

VERDANT HEALTH COMMISSION  
PUBLIC HOSPITAL DISTRICT NO. 2 OF SNOHOMISH COUNTY, WASHINGTON  
**BOARD OF COMMISSIONERS**  
Regular Meeting  
AGENDA  
May 24<sup>th</sup>, 2023  
8:00 a.m. to 10:00 a.m.

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The public can participate in person at the Verdant Community Wellness Center or join via Zoom by visiting <https://us02web.zoom.us/j/83042983170> Meeting ID: 830 4298 3170 or the call-in number is 253-215-8782.

	<u>ACTION</u>	<u>TIME</u>	<u>PAGE</u>
A. Call to Order	---	8:00am	---
B. Land & Enslaved People's Acknowledgement	---	8:01am	3
C. Consent Agenda:	Action	8:02am	4-18
1. Approval of Minutes:			
a. April 26, 2023 Regular Board Meeting			
2. Resolution 2023:05 Disposal of Asset Surplus			
3. Grant Financial Review Guidelines			
D. Public Comments (limit 3 minutes per speaker)	Information	8:05am	---
E. Executive Committee Report	Information	8:15am	---
F. Moss Adams 2022 Annual Audit Presentation	Information	8:16am	19-48
G. Organizational Capacity Status Report	Information	8:35am	---
• Introduction of Dominique Ongaro, Public Health intern			
• Nimble Grants – Christina Bernard and Mallory Fitzgerald of Pacific Hospital Preservation & Development Authority (PHPDA)			
H. Superintendent Report	Information	9:00am	---
1. Verdant Operations			
2. Community Outreach Update			
I. Program Committee Report	Information	9:10am	---
1. Conflicts of Interest			
2. Superintendent's Discretionary Grants awarded			
J. Finance Committee Report			
1. Review Financial Statements & Cash Activity	Information	9:20am	49-58
2. Authorization of Payments of Vouchers and Payroll	Action	9:30am	59-60

K. Public Comments (limit 3 minutes per speaker)	Information	9:35am	---
L. Commissioner Comments	Information	9:45am	---
M. Adjournment	---	10:00am	---



## **– Land & Enslaved People’s Acknowledgment –**

Public Hospital District #2, Snohomish County (the Verdant Health Commission), recognizes that we live and work on the ancestral homelands and traditional territories of Indigenous peoples who have been here since time immemorial.

We also recognize that many enslaved and contracted peoples were forced to dedicate their work to the construction of what is now the South Snohomish County area.

In recognition that this land is colonized Indigenous territory that has been designated through slaves and hired labor, it is our collective responsibility to critically interrogate the stories and later lives of these people, and to honor, protect and sustain this land.

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

**BOARD OF COMMISSIONERS**

**Regular Meeting**

**Hybrid: In-Person at Verdant Community Wellness Center and via Zoom**

**April 26, 2023**

**8:00 a.m.-10:00 a.m.**

**Commissioners  
Present**

Jim Distelhorst, MD, President  
 Karianna Wilson, Commissioner  
 Deana Knutsen, Commissioner  
 Carolyn Brennan, Commissioner (*excused at 9:16am*)

**Commissioners  
Excused**

Bob Knowles, Commissioner

**Staff**

Dr. Lisa Edwards, Superintendent  
 Riene Simpson, CPA, Director of Finance  
 Leslie Silverman, Interim Director of Community Impact &  
 Grantmaking  
 Kaysi Caballero, Executive Assistant/Office Manager  
 Nancy Budd, Community Social Worker  
 Kirk Mathis, Digital Marketing & Communications Manager  
 Sandra Huber, Community Engagement Manager  
 Monika Star, Wellness Center Assistant

**Guests**

Rosario Reyes	Bailey Disher
Beratta Gomillion	V Villavivencio
Chris McBride	Elizabeth Lunsford
Sarah Pulliam	

**Call to Order**

The regular meeting of the Board of Commissioners of Public Hospital District No. 2, Snohomish County, was called to order at 8:00 a.m. by President Distelhorst.

**Land and  
Enslaved People's  
Acknowledgement**

President Distelhorst read the acknowledgement.

**Consent Agenda**

***Commissioner Knutsen made a motion to approve all items included on the consent agenda, Commissioner Wilson seconded. Motion passed.***

Consent Agenda (E:29:23)

Approval of Minutes:

- a. March 22, 2023 Regular Board Meeting
- b. March 28, 2023 Special Board Meeting
- c. Resolution 2023:04 Swedish Hospital Asset Disposal

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**Public Comments**

Ms. Caballero read five public comments submitted in writing.

1. Anonymous, Edmonds Height K-12: Community member expressed their enthusiasm and hope for the Move60 Program to continue to be supported by Verdant. Their son lives with a speech disability and, with the support of their teacher Annie, Move60 has been a place where he is free to play, make friends, and develop confidence without the pressure of verbal communication. Move60 gives their son something to look forward to going to school every day and helps him stay connected to his peers and teachers. They hope that Move60 can continue in its current model but would also advocate for the program to expand to ALL grades in the Edmonds School District. This program provides access to an exercise program outside of the traditional team sports paradigm.
2. Erin Way, Edmonds Heights: She provided a sincere "thank you" to Verdant for offering Move60 to students. Her child is a homeschooler, and this program provides fun, physical, structured play, where he can meet other kids, move his body, feel successful, and make friends. He has met three boys through Move60 which has helped his mental and physical health, and general well-being. Having her child in Move60 during this hour has allowed her to start up the Reluctant Readers family support group at Edmonds Heights. This has been awesome for community building and allowing parents to talk and strategize for kids who have reading disorders, learning disabilities, or are just struggling with reading and writing. As Verdant renews grants, she wanted to reach out and thank Verdant for what it has offered so far.
3. Justine Guerrero-Pluard, Edmonds Height K-12: They expressed their gratitude for the Move60 program and hopes of Verdant continuing support of Move60. With the pandemic closing school and switching to remote learning, and now homeschooling, Move60 has been their only on campus "class" where their child can interact with other students in a fun and safe environment. It's been a great way to be physically active while learning new sports and games with others. Move60 has been the highlight of the school days for their child to interact with his friends. They hope this is a program he can continue to be involved in and that it stays for not only their child, but many other students to come!
4. Damien Gibbs, Madrona K-8: He sends his support for the concept of Move60 being available at our public schools.

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He believes that letting our kids get some physical exercise before they start their school day is essential to their greater learning development throughout the day. He has three kids, and they have all participated in Move60 to the fullest and they love the chance to socialize and move with their friends. It helps create bonds and memories as well as physical well-being.

5. Nazia Junejo, Madrona K-8: Her 4<sup>th</sup>-grade son attends Move60 every day. While they don't need childcare in the morning, her son loves going and taking part in all physical activities. They hope Verdant will continue funding the program for many more years to come. Her son now knows about heart rate, the importance of physical activity on health, and mental health. He is continually stretching throughout the day and referring to his morning Move60 class. They would really hate to lose this class and the learning. Please continue to support Move60.

**Executive  
Committee Report**

President Distelhorst reported that Executive Committee met on April 20<sup>th</sup> to approve the agenda for today's meeting. No action was taken at the Executive Committee meeting.

**Mental Health  
Discussion Panel**

Ms. Silverman welcomed the panelists for today's discussion about Mental Health, one of Verdant's four strategic priorities.

Sara Pulliam,  
ChildStrive

Rosario Reyes,  
Latino Educational  
Training Institute

Christopher  
McBride, Domestic  
Violence Services of  
Snohomish County

Beratta Gomillion,  
Center for Human  
Services

The panelists introduced themselves:

1. Christopher McBride, Domestic Violence Services of Snohomish County (DVS)
2. Beratta Gomillion, Center for Human Services (CHS) – they have counselors in every school in the Edmonds School District. Verdant's funding has been critical in continuing their mental health services for children.
3. Sara Pulliam, ChildStrive – they serve children with developmental disabilities, ages birth to 8 years old.
4. Rosario Reyes, Latino Educational Training Institute (LETI) – they serve Latino immigrants. Although the name states they focus on education, over the last two years they have had to focus on emergency services. The two grants they received from Verdant has really strengthened their service and outreach.

Ms. Silverman asked the panelist when we talk about nonprofits committed to mental health support for our community, what are some characteristics that you share? Are there regional or state affinity groups or associations you are a part of to stay abreast of changes or learn from one another?

- Mr. McBride (DVS) answered that the characteristics they share with other organizations is to find where they fit in with others and the resources they each have available. Their clientele with DVS Snohomish County has a very specific issue at hand yet are also a part of the community at large. They have a coalition for South Snohomish County with other domestic violence related services, for example, those serving children specifically.

Ms. Silverman asked panelists to provide us with a glimpse of the operational side of service delivery and how you are supporting those 'behind-the-scenes' costs that are not seen when you are working in the community?

- Ms. Gomillion (CHS) answered there is so much more than the hour you spend with a client. It is hard enough to find employees right now due to the workforce shortage. One of their high expenses is electronic records. They must have staff for billing and supervising all their billing staff. They spend a lot of time with unbillable work doing documentation and paperwork and fulfilling certain accreditations, for example. After the pandemic, there is so much trauma and this takes a toll on their counselors who are affected by the stories people share. They have to be very aware of how they treat their staff.
- Ms. Reyes (LETI) added that to serve the community in a culturally appropriate manner, they have to create a lot of events. Mental health is a taboo subject in the Latino community so they must create opportunities for their clients to feel like they can trust them (a fun event to open the conversation) so they will come back and ask more about services so they can receive help. A simple thing they help people with is computer classes where people can learn to set up an email account, for example, so they can have this communication tool which is so necessary these days.

Ms. Silverman asked what does the growth pattern look like in South Snohomish County—what changes are you anticipating that requires you and your leadership to think differently about your programs and services?

- Ms. Pulliam (ChildStrive) answered they are seeing a downward trend in teen and young adult births, but they still have a very full caseload with families who are continuing to grow and have children. They have a lot of new waves of immigration from Ukraine and Afghani origin. The most interesting pattern they have seen with migration is people moving here from King County,

looking for more affordable housing. They are doing some advocacy right now to fight for affordable housing. They are also struggling to compete with other organizations in hiring and retaining staff.

- Mr. McBride added they are entering a phase in South Snohomish County where they need to work with culturally-specific organizations to train them on how to recognize signs of domestic abuse and what resources they can provide as they serve the immigrant population.
- Ms. Reyes (LETI) added they have clients where three families are sharing a one-bedroom apartment. This type of living arrangement creates tremendous stress. Their clients are embarrassed to admit they are living like this, simply to survive, and so they aren't reaching out for support.

Ms. Silverman asked what are some examples of collaborations among providers and other community partners (be it nonprofit, business, county, school district) that are aiming to expand reach and quality of care?

- Ms. Gomillion (CHS) answered they have to look for collaborations to provide the other services to be able to treat the client as a *whole* (for example helping with housing to reduce mental stress). They collaborate with emergency rooms and hospitals, Edmonds School District.
- Ms. Reyes (LETI) said they utilize students from the university and free public trainings to teach their staff and volunteers. They refer people to Edmonds College for GED and English as second language courses. They place 160 people per quarter in these two areas at the college. Through these classes, people are learning to read in English so they can understand their bills and other important paperwork.
- Mr. McBride (DVS) said they collaborate with the Edmonds Food Bank.
- Ms. Pulliam (ChildStrive) added they are working to partner with early learning centers like childcare and Early Childhood Education and Assistance Program (ECAP) classrooms. Children are significantly behind their peers from pre-pandemic times. The social and behavioral health is also behind, such as recognizing their feelings and socializing with their peers.

Ms. Silverman thanked the panelists for their time which concluded the Mental Health panel.

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**Program  
Committee Report**

Conflicts of Interest     None.

Superintendent's  
Discretionary

Dr. Edwards presented a section of Verdant's Purchasing and Expenditure Policy, to ask for clarity on the purpose and the approval process of the Superintendent's Discretionary Fund. (E:30:23)

- Commissioner Knowles asked the other Commissioners whether this fund should still align with the Verdant priorities or if it can be used for other initiatives.
- Commissioner Wilson answered that to her it doesn't need to align with the three priorities, yet it still does need to provide a health and wellness benefit to the community. Commissioner Brennan and President Distelhorst agreed.
- President Distelhorst added that the fund should also be used for smaller and one-time funding, not consistent funding.
- Commissioner Knutsen would like clarification on a dollar amount and the process for how to approve the funds (going just through Program Committee, or both Program and Finance Committees before being awarded).

Dr. Edwards asked for clarification from Commissioners if it is the intent of Commissioners that this fund should not be used for pilot/startup funding as that should go through the formal grant cycle, OR that this fund has the latitude to be able to provide this funding to a startup initiative.

- Commissioner Wilson answered that in the past the fund is used for small, \$5,000 or \$15,000 requests to fund a health fair, for example, versus a larger \$80,000 request. She does not want to start a process to fund organizations outside of the regular cycle but understands there may be instances of an urgent innovation whose timing does not line up with our cycle.
- Commissioner Knowles would like to provide a cap on the individual expenses so we can spread the fund out to multiple organizations (for example \$20,000 per program). He would like to make sure these items stay within the annual budget of \$100,000 and that there shouldn't be anything approved outside of this \$100,00 budget without Board approval.
- Commissioner Knutsen doesn't think there needs to be a dollar limit on the amount to spend on each organization,

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for example, if we get a request for \$25,000 that is OK, there is not a set \$20,000 limit per organization.

- Commissioner Wilson agreed with Commissioner Knutsen. She thinks the Superintendent now has clarity on how the Board feels about the fund and will utilize it accordingly.
- Superintendent Discretionary requests will be a part of the monthly consent agenda to provide the Board with heads-up of newly approved requests from Superintendent Discretionary Fund. The funding allocations will typically be smaller awards than the grant making cycles and projects will have a health-related focus.

Scoring Rubric

Dr. Edwards presented the scoring rubric for final review by Commissioners as we need to post this on the website. (E:31:23).

***Commissioner Knutsen made a motion to approve the scoring rubric as presented, Commissioner Wilson seconded, motion passed.***

## Superintendent's Report

Dr. Edwards spoke about the work of Verdant staff in providing grant guidance to the community. Yesterday, we hosted a free grantwriting workshop with a presentation on grantwriting tips and best practices.

Verdant staff will be attending Mindfest with Mental Health Matters is on Sunday, May 7<sup>th</sup>.

Verdant is hosting two free Narcan trainings in May and Dr. Edwards thanked Community Health Plan Finder of Washington for providing the sponsorship of the Narcan kits that we can hand out for free to those who are trained.

She thanked the finance team who has recently gone through the annual audit.

## Finance Report

Review Financial Statements & Cash Activity

Ms. Simpson presented the financial reports for March 2023 (E:32:23), noting any transactions out of the ordinary, compared to prior month periods. [insert status of operating expense and revenue as of March YTD]

Authorization of Payments of Vouchers and Payroll

Authorization for payment of vouchers and payroll: Warrant numbers 15986 through 16029 and J2068 through J2099 for March 2023 for total warrant payments in the amount of \$266,589.99 were presented for approval (E:33:23).

***Motion was made by Commissioner Knowles, seconded by Commissioner Wilson and passed unanimously to approve the warrants.***

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**Public Comments** Elizabeth Lunsford, 98037 appreciates the support she has been receiving from Verdant and the mental health panel today. Dramatic school-board cuts that are happening statewide and in the Edmonds School District. There was a 13-year old who was recently shot due to gun violence. Ms. Lunsford's situation with the City of Lynnwood has gotten much worse as she has received notice of written legal action.

**Commissioner Comments** Commissioner Brennan thanked Ms. Caballero for her hard work, in honor of Administrative Professional's Day.

Commissioner Wilson wished Ms. Caballero a happy Administrative Professional's Day.

**Adjournment** The meeting was adjourned at 9:39 a.m. by President Distelhorst.

**ATTEST BY:**

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

PUBLIC HOSPITAL DISTRICT NO. 2  
SNOHOMISH COUNTY, WASHINGTON

RESOLUTION NO. 2023-05

A RESOLUTION of the Commission of Public Hospital District No. 2, Snohomish County, Washington (the “District”), determining certain personal property to be surplus and no longer required for public hospital district purposes of the District and authorizing the superintendent and such District personnel as the superintendent may designate to sell all or any part of such property on a negotiated basis.

WHEREAS, certain personal property of the District is no longer required for District purposes and the Commission wishes to dispose of such property in a lawful manner as promptly as reasonably possible; NOW, THEREFORE,

BE IT RESOLVED BY THE COMMISSION OF PUBLIC HOSPITAL DISTRICT NO. 2, SNOHOMISH COUNTY, WASHINGTON, as follows:

Section 1. It is hereby found, determined, and declared that the personal property identified on Exhibit A hereto (the “Surplus Property”) is no longer required for public hospital district purposes and such property therefore is surplus. It is further found and declared to be in the best interest of the District that the Surplus Property be disposed of promptly as hereinafter provided.

Section 2. The superintendent and such District personnel as the superintendent may designate are hereby authorized and directed to sell the Surplus Property on a negotiated basis on the most favorable terms they deem obtainable.

ADOPTED AND APPROVED by the Commission of Public Hospital District No. 2, Snohomish County, Washington, at a regular open public meeting thereof this 24<sup>th</sup> day of May 2023, the following Commissioners being present and voting.

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President and Commissioner

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Commissioner

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Commissioner

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Commissioner

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Secretary and Commissioner

I, Karianna Wilson, Secretary of the Commission of Public Hospital District No. 2, Snohomish County, Washington, certify that the attached copy of Resolution 2023-05 of the District is a true and correct copy of the original resolution adopted on May 24 2023, as that resolution appears on the Minute Book of the District.

DATED this 24<sup>th</sup> day of May, 2023.

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Secretary of the Commission

**Swedish Edmonds  
Disposition of District Assets**

Date: May 10, 2023

To: Public Hospital District #2 of Snohomish County  
Verdant Health Commission  
Attn: Finance

RE: Request disposition of asset

**Asset Description:**

NUM	DEPT	DESCRIP	SERIALNUM	PO	QTY	ACQDT	COST
8908701	7071	MICRO OSMOMETER	S5143 SN-08070920A		01	9/1/2008	8,853.36

Submitted by: Lori Wise, Director of Finance

Section 4.9 Major Decisions. Except for the Major Decisions in section 4.9, Swedish may make all decisions regarding operation of the hospital and other leased Assets (a) Disposition of any of the District assets, including without limitation and all equipment, fixtures, trade fixtures and other assets in or on the leased real property





## Community Investment Guidelines

### Financial Review of Applicant Organizations

#### Goal:

The purpose of the financial review is basic risk management and fiscal stewardship of grant applicants. It is not intended to be a comprehensive audit of the entities' long-term viability or to determine the worthiness of the request. Rather, this review informs commissioners as they consider community investments.

#### Objective:

- To perform a general review of the applicant organization's compliance with required financial-related documents and
- To perform a top-level evaluation of the financial standing of the organization; specifically, to better understand its' capacity to manage a grant award in the amount requested.

Generally, the financial overview is performed by the Verdant Director of Finance or their designee who has an appropriate skill set to complete a review of financial documents provided by the applicant organization.

#### I. Document Submission

- All applications are screened for completeness of document submission including financial statements for the required periods and form 990 as applicable.
- If incomplete, the application is disqualified and does not move on to further financial review.

#### II. Financial Document Review

- Financial statements are reviewed for completeness, revenue sources, expense categories, proper form, and categorization. The financial presentation is considered against the maturity of the applicant organization.

- Financial statements are reviewed for results, trends, and exceptions. Where audited financial statements are presented, opinions, footnotes and management comments are reviewed for operational information and insight.
- Administrative and program expenses are reviewed as a percentage of total expenses, if amounts appear unreasonable or exceed standards, this is noted.
- Form 990 presentation of functional expenses is reviewed with an eye towards the organization's distribution between administrative, fundraising and program costs. If unusually high salaries or administrative costs are reported, these are noted.

### III. **Financial Capacity and Project Funding Request**

- The review also considers the size of the applicant's funding request as compared to the overall budget for the organization. The budget composition is reviewed.
- The due diligence review of the project budget aims to address these questions:
  - Does the organization have the financial resources and fiscal infrastructure to accomplish, track and report the outcomes for the project?
  - Do they have adequate staffing or a fiscal agent who performs these functions or supports them in doing so.

Any findings or concerns are noted and input into the Fluxx grants administration system for consideration by the staff and Commissioners during scoring and subsequent review.

Guidance for this process is derived from *The Due Diligence Tool, Guidelines for Effective Pre Grant-Assessment*, published by Grantmakers for Effective Organizations.

Approved: May 24, 2023-Board of Commissioners Public Meeting

By: Board of Commissioners

Implemented: June 1, 2023



Reports of Independent Auditors  
and Financial Statements

**Public Hospital District No. 2,  
Snohomish County, Washington  
dba Verdant Health Commission**

December 31, 2022 and 2021

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## Report of Independent Auditors

The Board of Commissioners  
Public Hospital District No. 2, Snohomish County, Washington  
dba Verdant Health Commission

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission as of December 31, 2022 and 2021, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2022, Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission adopted the accounting requirements of Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2023, on our consideration of Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission's internal control over financial reporting and compliance.



Everett, Washington  
May 17, 2023

## **Management's Discussion and Analysis**

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# **Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission Management's Discussion and Analysis**

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The following discussion and analysis for Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission (the District) provides an overview of the District's financial activities for the years ended December 31, 2022 and 2021. Please read it in conjunction with the District's financial statements, which follow this analysis.

## **Using These Financial Statements**

The District's financial statements consist of three statements: a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. These financial statements and related notes provide information about the financial activities of the District.

## **The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position**

These two statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All the current year's revenues and expenses are taken into account when the underlying transactions occur, regardless of when cash is received or paid. These statements report the District's net position and the changes therein. When assessing the overall health of the District, other nonfinancial factors also need to be considered, such as changes in programs offered, measures of the quality of service offered, and local economic factors.

## **The Statement of Cash Flows**

This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and noncapital financing activities. It provides information about sources and uses of cash and the change in cash balances during the reporting periods.

## **The Transition of Operations, Effective September 1, 2010**

Until September 1, 2010, Public Hospital District No. 2, Snohomish County, Washington, owned and operated Stevens Hospital. Through a lease and operating agreement, on September 1, 2010, Swedish Health Services (SHS), a nonprofit corporation, assumed operation of the hospital and renamed it Swedish Edmonds. This transition significantly changed the role of the District. The District retained ownership of the hospital but no longer manages its operations and, instead, is a landlord to SHS. As of December 31, 2022, SHS had paid \$95.5 million in total lease payments to the District for the use of hospital real property and personal assets owned by the District.

## **Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission Management's Discussion and Analysis**

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The negotiated agreement terms for use of the hospital by SHS are for 30 years, with options to renew, wherein the District will receive monthly lease payments that increase 3.0% per year for the first 15 years, after which time the monthly payments will be level for the remainder of the agreement. Additionally, SHS agreed to invest a minimum of \$90.0 million into hospital capital improvements over the course of the first 10 years, with no less than \$6.0 million per year in each of those 10 years. If SHS fails to meet the capital requirement for three consecutive years, this would constitute a breach of the lease and operating agreement. In 2018 and 2019, SHS neglected to meet its annual \$6.0 million requirements by \$1.9 million, and \$1 million, respectively. In 2020, SHS met the capital requirement with capital improvements of \$6.2 million. In 2021, \$11.6 million in capital improvements including CT and mammography equipment, surgery center flooring, behavioral health expansion, and autoclave replacements. The capital investment obligations under the lease have been met by Swedish and exceeded its obligation. Total investment by Swedish over the required term was \$151 million.

The capital investment commitment included the installation of the Epic electronic medical record system. Additional capital investment by SHS may be committed each year based on 25% of the defined profitability of the facility. In addition, SHS committed to a major expansion project of at least \$60 million, provided there was adequate return on investment, demand criteria were met, and the SHS board of trustees approved such a project. An expansion of the Emergency Department was completed in 2016 that met the major expansion project criteria above. The District and SHS formed a strategic collaboration committee to provide oversight for the lease and strategic planning activities for the facility.

The District has a capital reserve policy to maintain investments sufficient to bridge a transition in the event of default by SHS or some other extraordinary event. The amount is discussed annually in strategic planning. In 2022, the reserve policy was again revisited with the risk mitigation action resulting from the proposed discontinuance of the labor and delivery services by Swedish Edmonds. This action would have been in breach of the SHS lease with the District. After public meetings coordinated by the District Superintendent, Commissioners and residents, SHS abandoned their plan to discontinue labor and delivery and services remain intact. This combined with unprecedented pressures on health systems reinforced the District's need to maintain its reserve policy and funding.

The Commissioners voted to fund the reserve in the amount of \$1.2 million for 2022 and in an amount equal to 20% of the annual Swedish Hospital rent for 2023 forward. This figure is forecasted at \$2.073 million for 2023.

### **The Verdant Health Commission**

As of September 1, 2010, the District began doing business as South Snohomish County Commission for Health (SSCCFH). The SSCCFH name was changed in 2011 to the Verdant Health Commission (Verdant) by a vote of the commissioners of the District. Verdant is governed by a board of five commissioners elected at large. The mission of Verdant is to improve the health and well-being of the community. This mission will be completed by contracting for services with local organizations, businesses, and government agencies, and the establishment of Verdant-operated initiatives. Long-term financial stability will be established by investing available revenues received from SHS and others, as well as ongoing tax levy revenues, into allowable government funds, thus building adequate reserves in the years to come.

## **Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission Management's Discussion and Analysis**

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Verdant began accepting funding proposals in June 2011 in four health priority areas: Education and Empowerment, Prevention, Access to Healthcare Services, and Policy and Advocacy. Funds are available for one-time uses like events and short-term needs in the community, as well as for ongoing health and wellness programs. Verdant paid out approximately \$9.8 million in total program expenditures and grants during 2022, of which \$9 million related to community program investments, including \$0.1 million on the Building Health Communities Initiative. Each program is managed through a cooperative agreement with partners and is being monitored for performance and compliance by Verdant staff. Verdant also spent \$0.7 million on internal programs at the Verdant Community Wellness Center (VCWC) in 2022.

Aligned with industry best practice, Verdant implemented an electronic grants management software in 2022 which supports the entire life cycle of the grantmaking process from the initial application through award, payment administration, and contract maintenance. In 2022, the Verdant Board of Commissioners voted to discontinue the three year renewable community grant contracts and moved to a single year award with full reapplication requirements for any subsequent funding. Partner education, training, and communication continues to be a priority for Verdant to ensure all applicants are well informed of its grantmaking application and review process. Proposals are evaluated for eligibility within the strategic priority areas and financial compliance is then scored within the grants management system by staff and Commissioners. The Board approves all awards and contracts issued. Awards are paid in monthly installments.

In 2022, Verdant completed a comprehensive Community Health Needs Assessment incorporating feedback from more than 500 residents, focus groups, and 10 community partner agencies in order to better understand the current climate and changing needs of the residents of South Snohomish County. Commissioners studied the results from this assessment and 14 other health studies conducted by peer organizations. This work was used for strategic planning during summer and fall of 2022. Based on the findings, the District identified Mental Health, Healthcare Access, and Food Security as the key priorities to support the health of District residents and narrowed its focus from the previous 7 areas. Extensive communication with the community took place in order to inform and educate partners. Educational workshops, 1:1 meetings, public meetings, community outreach, and partner roundtables took place throughout fall and winter 2022 and continue at each award cycle.

Verdant has closed the Covid-19 emergency funding as of December 31, 2022, but continues to accept applications for emergent and innovative funding requests through its Superintendent Discretionary Fund. The Building Healthy Communities fund was also closed as of December 31, 2022. Verdant continues to support the CHART program and the VOA Community Resource Advocate Program as the sole sponsor of these programs.

## **Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission Management's Discussion and Analysis**

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The Verdant facilities have fully reopened to the public effective 2022. The VCWC in Lynnwood continues to offer residents of the District a resource for accessing health and wellness classes, programs, and information. The center serves as the headquarters for Verdant and houses all District staff. During 2018, Verdant added a Community Social Worker to provide case management services to clients with complex health and social service needs. This program continues with an average case management of 15 at any given time. Community classes, workshops, and events are held in the center in English and Spanish, focusing on lifestyle modification, prevention, and managing chronic conditions with topics like healthy cooking, weight management, positive parenting, stress reduction, physical activity, substance abuse education, and a variety of behavioral health support groups.

Verdant's community impacts are published annually on the Verdant website at [www.verdanthealth.org](http://www.verdanthealth.org) and through its published Community Impact Report. Highlights including:

- Post Pandemic Grand reopening of the Verdant Community Wellness Center resuming in person meetings
- \$9,800,000 expended in community grantmaking, community health programs, and internal programmatic services
- \$3.90 investment to the community for every \$1.00 in public funding received by the District
- 3,693 community members served in classes and training
- 195 community members received NARCAN training
- 45 different marginalized and high need clients received extensive care coordination and referral support in 2022 with 15 cases being managed at any given time and approximately 260 client interactions in service to them
- 62 community organizations received funding across all strategic priorities
- 68 cooking demos for healthy lifestyle
- 179 free of charge Partner Facility uses were held at the Verdant Community Wellness Center for meetings, classes, and program delivery to residents of the District
- 300 community members attended the Verdant Sponsored National Night Out connecting them with services and Community Partners

# Public Hospital District No. 2, Snohomish County, Washington

## dba Verdant Health Commission

### Management's Discussion and Analysis

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#### Statement of Net Position

The District's net position is the difference between its assets and liabilities as reported in the statement of net position (in thousands).

	2022	(Restated) 2021	2020
<b>Assets</b>			
Current assets	\$ 63,032	\$ 62,487	\$ 59,396
Capital assets, net	21,759	22,613	23,989
Lease receivable, net of current portion	258,609	262,219	-
Other noncurrent assets	180	283	19,025
<b>Total assets</b>	<b>\$ 343,580</b>	<b>\$ 347,602</b>	<b>\$ 102,410</b>
<b>Liabilities</b>			
Current liabilities	\$ 1,412	\$ 1,459	\$ 1,406
Deferred inflow of resources	253,980	261,393	-
<b>Total liabilities</b>	<b>255,392</b>	<b>262,852</b>	<b>1,406</b>
<b>Net position</b>			
Net investment in capital assets	21,759	22,612	23,989
Restricted for debt service	-	-	39
Unrestricted	66,429	62,138	76,976
<b>Total net position</b>	<b>88,188</b>	<b>84,750</b>	<b>101,004</b>
<b>Total liabilities and net position</b>	<b>\$ 343,580</b>	<b>\$ 347,602</b>	<b>\$ 102,410</b>

#### Current Assets

Total current assets of \$63 million at year-end 2022 reflect a decrease of \$0.5 million (0.9%), compared to the balance of \$62.5 million at the end of 2021. Cash and cash equivalents decreased by \$0.1 million (1.4%) in 2022, compared to an increase of \$1.3 million (30.8%) in 2021.

#### Capital Assets

The District's net capital assets decreased \$0.9 million (3.8%) in 2022, compared to a net decrease of \$1.4 million (5.7%) in 2021. Depreciation and surplusings of aging hospital assets continue to contribute to this decrease.

#### Lease Receivable

The District's lease receivable decreased \$3.2 million (1.2%) in 2022, compared to implementing the new lease accounting standard in 2021.

#### Other Noncurrent Assets

Other noncurrent assets consist of tenant improvements totaling \$0.2 million at year-end 2022, a decrease of \$0.05 million (31.4%), compared to a decrease of \$18.7 million (98.5%) in 2021 due to removal of the rent receivable as part of the new lease standard adoption.

**Public Hospital District No. 2, Snohomish County, Washington**  
**dba Verdant Health Commission**  
**Management's Discussion and Analysis**

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**Current Liabilities**

Current liabilities decreased \$0.05 million (3.2%) from \$1.5 million in 2021 to \$1.4 million in 2022.

**Deferred Inflow of Resources**

The District's deferred inflow of resources decreased \$7.4 million (2.8%) from \$261.4 million in 2021 to \$254.0 million in 2022.

**Operating Results and Changes in the District's Net Position**

In 2022, the District's net position increased \$3.4 million (4.1%), compared to an decrease of \$16.3 million (16.1%) in 2021 (in thousands).

	2022	(Restated) 2021	2020
Operating revenues			
Lease revenue	\$ 8,218	\$ 8,013	\$ 11,760
Lease interest	7,913	7,978	-
Other operating revenues	-	96	1
Total operating revenues	<u>16,131</u>	<u>16,087</u>	<u>11,761</u>
Operating expenses			
Salaries and benefits	1,077	1,085	721
Program expenditures	9,781	11,560	8,410
Other	2,071	1,786	1,594
Depreciation	<u>1,283</u>	<u>1,375</u>	<u>1,608</u>
Total operating expenses	<u>14,212</u>	<u>15,806</u>	<u>12,333</u>
Operating (loss) income	<u>1,919</u>	<u>281</u>	<u>(572)</u>
Nonoperating revenues (expenses)			
Tax levies	2,504	2,466	2,407
Investment income (loss)	(1,232)	(314)	1,843
Interest expense and amortization	-	-	31
Other revenues (expenses)	<u>247</u>	<u>(35)</u>	<u>340</u>
Net nonoperating revenues	<u>1,519</u>	<u>2,117</u>	<u>4,621</u>
Increase in net position	3,438	2,398	4,049
Cumulative impact of adopting new accounting standard	-	(18,652)	-
Net position, beginning of year	<u>84,750</u>	<u>101,004</u>	<u>96,955</u>
Net position, end of year	<u><u>\$ 88,188</u></u>	<u><u>\$ 84,750</u></u>	<u><u>\$ 101,004</u></u>

# **Public Hospital District No. 2, Snohomish County, Washington**

## **dba Verdant Health Commission**

### **Management's Discussion and Analysis**

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Operating revenues in 2022 totaled \$16.1 million. Of that, \$9.8 million was attributable to the SHS lease for operation of the hospital. Additional lease revenues were received from other lease agreements, including Healthcare Realty and the Swedish Kruger Medical Office Building (formerly known as the Kruger Clinic). Verdant also received a small amount of revenue for internally hosted community programs at the VCWC.

Overall operating costs of \$14.2 million at year-end 2022 reflect a decrease of \$1.6 million (10.1%), compared to operating costs of \$15.8 million at the end of 2021. Salaries and benefits totaled \$1.1 million in 2022, no change from 2021. Program expenditures totaled \$9.8 million in 2022 compared to \$11.6 million in 2021, a decrease of 15.4%.

Net nonoperating revenues in 2022 totaled \$1.5 million, compared to \$2.1 million in 2021, a decrease of \$0.6 million (28.2%). There was also a net decrease in investment return of \$0.9 million (292.2%) over 2021, which consisted of \$0.1 million increase in investment income, and a \$1.0 million decrease in net unrealized and realized gains (losses). As a Public Hospital district, the investment portfolio is governed by a policy established under RCW Chapters 39.59 and 43.250 which defines the investment objectives and authorized investment options.

#### **Contacting the District's Financial Management**

This financial report is designed to provide our taxpayers, suppliers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's finance office at 4710 196th Street SW, Lynnwood, Washington 98036.

**Public Hospital District No. 2, Snohomish County, Washington**  
**dba Verdant Health Commission**  
**Statements of Net Position**  
**December 31, 2022 and 2021**

	2022	(Restated) 2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 5,252,519	\$ 5,324,633
Investments	53,355,656	53,251,626
Prepaid expenses and other	102,858	43,339
Current portion of lease receivable	3,609,874	3,178,290
Lease interest receivable	710,670	689,461
Total current assets	<u>63,031,577</u>	<u>62,487,349</u>
<b>CAPITAL ASSETS</b>		
Nondepreciable capital assets	7,742,028	7,723,706
Depreciable capital assets, net of accumulated depreciation	<u>14,016,601</u>	<u>14,888,873</u>
Capital assets, net of accumulated depreciation	<u>21,758,629</u>	<u>22,612,579</u>
LEASE RECEIVABLE, less current portion	258,609,128	262,219,002
TENANT IMPROVEMENTS	<u>181,009</u>	<u>283,638</u>
Total assets	<u><u>\$ 343,580,343</u></u>	<u><u>\$ 347,602,568</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 221,794	\$ 398,252
Prepaid lease income	956,915	904,911
Accrued salaries and benefits	40,682	31,276
Estimated self-insured liabilities	125,000	125,000
Other liabilities	67,885	-
Total current liabilities	<u>1,412,276</u>	<u>1,459,439</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Leases	<u>253,980,181</u>	<u>261,392,769</u>
Total deferred inflows of resources	<u>255,392,457</u>	<u>262,852,208</u>
<b>NET POSITION</b>		
Net investment in capital assets	21,758,629	22,612,579
Unrestricted	<u>66,429,257</u>	<u>62,137,781</u>
Total net position	<u>88,187,886</u>	<u>84,750,360</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 343,580,343</u></u>	<u><u>\$ 347,602,568</u></u>

See accompanying notes.

**Public Hospital District No. 2, Snohomish County, Washington**  
**dba Verdant Health Commission**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended December 31, 2022 and 2021**

	2022	(Restated) 2021
OPERATING REVENUES		
Lease revenue	\$ 8,217,816	\$ 8,013,578
Interest revenue	7,912,777	7,978,024
Other operating revenue	-	95,843
Total operating revenues	<u>16,130,593</u>	<u>16,087,445</u>
OPERATING EXPENSES		
Salaries and wages	891,132	924,176
Employee benefits	185,762	160,615
Program expenditures	9,781,270	11,559,753
Professional services	777,464	618,749
Purchased services, utilities, and other	1,293,623	1,167,570
Depreciation	<u>1,282,942</u>	<u>1,375,092</u>
Total operating expenses	<u>14,212,193</u>	<u>15,805,955</u>
Operating income	<u>1,918,400</u>	<u>281,490</u>
NONOPERATING REVENUES (EXPENSES)		
Maintenance and operations tax levy	2,504,027	2,466,426
Investment income and net unrealized/realized loss	(1,232,126)	(314,461)
Other revenues (expenses)	<u>247,225</u>	<u>(34,923)</u>
Net nonoperating revenues	<u>1,519,126</u>	<u>2,117,042</u>
Change in net position	3,437,526	2,398,532
CUMULATIVE IMPACT OF ADOPTING NEW ACCOUNTING STANDARD	-	(18,651,627)
NET POSITION, beginning of year	<u>84,750,360</u>	<u>101,003,455</u>
NET POSITION, end of year	<u><u>\$ 88,187,886</u></u>	<u><u>\$ 84,750,360</u></u>

See accompanying notes.

**Public Hospital District No. 2, Snohomish County, Washington**  
**dba Verdant Health Commission**  
**Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	2022	(Restated) 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received for leasing and other operations	\$ 12,097,604	\$ 11,465,777
Cash paid to employees	(1,067,488)	(1,083,262)
Cash paid on community programs	(9,781,270)	(11,559,753)
Cash paid to suppliers for goods and services	(2,307,064)	(1,492,437)
Net cash from operating activities	<u>(1,058,218)</u>	<u>(2,669,675)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash received from maintenance and operations tax levy for noncapital purposes	2,504,027	2,505,280
Other	247,225	(33,694)
Net cash from noncapital financing activities	<u>2,751,252</u>	<u>2,471,586</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(428,992)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net change in investments	(1,709,847)	1,161,064
Investment income	373,691	292,010
Net cash from investing activities	<u>(1,336,156)</u>	<u>1,453,074</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(72,114)	1,254,985
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>5,324,633</u>	<u>4,069,648</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 5,252,519</u></u>	<u><u>\$ 5,324,633</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 1,918,400	\$ 281,490
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	1,282,942	1,375,092
Amortization of deferred inflow of resources	(7,412,588)	(7,337,231)
Changes in operating assets and liabilities		
Prepaid expenses and other	(59,519)	225,355
Lease receivable	3,178,290	3,332,708
Lease interest receivable	(21,209)	(689,461)
Tenant improvements	102,629	89,088
Accounts and warrants payable	(176,458)	68,527
Prepaid lease income	52,004	(16,772)
Accrued salaries and benefits	9,406	1,529
Other liabilities	67,885	-
Net cash from operating activities	<u><u>\$ (1,058,218)</u></u>	<u><u>\$ (2,669,675)</u></u>

See accompanying notes.

# Public Hospital District No. 2, Snohomish County, Washington

## dba Verdant Health Commission

### Notes to Financial Statements

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#### Note 1 – Organization and Summary of Accounting Policies

**Organization** – Until September 1, 2010, Public Hospital District No. 2 of Snohomish County, Washington (the District), a Washington municipal corporation, was owned and operated by the District as Stevens Hospital (the Hospital), located in Edmonds, Washington. The Hospital is an acute care community hospital with 217 set-up beds. On September 1, 2010, the District entered into an agreement (the Agreement) to lease the Hospital to Swedish Health Services (SHS), a nonprofit corporation. The Agreement included transfer of control of Stevens Foundation (the Foundation), which was organized and formally incorporated as a 501(c)(3) tax-exempt organization. The District is now doing business as Verdant Health Commission.

The District is governed by a board of five elected commissioners. The mission of the District is to improve the health and well-being of the community. This mission will be completed by contracting for services with local organizations, businesses, and government agencies and the establishment of District-operated initiatives. Long-term financial stability will be established by investing available revenues received from leasing the Hospital to SHS, as well as ongoing tax levy revenues, into allowable government funds, thus building adequate reserves in the years to come.

In carrying out its mission, the District began accepting funding proposals in June 2011 in four health priority areas: Education and Empowerment, Prevention, Access to Healthcare Services, and Policy and Advocacy. Funds are available for one-time uses like events and short-term needs in the community, as well as for ongoing health and wellness programs.

The terms of the Agreement specify an initial 30-year term, with two 10-year renewal options. Rental payments to be made by SHS will be \$600,000 per month, with annual escalation of 3% per year on each anniversary date for the first 15 years. The rent is on an absolute net basis, with SHS being responsible for all operating costs associated with the facility. The lease calls for certain approvals by the District that affect the operation of the facility for the following: change in license, major service line changes, union contract representation, and maintenance of an independent medical staff. Per the terms of the agreement, SHS committed to capital investments for the facility, some of which were dependent upon various factors like future profitability, return on investment, and demand criteria, and SHS board approval. The District and SHS formed a strategic collaboration committee to provide oversight for the lease and strategic planning activities for the facility.

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on assessed values as established by the County Assessor. Tax collections are distributed monthly to the District by the County Treasurer. Property taxes are recorded as receivables and revenue when levied. Because state law allows for the sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

In September 1997, the voters of the District approved maintenance and operations (M&O) tax levy upon the taxable property within the District; the M&O tax provided approximately \$2,504,000 of funding in 2022 and \$2,458,000 of funding in 2021. The levy is ongoing in future years. The M&O tax levy funds are reported in the accompanying statements of revenues, expenses, and changes in net position as nonoperating revenues.

# Public Hospital District No. 2, Snohomish County, Washington

## dba Verdant Health Commission

### Notes to Financial Statements

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**Basis of presentation** – The financial statements reflect the operations of the District using enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

**Use of estimates** – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents** – For purposes of the statements of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Investments** – Investments that are not considered to be cash and cash equivalents are reported at fair value. Investment interest, dividends, and unrealized and realized gains and losses are included in nonoperating income when earned.

**Leases receivable and deferred inflow of resources** – The District engages in right-to-use leases in the capacity of the lessor for contracts that convey the control of the right to use the District's asset to another party and have a term exceeding one year. At the contract inception, the lease receivable and deferred inflow of resources are measured at the present value of payments expected during the contract term. The District uses a discount rate that is explicitly stated in the contract, or alternatively, the District's borrowing rate at the start of the contract. Revenue is recognized over the term of the contract.

**Capital assets** – Capital assets are stated at cost. Improvements and replacement of capital assets are capitalized. The District's capitalization threshold is \$5,000 per item and a useful life of at least two years. Maintenance and repairs are expensed. The cost of capital assets sold or retired and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recorded.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

The following is a summary of asset lives used:

Buildings and building improvements	2–50 years
Equipment	2–50 years
Land improvements	2–25 years

The District evaluates capital assets for impairment in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Assets to be disposed of would be recognized at the lower of carrying value or fair value less the estimated cost of disposal. Assets that are held and in use are reviewed for impairment whenever indicators of impairment exist. All recognized impairment losses, whether for assets to be disposed of or assets to be held and used, are recorded as operating expenses. No impairments have been identified as of December 31, 2022 and 2021.

# Public Hospital District No. 2, Snohomish County, Washington

## dba Verdant Health Commission

### Notes to Financial Statements

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**Self-insurance liabilities** – The District accrues an estimate of losses and related expenses for its self-insured workers' compensation claims. The District maintains stop-loss insurance for workers' compensation claims in excess of specified amounts. This liability, which is approximately \$125,000 as of December 31, 2022 and 2021, is recorded in the accompanying statements of net position within estimated self-insured liabilities.

**Net position** – Net position of the District is classified into two components. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of related debt that is attributable to the acquisition, construction, or improvement of those assets. The unrestricted component of net position is the remaining net amount of the assets and liabilities that are not included in the determination of net investment in capital assets.

**Statements of revenues, expenses, and changes in net position** – For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of District services are reported as operating revenues and expenses. All levy income, investment income or loss, and other peripheral or incidental transactions are reported as nonoperating revenues and expenses.

**Income taxes** – As a political subdivision of the state of Washington, the District is not subject to federal income tax, because its income is excluded from gross income for federal income tax purposes under Section 115 of the Internal Revenue Code.

**Litigation and compliance with laws and regulations** – The District is involved in litigation arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the District's future financial position or results from operations.

**Adoption of new accounting standard and restatement** – During the year ended December 31, 2022, the District adopted new accounting guidance that changed its method of accounting for leases. GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the District's 2022 financial statements and had an effect on the beginning net position of the District. The District recognized \$266,736,021 in a deferred inflow of resources at January 1, 2021, due to the implementation of GASB 87; however, this entire amount was offset by a lease receivable. The financial statements for the year ended December 31, 2021, have been retroactively restated for the change, which resulted in a decrease in change in net position of \$14,256,983 for the year ended December 31, 2021.

#### Note 2 – Deposits and Investments

The District makes investments in accordance with Washington State law. Eligible investments include obligations secured by the U.S. Treasury, other obligations of the United States or its agencies, certificates of deposit with approved institutions, eligible bankers' acceptances, and repurchase agreements (up to 30 days).

**Public Hospital District No. 2, Snohomish County, Washington**  
**dba Verdant Health Commission**  
**Notes to Financial Statements**

Because the District is a political subdivision of the state, deposits and investments are categorized to give an indication of the risk assumed at year-end. Category 1 includes deposits and investments that are insured, registered, or held in the District's name. Category 2 includes uninsured and unregistered investments that are held by a broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered deposits and investments for which the securities are held by the broker or dealer, or its trust department or agent, but not in the District's name. At December 31, 2022 and 2021, all deposits and investments of the District are categorized as Category 1.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. The composition of investments, reported at fair value by investment type at December 31, 2022 and 2021, and excluding unrestricted cash, and other restricted cash and investments of \$5,252,519 and \$5,324,633, respectively, is as follows:

Investment Type as of December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Inputs Other Than Quoted Prices That Are Directly or Indirectly Observable (Level 2)	Total	Percentage of Totals
U.S. Treasury securities	\$ 31,455,283		\$ 31,455,283	59%
U.S. government agency obligations		11,731,765	11,731,765	22%
Domestic corporate bonds		10,168,608	10,168,608	19%
	<u>\$ 31,455,283</u>	<u>\$ 21,900,373</u>	<u>\$ 53,355,656</u>	<u>100%</u>
Investment Type as of December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Inputs Other Than Quoted Prices That Are Directly or Indirectly Observable (Level 2)	Total	Percentage of Totals
U.S. Treasury securities	\$ 26,316,725	\$ -	\$ 26,316,725	49%
U.S. government agency obligations	-	14,809,867	14,809,867	28%
Domestic corporate bonds	-	12,125,034	12,125,034	23%
	<u>\$ 26,316,725</u>	<u>\$ 26,934,901</u>	<u>\$ 53,251,626</u>	<u>100%</u>

The District's deposits and investments had the following maturities at December 31, 2022:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
U.S. Treasury securities	\$ 31,455,283	\$ 16,151,895	\$ 15,303,388
U.S. government agency obligations	11,731,765	3,107,992	8,623,773
Domestic corporate bonds	10,168,608	2,292,504	7,876,104
Total investments	<u>\$ 53,355,656</u>	<u>\$ 21,552,391</u>	<u>\$ 31,803,265</u>

**Credit risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy limits the types of securities to those authorized by statute; therefore, credit risk is very limited.

**Public Hospital District No. 2, Snohomish County, Washington**  
**dba Verdant Health Commission**  
**Notes to Financial Statements**

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**Deposits** – All of the District's deposits are either insured or collateralized. The District's insured deposits are covered by the Federal Deposit Insurance Corporation. Collateral protection is provided by the Washington Public Deposit Protection Commission.

**Custodial credit risk** – Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The District is not exposed to custodial credit risk.

**Concentration of credit risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District is not exposed to concentration of credit risk because all deposits and investments are insured or collateralized.

**Interest rate risk** – Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The District is not exposed to interest rate risk because all deposits and investments are extremely liquid.

**Note 3 – Retirement Plan**

The District sponsors a 401(a) plan and a 457 plan that are available to all benefit-eligible employees working over 20 hours per week. Employees are eligible to contribute at their hire date. Employees contribute to the 457 plan at their discretion. Employee contributions were approximately \$62,000 and \$46,000 during the years ended December 31, 2022 and 2021, respectively. The District contributes to the 401(a) plan at 3% of employee wages with an additional matching contribution of up to 3% of the amount contributed by the employee to the 457 plan. The District's policy is to fully fund the contributions. The District contributed approximately \$41,000 and \$45,000 during the years ended December 31, 2022 and 2021, respectively.

**Public Hospital District No. 2, Snohomish County, Washington**  
**dba Verdant Health Commission**  
**Notes to Financial Statements**

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**Note 4 – Capital Assets**

Capital asset additions, retirements, and balances for the years ended December 31, 2022 and 2021, were as follows:

	Beginning Balance January 1, 2022	Additions	Retirements	Account Transfers	Ending Balance December 31, 2022
<b>NONDEPRECIABLE CAPITAL ASSETS</b>					
Land	\$ 7,723,706	\$ -	\$ -	\$ -	\$ 7,723,706
Construction in progress	-	18,322	-	-	18,322
	<u>7,723,706</u>	<u>18,322</u>	<u>-</u>	<u>-</u>	<u>7,742,028</u>
<b>DEPRECIABLE CAPITAL ASSETS</b>					
Land improvements	2,370,444	-	-	-	2,370,444
Buildings and building improvements	52,731,537	327,929	-	-	53,059,466
Equipment	35,723,503	82,741	753,921	-	36,560,165
	-	-	-	-	-
<b>LESS ACCUMULATED DEPRECIATION</b>					
Land improvements	2,328,890	9,040	-	-	2,337,930
Buildings and building improvements	38,866,295	1,042,481	-	-	39,908,776
Equipment	34,741,426	231,421	753,921	-	35,726,768
<b>DEPRECIABLE CAPITAL ASSETS, net</b>	<u>14,888,873</u>	<u>(872,272)</u>	<u>-</u>	<u>-</u>	<u>14,016,601</u>
<b>CAPITAL ASSETS, net</b>	<u>\$ 22,612,579</u>	<u>\$ (853,950)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,758,629</u>
	Beginning Balance January 1, 2021	Additions	Retirements	Account Transfers	Ending Balance December 31, 2021
<b>NONDEPRECIABLE CAPITAL ASSETS</b>					
Land	\$ 7,723,706	\$ -	\$ -	\$ -	\$ 7,723,706
Construction in progress	-	-	-	-	-
	<u>7,723,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,723,706</u>
<b>DEPRECIABLE CAPITAL ASSETS</b>					
Land improvements	2,370,444	-	-	-	2,370,444
Buildings and building improvements	52,731,537	-	-	-	52,731,537
Equipment	35,756,068	-	(32,565)	-	35,723,503
	-	-	-	-	-
<b>LESS ACCUMULATED DEPRECIATION</b>					
Land improvements	2,319,849	9,041	-	-	2,328,890
Buildings and building improvements	37,775,286	1,091,009	-	-	38,866,295
Equipment	34,497,720	275,042	(31,336)	-	34,741,426
<b>DEPRECIABLE CAPITAL ASSETS, net</b>	<u>16,265,194</u>	<u>(1,375,092)</u>	<u>(1,229)</u>	<u>-</u>	<u>14,888,873</u>
<b>CAPITAL ASSETS, net</b>	<u>\$ 23,988,900</u>	<u>\$ (1,375,092)</u>	<u>\$ (1,229)</u>	<u>\$ -</u>	<u>\$ 22,612,579</u>

**Public Hospital District No. 2, Snohomish County, Washington**  
**dba Verdant Health Commission**  
**Notes to Financial Statements**

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**Note 5 – Lease Receivable and Lease Income**

As referenced in Note 1, the District entered into a lease and operating agreement (the Agreement) with SHS that was dated and effective September 1, 2010. The terms of the Agreement specify an initial 30-year term, with two 10-year renewal options. Rental payments to be made by SHS will be \$600,000 per month, with annual escalation of 3% per year on each anniversary date for the first 15 years. The rental payments will freeze at the rate set during year 15 for the duration of the Agreement. The revenue related to this lease is recorded on a straight-line basis by the District in accordance with applicable accounting standards. The District is also engaged as a lessor for other various tenants who rent space from the District. The lease agreements are recorded at the net present value of the agreements at an imputed interest rate of 3%, with monthly minimum payments due as stipulated in the underlying contracts. As a result, lease receivable and a deferred inflow of resources are reflected in the balance sheet as of December 31, 2022 and 2021.

The following is a summary of changes in lease receivable for the years ended December 31, 2022 and 2021:

	January 1, 2022	Increases	Decreases	December 31, 2022	Amounts Due Within One Year
Lease receivable	<u>\$ 265,397,292</u>	<u>\$ -</u>	<u>\$ (3,178,290)</u>	<u>\$ 262,219,002</u>	<u>\$ 3,609,874</u>

	January 1, 2021	Increases	Decreases	December 31, 2021	Amounts Due Within One Year
Lease receivable	<u>\$ 266,736,021</u>	<u>\$ 1,993,979</u>	<u>\$ (3,332,708)</u>	<u>\$ 265,397,292</u>	<u>\$ 3,178,290</u>

**Public Hospital District No. 2, Snohomish County, Washington**  
**dba Verdant Health Commission**  
**Notes to Financial Statements**

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Future receipts under these leases as of year ended December 31, 2022, are estimated as follows:

	Principal	Interest	Total Receipts
2023	\$ 3,609,874	\$ 7,790,348	\$ 11,400,222
2024	3,941,448	7,676,633	11,618,081
2025	4,276,878	7,554,805	11,831,683
2026	4,652,483	7,420,279	12,072,762
2027	4,818,303	7,278,439	12,096,742
2028–2032	26,332,819	34,091,525	60,424,344
2033–2037	27,470,477	30,017,855	57,488,332
2038–2042	30,641,085	25,895,793	56,536,878
2043–2047	35,593,199	20,943,679	56,536,878
2048–2052	41,345,657	15,191,221	56,536,878
2053–2057	48,027,809	8,509,069	56,536,878
2058–2062	28,713,260	1,649,778	30,363,038
2063–2067	-	450,078	450,078
2068–2072	-	676,710	676,710
2073–2077	-	1,016,659	1,016,659
2078–2082	-	1,016,659	1,016,659
2083–2087	473,601	543,058	1,016,659
2088–2092	720,103	296,556	1,016,659
2093–2097	836,484	180,176	1,016,660
2098–2101	765,522	47,805	813,327
	<u>\$ 262,219,002</u>	<u>\$ 178,247,125</u>	<u>\$ 440,466,127</u>

**Note 6 – Property Taxes**

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior May 31. Assessed values are established by the County Assessor at 100% of fair market value. A revaluation of all property is required every four years.

Taxes are due in two equal installments on April 30 and October 31. Collections are distributed monthly to the District by the County Treasurer. The District is permitted by law to levy up to \$0.75 per \$1,000 of assessed valuation for general District purposes. The Washington State Constitution and Washington State Law, RCW 84.55.010, limit the rate. The District may also levy taxes at a lower rate. Further amounts of tax need to be authorized by the vote of the people.

For 2022 and 2021, the District's regular tax levy was \$0.058 and \$0.062 per \$1,000 on a total assessed valuation of \$43,586,413,934 and \$39,951,784,413, for a total regular levy of \$2,504,027 and \$2,457,683, respectively.

Property taxes are recorded as receivables when levied. Because state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

**Report of Independent Auditors on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

The Board of Commissioners  
Public Hospital District No. 2, Snohomish County, Washington  
dba Verdant Health Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission's financial statements, and have issued our report thereon dated May 17, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Everett, Washington  
May 17, 2023



Communications with Those  
Charged with Governance

**Public Hospital District No. 2  
Snohomish County, Washington  
dba Verdant Health Commission**

December 31, 2022



MOSSADAMS

## Communications with Those Charged with Governance

To the Board of Commissioners  
Public Hospital District No. 2,  
Snohomish County, Washington  
dba Verdant Health Commission

We have audited the financial statements of Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission (the District) as of and for the year ended December 31, 2022, and have issued our report thereon dated May 17, 2023. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards***

As stated in our engagement letter dated November 2, 2022, we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*). As part of an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we considered the District's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

As a part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with certain provision of laws, regulations, contracts, and grants. However, the objective of our tests is not to provide an opinion on compliance with such provisions.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

## **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in the engagement letter and our planning meeting with you.

## **Significant Audit Findings and Issues**

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and there were no changes in the application of existing policies during 2022, except with respect to the adoption of GASB Statement No. 87, *Leases*, as described in Note 1 to the financial statements. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

### ***Significant Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The useful lives of fixed assets have been estimated based on the intended use and are within the American Hospital Association or Medicare guidelines. We evaluated the key factors and assumptions used to develop the useful lives of fixed assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- Calculation of lease receivable and deferred inflow of resources are determined by evaluating contracts, and related terms, and are based on significant lease assumptions and judgements.

### ***Financial Statement Disclosures***

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no disclosures in the financial statements that would be considered sensitive.

### ***Significant Unusual Transactions***

We encountered no significant unusual transactions during our audit of the District's financial statements.

### ***Significant Difficulties Encountered in Performing the Audit***

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the District's financial statements.

### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

### ***Circumstances that Affect the Form and Content of the Auditor's Report***

There may be circumstances in which we would consider it necessary to include additional information in the auditor's report in accordance with auditing standards generally accepted in the United States of America. Aside from the inclusion of an emphasis-of-matter paragraph related to the adoption of Statement No. 87, *Leases*, there were no circumstances that affected the form and content of the auditor's report.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any corrected or uncorrected misstatements during our audit procedures.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated May 17, 2023.

### ***Management Consultation with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Significant Audit Findings or Issues***

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

This information is intended solely for the use of the Board of Commissioners and management of Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission and is not intended to be and should not be used by anyone other than these specified parties.



Everett, Washington  
May 17, 2023

**Balance Sheet**  
**As of December 31, 2022 and April 30, 2023**

	12/31/2022 Final	April, 2023	Change from 12/31/22	Comments:
<b>ASSETS</b>				
<b>1 Current Assets</b>				
<b>2 Cash Balance</b>	4,470,365	2,584,209	(1,886,156)	2022 Reserve funding \$1.2MM to Investments 2/23; Jan through April 2023 reserve funding \$666k
<b>3 Accounts Receivable</b>	5,991	21,495	15,504	
<b>4 Other Current Assets</b>				
<b>5 Paychex Tax Clearing</b>		-	-	
<b>6 Investments</b>	54,137,810	56,904,370	2,766,560	Includes 2022 reserve funding of \$1.2MM plus \$666k 2023 YTD reserve funding. Entire investment portfolio balance is reported under current section, maturities are >1 year to 5 years
<b>7 Prepaid Expenses &amp; Others</b>	61,733	58,023	(3,710)	Prepaid Insurances, Other Prepaid Expenses
<b>8 M&amp;O Tax Levy Receivable</b>	35,134	710,562	675,428	4 month x \$215k less payments received through 4/30/23: 2023 Levy est \$2,574,000
<b>9 Short Term Lease Receivable</b>	3,609,874	3,609,874	-	New GASB 87-ST Portion of Lease Receivable
<b>10 Subtotal Other Current Assets</b>	57,844,550	61,282,829	3,438,278	
<b>11 Total Current Assets</b>	62,320,906	63,888,532	1,567,626	
<b>12 Long Term Assets</b>				
<b>13 Fixed Assets-Net of Depreciation</b>	21,758,626	21,686,037	(72,589)	Hosp. Kruger, VCWC, VV, Pavilion FA; Additions 2022: Roofing \$310k and Ductwork Replacement \$80k new FA 2022. 2023: Tracking Kruger Costs in CIP: Total at 4/30/23\$335,375 including new sign, JPC Arch fees,FSI as built drawings, Permits, project and JSH construction management.
<b>14 TI and Deferred Rents</b>	181,009	160,865	(20,144)	Previously included Deferred Rent-Pavilion, Hospital, Clinic & TI Allowances. <b>Adjusted 12/31/22 and forward reflects elimination of Deferred Rent balances.</b> Balance of \$181k reported this line is for TI improvements asset
<b>15 Lease Receivables-LT Lease and Interest Receivable</b>	259,319,798	259,319,798	-	New GASB 87- LT Portion Leases \$258MM Interest \$710k
<b>16 TOTAL ASSETS</b>	343,580,339	345,055,232	1,474,893	
<b>LIABILITIES &amp; NET POSITION</b>				
<b>17 Liabilities</b>				
<b>18 Current Liabilities</b>				
<b>19 Accounts Payable &amp; Unclaimed Property</b>	30,538	45,248	14,710	4/30/25 Accounts Payable \$24k; Unclaimed Property \$21k.
<b>20 Credit Cards</b>	894	3,695	2,801	
<b>21 Tenant Prepaid Rents</b>	956,915	958,942	2,027	Swedish Hospital and Clinics April 2023 rents paid at March Month End
<b>22 Other Payables &amp; Accruals</b>	259,061	134,437	(124,624)	Business Taxes, Accrued Operating Expenses, Tenant Security Deposits--12/31/22 included Grants Payable of \$67k
<b>23 Accrued Salary &amp; Benefits</b>	39,868	52,117	12,249	March 2023 understated accrued vacation-JE error
<b>24 Estimated Self-Insured Reserve</b>	125,000	125,000	-	Contingency reserve for self funded L&I set at \$125k. Only 2 active medical claims remain open. Pension Actuarial Adjustments for 2 additional claimants
<b>25 Total Current Liabilities</b>	1,412,276	1,319,439	(92,836)	
<b>26 Long Term Liabilities</b>				
<b>27 Deferred Inflow of Resources</b>	255,392,457	253,980,181	(1,412,276)	GASB 87 LT Lease Liability
<b>28 Total Long Term Liabilities</b>	255,392,457	253,980,181	(1,412,276)	
<b>29 TOTAL LIABILITIES</b>	255,392,457	255,299,621	(92,836)	
<b>30 EQUITY</b>	88,187,882	89,755,612	1,567,730	YTD Change = YTD 2023 Income \$1,567,730
<b>31 TOTAL LIABILITIES &amp; NET POSITION</b>	343,580,339	345,055,232	1,474,893	

**Statement of Income**  
**Months Ending March 31, 2023 and April 30, 2023**

	Month of March 2023	Month of April 2023	Month Change Inc/(dec)	Comments:
<b>1 Operating Revenue</b>				
<b>2</b> Cash Lease Revenues (Base, CAM, Taxes)	1,006,460	1,015,922	9,462	Effective Jan 2023 new CAM budgets billed.
<b>3</b> Deferred Rent Adjustments				
<b>4</b> Grant Repayments	-	-	-	
<b>5 Total Operating Revenue</b>	<b>1,006,460</b>	<b>1,015,922</b>	<b>9,462</b>	
<b>6 Program Funding and Operating Expenses</b>				
<b>7 Programs</b>				
<b>8 Total Program Funding</b>	<b>717,394</b>	<b>659,756</b>	<b>(57,638)</b>	Includes All Program Payments, External; Internal. April begins 1st monthly installment on Spring Award Cycle.Decrease due to end of Continuation Funding 1.
<b>9 Operating Expenses</b>				
<b>10</b> Salaries, Benefits & Contracted Staff	106,796	86,370	(20,426)	<> Variance due to over accrual estimate in March, corrected in April
<b>11</b> Professional Development/Planning	119	1,736	1,617	
<b>12</b> Professional Services	66,146	68,660	2,514	March includes progress billing for Moss Adams audit, two months of investment advisory fee. April Moss Adams progress billing 2.
<b>13</b> Purchased Services	31,059	34,088	3,029	Regular recurring services for properties
<b>14</b> Supplies, Postage, Dues, Other	14,714	7,210	(7,503)	March AWP/PHD dues \$5400
<b>15</b> Repairs, Maintenance & Insurance	20,520	30,416	9,895	April includes insurance adjustment for property valuation adjustments
<b>16</b> Utilities	11,851	18,333	6,482	
<b>17</b> Business Taxes	255	5,216	4,960	March <> adjustment for Leasehold taxes not due on tenant CAM charges 2023
<b>18</b> Marketing	1,750	4,447	2,697	
<b>19</b> Depreciation	97,510	94,039	(3,471)	
<b>20</b> Amortization	5,036	5,036	-	
<b>21 Total Operating Expenses</b>	<b>355,756</b>	<b>355,550</b>	<b>(206)</b>	
<b>22 Total Program and Operating Expenses</b>	<b>1,073,150</b>	<b>1,015,306</b>	<b>(57,844)</b>	
<b>23 Net Operating Income (Loss)</b>	<b>(66,690)</b>	<b>616</b>	<b>67,306</b>	Net Operating Income for the Month of April 2023 \$616
<b>24 Other Income (Expense)</b>				
<b>25</b> Other Income	5,400	-		March \$5400 North Sound-Collaborative Action -- CHART Support
<b>26</b> Self Funded L&I Reimbursements				
<b>27</b> Self Funded L&I Expenses	(1,348)	(1,672)	(325)	
<b>28</b> Levy Income	216,825	215,004	(1,821)	
<b>29 Net Income (Loss) after Levy Income</b>	<b>154,188</b>	<b>213,948</b>	<b>65,160</b>	Net Income after Levy and Self Funded L&I Month of April 2023 \$213,948
<b>30</b> Investment Income-Net of Unrealized Gains (Losses)	569,700	170,789	(398,911)	April interest Income \$120k, Realized Loss \$1k, Unrealized Gain \$52k
<b>31 Net Income (Loss)</b>	<b>723,888</b>	<b>384,736</b>	<b>(333,751)</b>	Net Income Month of April 2023 \$384,736

**Statement of Income-Actual v Budget  
Month and YTD Ending April 30, 2023**

	Apr 2023 Actual- Month	Apr 2023 Budget-Month	Month Fav (Unfav) Variance		Apr 23 Actual- YTD	Apr 23 Budget- YTD	YTD Fav (Unfav) Variance	
1 Income								
2 Operating Revenue-	1,015,922	974,062	41,860	F	4,081,434	3,896,250	185,184	F variance due to deferred rents in budget
3 Expenses								
4 Program Expenses-All Categories	659,756	771,099	111,343	F	2,866,514	2,977,687	111,174	F
5 Operating Expenses	256,475	263,747	7,272	F	1,001,399	1,054,987	53,587	F
6 Depreciation & Amortization	99,075	112,138	13,064	F	408,185	448,554	40,369	F
7 Total Expenses	1,015,306	1,146,984	131,678		4,276,098	4,481,228	205,130	F
8 Operating Income (Loss)	616	(172,922)	173,538	F	(194,664)	(584,978)	390,314	F
9 Levy and Other Non Operating Income (Expense)								
10 Other Income	-	-	-	F	5,400	-	5,400	F
11 Self Funded L&I Reimbursements	-	-	-		-	-	-	
12 Self Funded L&I Expenses	(1,672)	(2,182)	509	F	(4,726)	(8,727)	4,002	F
13 Levy Income	215,004	215,000	4	F	861,824	860,000	1,824	F
14 Net Income (Loss) After Levy Income	213,948	39,896	174,052	F	667,835	266,295	401,540	F
15 Investment Income-Net of Unrealized Gains (Losses)	170,789	100,000	70,789	F	899,895	400,000	499,895	F
16 Net Income (Loss)	384,736	139,896	244,840	F	1,567,730	666,295	901,435	F

**Revenues:**

**Rental Income**-Two suites are still vacant at Kruger Clinic. (#110; 2025 SF & 270; 1945 SF). Repair and refresh has been completed and suites are being actively brokered. Estimated revenue loss from vacancy is ~\$100K rent and ~\$65K in CAM. Value Village lot lease continues into 2023 as month to month, unbudgeted revenue \$2k per month. Deferred rent adjustments have been discontinued effective 2023, however estimates were inadvertently budgeted for 2023. There will be a month and year to date variance on revenue line through 2023 as a result.

**Grant Repayments**-January 2023-\$43K Project Access. None February-April 2023.

Operating revenue is trending favorably due to grant repayment and the deferred rent adjustments in budgeted figure. Cash rents are on pace with budget.

**Levy Income**-2023 Rate of \$215k per month

**Investment Income-Month of April 23**-Interest income \$120k; realized loss (\$1k) unrealized gain \$52k. Will evaluate a potential budget adjustment for investment revenue at Q-2, 2023; Budgeted at \$100k per month. Rate provided by P&R was return to maturity not 2023 return rate.

**GASB 87 Lease Revenues-Lease and Interest Income:**

All entries to apply the impact of the standard have been recorded to 12/31/22. Impact was reviewed at the November 2022 finance and board meetings and will be again illustrated with the 2022 audit report. 2023 revenue (lease and interest) entries related to the GASB 87 implementation are not being recorded on an interim basis to the internal management use financials so as not to distort the budget variances reported. These entries will be recorded annually at each calendar year end

**Expenses:**

**External Programs** - April 2023 653kk; YTD \$2.788MM of \$2.822MM budgeted. This includes 3rd and final month of 90 day approved continuation payments for partners whose contracts ended 12/31/22 (~\$288k/month x 3 mo.) as well as existing legacy contract payments for previously issued awards ending in 2023. April 2023 is month 1 for the spring award cycle and includes a 2nd continuation award for 3 partners.

**Internal Programs** - April 2023 \$7k, of \$18k budgeted for the month. YTD \$79k of \$122k budgeted.

**Superintendent Discretionary**- \$0 YTD of \$100k budgeted for year. Several applications are under review at this time.

**Operating-**

Trending below budget for month and YTD at this time. Unbudgeted expenses incurred to date: Increase in insurance premiums due to property valuation adjustment; Accounting contractor fees due to unsuccessful recruitment efforts. (partially offset by positive salary variance). As built drawings for HVAC system. Wellness Center Security services. Contracted staff for grants team; partially offset by <> in salaries. Deicing and sanding services to parking lots. Frequency and vendor increases. 2 additional 2022 security invoices billed to Kruger from Allied.

Quarter 1, 2023 Budget reviews were held the end of April with all staff budget owners.

Capital costs and project management fees related to the Kruger refresh are being captured to construction in progress and do not impact the P&L

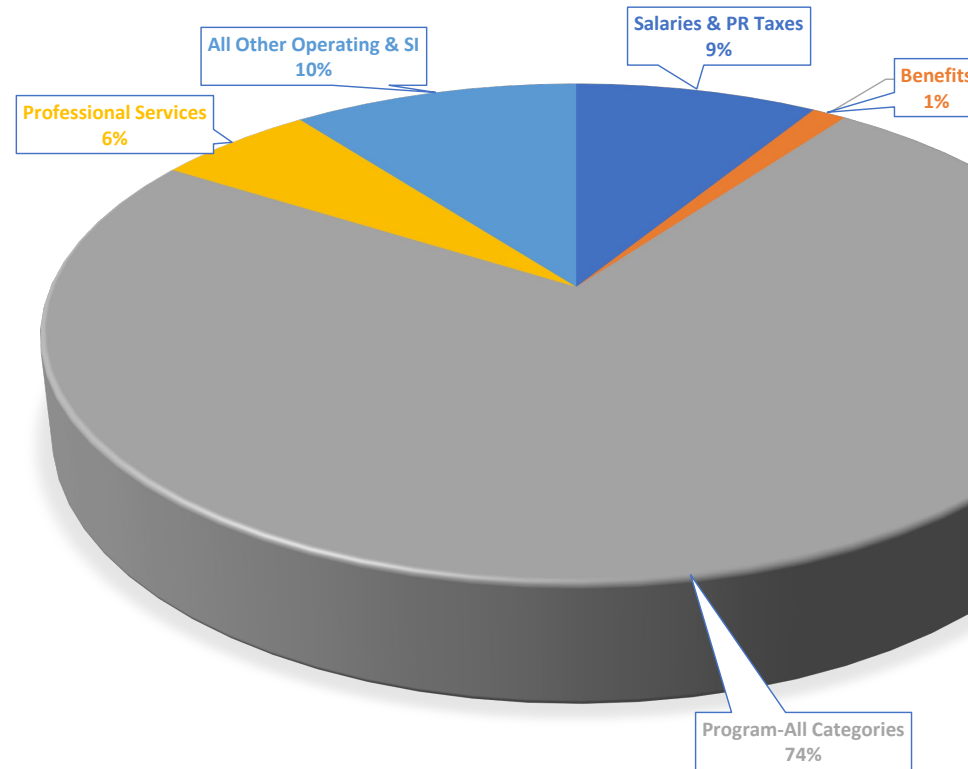
**PROGRAM SPENDING ACTUAL V. FULL YEAR BUDGET**  
**April 2023**

	<b>Jan - Apr 2023 Actual</b>	<b>% of Budget Incurred</b>	<b>Full Year 2023 Budget</b>	<b>Remaining Budget Available</b>	<b>Notes</b>
<b>4/12th of year</b>		33.33%			
<b>Programmatic Work</b>					
1 <b>6000 · External Programs</b>					
2 6011 · Community	2,787,711.49	34.00%	8,200,000.00	5,412,288.51	2
3 6014 · CHART			105,150.00	105,150.00	3
4 6015 · VOA 211			110,000.00	110,000.00	4
5 <b>Total 6000 · External Programs</b>	<b>2,787,711.49</b>	<b>33.13%</b>	<b>8,415,150.00</b>	<b>5,627,438.51</b>	
6 <b>6050 · Internal Programs</b>					
7 6053 · Nutrition & Physical Activity	18,818.69	19.53%	96,350.00	77,531.31	
8 6055 · Multicultural Health Programs	2,250.80	5.12%	43,950.00	41,699.20	
9 6056 · Behavioral Health & Social Work	56,958.17	38.68%	147,250.00	90,291.83	1
10 6058 · Partner Development & Education	774.63	3.87%	20,000.00	19,225.37	
11 <b>Total 6050 · Internal Programs</b>	<b>78,802.29</b>	<b>25.62%</b>	<b>307,550.00</b>	<b>228,747.71</b>	
12 <b>6090 · Superintendent Discretionary</b>	<b>0.00</b>	<b>0.00%</b>	<b>100,000.00</b>	<b>100,000.00</b>	
13 <b>Total Programmatic Work</b>	<b>2,866,513.78</b>	<b>32.49%</b>	<b>8,822,700.00</b>	<b>5,956,186.22</b>	

**Notes:**

- 1 The Hand Up Transitional Housing approved under Internal Program Work-6 month funding paid in January 2023 \$51,016
- 2 April is first monthly installment on the spring awards
- 3 CHART is paid biannually upon outcome reporting
- 4 VOA 211 program was deferred due to staffing vacancy

## PUBLIC HOSPITAL DISTRICT #2 OF SNOHOMISH COUNTY OPEX BY CATEGORY VIEW 1 - 4/30/23

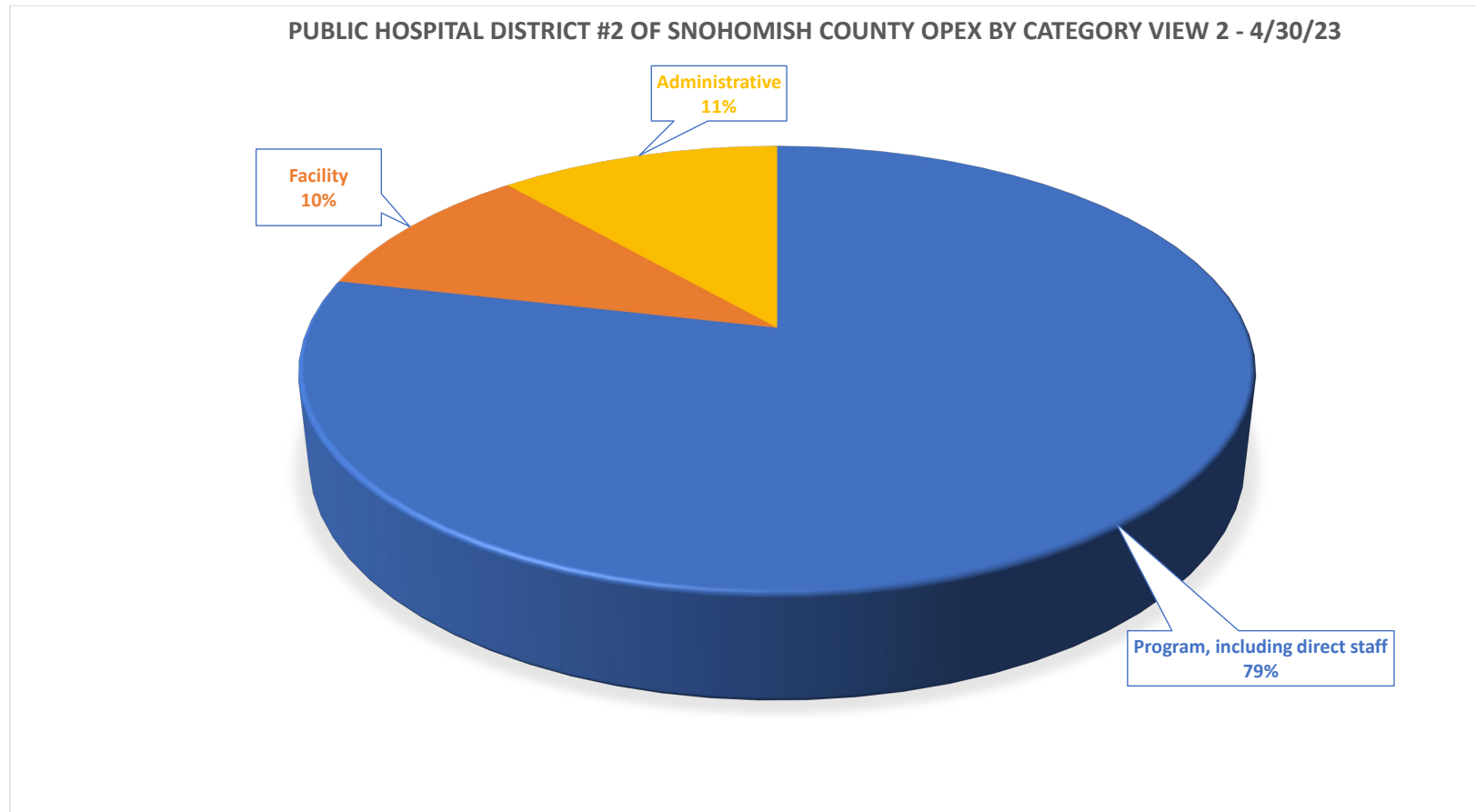
**View 1-Prof Services, Salaries and Benefits, All Other Operating, expressed as total of all expenses**

**Professional Services** include-Legal, Accounting and Audit, Investment Management, HR Services, IT Services, Property Management & Real Estate Appraisals Special Consulting-Thomas (Hospital), Strategic Planning, DEI)

**All other Operating expenses include**-Repairs and all property related maintenance expenses, utilities, insurances, business taxes, supplies, marketing, self insured L&I and other administrative costs.

**Salaries and Payroll Taxes, Personnel Benefits**-self explanatory

**Depreciation and Amortization** has been removed from this presentation



**View 2-Program, Property and Administrative, expressed as total of all expenses**

**Facility Expenses:** Utilities, Repairs, Maintenance, Insurance, Taxes, Property Management and Real Estate related costs, allocation of legal and certain other professional fees related to properties

Depreciation and Amortization has been removed from this presentation

**Program Costs:** All grants and internal program costs plus Salaries and Benefits only for **direct program staff 4.75 FTE**

This illustration does not include an allocation of **indirect** staff S&B, facilities or administrative costs to programs, increases program by approximately 5% reduces admin and facility by equivalent percentage

**Administrative Costs:** Remaining staff salaries and benefits; supplies, marketing, legal, investment services, accounting and other professional services, self insured L&I costs

## Public Hospital District #2, Snohomish County dba

Verdant Health Commission

**Warrants Month of April 2023**

Type	Date	Num	Name	Amount	Memo
<b>Warrants:</b>					
<b>1002 - Wells Warrant Acct *2717</b>				<b>A</b>	
Bill Pmt -Check	04/06/2023	16030	Fluxx Labs, Inc.	16,590.00	Grantmaker subscription (hosting/support) 4/1/23 - 3/31/24
Bill Pmt -Check	04/06/2023	16031	Moss Adams LLP	22,050.00	2022 Audit
Bill Pmt -Check	04/06/2023	16032	Robert Half	3,816.40	Accountant wk 03/31/2023
Bill Pmt -Check	04/06/2023	16033	Seattle Food Nut	360.00	Teen Cook Along - Veg sushi
Bill Pmt -Check	04/06/2023	16034	Sound Dietitians LLC	2,419.25	Probiotic cooking demo
Bill Pmt -Check	04/06/2023	16035	Turner HR Services, Inc.	3,190.00	Fiscal Specialist round 2 and Board Survey
Bill Pmt -Check	04/13/2023	16048	Allstream	97.77	Phone svc at VV
Bill Pmt -Check	04/13/2023	16049	Canon Financial Services, Inc.	395.44	Konica copier
Bill Pmt -Check	04/13/2023	16050	Dynamic Computing, Inc.	62.21	IT tech support Mar 2023
Bill Pmt -Check	04/13/2023	16051	G - City of Edmonds Parks & Recreation	1,500.00	Sponsorship: Health & Fitness Expo Move 60!
Bill Pmt -Check	04/13/2023	16052	Grantbook	3,360.00	Fluxx Support 1yr contract (2 of 2 inv)
Bill Pmt -Check	04/13/2023	16053	Leadership Snohomish County		VOID: Sponsorship - Leadership Day
Bill Pmt -Check	04/13/2023	16054	Payden & Rygel	9,279.00	Mar 23 Investment Advisory Svc
Bill Pmt -Check	04/13/2023	16055	Rachel Bergman	245.00	Copywriting
Bill Pmt -Check	04/13/2023	16056	Robert Half	3,816.40	Accountant Wk 4/07/23
Bill Pmt -Check	04/13/2023	16057	Safeway	1,340.00	Food Vouchers Mar 2023
Bill Pmt -Check	04/13/2023	16058	Thomas & Associates Consulting, LLC	7,350.00	Consulting Swedish Hospital
Bill Pmt -Check	04/13/2023	16059	Wells Fargo	5,704.30	4 credit card payments
Bill Pmt -Check	04/20/2023	16060	Enduris	13,098.00	Prop/Casualty ins - additional premium for increased property values
Bill Pmt -Check	04/20/2023	16061	G - Edmonds Senior Center	400.00	Sponsorship - Helathly Living Fair 2023
Bill Pmt -Check	04/20/2023	16062	G - Latino Educ Training Inst	200.00	Sponsorship - Latino Expo 2023
Bill Pmt -Check	04/20/2023	16063	Health Care Authority		VOID: Enrollment Fee
Bill Pmt -Check	04/20/2023	16064	Snohomish County Treasurer	204.23	Parcel #00372600600504 - Prop Tax 1 of 2 pmts
Bill Pmt -Check	04/20/2023	16065	Verizon	2.88	cell phones
Bill Pmt -Check	04/20/2023	16066	Health Care Authority	70.00	Enrollment Fee
Bill Pmt -Check	04/27/2023	16067	Dynamic Computing, Inc.	5,704.73	Monthly IT and software service
Bill Pmt -Check	04/27/2023	16068	Nicole Lyon	518.28	Nutrition program "Eat Red for healthy heart), All about granolas and IBS awarenes
Bill Pmt -Check	04/27/2023	16069	Quadient Finance USA Inc.	100.00	Mar 2023 postage
Bill Pmt -Check	04/27/2023	16070	Seattle Food Nut	449.24	Nutrition Program Taste of India
ACH	04/06/2023	ACH	Regence Blueshield	10,258.51	April 2023 medical insurance
<b>Wells Fargo Warrant Acct *2717</b>				<b>112,581.64</b>	<b>A</b>
<b>Wells Fargo Property Management *7265</b>				<b>B</b>	
Check	04/10/2023	J2100	Camden Gardens, Inc.	2,641.00	4/23 standard maintenance - interior/exterior Kruger
Check	04/10/2023	J2101	Comcast - Acct # 8498310221378586	343.23	Acct # 8498310221378586
Check	04/10/2023	J2102	Comcast - Acct # 905447969	500.91	905447969
Check	04/10/2023	J2103	Consolidated Landscape Maintenance, Inc.	462.31	Apr 23- landscaping-Wellness Center
Check	04/10/2023	J2104	Guardian Security Systems, Inc.	132.67	Fire alarm monitor/maintenance
Check	04/10/2023	J2105	KWB Property Maintenance	1,761.60	Mar 23 and Apr 23 security/maintenance serv ice
Check	04/10/2023	J2106	Snohomish County PUD	6,987.96	Electricity - Mar 2023
Check	04/10/2023	J2107	Allied Univ Security Srv	7,154.56	3/17/23 - 3/30/23 security patrol
Check	04/10/2023	J2108	Waste Management	775.78	3/1 - 3/31 Refuse and Recycling

## Public Hospital District #2, Snohomish County dba

Verdant Health Commission

## Warrants Month of April 2023

Type	Date	Num	Name	Amount	Memo
Check	04/11/2023	J2109	Republic Services	2,536.69	Refuse and recycle
Check	04/20/2023	J2110	Aardvark Services Corp.	97.45	Parking lot sweep - monthly paintenance
Check	04/20/2023	J2111	Armstrong Services	2,077.19	Mar 2023 - janitorial supplies
Check	04/20/2023	J2112	Comcast - Acct # 933676367	763.64	933676367 - Internet monthly recurring charges
Check	04/20/2023	J2113	Commercial Property Maintenance, Inc.	2,114.64	Standard monthly maintenance
Check	04/20/2023	J2114	Guardian Security Systems, Inc.	3,698.60	Fire Alarm svc for Feb/Mar/Apr and inspections
Check	04/20/2023	J2115	Pacific Facility Services	2,099.50	Re-stripe parking lot at Verdant
Check	04/20/2023	J2116	ELTEC Systems, LLC	347.31	Elevator maintenance monthly
Check	04/20/2023	J2117	Allied Univ Security Srv	7,154.56	Security patrol 3/31/23-4/13/23
Check	04/20/2023	J2118	Western Exterminator Company	231.66	Pest control April 2023 service
Check	04/20/2023	J2119	Ziply Fiber	340.09	telephone lines
Check	04/30/2023	J2120	Armstrong Services	4,089.50	Window cleaning
Check	04/30/2023	J2121	City of Edmonds - Utilities	1,076.34	Water/sewer and storm drain
Check	04/30/2023	J2122	Commercial Property Maintenance, Inc.	2,333.96	Standard monthly maintenance
Check	04/30/2023	J2123	Guardian Security Systems, Inc.	605.54	fire safety alarm monitoring
Check	04/30/2023	J2124	JSH Properties Inc	7,555.92	prop mgmt monthly fee
Check	04/30/2023	J2125	McKinstry Co., LLC	3,721.42	Suite 290 HVAC repair
Check	04/30/2023	J2126	Pacific Facility Services	3,993.03	remove and replace damage asphalt
Check	04/30/2023	J2127	Plantscapes	2,251.97	Irrigation/b ackflow replacement
Check	04/30/2023	J2128	Puget Sound Energy	117.14	gas
Check	04/30/2023	J2129	Snohomish County PUD	1,360.56	Electricity
Total Wells Fargo Property Management Acct *7265				<b>69,326.73</b>	<b>B</b>
1003 · Wells Work Comp Acct *2725					<b>C</b>
Check	04/11/2023	305555	RXBridge	38.87	Claim
Check	04/11/2023	305556	Pace Dermatology Associates	582.23	Claim
Check	04/25/2023	305557	Incyte Pathology	256.86	Claim
Total 1003 · Wells Work Comp Acct *2725				<b>877.96</b>	<b>C</b>
Total Warrants				<b>182,786.33</b>	<b>A-C</b>

**Electronic Disbursements and Summary April 2023**

Type	Date	Num	Name	Amount	Memo
<b>Electronic Payments</b>					
<b>Wells Fargo Operating Acct *2709</b>					
<b>ACH Program Payments</b>				<b>D</b>	
ACH	03/15/2023	Grnt 1238	G - American Heart Association	4,466.51	Award A510 Stop the Silent Killer Hypertension
ACH	03/15/2023	Grnt 1239	G - Boys & Girls Club of Sno County	8,333.37	Award A484 Behavioral Health Uplift Initiatives
ACH	03/15/2023	Grnt 1240	G - Cascade Bicycle Club Ed Foundation	4,166.66	Award A434 Let's Go Edmonds 2022
ACH	03/15/2023	Grnt 1241	G - Center for Human Services	29,167.00	Award A523 Youth Counseling Yr2
ACH	03/15/2023	Grnt 1242	G - Center for Human Services	5,969.25	Award 356 Behavioral Health Integration Prog at CHC 2020-23
ACH	03/15/2023	Grnt 1243	G - ChildStrive	25,497.00	Award A348 Nurse Family Partnership 2020-22
ACH	03/15/2023	Grnt 1244	G - ChildStrive	28,854.00	Award A490 Early Intervention Yr2
ACH	03/15/2023	Grnt 1245	G - Cocoon House	12,500.00	Award A517 Host Homes Yr2
ACH	03/15/2023	Grnt 1246	G - Compass Health	2,475.00	Award A495 Emergency Motel Voucher Yr2
ACH	03/15/2023	Grnt 1247	G - Community Health Center of Sno Co	8,334.00	Award A528 Dental Program
ACH	03/15/2023	Grnt 1248	G - Concern for Neighbors Food Bank	1,250.00	Award A513 Supplementary Food Purchase
ACH	03/15/2023	Grnt 1249	G - Domestic Violence Services Sno Co	8,000.00	Award A477 Community Advocacy Program
ACH	03/15/2023	Grnt 1250	G - Edmonds College Foundation	4,163.00	Award A473 Edmond College Food Security
ACH	03/15/2023	Grnt 1251	G - Edmonds College Foundation	20,053.00	Award A516 Conseling and Resource Center
ACH	03/15/2023	Grnt 1252	G - Edmonds Food Bank	3,325.00	Award A489 It Tastes Like Home (culturally relevant food)
ACH	03/15/2023	Grnt 1253	G - Edmonds School Dist No. 15	37,500.00	Award A349 Student Support Advocates 2020-22
ACH	03/15/2023	Grnt 1254	G - Edmonds School Dist No. 15	32,336.00	Award A511 Move 60! 2022-2023 (yr3)
ACH	03/15/2023	Grnt 1255	G - Edmonds School Dist No. 15	16,667.00	Award A522 Family Resource Advocates Yr2
ACH	03/15/2023	Grnt 1256	G - Edmonds Senior Center	9,663.00	Award A475 Enhancing Health and Wellness
ACH	03/15/2023	Grnt 1257	G - Evergreen Recovery Centers	29,533.33	Award A439 Bi-directional Substance Use Treatment Program
ACH	03/15/2023	Grnt 1258	G - Helping Hands Project Org	4,337.00	Award A470 Rapid Food Assistance Program
ACH	03/15/2023	Grnt 1259	G - Homage Senior Services	27,030.00	Award a474 Center for Healthy Living
ACH	03/15/2023	Grnt 1260	G - Homage Senior Services	12,326.58	Award A346 Care Coordination - South Snohomish County 2020-22
ACH	03/15/2023	Grnt 1261	G - Interfaith Family Shelter	835.00	Award A483 Homelessness Prevention Yr2
ACH	03/15/2023	Grnt 1262	G - Jean Kim Foundation	18,550.00	Award A535 Homelessness Prevention Yr2
ACH	03/15/2023	Grnt 1263	G - Kinderling	14,583.37	Award A487 Early Intervention Yr2
ACH	03/15/2023	Grnt 1264	G - Korean Community Serv. Ctr	8,625.00	Award A536 Mind Body and Soul for Korean Americans Yr2
ACH	03/15/2023	Grnt 1265	G - Korean Women's Assn	12,184.37	Award A491 Everyday Prevention and Senior Nutrition
ACH	03/15/2023	Grnt 1266	G - Lahai Health	32,917.00	Award A520 Dental Program Yr2
ACH	03/15/2023	Grnt 1267	G - Lahai Health	6,633.33	Award A441 Mental Health Program
ACH	03/15/2023	Grnt 1268	G - Lahai Health	15,666.66	Award A350 Mobile Medical Clinic Program 2020-22
ACH	03/15/2023	Grnt 1269	G - Latino Educ Training Inst	7,400.00	Award A519 Promotora Probram Yr2
ACH	03/15/2023	Grnt 1270	G - Latino Educ Training Inst	12,000.00	Award A526 Health and Wellness Program
ACH	03/15/2023	Grnt 1271	G - Lynnwood Food Bank	4,337.00	Award A471 Focus on Nutrition
ACH	03/15/2023	Grnt 1272	G - Medical Teams Int'l	11,250.00	Award A534 Care and Connect Yr2
ACH	03/15/2023	Grnt 1273	G - Millenia Ministries	15,982.12	Award A485 Mobile Manna/Moving from Surviving to Thriving
ACH	03/15/2023	Grnt 1274	G - Pacific Treatment Alternative	13,460.00	Award A496 Mobile Syringe Service Program Yr2
ACH	03/15/2023	Grnt 1275	G - Project Access Northwest	14,583.00	Award A521 Specialty Care for Low-income Populations
ACH	03/15/2023	Grnt 1276	G - Project Girl Mentoring Prgm	13,142.00	Award A480 Immersion Lab
ACH	03/15/2023	Grnt 1277	G - Refugee & Immigrant Services NW	8,333.33	Award A486 Refugee and immigrant navigation
ACH	03/15/2023	Grnt 1278	G - Snohomish County Legal Services	4,166.74	Award A492 Housing Justice Program Yr 2
ACH	03/15/2023	Grnt 1279	G - South County Fire	7,431.25	Award A351 Veterans in Prevention
ACH	03/15/2023	Grnt 1280	G - South County Fire	29,325.00	Award A466 Community Resource Paramedic
ACH	03/15/2023	Grnt 1281	G - Therapeutic Health Services	26,930.00	Award A515 Integrated Cognitive Therapies Program
ACH	03/15/2023	Grnt 1282	G - University of WA	11,637.00	Award A512 Mental Health Matters Yr 2
ACH	03/15/2023	Grnt 1283	G - UTSAV	4,337.00	Award A469 Community Food and Coordination
ACH	03/15/2023	Grnt 1284	G - WA Kids in Transition	10,417.00	Award A514 Supporting Housing and Utility Needs for Homeless and Low-income students
contd ACH	03/15/2023	Grnt 1285	G - WA Kids in Transition	10,417.00	Award A518 Distribution Center Yr2

## Electronic Disbursements and Summary April 2023

Type	Date	Num	Name	Amount	Memo
ACH	03/15/2023	Grnt 1286	G - WA West African Center	9,550.00	Award A538 Drop-in Center
ACH	03/15/2023	Grnt 1287	G - Wonderland Child & Family Svc	12,500.00	Award A347 Early Intervention Program 2020-22
ACH	03/15/2023	Grnt 1288	G - Wonderland Child & Family Svc	16,250.00	Award A463 Hope Rising Clinic
ACH	03/15/2023	Grnt 1289	G - YMCA of Greater Seattle.	7,775.00	Award A464 Community Health Navigation to Support the East African Community
ACH	03/15/2023	Grnt 1290	G - YWCA of Seattle, King and Sno Co	2,500.00	Award A488 Emergency Shelter Yr2
ACH	03/15/2023	Grnt 1291	G - YWCA of Seattle, King and Sno Co	5,221.00	Award A494 Healthcare Access Yr2
<b>Total 1001 - Wells Fargo Operating Acct*2709</b>					
<b>Subtotal ACH Program Payments</b>				<b>704,885.87</b>	<b>D</b>
<b>All Other Electronic Payments</b>					
ACH	03/06/2023	ACH 1232	AmeriFlex Business Solutions	18.39	Claim
ACH	03/08/2023	ACH 1233	Paychex	138.46	PPE 3/4/23 payroll
ACH	03/08/2023	ACH 1234	Paychex	28,008.57	PPE 3/4/23 payroll direct deposit
ACH	03/09/2023	ACH 1235	Paychex	8,797.35	PPE 3/4/23 - payroll taxes
ACH	03/09/2023	ACH 1236	Paychex	171.31	PPE 3/4/23 payroll processing fee
ACH	03/10/2023	ACH 1237	Wells Fargo Merchant Services	76.85	Processing fees
ACH	03/13/2023	ACH 1292	AmeriFlex Business Solutions	35.00	Claims
ACH	03/13/2023	ACH 1293	Valic	1,499.23	PPE 3/04/2023 ER contribution to pension plan
ACH	03/13/2023	ACH 1294	Valic	2,182.98	PPE 3/04/23 EE contribution to pension
ACH	03/16/2023	ACH 1295	AmeriFlex Business Solutions	28.75	Claims
ACH	03/17/2023	ACH 1296	Paychex	40.00	Time & Attendance fee
ACH	03/20/2023	ACH 1297	AmeriFlex Business Solutions	1.24	Claims
ACH	03/20/2023	ACH 1298	Paychex	119.45	PPE 3/18/23 payroll processing fee
ACH	03/22/2023	ACH 1299	Paychex	138.46	PPE 3/18/23 payroll
ACH	03/22/2023	ACH 1300	Paychex	29,045.68	PPE 3/18/2023 Payroll Direct Deposit
ACH	03/23/2023	ACH 1301	Paychex	180.55	PPE 3/18/23 payroll processing fee
ACH	03/23/2023	ACH 1302	Paychex	8,969.25	PPE 3/18/23 Payroll taxes
ACH	03/24/2023	ACH 1303	Valic	1,499.23	PPE 3/18/23 ER pension contribution
ACH	03/24/2023	ACH 1304	Valic	2,182.98	PPE 3/18/23 EE pension contribution
ACH	03/27/2023	ACH 1305	AmeriFlex Business Solutions	240.00	FSA Claims
ACH	03/31/2023	ACH 1306	AmeriFlex Business Solutions	125.84	Claim
ACH	03/03/2023	ACH 1307	Principal Life Insurance Co.	2,846.47	Life AD&D STD, LTD Mar 2023
<b>Subtotal ACH Operating Acct 2709</b>				<b>86,346.04</b>	<b>E</b>
<b>Electronic Disbursements 2709</b>				<b>791,231.91</b>	<b>D-E</b>
<b>Summary-</b>				<b>Amount</b>	<b>Ref</b>
Warrants-All Accounts				182,786.33	<b>A-C</b>
Electronic Disbursements-Acct 2709				791,231.91	<b>D-E</b>
<b>Total Disbursements April 2023</b>				<b>974,018.24</b>	

PUBLIC HOSPITAL DISTRICT #2 OF SNOHOMISH COUNTY

DBA VERDANT HEALTH COMMISSION

WARRANT AND ELECTRONIC DISBURSEMENT APPROVAL- APRIL 2023

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 in the supporting schedules referenced A-C and D-E have been received and the Warrant Numbers and Electronic Transactions detailed herein have been issued in the payment amounts as follows:

Type	Account	By	Date	#	Total	Reference
Warrants	2717-Warrant	Verdant	4/1/23 - 4/30/23	16030 - 16070	112,581.64	<b>A</b>
Warrants	7265-Property Management	JSH	4/1/23 - 4/30/23	J2100 - J2129	69,326.73	<b>B</b>
Warrants	2725-Workers Comp	Eberle Vivian	4/1/23 - 4/30/23	305555-305557	877.96	<b>C</b>
				<b>Total Warrants</b>	<b>182,786.33</b>	
Electronic	2709-Operating	Verdant	4/1/23-4/30/23	<b>ACH Transactions</b>	<b>791,231.91</b>	<b>D-E</b>
				<b>Total Disbursements</b>	<b>974,018.24</b>	

These warrants and electronic disbursements are hereby approved.

Attest:

\_\_\_\_\_  
Riene Simpson-CPA, Director of Finance  
District Auditor

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

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PUBLIC HOSPITAL DISTRICT #2 OF SNOHOMISH COUNTY

DBA VERDANT HEALTH COMMISSION

WARRANT APPROVAL- April 2023, continued

**Summary of Disbursements-Warrants and Electronic:**

Summary-	Amount	Ref
Warrants-All Accounts	182,786.33	A-C
Electronic Disbursements-Acct 2709	791,231.91	D-E
<b>Total Disbursements March 2023</b>	<b>974,018.24</b>	

End of document

## **Multicultural Report-April 2023**

### **Verdant Sponsored Programs**

Monthly Women's Support Group- 13 participants  
Monthly Men's Support Group- 9 participants  
Monthly Parent Support Group- 62 participants  
Domestic Violence Support Group- 8 participants  
Drum Circle for Health- 14 participants  
PMHN Training Spanish 2023- 30 participants  
Planning Meeting Suicide Prevention Event-5 participants  
Meeting with Councilwoman Julieta Altamirano Crosby  
Women of Color Coalition- 7 participants  
Meeting with Author and coach Aletha Williams  
Quarterly OCOE Community Action Coalition Meetings-32 participants  
Meeting with Gayle Picken for podcast interview  
LEARN training for suicide prevention community training

### **Community Collaborations**

Con confianza y en Comunidad- Talking about COVID related Info-7 participants  
Latinx Health Board Meeting-14 participants  
UofWA Peer Mental Health Planning Meetings- 5 participants  
Movimiento Afro-Latino Seattle Board Meeting- 6 participants  
Leadership of Snoco Monthly Meeting- 12 participants  
CHBC 2022 General Meeting - First Thursdays of the Month (in person)- 11 participants  
MHM meeting- 3 participants  
LxHB officers meeting- 4 participants  
MV Hope Coalition Meeting- 13 participants  
LSC Board Weekly Check In- 13 participants  
Lunch w/ LSC Leaders (by Leadership Snohomish County)-4 participants  
HEIC General Membership Meeting-18 participants  
SnoCODE Monthly Meeting-21 participants  
Step Up 2023 Volunteer Orientation\_Workshop Moderators  
LxHB - LT Alumni Meeting- 7 participants  
StepUp Conference volunteering  
Soñando con MÁS- 13 participants

### **Verdant Community Social Worker Highlights: April / May 2023**

- Case Management – continuing support for fifteen clients. I have continued to utilize the motel rooms, that we have been able to obtain for medical/mental health related respite care.
- Continue to provide inreach/outreach with Swedish Edmonds Hospital. Five new referrals this past month.
- CHART Leadership and Facilitation – Ongoing support for the CHART program and clients.
- This past month included, weekly team check ins, monthly County Outreach Coalition, monthly Snohomish County Community Behavioral Health Committee, monthly Snohomish County Connector’s meeting, monthly County and Human Services Providers Call, monthly Vulnerable Adult Taskforce, and monthly Homeless Policy Task Force. Also attended the annual Step Up Conference.
- Volunteers of America 211 Community Resource Advocate – The new CRA is now active in the community. I will be working with Etmon Carranza to introduce him to south county partners, and ensuring he will be attending Verdant involved outreach events. Etmon will be stationed at Verdant each Friday, and he will be visiting food banks, hygiene center, etc., but will mainly be stationed at the Edmond College food pantry.
- Currently enrolled in a three-month course titled Grief Educator Certification. Grief Educator Certification is a comprehensive grief training program led by renowned Grief Expert, David Kessler to help you confidently guide others during their time of loss. The course is intended to gain a stronger understanding, and to practice implementing effective techniques to help others find resilience they never knew they had after life’s most challenging events. I am learning about life-changing strategies for compassionate listening and pragmatic, future-focused exercises to map a healing plan. I plan to use this certificate to be a strong community resource in times of loss, and possibly provide community education classes upon completion.
- Marketing Events – Provided outreach support the Edmonds School District Annual Health and Fitness Expo on Saturday, May 13. Provided support at the Verdant Open House, Thursday May 18.
- Verdant is hosting an in-person quarterly networking and resource lunch meeting titled South Snohomish County Case Management. We hosted our second meeting on May 11, discussions focused on community resources, upcoming events, organizational updates, and included a presentation by Mental Health Matters. This meeting is intended to provide our partners with an opportunity to network, learn about funding opportunities, essential services such as sheltering options, diversion programs, etc. Partners invited include behavioral health staff from the hospital and Compass Health, local police and fire, to include their embedded social workers, DSHS Community Services and Adult Protective Services, Volunteers of America CRA, Snohomish County Human Services Opioid Outreach, The Hand Up Project, The Extra Step (CHART), Community Health Center, City of Edmonds Human Services, LEAD Bureau, Jean Kim Foundation, and Mercy Watch.
- 2023 Programming –
  - Two NARCAN trainings on May 9<sup>th</sup> (6:00 – 7:00 pm) and May 17<sup>th</sup> (11:00 am – 12:00 pm) were successful. Out of the forty seats available, we filled thirty-nine in total. Community Health Plan of Washington sponsored the cost of the NARCAN to provide one kit (2 doses) to each participant. We will highlight this in our next newsletter. I expect to provide another two trainings towards the end of the year.
  - New provider training scheduled. As I am a participant on the Snohomish County Behavior Health Community Committee, one of our strategic objectives this year is to ensure that BH providers have the tools necessary to fight the three most common health care job stress “threats”: Burnout, Compassion Fatigue, and Moral Injury. This 3-hour interactive training workshop will help participants build on their awareness of psychosocial and behavioral resilience specific to work in

behavioral healthcare. The presenter will be Dr. Kira Mauseth. She is a practicing clinical psychologist who sees patients at Snohomish Psychology Associates in Everett and Edmonds, WA, is an Associate Teaching Professor at Seattle University and serves as a co-lead for the Behavioral Health Strike Team for the WA State Department of Health. She also owns Astrum Health, LLC, and consults with organizations and educational groups about disaster preparedness and resilience building within local communities. Thirty-six of forty-five seats are currently reserved, with the expectation the class will fill up.

- In the initial stages of planning an event in September, Suicide Prevention Month, to include a keynote and other presenters around suicide prevention. Keynote will be Kevin Hines, a national award-winning speaker and survivor of a suicide who attempted to take his life by jumping from the Golden Gate Bridge. In addition to the Edmonds School District, Volunteers of America has been brought on as a major partner in this event.

# Marketing Report

28-Day Period: April 9<sup>th</sup> – May 8<sup>th</sup>, 2023

## Instagram

- Reached 39,537 people
- 138 profile visits
- 3 new followers

## Facebook

- Reached 92,373 people
- 462 page visits
- 4 new page likes

We reached out to 39,537 people on Instagram which is a 66% increase from the previous period, and 92,373 people on Facebook which is a 105% increase. This may be the result of increasing the quality of the graphics that are used to promote classes. We also increased our reach by promoting the open community house. There are 4 new Facebook likes and 3 new Instagram followers. The profile visits were at 462 and 138 for Facebook and Instagram, which was a 13.5% decrease and 53% increase respectfully. There are more Facebook page visits, which may be due to the update of the “events page” on it, where we are adding all the classes and community events.

## Link to all of our online platforms:

<https://linktr.ee/verdanthhealthcommission>

## E-Newsletter:

[https://mailchi.mp/verdanthhealth/verdant-news-august-](https://mailchi.mp/verdanthhealth/verdant-news-august-9185493?fbclid=IwAR3BEcNTYxYpHFhBIOsrhu8TAWR4t0an_hobiVfefrqQHqNwwqPNjRYhMtM)

[9185493?fbclid=IwAR3BEcNTYxYpHFhBIOsrhu8TAWR4t0an\\_hobiVfefrqQHqNwwqPNjRYhMtM](https://mailchi.mp/verdanthhealth/verdant-news-august-9185493?fbclid=IwAR3BEcNTYxYpHFhBIOsrhu8TAWR4t0an_hobiVfefrqQHqNwwqPNjRYhMtM)

<https://verdanthhealth.org/community-health-networking-event/>

## Highlights Since Last Board Meeting

**Nurturing yourself is not selfish**

**It's essential to your survival and your well-being**

**verdant**  
HEALTH COMMISSION

**- RENEE PETERSON TRUDEAU**

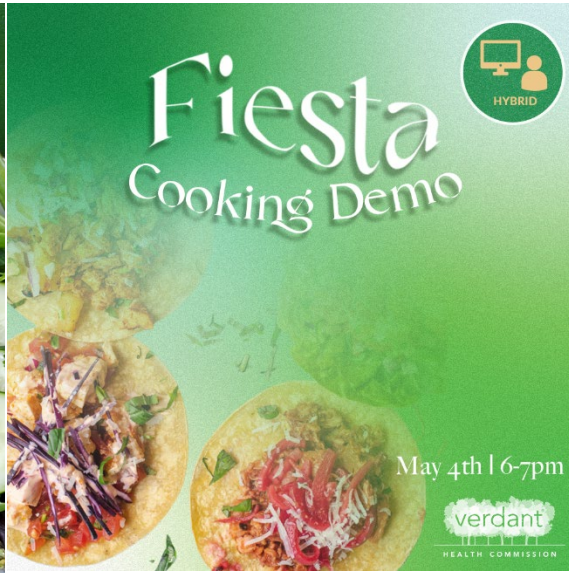
**verdant**  
COMMUNITY WELLNESS CENTER

**Save the Date**  
May 18th, 2023  
3:00 - 5:30pm

**Community Open House**  
For Residents of  
Edmonds • Lynnwood • Brier • Bothell • Woodway • Mountlake Terrace

4710 196th St SW, Lynnwood, WA 98036 [www.verdanthhealth.org](http://www.verdanthhealth.org)





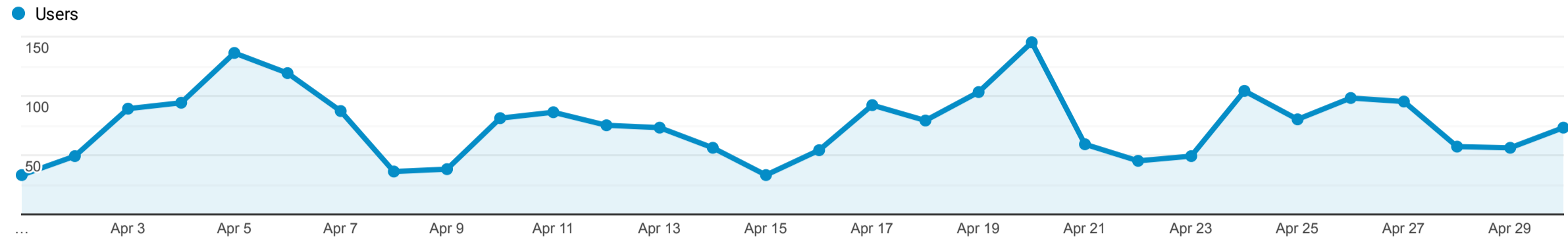
Audience Overview

All Users

100.00% Users

Apr 1, 2023 - Apr 30, 2023

Overview



Users

1,921

New Users

1,798

Sessions

2,513

Number of Sessions per User

1.31

Pageviews

5,065

Pages / Session

2.02

Avg. Session Duration

00:01:33

Bounce Rate

67.21%

New Visitor

Returning Visitor

14.3%

85.7%

City		Users	% Users
1.	Seattle	322	15.75%
2.	(not set)	156	7.63%
3.	Lynnwood	89	4.35%
4.	Everett	86	4.21%
5.	Edmonds	63	3.08%
6.	Ashburn	57	2.79%
7.	Moses Lake	46	2.25%
8.	Cheyenne	45	2.20%
9.	New York	35	1.71%
10.	San Antonio	28	1.37%