

VERDANT HEALTH COMMISSION
PUBLIC HOSPITAL DISTRICT NO. 2 OF SNOHOMISH COUNTY, WASHINGTON
BOARD OF COMMISSIONERS
Regular Meeting
A G E N D A
May 28, 2014
8:00 a.m. to 9:15 a.m.

	<u>ACTION</u>	<u>TIME</u>	<u>PAGE</u>
A. Call to Order			
a) Pledge of Allegiance	---	8:00	---
B. Approval of the Minutes			
a) April 23, 2014 Board Meeting	Action	8:01	1-4
b) May 1, 2014 Special Board Meeting	Action	8:02	5
C. Executive Committee Report	Information	8:04	---
D. Board Finance Committee Report			
a) Review financial statement and cash activity	Information	8:05	6-10
b) Authorization for payment of vouchers and payroll	Action	8:10	11
c) Resolution 2014-04: Adopt amended 2014 budget	Action	8:11	12-16
d) Moss Adams 2013 Financial Audit	Presentation	8:14	---
E. Program Committee Report & Recommendations			
a) Conflicts of interest	Action	8:25	---
b) Program investment recommendations	Action	8:26	17-19
F. Marketing Report	Information	8:35	20
G. Commissioner Comments	Information	8:40	---
a) Meeting with WA Secretary John Weisman (Dr. Williams)			
b) Joint Commission survey results (Dr. Williams)			
c) Medicaid quality award (Dr. Williams)			
d) Other comments			
H. Superintendent's Report	Information	8:50	---
I. Public Comments (please limit to three minutes per speaker)	---	8:55	---
J. Executive Session	---	9:00	---
a) Review ongoing litigation			
K. Open Session	---	9:10	---
L. Adjournment	---	9:15	---

PUBLIC HOSPITAL DISTRICT NO. 2 OF SNOHOMISH COUNTY, WASHINGTON
VERDANT HEALTH COMMISSION

BOARD OF COMMISSIONERS

Regular Meeting

VHC Board Room

April 23, 2014

Commissioners Present	Bob Knowles, President Deana Knutsen, Commissioner Karianna Wilson, Commissioner
Commissioners Absent	J. Bruce Williams, M.D., Commissioner Fred Langer, Commissioner
Others Present	Carl Zapora, Superintendent George Kosovich, Program Director Lisa King, Finance Director Jennifer Piplic, Marketing Director Sue Waldin, Community Wellness Program Manager Karen Goto, Executive Assistant Members of the community
Call to Order	The Regular Meeting of the Board of Commissioners of Public Hospital District No. 2, Snohomish County, was called to order at 8:01 a.m. by President Knowles. President Knowles welcomed Sue Waldin to the staff as Verdant's community wellness program manager.
Approval of Minutes	<i>Motion was made, seconded and passed unanimously to approve</i> the minutes of the regular meeting on March 26, 2014.
Executive Committee	President Knowles reported that the Executive Committee met on April 17, 2014 to review and approve the April 23, 2014 board meeting agenda. No action was taken.
Board Finance Committee	The committee met on April 16, 2014. Ms. King reviewed the cash activity for March 2014 (E:19:14). Commissioner Knutsen reported that the committee met with Moss Adams on April 16, 2014 for the opening of the 2013 financial audit which will be completed in May 2014.

Authorization for
Payment of
Vouchers &
Payroll

Warrant Numbers 10608 through 10640 for March 2014 for payment in the amount of \$162,142.42 were presented for approval (E:20:14). *Motion was made, seconded and passed unanimously to approve.*

Program
Oversight
Committee
Update

The Program Oversight Committee met on April 14, 2014 to review five new program funding applications (E:21:14).

No conflicts of interest were reported by the commissioners.

New Funding Applications:

Motion was made, seconded and passed unanimously to approve \$10,000 on a one-time basis for the Lutheran Community Services Back to School Health Fair.

Not Recommended for Funding at this time:

Run to Win Take Action Program as the program is not closely enough connected to Verdant' mission.

City of Lynnwood Farmer's Market Education Program as there were concerns about how well the program would actually be able to engage community members in nutrition education in a market setting and how Verdant would know whether the program actually helped improve people's eating habits and attitudes.

Integrated Psychological & Social Services as there were concerns with the very short organizational and financial track record for the applicant.

Need more information:

Kindering South Snohomish County Expansion. Kindering is based in Bellevue but would like to open a Bothell location. Commissioners will schedule a session with Kindering to obtain more information on their funding request.

Follow-up on Puget Sound Kidney Center:

Commissioners Wilson & Knowles will meet with the Kidney Center to view their presentation before a final decision is made on funding.

Marketing
Report

Ms. Piplic presented the Marketing Report (E:22:14). Commissioners are welcome to attend any of the remaining sessions of "6 Weeks to a Healthier You" which has 260 registrants. A thank-you reception with debriefing will be held approximately two weeks after the close of 6 Weeks. Date to be announced. Commissioners are also encouraged to attend the "groundbreaking" ceremony on May 1, 2014

**Commissioner
Comments**

from 2:30 to 3:30 p.m. at the Verdant Community Wellness Center. Additional upcoming events were also shared.
None

**Superintendent's
Report**

Superintendent Zapora reported on four items:

1. The Strategic Collaboration Committee is meeting on Thursday, April 24, 2014 to review updates on Swedish/Edmonds and Verdant.
2. The board will hold a mini retreat on Friday, June 27, 2014, 12 to 5 p.m. at the Lynnwood Convention Center. This retreat is a public meeting.
3. The official name of Verdant's new facility is the Verdant Community Wellness Center. This facility is possibly the state's first *community* wellness center.
4. We are delighted to have Ms. Sue Waldin on staff with Verdant. She will assist Mr. Kosovich with the nearly 80 programs we have funded to date and will play a key role in organizing and developing community health and wellness programs to take place in Verdant's Community Wellness Center. There were 77 applications received, eight interviews, and Sue was selected as our first choice.

**Public
Comments**

Ms. Sarah Olson from the City of Lynnwood thanked the commissioners for their consideration of the funding request for the Lynnwood Farmer's Market and invited the commissioners to visit the market which opens on June 12, 2014 and runs on Thursday evenings until September 25, 2014, 3 to 7 p.m. at Wilcox Park. Ms. Olson asked the commissioners to re-consider the application as there is a health education component but also mentioned that the city is interested in collaborating at the Verdant Community Wellness Center after it opens.

Mr. Bob Hegamin presented a copy of his book, "3 Silent Killers: Diabetes, Hypertension, Obesity."

Mr. Al Rutledge commented on the number of new senior living residences in the Alderwood/Lynnwood area and that Verdant should introduce themselves to the new residents coming in 2015.

**Executive
Session**

President Knowles cancelled the executive session as there were no updates to discuss.

Open Session

Motion was made, seconded and passed unanimously to approve the amended holiday policy to include the 24th of December.

Adjourn

There being no further business to discuss, the meeting was adjourned at 8:30 a.m.

ATTEST BY:

President

Secretary

PUBLIC HOSPITAL DISTRICT NO. 2 OF SNOHOMISH COUNTY, WASHINGTON

SPECIAL MEETING
May 1, 2014
Verdant Health Commission Board Room

Commissioners Present	Bob Knowles, President Deana Knutsen, Commissioner Fred Langer, Commissioner Karianna Wilson, Commissioner
Commissioners Excused	J. Bruce Williams, MD, Secretary
Staff	Carl Zapora George Kosovich Jennifer Piplic Lisa King Sue Waldin Karen Goto
Guests	Tanya Anderson, Consultant
Call to Order	The Special Meeting of the Board of Commissioners was called to order by President Knowles at 8:33 a.m.
Discuss 2014 Program Budget & Organizational Financial Forecasting	Commissioners discussed the current 2014 budget and reviewed four financial forecasting scenarios (E:24:14). Commissioners then set a goal of reaching \$40 million in reserves by 2020 and noted that adjustments in future years may be made as needed. An additional \$1 million will be proposed in the 2014 budget: \$900,000 will be allocated to external program grants and \$100,000 will be allocated to the Building Healthy Communities Fund.
Adjourn	The meeting was adjourned at 9:02 a.m.
Attest By:	<hr/> President
	<hr/> Secretary

Balance Sheet
As of April 30, 2014

	A	B	C	D
	Dec 31, 2013	April 30, 2014	\$ Change	Comments:
1 ASSETS				
2 Current Assets				
3 Cash Balance	2,579,704	2,891,498	311,794	
4 Other Current Assets	30,029,953	31,520,186	1,490,233	Includes Investments
5 Total Current Assets	32,609,657	34,411,684	1,802,027	
6 Total Long-term & Fixed Assets	45,756,307	44,621,844	(1,134,463)	Depreciation
7 TOTAL ASSETS	78,365,964	79,033,527	667,564	
8 LIABILITIES & EQUITY				
9 Liabilities				
10 Current Liabilities	2,039,484	1,906,860	(132,624)	
11 Long-term Liabilities	5,689,038	5,668,361	(20,677)	2012 LTGO Bonds
12 Total Liabilities	7,728,521	7,575,221	(153,301)	
13 Total Equity	70,637,443	71,458,307	820,865	Annual Net Income
14 TOTAL LIABILITIES & EQUITY	78,365,964	79,033,527	667,564	

Profit & Loss

April 2014

	A	B	C	D	E	F
	Apr Actual	Apr Budget	Fav/(Unfav)	YTD Actual	YTD Budget	Fav/(Unfav)
1 INCOME						
2 Ordinary Income	790,132	693,177	96,955	3,112,066	2,736,708	375,358
3 EXPENSES						
4 Operating Expenses	123,571	125,245	1,674	502,167	478,788	(23,379)
5 Depreciation Expense	317,163	251,728	(65,435)	1,295,940	1,006,913	(289,027)
6 Program Expenses	407,975	389,583	(18,392)	1,527,641	1,558,333	30,692
7 Total Expenses	848,710	766,557	(82,153)	3,325,748	3,044,035	(281,713)
8 OTHER INCOME/(EXPENSE)						
9 Total Other Income/(Expense)	277,550	266,402	11,149	1,034,546	1,065,886	(31,340)
10 NET INCOME	218,972	193,022	25,950	820,864	758,560	62,304

Monthly Highlights

April 2014

Verdant received dividends payments of \$32,610 and an unrealized gain of \$71,585 on our investment portfolio in April for an ending market value of \$29,605,805.

Annual program commitments total \$5,178,066 and \$4,208,378 for 2014 and 2015, respectively. \$571,941 remains available to spend in 2014, of which \$230,500 is earmarked as Superintendent Discretionary.

Additional income of \$103,188 and expenses of \$24,317 from the Kruger Clinic were incurred, netting to an additional operating income of \$78,871 in April.

Public Hospital District #2

Warrant Number	Transaction Date	Payee	Amount	Purpose
Warrant Activity:				
10641	04/02/2014	Comcast	329.18	Internet
10642	04/02/2014	Consolidated Landscape Maintenance, Inc.	127.75	Monthly landscaping
10643	04/02/2014	Moss Adams - Audit	410.00	2013 Audit
10644	04/02/2014	Puget Sound Energy	423.27	Natural Gas
10645	04/02/2014	Snohomish County PUD	684.98	Electricity
10646	04/02/2014	The Daily Herald	42.00	Legal notice
10647	04/02/2014	WA Department of Revenue	20,849.67	1Q14 Leasehold Excise Tax
10648	04/02/2014	Ash Consulting	5,414.06	Accounting Consulting
10649	04/02/2014	Institute for Fitness and Health	15,176.74	Joe Piscatella 6WHY
10650	04/02/2014	Lynnwood PFD	75.00	Janitorial supplies
10651	04/14/2014	UNITED WAY	480.00	EE Charitable Contributions
10652	04/14/2014	Background Investigation, Inc.	37.00	Background check on new FTE
10653	04/14/2014	Builders Exchange of WA Inc.	70.75	Construction Bid Notice
10654	04/14/2014	Foster Pepper	9,907.00	Legal
10655	04/14/2014	Healthcare Realty	4,759.93	Property Management of Kruger Clinic
10656	04/14/2014	Washington Employers	412.50	2Q14 Membership Dues
10657	04/14/2014	Department of Labor and Industries	3,668.05	1Q14 Self Insurance Fund
10658	04/14/2014	Pacific Art Press Inc	3,732.09	6WHY Printing
10659	04/23/2014	Advocate Telecom	232.14	Telephone
10660	04/23/2014	Benefit Solutions Inc	17.25	FSA Administration
10661	04/23/2014	Canon Financial Services	301.13	Copy Machine Lease
10662	04/23/2014	Principal Financial Group	822.76	Employee Life Insurance
10663	04/23/2014	Staples	287.00	Supplies
10664	04/23/2014	City of Lynnwood	11,774.50	Permits for Wellness Center
10665	04/23/2014	Ankrom Moisan	25,696.24	Architecture Services
10666	04/23/2014	Berry Sign Systems	875.00	Sign
10667	04/23/2014	Evergreen Print Solutions	151.98	Business Cards
10668	04/23/2014	Lynnwood PFD	3,045.00	Rent
10669	04/23/2014	Sound Publishing, Inc.	42.00	Legal notice
10670	04/23/2014	Lynnwood Convention Center	420.00	Deposit for June Board Retreat
10671	04/23/2014	Regence BlueShield	3,869.10	EE Medical & Dental Insurance
10672	04/30/2014	Advocate Telecom	380.51	Telephone
10673	04/30/2014	Comcast	476.65	Internet
10674	04/30/2014	Moss Adams - Audit	16,819.51	2013 Audit
10675	04/30/2014	Puget Sound Energy	281.97	Natural Gas
10676	04/30/2014	Wells Fargo	1,485.09	Miscellaneous
10677	04/30/2014	The Daily Herald	44.80	Legal notice
		Total Warrants	133,622.60	

Warrant Number	Transaction Date	Payee	Amount	Purpose
Wire/ACH Activity:				
	4/4/2014	Payroll	14,515.47	ACH payroll transfer
	4/4/2014	Paychex	65.08	Fee for payroll processing
	4/4/2014	Department of Treasury	6,221.47	Payroll taxes for 3/29/14 pay period ending
	4/4/2014	Valic	1,998.31	Payroll 401(a)/457 Deposit
	4/18/2014	Payroll	13,871.99	ACH payroll transfer
	4/18/2014	Paychex	82.29	Fee for payroll processing
	4/18/2014	Department of Treasury	6,035.21	Payroll taxes for 4/12/14 pay period ending
	4/18/2014	Valic	1,980.31	Payroll 401(a)/457 Deposit
	4/10/2014	Wells Fargo	521.97	Bank Service Fee
	4/10/2014	Wells Fargo	56.71	Bank Service Fee
	4/10/2014	Wells Fargo	52.62	Bank Service Fee
	4/15/2014	Bank of America - Fees	19.83	Bank Service Fee
	4/15/2014	Alzheimer's Association Western & Central	7,209.17	Program Payment
	4/15/2014	American Diabetes Association	4,166.67	Program Payment
	4/15/2014	Boys & Girls Club of Snohomish County	9,328.25	Program Payment
	4/15/2014	CampFire	4,166.67	Program Payment
	4/15/2014	Cascade Bicycle Club Education Foundation	4,750.00	Program Payment
	4/15/2014	Center for Human Services	13,523.67	Program Payment
	4/15/2014	ChildStrive	22,660.00	Program Payment
	4/15/2014	City of Lynnwood	6,455.67	Program Payment
	4/15/2014	Community Health Center of Snohomish Co	8,333.33	Program Payment
	4/15/2014	Domestic Violence Services Snohomish Co	1,621.08	Program Payment
	4/15/2014	Edmonds Community College	11,712.25	Program Payment
	4/15/2014	Edmonds School District No. 15	65,315.50	Program Payment
	4/15/2014	Edmonds Senior Center	4,518.00	Program Payment
	4/15/2014	Free Range Health	1,767.42	Program Payment
	4/15/2014	March of Dimes Foundation	5,000.00	Program Payment
	4/15/2014	Medical Teams International	4,000.00	Program Payment
	4/15/2014	Prescription Drug Assistance Foundation	4,166.67	Program Payment
	4/15/2014	Program for Early Parent Support	3,333.33	Program Payment
	4/15/2014	Project Access Northwest	6,666.67	Program Payment
	4/15/2014	Providence Hospice & Home Care Foundation	12,916.67	Program Payment
	4/15/2014	Puget Sound Christian Clinic	8,750.00	Program Payment
	4/15/2014	Seattle Visiting Nurse Association	14,685.00	Program Payment
	4/15/2014	Senior Services of Snohomish County	102,936.67	Program Payment
	4/15/2014	Smithwright Services	5,416.67	Program Payment
	4/15/2014	Snohomish County Fire District 1	12,035.50	Program Payment
	4/15/2014	Washington CAN! Education & Research Fund	18,000.00	Program Payment
	4/15/2014	Wonderland Development Center	11,250.00	Program Payment
	4/15/2014	YWCA of Seattle, King and Snohomish Co	4,166.66	Program Payment
	4/15/2014	City of Mountlake Terrace	4,830.00	Program Payment

Warrant Number	Transaction Date	Payee	Amount	Purpose
Wire/ACH Activity:				
	4/1/2014	Benefit Solutions Inc	53.78	FSA Payments
	4/10/2014	Benefit Solutions Inc	176.92	FSA Payments
	4/26/2014	Benefit Solutions Inc	20.00	FSA Payments
	4/24/2014	Benefit Solutions Inc	26.11	FSA Payments
	4/24/2014	Benefit Solutions Inc	176.92	FSA Payments
	4/25/2014	WA Department of Revenue	852.22	B&O tax
	4/18/2014	Department of Labor and Industries	292.11	1Q14 L&I - State Fund
		Total Wires/ACH Transactions	<u>430,700.84</u>	
Kruger Clinic Activity:				
013-037	Apr 2014	Various Claimants/Vendors	<u>18,293.43</u>	Administered by Healthcare Realty
Workers Compensation Claims Activity:				
305127-141	Apr 2014	Various Claimants/Vendors	<u>4,654.48</u>	Administered by Eberle Vivian
Professional Liability Activity:				
380000480	Apr 2014	Various Claimants/Vendors	<u>722.60</u>	Administered by Sedgwick
		Total Disbursements	<u><u>\$ 587,993.95</u></u>	

	Transaction Date	Payer	Amount	Purpose
Deposits:				
	4/1/2014	Swedish/Edmonds	716,941.94	Monthly lease
	4/1/2014	Value Village	24,428.45	Monthly lease
	4/2/2014	Eventbrite	4,978.21	Registration for 6WHY
	4/16/2014	Eventbrite	203.46	Registration for 6WHY
	4/1/2014	John Headley MD PS	17,445.38	Monthly lease
	4/4/2014	John Headley MD PS	308.12	2013 CAM Reconciliation
	4/1/2014	Sound Publishing	36.40	Refund for overpayment
	4/1/2014	Raymond Liu, D.D.S.	3,109.05	Monthly lease
	4/3/2014	Raymond Liu, D.D.S.	57.19	2013 CAM Reconciliation
	4/1/2014	Brian Tagaki, MD	75.00	Monthly storage
	4/10/2014	Snohomish County	138,529.77	Tax Levy
	4/4/2014	PFD - Copies	78.00	Copies
	4/1/2014	Puget Sound Gastro	25,353.08	Monthly lease
	4/3/2014	Puget Sound Gastro	1,587.17	2013 CAM Reconciliation
	4/22/2014	Eventbrite	389.83	Registration for 6WHY
	4/1/2014	Duane Erickson	117.00	Registration for 6WHY
	4/1/2014	Lauren Naismith	39.00	Registration for 6WHY
	4/1/2014	Marie McGulfin	39.00	Registration for 6WHY
	4/22/2014	Healthcare Realty Services, Inc.	4,166.67	Monthly ground lease
	4/30/2014	Sedgwick · Investment Income	0.43	Interest Income
	4/30/2014	Wells Fargo · Investment Income	23.22	Interest Income
	4/22/2014	Turner Kugler Law PLLC	54.30	Copies
	4/23/2014	Frank, Freed, Subit & Thomas, LLP	54.30	Copies
	4/22/2014	Department of Labor and Industries	46.86	Refund for Self Insurance W/C
		Total Deposits	\$ 938,061.83	

VERDANT HEALTH COMMISSION
PUBLIC HOSPITAL DISTRICT #2
SNOHOMISH COUNTY, WASHINGTON

WARRANT APPROVAL

We, the undersigned Board of Commissioners of Public Hospital District #2 of Snohomish County, Washington, do hereby certify that the merchandise or services hereinafter specified have been received and that Warrant Numbers 10641 through 10677 have been issued for payment in the amount of \$133,622.60. These warrants are hereby approved.

Attest:

Lisa M. King

Commissioner

Commissioner

Commissioner

Commissioner

Commissioner

Warrants Processed:	4-1-14 – 4-30-14		\$133,622.60
Work Comp Claims Pd:	4-1-14 – 4-30-14		4,654.48
Professional Liability Pd:	4-1-14 – 4-30-14		722.60
Kruger Clinic Processed:	4-1-14 – 4-30-14		18,293.43
Payroll:	3-16-14 – 3-29-14	14,515.47	
	3-30-14 – 4-12-14	<u>13,871.99</u>	
			28,387.46
Electronic Payments:	Payroll Taxes	12,548.79	
	Paychex	147.37	
	Valic Retirement	3,978.62	
	Benefit Solutions	453.73	
	Bank Fees	651.13	
	WA State Dept Revenue	852.22	
	Program Expenditures	<u>383,681.52</u>	
			<u>402,313.38</u>
	Grand Total		<u>\$587,993.95</u>

PUBLIC HOSPITAL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON

RESOLUTION NO. 2014-04

A resolution of the Commission of Public Hospital District No. 2, Snohomish County, Washington (the "District"), approving and adopting an amendment to the District's budget for calendar year 2014.

WHEREAS, RCW 70.44.060 requires the Superintendent of the District to prepare a proposed operational and capital budget (the budget) of the contemplated financial transactions of the District for the ensuing year and to file the budget in the records of the Commission on or before the first day in November; and

WHEREAS, RCW 70.44.060 further requires the District to publish public notice of the proposed budget and the date and place of a hearing on the budget, which is required to be held on or before the fifteenth day of November, for two consecutive weeks in a newspaper printed and of general circulation in Snohomish County; and

WHEREAS, in compliance with the requirements of RCW 70.44.060, the Superintendent prepared, filed and provided notice of the District's proposed 2014 budget, which proposed budget is attached hereto as Exhibit A (the "2014 Budget"); and

WHEREAS, the Commission held a public hearing on the 2014 Budget on October 23, 2013, in compliance with the requirements of RCW 70.44.060 and RCW 84.55.120; and

WHEREAS, the Commission has determined that it is necessary to amend the 2014 Budget to address changes in the District's operation since the 2014 Budget was originally adopted; NOW, THEREFORE,

BE IT RESOLVED BY THE COMMISSION OF PUBLIC HOSPITAL DISTRICT NO. 2, SNOHOMISH COUNTY, WASHINGTON, that the amended budget for 2014, in the form attached hereto as Exhibit B, is hereby adopted.

ADOPTED AND APPROVED by the Commission of Public Hospital District No. 2, Snohomish County, Washington, at an open public meeting thereof, held this 28th day of May, 2014.

President and Commissioner

Commissioner

Commissioner

Commissioner

Secretary and Commissioner

I, J. Bruce Williams, Secretary to the Board of Commissioners of Public Hospital District No. 2, Snohomish County, Washington, certify that the attached copy of Resolution No. 2014-04 is a true and correct copy of the original resolution adopted on May 28, 2014, as that resolution appears on the Minute Book of the District.

DATED this 28th day of May, 2014.

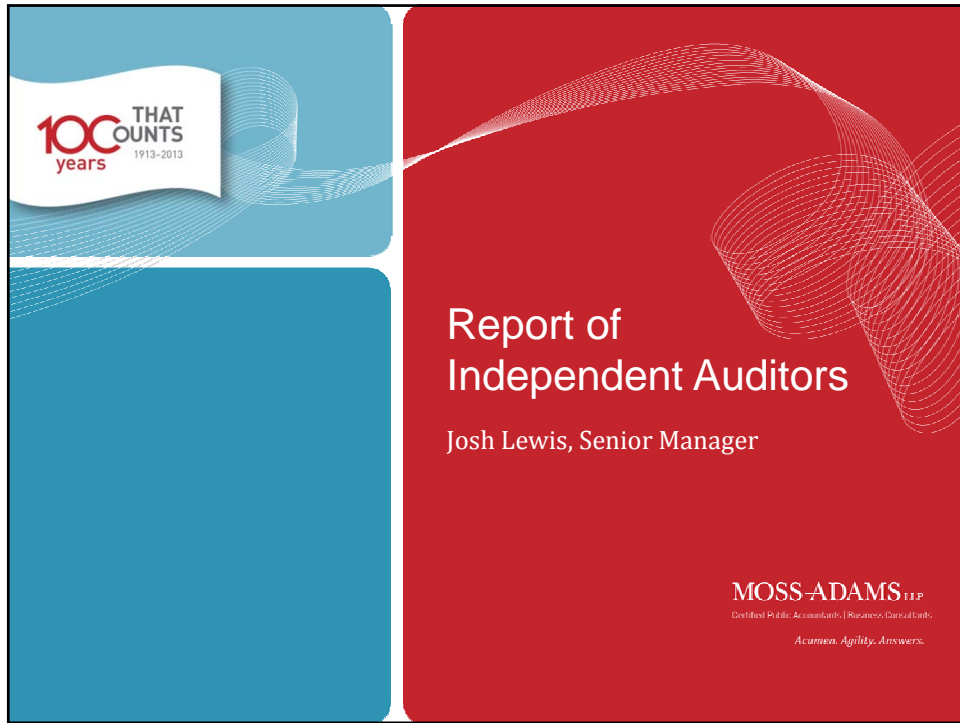
J. Bruce Williams
Secretary to the Board of Commissioners

EXHIBIT A
Public Hospital District No 2
of Snohomish County, Washington

Operating Revenue	\$ 8,268,300
Operating Expenses (excluding depreciation)	7,211,503
Maintenance and Operations Levy	2,104,000
Other Non-operating Revenue	1,093,239
Depreciation Expense	<u>3,020,740</u>
Net Income	<u><u>\$1,233,297</u></u>

EXHIBIT B
Public Hospital District No 2
of Snohomish County, Washington

Operating Revenue	\$ 11,752,859
Operating Expenses (excluding depreciation)	8,654,214
Maintenance and Operations Levy	2,104,000
Other Non-operating Revenue	552,101
Depreciation Expense	<u>3,384,445</u>
Net Income	<u>\$2,370,301</u>
Capital Outlay	<u><u>\$3,077,298</u></u>





REQUIRED BOARD COMMUNICATIONS

- Unmodified opinion
- One new significant accounting policy adopted
 - GASB 65 – removed deferred financing costs and limited use of the word “deferred”
- No issues discussed prior to our retention
- One audit adjustment, no impact to income
- No disagreements with management

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ACCOUNTING ESTIMATES

- Estimates are reasonable
- Estimates include: useful lives of assets, worker’s compensation claims, estimated professional liability and estimated third party settlements
- Significantly impact financial statements
- Based on best available information
- **Changes are reported in period they become known**

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CHANGE IN ESTIMATES

IMPACT TO BOTTOM LINE

	2012	2013
Worker's comp liability	45,000	(305,000)
Professional liability	185,000	110,000
Receivable from/payable to Swedish	1,340,000	-
Third-party settlements	<u>1,170,000</u>	<u>75,000</u>
Net increase to bottom line	<u>2,740,000</u>	<u>(120,000)</u>

Most significant cause of the increase in 2012 was a change in the SSI%, which impacts the cost reports

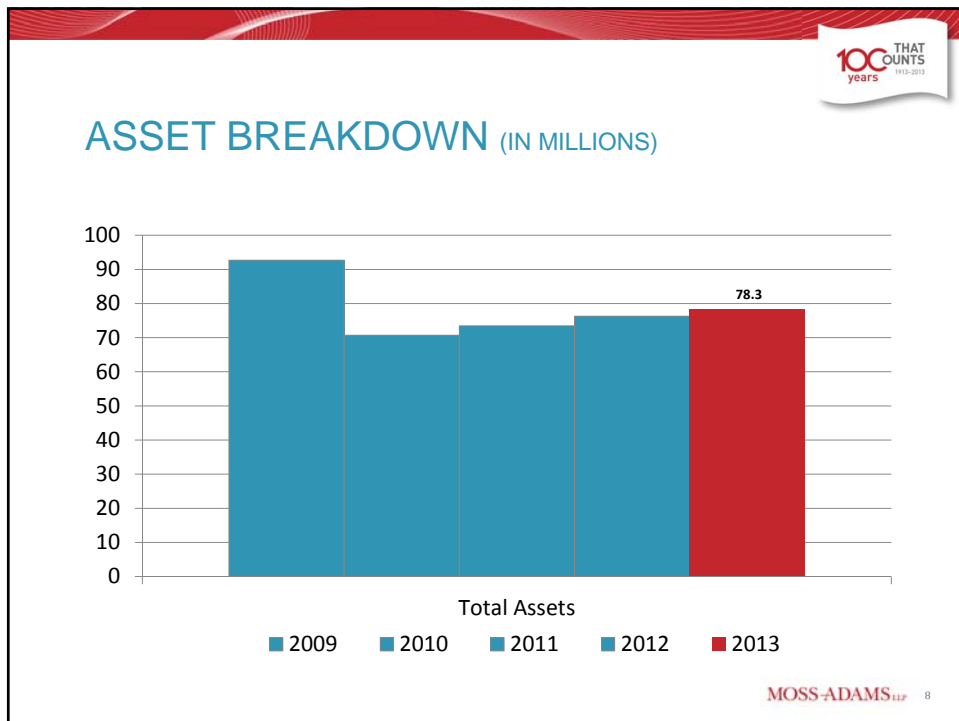
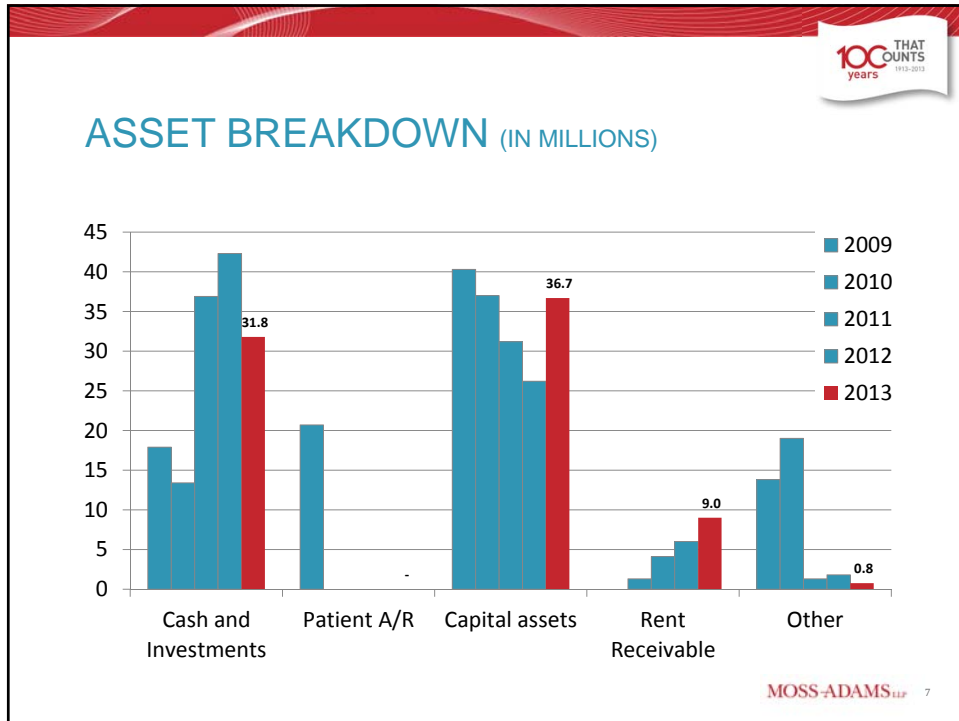
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ACCOUNTING FOR LEASES

- Straight-line accounting
 - Rent receivable represents income recognized but not yet paid
 - Applies to: hospital lease, Kruger clinic leases with Swedish
- Accounting in accordance with rent payments
 - No rent receivable (unless lessee falls behind payment schedule)
 - Applies to: all other leases
- Lease accounting currently in flux
 - FASB and IASB working to rewrite current lease guidance
 - GASB may adopt the new guidance established by FASB

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100 THAT COUNTS
years 1913-2013

Questions

Josh Lewis
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425.303.3137

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Certified Public Accountants | Business Consultants
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May 2014 Program Summary

Program Summary

- Four new funding applications up for discussion
- Follow-up on Puget Sound Kidney Center request
- Kindering is scheduled for a Q&A with Program Committee in June

Recommended for Funding

- **American Red Cross - CPR training for vulnerable populations:** a renewal request to provide funding for CPR classes for South County community organizations and residents. Last year, Verdant provided \$10,000 for one-year, and the Red Cross is on track to serve 165 individuals. All of the trainings would occur in South Snohomish County; example organizations have included non-profits, parent groups, childcare providers, and the Center for Healthy Living. **The program committee is recommending fully funding the request at \$10,000 per year for two years.**

For Additional Discussion

- **Puget Sound Christian Clinic (PSCC): two funding requests connected to a planned Lynnwood dental clinic:**
 1. Start-up funding request of \$300,000 to be used for construction and equipment for the clinic, which would be located in a church space in Lynnwood, converted from a closed commercial gym (near Hwy 99 & 196th). The clinic would expect to provide 3,000-4,000 patient visits per year.
 2. Operating funding of \$150,000 per year for three years for the clinic to hire a full-time dental director and support staff and to oversee the work of volunteer dentists. The clinic is expected to operate 24 hours per week in the first year, increasing to 40-plus hours per week by the third year with additional volunteers and a residency program. The clinic will provide comprehensive dental care, including exams, x-rays, cleanings, fillings, crowns, and extractions.

The program committee directed Verdant staff to follow-up with the applicant to better understand how the new clinic would fit in with existing service providers, and to learn more about the long-term sustainability plan for the clinic. The committee also wanted to get feedback from the other Verdant board members on the clinic concept given the size of the request.

- **Free Range Health – Expanded Low Cost Acupuncture Services:** a renewal and expansion request to provide low-cost acupuncture services for seniors. Verdant currently funds a one-year pilot for \$21,209 at the Lynnwood Senior Center and the organization would like to expand to the Mountlake Terrace Senior Center, the Center for Healthy Living, and to provide in-home care. The program is designed to help patients cope with issues like pain and chronic conditions. To date, the program at the Lynnwood Senior Center has seen 117 individuals in Lynnwood and has been tracking self-reported measures like pain and energy levels.

The committee had some reservations and concerns about the size and scale of the expansion request (\$121,090 per year for two years). **There was not consensus among committee members so the request is being forwarded to the board for discussion.**

Follow-up on Previous Applications

Puget Sound Kidney Center Foundation – Chronic Kidney Disease Education and Prevention Program: a revised request for a new program focused on helping to reduce the progression of kidney disease. The request would fund 1.1 FTE positions for a program manager, social worker, dietician, and a nurse. The program would expect to serve a minimum of 50 individuals per year out of the organization's Mountlake Terrace office, and outcomes would be focused on keeping patients off of dialysis and increasing use of home therapy options. The revised request is \$70,000 in year 1, \$50,000 in year 2, \$40,000 in year 3.

Board members have now all met with the applicant to learn more about how the program fits in with Puget Sound Kidney Center's existing programs and services as well as how it connects to other health education programs in the community. **The Verdant board now needs to decide what action it would like to take regarding the funding application.**

	A	B	C	D	E	F	G	H	I
New Funding Requests			Request for funding			Priority Area			
#	Name		Year 1	Year 2	Year 3	Education & Empowerment	Prevention	Access to Healthcare	Policy & Advocacy
1	Puget Sound Christian Clinic Dental Clinic Start up Request	Puget Sound Christian Clinic (PSCC) is seeking funding to expand and move its dental clinic from North Seattle to a new location in Lynnwood. Funds would be used for construction and equipment for the clinic, which would be located in a church space in Lynnwood converted from a gym (near Hwy 99 & 196th). The clinic would expect to provide 3,000-4,000 patient visits per year.	\$300,000					X	
2	Puget Sound Christian Clinic Ongoing Program Funding	Operating funding for the previous dental request. Verdant funds would be used to hire a full-time dental director and support staff and to oversee the work of volunteer dentists. The clinic is expected to operate 24 hours per week in the first year, increasing to 40-plus hours per week by the third year with additional volunteers and a residency program. The clinic will provide comprehensive dental care, including exams, x-rays, cleanings, fillings, crowns, and extractions. A 12-18 month treatment plan, based on income and work needed, will be developed for each patient.	\$150,000	\$150,000	\$150,000			X	
3	American Red Cross - CPR Training for vulnerable populations	A renewal request to provide funding for CPR classes for South County community organizations and residents. Last year, Verdant provided \$10,000 for one-year, and the Red Cross is on track to serve 165 individuals. All of the trainings would occur in South Snohomish County; example organizations have included non-profits, parent groups, childcare providers, and the Center for Healthy Living.	\$10,000	\$10,000		X	X	X	
4	Free Range Health-- Expanded Low Cost Acupuncture Services	A renewal and expansion request to provide low-cost acupuncture services. Verdant currently funds a one-year pilot project at the Lynnwood Senior Center and the organization would like to expand to the Mountlake Terrace Senior Center, the Center for Healthy living, and to provide in-home care. The program is designed to help patients cope with issues like pain and chronic conditions.	\$121,090	\$121,090				X	
Previous Requests									
5	Puget Sound Kidney Centers Foundation - Chronic Kidney Disease Education and Prevention Program	A revised funding request focused on helping to reduce the progression of kidney disease and stabilize kidney function for patients, particularly for individuals with chronic kidney disease. The request would fund 1.1 FTE in total for four staff (program manager, social worker, dietician, and a nurse). The program would expect to serve 50 individuals per year out of the organization's MLT office, and outcomes would be focused on keeping patients off of dialysis and increasing use of home therapy options.	\$70,000	\$50,000	\$40,000	X	X	X	

May 2014 Marketing Report

6 Weeks to a Healthier You Update

Participation

- 260 people in total signed up for this year's program
- 201 people did pre-program biometrics, with similar aggregate results as in previous years
- 148 people did post-program biometrics
- We will compile biometrics data and feedback on the program to share at the June board meeting.

The Canopy Newsletter

The next issue of The Canopy will be mailed to homes in late June. Content will highlight:

- A focus on programming for seniors
- An educational piece on where to go for care (i.e. ER, urgent/walk-in, primary care)
- Spotlights on programs:
 - Fire District 1's Community Paramedic Program
 - American Heart Association's BetterU
 - City recreation departments' 3rd-grade swim lessons
 - Edmonds Community College's Celebration of Food Festival
- Verdant Community Wellness Center plans, and more.