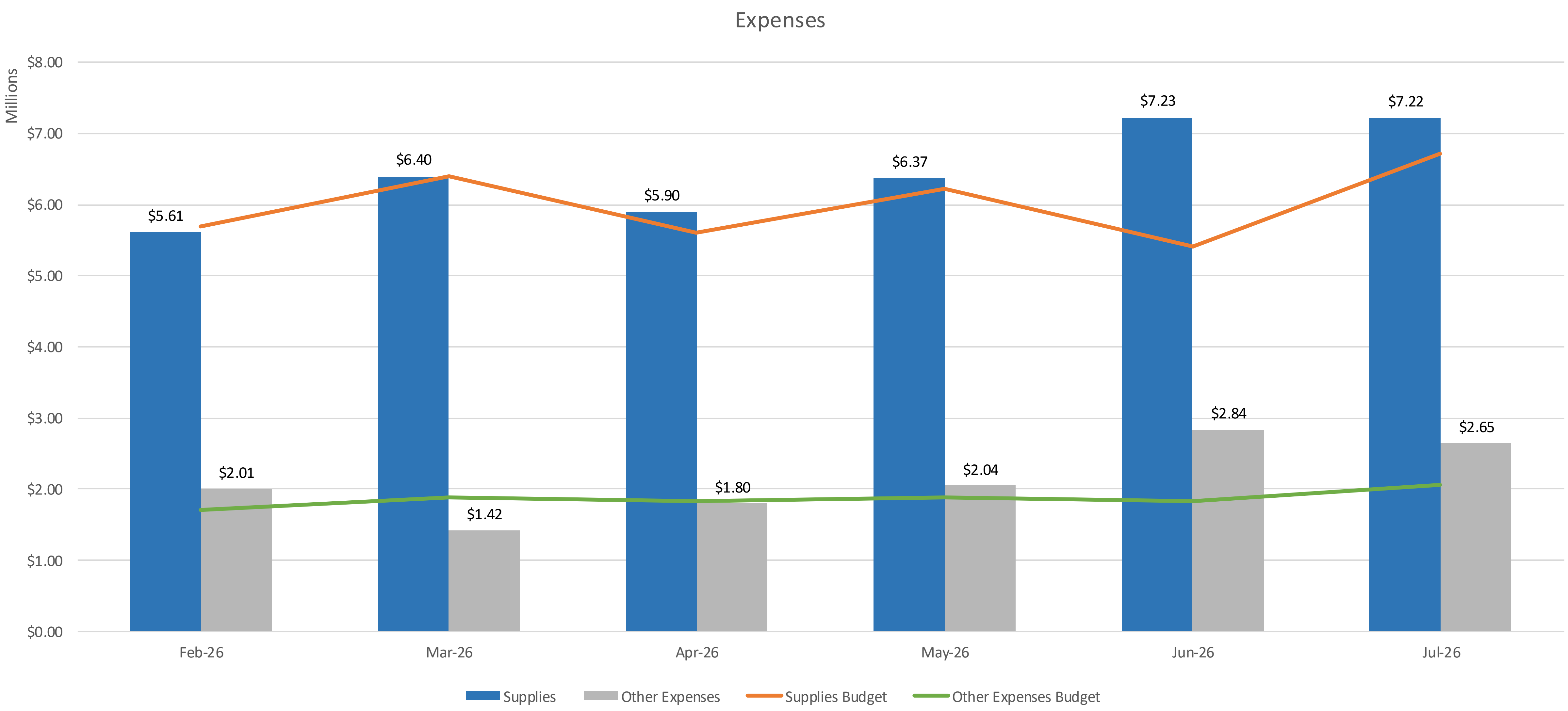
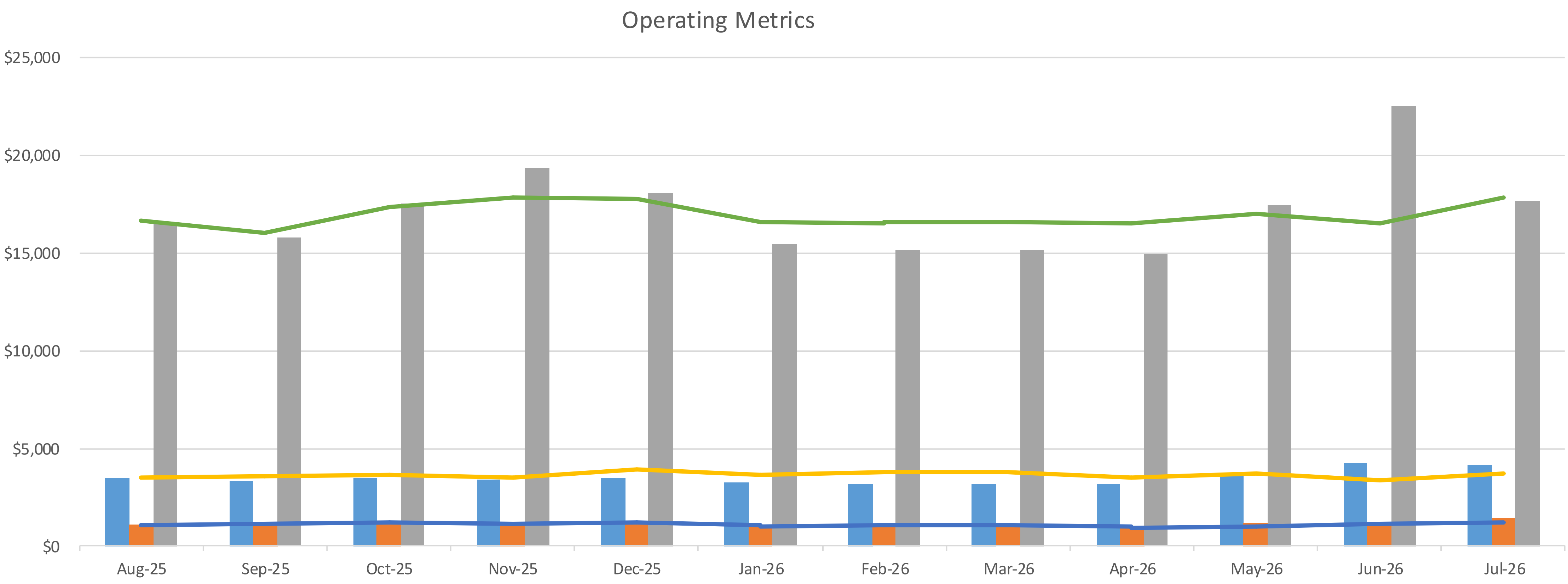
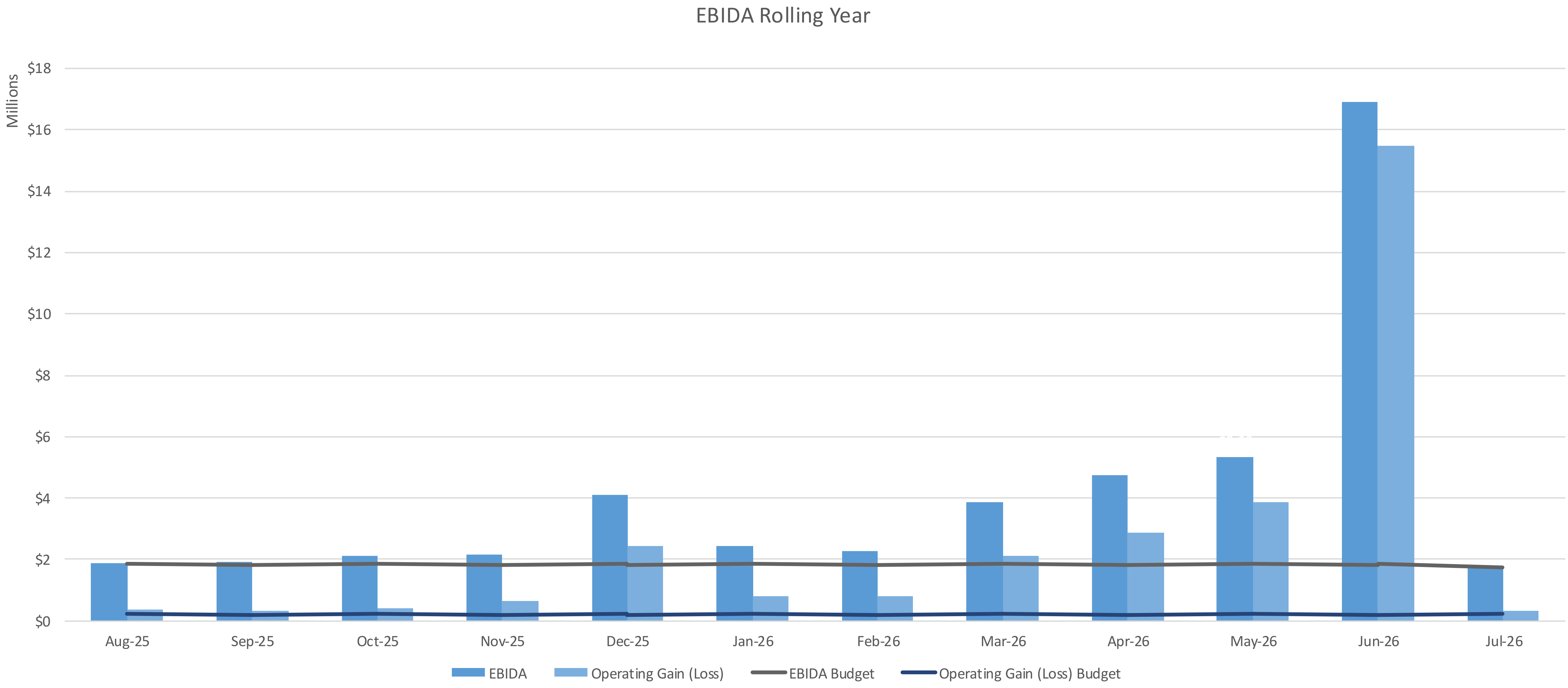


Expenses
Millions
$8.00
$7.00
$6.00
$5.00
$4.00
$3.00
$2.00
$1.00
$0.00
$5.61
$2.01
$6.40
$1.42
$5.90
$1.80
$6.37
$2.04
$7.23
$2.84
$7.22
$2.65
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Supplies
Other Expenses
Supplies Budget
Other Expenses Budget



	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26
Supply Expense per AA	$3,471	$3,338	$3,458	$3,421	$3,482	$3,298	$3,212	$3,212	$3,178	$3,612	$4,259	$4,180
Pharm Cost per AA	$1,118	$1,140	$1,194	$1,094	$1,211	$1,093	$971	$971	$1,032	$1,167	$1,270	$1,458
Net Revenue Per AA	$16,506	$15,778	$17,508	$19,312	$18,085	$15,482	$15,148	$15,148	$14,950	$17,495	$22,580	$17,664
Budget Supp/AA	$3,567	$3,604	$3,686	$3,532	$3,943	$3,669	$3,822	$3,822	$3,497	$3,741	$3,395	$3,721
Budget Pharm/AA	$1,142	$1,162	$1,228	$1,162	$1,230	$1,065	$1,092	$1,092	$990	$1,018	$1,124	$1,243
Budget Net Rev/AA	$16,643	$16,073	$17,329	$17,863	$17,783	$16,593	$16,581	$16,581	$16,493	$17,003	$16,546	$17,849



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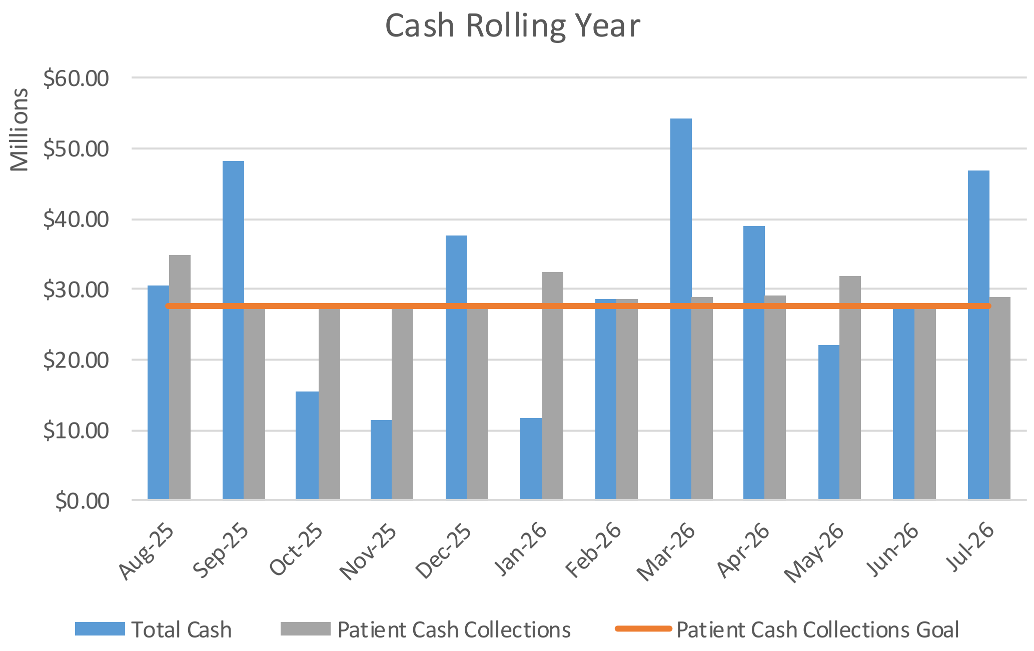
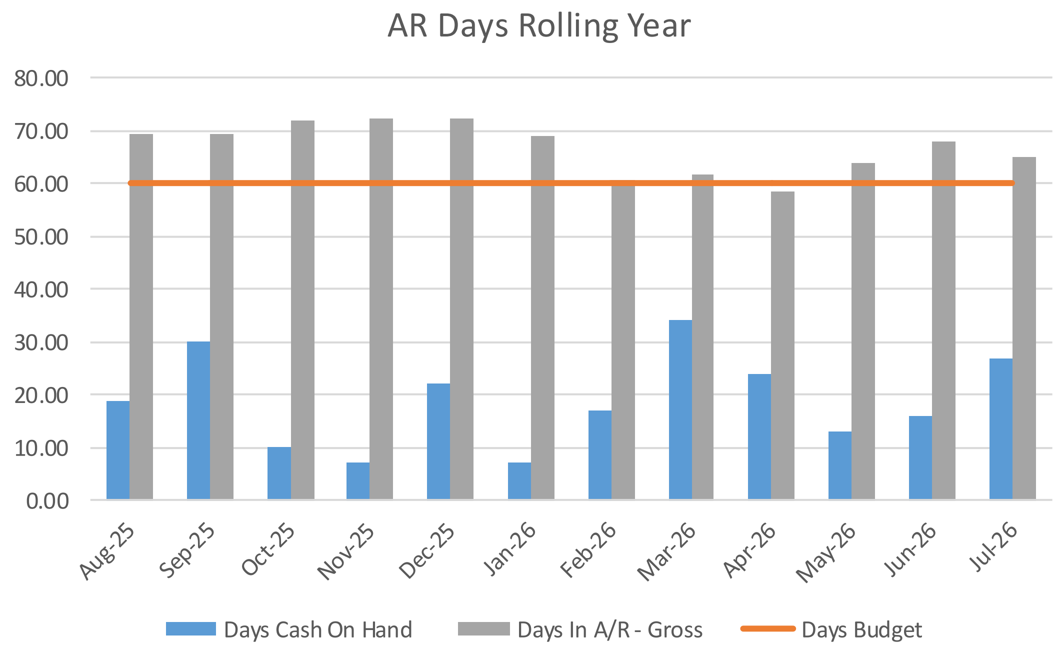

Cash Rolling Year
Millions
$60.00
$50.00
$40.00
$30.00
$20.00
$10.00
$0.00
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Total Cash
Patient Cash Collections
Patient Cash Collections Goal


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

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

	MAY	JUNE	JULY	BUDGET JULY	VARIANCE POS (NEG)	PY JULY
Gross Patient Revenue	$ 132,426,417	$ 134,566,030	$ 137,566,293	$ 133,116,359	3%	$ 129,783,341
Contractual Deductions	(101,570,158)	(96,243,053)	(107,072,483)	(100,858,069)	6%	(101,030,492)
Net Revenue	30,856,259	38,322,977	30,493,810	32,258,291	(5%)	28,752,849
Indigent Funding	20,238,739	23,769,628	19,145,240	18,973,856	1%	18,770,930
Correctional Medicine	3,097,713	3,097,713	3,097,713	3,095,522	0.1%	3,097,714
County Contribution	285,211	285,211	285,211	285,211	(0%)	285,211
Incentive Funding	302,616	420,219	284,119	148,630	91%	86,312
Net Patient Revenue	54,780,538	65,895,749	53,306,094	54,761,510	(3%)	50,993,016
Other Operating Revenue	1,355,264	3,289,048	1,707,031	1,763,594	(3%)	2,376,940
Other Non-Operating Revenue	14,885	17,286	18,642	11,507	62%	31,001
Total Revenues	56,150,687	69,202,082	55,031,767	56,536,612	(2.7%)	53,400,956
Expenses						
Salaries	23,376,008	25,132,698	24,087,214	25,602,140	(6%)	23,864,758
Employee Benefits	9,899,306	7,722,503	10,080,897	10,706,815	(6%)	10,223,321
Registry	1,449,594	1,564,270	1,351,856	1,763,234	(23%)	1,637,614
Medical Fees	3,071,944	2,876,831	3,103,870	3,168,115	(2%)	3,228,446
Other Professional Fees	1,492,346	1,687,215	1,635,531	1,623,806	1%	1,371,739
Supplies	6,370,555	7,227,895	7,216,624	6,723,961	7%	6,313,948
Purchased Services	3,114,765	3,229,437	3,164,334	3,137,584	1%	2,854,041
Other Expenses	2,044,295	2,836,599	2,647,018	2,068,039	28%	1,812,823
Operating Expenses	50,818,814	52,277,449	53,287,343	54,793,694	(3%)	51,306,689
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	$ 5,331,873	$ 16,924,633	$ 1,744,424	$ 1,742,918	0.1%	$ 2,094,267
EBIDA Margin	9%	24%	3%	3%	3%	4%
Interest	264,111	262,871	214,175	331,387	(35%)	251,266
Depreciation	530,609	537,876	546,231	630,948	(13%)	702,992
Amortization	675,283	666,234	667,061	571,061	17%	595,855
Total Expenses	52,288,818	53,744,430	54,714,810	56,327,091	(3%)	52,856,803
Operating Gain (Loss)	$ 3,861,869	$ 15,457,652	$ 316,958	$ 209,521	51%	$ 544,154
Operating Margin	6.88%	22.34%	0.58%	0.37%	55.4%	1.0%

KERN MEDICAL

Year-to-Date: Revenues & Expenses

July 31, 2026

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	$ 137,566,293	$ 133,116,359	3%	$ 129,783,341	6%
Contractual Deductions	(107,072,483)	(100,858,069)	6%	(101,030,492)	6%
Net Revenue	30,493,810	32,258,291	(5%)	28,752,849	6%
Indigent Funding	19,145,240	18,973,856	1%	18,770,930	2%
Correctional Medicine	3,097,713	3,095,522	0%	3,097,714	(0%)
County Contribution	285,211	285,211	(0%)	285,211	0%
Incentive Funding	284,119	148,630	91%	86,312	229%
Net Patient Revenue	53,306,094	54,761,510	(3%)	50,993,016	5%
Other Operating Revenue	1,707,031	1,763,594	(3%)	2,376,940	(28%)
Other Non-Operating Revenue	18,642	11,507	62%	31,001	(40%)
Total Revenues	55,031,767	56,536,612	(3%)	53,400,956	3%
Expenses					
Salaries	24,087,214	25,602,140	(6%)	23,864,758	1%
Employee Benefits	10,080,897	10,706,815	(6%)	10,223,321	(1%)
Registry	1,351,856	1,763,234	(23%)	1,637,614	(17%)
Medical Fees	3,103,870	3,168,115	(2%)	3,228,446	(4%)
Other Professional Fees	1,635,531	1,623,806	1%	1,371,739	19.2%
Supplies	7,216,624	6,723,961	7%	6,313,948	14%
Purchased Services	3,164,334	3,137,584	1%	2,854,041	11%
Other Expenses	2,647,018	2,068,039	28%	1,812,823	46%
Operating Expenses	53,287,343	54,793,694	(3%)	51,306,689	4%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	$ 1,744,424	$ 1,742,918	0%	$ 2,094,267	(16.7%)
EBIDA Margin	3%	3%	3%	4%	(19%)
Interest	214,175	331,387	(35%)	251,266	(15%)
Depreciation	546,231	630,948	(13%)	702,992	(22%)
Amortization	667,061	571,061	17%	595,855	12%
Total Expenses	54,714,810	56,327,091	(3%)	52,856,803	4%
Operating Gain (Loss)	$ 316,958	$ 209,521	51%	$ 544,154	(42%)
Operating Margin	0.6%	0.4%	55.4%	1.0%	(43%)

KERN MEDICAL
BALANCE SHEET

	JULY 2026	JULY 2025
ASSETS:		
Total Cash	**$ 47,012,750**	**$ 43,432,890**
Patient Receivables Subtotal	294,582,086	301,887,497
Contractual Subtotal	(227,361,855)	(270,812,112)
Net Patient Receivable	**67,220,231**	**31,075,385**
Total Indigent Receivable	305,322,586	247,032,652
Total Other Receivable	13,072,902	19,379,783
Total Prepaid Expenses	6,739,745	8,539,793
Total Inventory	5,774,032	4,805,786
Total Current Assets	**445,142,246**	**354,266,289**
Deferred Outflows of Resources	113,460,412	124,532,718
Total Land, Equipment, Buildings and Intangibles	280,160,843	273,336,818
Total Construction in Progress	21,833,879	17,103,643
Total Property, Plant & Equipment	**301,994,721**	**290,440,461**
Total Accumulated Depr & Amortization	(195,222,596)	(185,330,626)
Net Property, Plant, and Equipment	**106,772,125**	**105,109,836**
Total Long Term Assets	**113,460,412**	**124,532,718**
Total Assets	**$ 665,374,782**	**$ 583,908,842**

KERN MEDICAL
BALANCE SHEET

LIABILITIES & EQUITY:				
Total Accounts Payable	$	**15,986,546**	$	**11,904,694**
Total Accrued Compensation		34,654,430		33,886,962
Total Due Government Agencies		5,796,488		323,430
Total Other Accrued Liabilities		67,665,519		36,694,422
Total Current Liabilities		**124,102,983**		**82,809,508**
Unfunded Pension Liability		331,776,526		344,447,058
Other Long-Term Liabilities		71,973,538		79,881,872
Total Long-Term Liabilities		**403,750,064**		**424,328,930**
Total Liabilities		**527,853,047**		**507,138,438**
Total Net Position		**137,521,735**		**76,770,405**
Total Liabilities and Net Position	$	**665,374,782**	$	**583,908,842**

KERN MEDICAL
STATEMENT OF CASH FLOWS

	Fiscal Year-to-Date July 2026	Fiscal Year-to-Date June 2026	Fiscal Year-to-Date July 2025	Fiscal Year-to-Date June 2025
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for patient/current services	$ 31,277,401	$ 351,656,610	$ 38,174,564	$ 314,552,945
Cash received for other operations	9,503,980	256,065,319	11,535,640	260,727,035
Cash paid for salaries and benefits	(31,643,265)	(392,647,446)	(28,263,254)	(377,869,782)
Cash paid for services and supplies	(9,024,139)	(205,077,135)	(5,756,530)	(202,668,841)
Net cash (used in) provided by operating activities	113,978	9,997,348	15,690,420	(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	-	-	-
Net cash provided by (used in) noncapital financing activities	20,000,000	(1,888,939)	-	(801,506)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition or construction of capital assets	(259,674)	(12,392,799)	(1,098,213)	(11,508,871)
Payments on right-of-usage lease liability	(152,636)	3,557,623	(206,189)	(2,850,043)
Interest paid - right-of-usage lease liability	(354)	715	(696)	(7,976)
Payments on SBITA liability	(36,316)	(666,518)	(64,663)	(762,463)
Interest paid - SBITA	(47)	(559)	(46)	(580)
Net cash used by capital and related financing activities	(449,027)	(9,501,538)	(1,369,807)	(15,129,933)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on bank deposits and investments	-	-	-	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	19,664,950	(1,393,129)	14,320,614	(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	$ 47,012,750	$ 27,347,800	$ 43,432,890	$ 29,112,277