

VERDANT HEALTH COMMISSION
PUBLIC HOSPITAL DISTRICT NO. 2 OF SNOHOMISH COUNTY, WASHINGTON
BOARD OF COMMISSIONERS
Regular Meeting
A G E N D A
May 23, 2018
8:00 to 9:15 a.m.

	<u>ACTION</u>	<u>TIME</u>	<u>PAGE</u>
A. Call to Order	—	8:00	—
B. Approval of the Minutes			
a) April 25, 2018 Board Meeting	Action	8:01	1-5
C. Executive Committee Report	Information	8:02	—
D. Superintendent Report	Information	8:03	6
E. Finance Committee Report			
a) Moss Adams 2017 Audited Financial Statements	Presentation	8:05	7-33
b) Review financial statements and cash activity	Information	8:15	34-37
c) Authorization for payment of vouchers and payroll	Action	8:20	38
d) 2018:05 – Approve surplus of fixed assets	Action	8:25	39-42
F. Program Committee Report & Recommendations			
a) Conflicts of Interest	—	8:30	
b) Program investment recommendations	Action	8:30	43-46
c) Building Health Communities Fund update	Information	8:45	46
d) Verdant Community Wellness Center activities update	Information	8:50	47-48
e) Verdant multicultural program update	Information	8:55	49
G. Marketing Report	Information	9:00	50
H. Public Comments (please limit to three minutes per speaker)	—	9:05	—
I. Commissioner Comments	—	9:10	—
J. Adjournment	—	9:15	—

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

**BOARD OF COMMISSIONERS
Regular Meeting
Verdant Community Wellness Center
May 23, 2018**

Commissioners Present	Deana Knutsen, President Karianna Wilson, Secretary (8:03 a.m. arrival) Bob Knowles, Commissioner J Bruce Williams, Commissioner
Commissioners Excused	Fred Langer, Commissioner
Staff	Robin Fenn, Superintendent George Kosovich, Assistant Superintendent Lisa King, Finance Director Jennifer Piplic, Marketing Director Sue Waldin, Community Wellness Program Manager Sandra Huber, Community Engagement Nancy Budd, Social Worker Karen Goto, Executive Assistant
Guests	Mary Wright, Moss Adams Matthew Stopa, Moss Adams
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 Knutsen.
Approval of Minutes	<i>Motion was made, seconded and passed unanimously to approve</i> the minutes of the regular board meeting on April 25, 2018.
Executive Committee Report	The committee met on May 16, 2018 to review the agenda for the May 23, 2018 board meeting and to discuss the financial audit and programs. No action was taken.
Superintendent Report	Superintendent Fenn reported on the following items: <ol style="list-style-type: none">1. Thanks to Commissioner Knutsen for attending the May 4, 2018 Verdant Partner Roundtable.2. Leadership Snohomish County honored Mr. Kosovich at their recent graduation with the Kaleidoscope award.

3. CHART (CHronic Utilizer Alternative Response Team) is currently working on their legal agreements.
4. Association of Washington Public Hospital Districts (AWPHD) is holding its annual conference from June 23 to 27, 2018 in Chelan, WA. Dr. Fenn will attend this conference and will miss the June 27th board meeting. Dr. Fenn invited commissioners to attend this conference.
5. The RFP for the Building Healthy Communities Fund has been released. An information session will occur on Tuesday, June 5, 2018 at Verdant.
6. The board will hold a mini retreat on Wednesday, June 13, 12 to 4 p.m. at Verdant. Topics to be discussed include Value Village, timeline for commissioner appointment for the position that Commissioner Williams will vacate at the end of July 2018, and possible discussion with other community elected officials.
Dr. Fenn asked for confirmation that there would be a quorum for the retreat and Commissioners Knowles, Knutsen, Williams and Wilson responded in the affirmative.
7. Thank you to Ms. King for her work with Moss Adams on the 2017 financial audit.
8. Ms. Huber presented at the UW Bothell Nursing & Public Health event along with DJ Wilson from State of Reform.

**Moss Adams 2017
Financial Statements**

Ms. Mary Wright and Mr. Matthew Stopa of Moss Adams presented the 2017 financial audit (E:39:18) and noted that there was a 6.3% increase in assets and a 1% decrease in liabilities from 2016 to 2017. As of December 31, 2017, the District had a net position of \$88.1 million, operating revenue of \$11.9 million, \$5.5 million in program expenditures, and a decrease from \$10.9 million in operating expenses to \$9.5 million. The District received an unqualified opinion and there were no major audit adjustments or concerns.

**Finance Committee
Report**

The committee met on May 15, 2018. Ms. King reviewed the financial statements and cash activity for April 2018 (E:40:18).
Ms. King stated that Verdant will be liquidating the Payden & Rydel US Government mutual fund in May

and moving to individual securities to comply with RCW 39.50.040.

**Authorization for
Payment of
Vouchers & Payroll**

Warrant Numbers 12841 through 12876 for April 2018 for payment in the amount of \$77,344.16 were presented for approval (E:41:18). **Motion was made, seconded and passed unanimously to approve.**

**Resolution 2018:5
Fixed Asset
Disposition**

Motion was made, seconded and passed unanimously to approve Resolution 2018:05 approving the surplus of fixed assets.

**Program Committee
Update**

The Program Committee met on May 16, 2018 to review three new requests for funding, two renewal requests, and the Building Healthy Communities Fund application update (E:42:18).

Commissioner Knowles asked if there were any conflicts of interest. No conflicts of interest were reported by the commissioners present.

Mr. Kosovich presented the requests and Commissioner Knowles presented the committee recommendations to the board.

Motion was made, seconded and passed unanimously to approve the Project Access Northwest South Snohomish County Access to Healthcare in the amount of \$125,000 per year for three years.

Motion was made, seconded and passed unanimously to approve the Back to School Health & Resource Fair in the amount of \$12,000. This is the same level as 2017 funding.

Commissioners discussed the three requests that were not recommended for funding including the Northshore Senior Center transportation program, the Grace Medical Institute Sharing Healthcare Burdens, and the Courtney Miller PLLC Mindful Self Compassion Program. Dr. Fenn and Mr. Kosovich will pull a group together to work on ideas for long-term solutions to the transportation issues which the Northshore Senior Center requested. This issue may be revisited at a future board meeting. Dr. Fenn and Ms. Waldin will look into a Verdant Community Wellness Center program to address the need for programs to reduce burnout in health and human services providers.

**Building Healthy
Communities Fund
Update**

Application are due by June 29, 2018. An information session will be held at Verdant on June 5, 2018 at 3 p.m. and all commissioners are invited to attend this session.

**Verdant Community
Wellness Center
Activities Update**

Ms. Waldin presented an update on activities at the Wellness Center in May 2018 (E:43:18). The board is invited to attend the Hunger & Health Stakeholder Discussion with Food Lifeline on May 31, 2018 at Verdant.

**Verdant Multicultural
Report**

Ms. Huber presented an update on multicultural activities for May 2018 (E:44:18) and invited the board to attend the Hope & Health Wellness Fair on Saturday, June 2, 2018, from 9 a.m. to 1 p.m. at the Community Life Center in Lynnwood.

Marketing Report

Ms. Piplic presented the Marketing report (E:45:18) with an update on Bike2Health. Mountlake Terrace and Edmonds are wrapping up construction on the bike lanes and moving to community education this summer and fall.

Public Comments

Mr. Gary Renville & Ms. Melissa Johnson of Project Access Northwest thanked the board for the funding. They noted that there are currently 1,800 specialists in their network, and they have served almost 50,000 people in Snohomish County. They offered their support if Verdant ever needs a voice from the community.

Dr. Fenn commented that HB 2539-2017-18 goes into effect as an RCW during the 1st week of June 2018. She is in meetings with Washington State University Medical School on a potential partnership for clinical research projects.

**Commissioner
Comments**

Commissioner Knutsen commented that the tough conversations that the board has from time to time are good to have.

Adjourn

The meeting was adjourned at 9:15 a.m.

Commissioners Meeting
May 23, 2018
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ATTEST BY:

Deana Knutsen

President

Kananna Wilson

Secretary

E: 38:18
5.23.2018

JUNE 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2 Multicultural Wellness Fair (9am to 1pm at Community Life Center)
3	4	5 BHCF Info Session (3 to 4:30pm at Verdant)	6	7 Compass Health community discussion on behavioral health (7 to 8:30pm at Campbell Auto Center)	8	9
10	11	12	13 Board Mini-Retreat (12 to 4pm at Verdant) Program Committee (6 to 7pm at Verdant)	14 South County Walks Leader Training (5:30 to 6:30pm at Verdant)	15	16
17	18	19	20 Executive Committee (8:30 to 9:30am at Verdant)	21 Lynnwood State of the City (8 to 9am at Lynnwood Convention Center)	22	23 AWPHD conference (Chelan, through April 27 th)
24	25 First South County Walk from Verdant (6pm to whenever) **First of an ongoing series of walks**	26	27 Board Meeting (8 to 10am at Verdant)	28	29	30

E: 39:18
5.23.2018

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upon for any purpose

**REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS**

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

December 31, 2017 and 2016

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Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying financial statements of Public Hospital District No. 2, Snohomish County, Washington dba Verdant Health Commission (the District), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the 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, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in the 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 _____, 2018, on our consideration of the District'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 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 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 the District's internal control over financial reporting and compliance.

Everett, Washington
_____, 2018

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

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, 2017 and 2016. Please read it in conjunction with the District's financial statements, which follow this analysis.

Using These Basic 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, took over 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, 2017, SHS had paid \$58.1 million in total lease payments to the District for the use of hospital real property and personal assets owned by the District.

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 steady 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.

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

The Transition of Operations, Effective September 1, 2010 (continued)

That 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 will maintain investments sufficient to take back the operation of the hospital in the event of default by SHS or some other extraordinary event. This transition significantly impacted many of the statement of net position accounts for the year ending December 31, 2010, and along with the long-term agreement with SHS, significantly improves the short- and long-term financial viability of the District.

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.

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 \$5.8 million in community program investments during 2017. Each program is managed through a cooperative agreement with partners and is being monitored for performance and compliance by Verdant staff.

Verdant completed a comprehensive needs assessment in 2013 to better understand the health and wellness issues impacting residents of South Snohomish County. The needs assessment highlighted two key community issues for the District: adult dental care and behavioral health needs. In 2014, Verdant approved funding for programs and projects in these areas, including a new mobile dental clinic through Medical Teams International and a fixed-site dental clinic in Lynnwood through the Puget Sound Christian Clinic.

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

The Verdant Health Commission (continued)

In 2016, Verdant partnered with the Snohomish Health District on an updated needs assessment. Although the assessment found that the general health status of South Snohomish County residents compares favorably to the rest of Snohomish County, and had improved since the 2013 assessment, there were several areas of concern:

- Youth symptoms of depression increased between 2012 and 2014
- Only 63 percent of older adults received a flu vaccination
- 25 percent of the population is obese
- 36 percent of the adult population is not physically active and 75 percent of youth are not meeting exercise guidelines
- 29 percent of residents do not have dental coverage and 27 percent of the population has not had a dental visit in the past year

Verdant continues to fund projects focused on long-term prevention, childhood obesity, access to healthcare, dental access, and improving behavioral health. Many of the programs Verdant supported in 2016 continue through multi-year cooperative agreements. Notable programs that were approved or renewed for funding in 2017 include the expansion of programs serving youth with behavioral health or other challenges, through Therapeutic Health Services, the Center for Human Services, and the Edmonds School District. These expanded programs expect to serve 22% more youth in 2018. Verdant also renewed funding for a mobile medical clinic that will expand the clinic hours and number of patients served. Another major funding expansion included a program through the Edmonds School District called Move 60! that serves elementary-aged students, with a goal to increase physical activity and decrease childhood obesity. Verdant also funded two projects that are integrating behavioral health services into primary care settings in Lynnwood and Edmonds-based clinics.

The Verdant Community Wellness Center (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 Verdant headquarters and houses all District staff. During 2017, an estimated 14,383 people were served in the VCWC with various education and support programs. Examples included healthy cooking classes, depression and anxiety support groups, assistance with health insurance enrollment, and prescription drug assistance. The center also includes a full-time 2-1-1 Community Resource Advocate who meets with residents one-on-one to connect them to community resources.

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

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).

	2017	2016	2015
Assets			
Current assets	\$ 46,460	\$ 40,280	\$ 37,552
Capital assets, net	29,125	31,144	33,280
Other noncurrent assets	16,649	15,320	13,617
Total assets	\$ 92,234	\$ 86,744	\$ 84,449
Liabilities			
Current liabilities	\$ 2,066	\$ 3,230	\$ 2,839
Long-term debt, net	2,051	2,988	3,890
Other long-term liabilities	-	100	725
Total liabilities	4,117	6,318	7,454
Net position			
Net investment in capital assets	26,199	27,316	28,585
Restricted for debt service	50	48	47
Unrestricted	61,868	53,062	48,363
Total net position	88,117	80,426	76,995
Total liabilities and net position	\$ 92,234	\$ 86,744	\$ 84,449

Current Assets

Total current assets of \$46.5 million at year-end 2017 reflect an increase of \$6.2 million (15.3%), compared to the balance of \$40.3 million at the end of 2016. Cash and cash equivalents increased by \$1.3 million (23.4%) in 2017, compared to an increase of \$2.5 million (86.4%) in 2016.

Capital Assets

The District's net capital assets decreased \$2.0 million (6.5%) in 2017, compared to a net decrease of \$2.1 million (6.4%) in 2016. Surplus of aging hospital asset continue to contribute to this decrease.

Other Noncurrent Assets

Other noncurrent assets consist of rent receivable totaling \$16.6 million at year-end 2017, an increase of \$1.3 million (8.7%), compared to an increase of \$1.7 million (12.5%) in 2016. The rent receivable results from straight-line recognition of the 30-year lease of the hospital to SHS.

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

Statement of Net Position (continued)

Current Liabilities

Current liabilities decreased \$1.2 million (36.0%) from \$3.2 million in 2016 to \$2.1 million in 2017.

Long-Term Debt

As of December 31, 2017, the District had \$2.1 million in long-term debt, net of current portion, which is a \$0.9 million (31.4%) decrease from 2016. Principal payments during 2017 totaled \$0.8 million. In 2012, outstanding 1999 LTGO refunding bonds were paid in full by the issuance of \$6.6 million of 2012 LTGO refunding bonds. Principal payments during 2012, in excess of the 1999 LTGO refunding bond payments, totaled \$1.0 million.

Other Long-Term Liabilities

Other noncurrent liabilities decreased by \$0.1 million from \$0.1 million in 2016. Reserves for self-insured workers' compensation claims were reduced to zero.

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

Operating Results and Changes in the District's Net Position

In 2017, the District's net position increased \$7.7 million (9.6%), compared to an increase of \$3.4 million (4.5%) in 2016.

	2017	2016	2015
Operating revenues			
Lease revenue	\$ 11,865	\$ 11,820	\$ 11,838
Other operating revenues	36	32	16
Total operating revenues	<u>11,901</u>	<u>11,852</u>	<u>11,854</u>
Operating expenses			
Salaries and benefits	825	859	769
Program expenditures	5,470	6,424	8,021
Other	1,083	1,233	1,121
Depreciation	<u>2,152</u>	<u>2,405</u>	<u>2,641</u>
Total operating expenses	<u>9,530</u>	<u>10,921</u>	<u>12,552</u>
Operating income (loss)	<u>2,371</u>	<u>931</u>	<u>(698)</u>
Nonoperating revenues (expenses)			
Tax levies	2,265	2,221	2,167
Investment income	306	261	133
Interest expense and amortization	(43)	(68)	(91)
Gain (loss) on disposal of capital assets	53	(111)	(98)
Other revenues	<u>2,739</u>	<u>197</u>	<u>84</u>
Net nonoperating revenues	<u>5,320</u>	<u>2,500</u>	<u>2,195</u>
Increase in net position	<u>7,691</u>	<u>3,431</u>	<u>1,497</u>
Net position, beginning of year	<u>80,426</u>	<u>76,995</u>	<u>75,498</u>
Net position, end of year	<u>\$ 88,117</u>	<u>\$ 80,426</u>	<u>\$ 76,995</u>

Operating revenues in 2017 totaling \$11.9 million were attributed to lease payments and income from the Verdant Healthier Community Conference. Of that, \$8.7 million was attributable to the SHS lease for operation of the hospital. Additional lease revenues were received from other lease agreements, including Value Village, Healthcare Realty, and the Swedish Kruger Medical Office Building (formerly known as the Kruger Clinic).

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

Operating Results and Changes in the District's Net Position (continued)

Overall operating costs of \$9.5 million at year-end 2017 reflect a decrease of \$1.4 million (12.7%), compared to operating costs of \$10.9 million at the end of 2016. Salaries and benefits totaled \$0.8 million in 2017, a decrease of 4.0% from 2016. Program expenditures totaled \$5.5 million in 2017 compared to \$6.4 million in 2016.

Net nonoperating revenues in 2017 totaled \$5.3 million, compared to \$2.5 million in 2016, an increase of \$2.8 million (112.8%). This includes a net increase of \$0.3 million (17.3%) on investments over 2016, which is made up of investment income of \$0.7 million partially offset by an unrealized loss of \$0.4 million. Other revenues increased by \$2.5 million (1,290.4%) in 2017 and include \$2.4 million in Medicare Certified Public Expenditure (CPE) settlements from State Fiscal Years 2000, 2001, 2004, 2005, 2009 and 2010, as well as the sale of a property easement to the City of Lynnwood.

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

ASSETS

	December 31,	
	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,732,609	\$ 5,457,824
Investments	38,157,248	34,729,116
Receivables	10,000	18,000
Estimated third-party payor settlements	1,481,285	-
Prepaid expenses and other	28,947	27,616
Assets whose use is limited	49,963	47,748
Total current assets	46,460,052	40,280,304
CAPITAL ASSETS		
Nondepreciable capital assets	7,723,706	7,727,017
Depreciable capital assets, net of accumulated depreciation	21,401,385	23,416,706
Capital assets, net of accumulated depreciation	29,125,091	31,143,723
RENT RECEIVABLE	16,648,659	15,319,478
Total assets	\$ 92,233,802	\$ 86,743,505

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Current portion of long-term debt	\$ 875,000	\$ 840,000
Accounts and warrants payable	182,704	1,127,772
Prepaid lease income	832,742	864,607
Accrued interest	6,863	8,963
Accrued salaries and benefits	68,954	74,779
Estimated self-insured liabilities	100,000	313,923
Total current liabilities	2,066,263	3,230,044
LONG-TERM DEBT, net of current portion	2,050,919	2,987,949
OTHER LONG-TERM LIABILITIES	-	100,000
Total liabilities	4,117,182	6,317,993
NET POSITION		
Net investment in capital assets	26,199,172	27,315,774
Restricted for debt service	49,963	47,748
Unrestricted	61,867,485	53,061,990
Total net position	88,116,620	80,425,512
Total liabilities and net position	\$ 92,233,802	\$ 86,743,505

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,	
	2017	2016
OPERATING REVENUES		
Lease revenue	\$ 11,864,937	\$ 11,819,559
Other operating revenue	36,241	31,559
Total operating revenues	11,901,178	11,851,118
OPERATING EXPENSES		
Salaries and wages	690,790	722,518
Employee benefits	134,345	136,017
Program expenditures	5,470,230	6,424,300
Professional services	226,007	383,943
Purchased services, utilities, and other	856,355	849,169
Depreciation	2,152,254	2,404,616
Total operating expenses	9,529,981	10,920,563
Operating income	2,371,197	930,555
NONOPERATING REVENUES (EXPENSES)		
Maintenance and operations tax levy	2,265,091	2,221,262
Investment income and unrealized gain	305,644	260,542
Other interest expense and amortization	(43,420)	(67,658)
Gain (loss) on disposal of capital assets, net	53,435	(111,343)
Other revenues	2,739,161	197,286
Net nonoperating revenues	5,319,911	2,500,089
Increase in net position	7,691,108	3,430,644
NET POSITION, beginning of year	80,425,512	76,994,868
NET POSITION, end of year	\$ 88,116,620	\$ 80,425,512

Public Hospital District No. 2, Snohomish County, Washington
dba Verdant Health Commission
Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

	Years Ended December 31,	
	2017	2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Cash received for leasing and other operations	\$ 10,540,132	\$ 10,254,291
Cash paid to employees	(830,960)	(838,988)
Cash paid on community programs	(5,570,230)	(7,049,300)
Cash paid to suppliers for goods and services	(2,234,684)	(471,554)
Net cash from operating activities	<u>1,904,258</u>	<u>1,894,449</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from maintenance and operations tax levy for noncapital purposes	2,262,876	2,220,471
Cash received from Swedish Health Services	-	148,547
Other	<u>1,257,876</u>	<u>380,476</u>
Net cash from noncapital financing activities	<u>3,520,752</u>	<u>2,749,494</u>
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on long-term debt	(840,000)	(805,000)
Interest paid on long-term debt	(107,550)	(131,699)
Proceeds from sale of capital assets	58,864	-
Acquisition and construction of capital assets	<u>(139,051)</u>	<u>(380,172)</u>
Net cash used in capital and related financing activities	<u>(1,027,737)</u>	<u>(1,316,871)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	(3,783,560)	(1,365,350)
Investment income	<u>661,072</u>	<u>567,907</u>
Net cash from investing activities	<u>(3,122,488)</u>	<u>(797,443)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>1,274,785</u>	<u>2,529,629</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>5,457,824</u>	<u>2,928,195</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 6,732,609</u></u>	<u><u>\$ 5,457,824</u></u>

Public Hospital District No. 2, Snohomish County, Washington
dba Verdant Health Commission
Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

	Years Ended December 31,	
	2017	2016
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM		
OPERATING ACTIVITIES		
Operating income	\$ 2,371,197	\$ 930,555
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	2,152,254	2,404,616
Changes in operating assets and liabilities		
Receivables	8,000	(94,554)
Prepaid expenses and other	(1,331)	622,462
Rent receivable	(1,329,181)	(1,701,324)
Accounts and warrants payable	(945,068)	213,921
Prepaid lease income	(31,865)	104,497
Accrued salaries and benefits	(5,825)	19,547
Self-insured liabilities	(213,923)	19,729
Other long-term liabilities	(100,000)	(625,000)
Net cash from operating activities	\$ 1,904,258	\$ 1,894,449

Public Hospital District No. 2, Snohomish County, Washington

dba Verdant Health Commission

Notes to Financial Statements

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 as Stevens Hospital (the Hospital), located in Edmonds, Washington. The Hospital is an acute care community hospital with 156 set-up beds. On September 1, 2010, the District entered into an agreement (the Agreement) to lease and operate the Hospital with 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 Verdant-operated initiatives. Long-term financial stability will be established by investing available revenues received from SHS, as well as ongoing tax levy revenues, into allowable government funds, thus building adequate reserves in the years to come.

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 \$2,265,000 of funding in 2017 and \$2,220,000 of funding in 2016. 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

Note 1 – Organization and Summary of Accounting Policies (continued)

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 conformity 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 (excluding cash and short-term investments included in restricted assets) 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 or restricted assets are reported at fair value. Investment interest, dividends, and unrealized and realized gains and losses are included in nonoperating income when earned.

Restricted assets – As described further in Note 6, the District receives tax levy funds that are used solely for debt service associated with the general obligation bonds. Taxes and interest receivable and scheduled debt service payments temporarily invested prior to becoming due are recorded as restricted assets. All receipts and earnings generated on such investments are reported as nonoperating revenues and expenses.

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. Assets under capital leases are amortized over the shorter of the lease term or useful life. Amortization attributable to assets acquired under capital leases is included with depreciation as shown in the statements of revenues, expenses, and changes in net position.

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

Rent receivable – Rent receivable represents lease revenue on a straight-line basis in excess of lease payments received for applicable lease agreements in accordance with applicable accounting standards.

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

Note 1 – Organization and Summary of Accounting Policies (continued)

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 \$100,000 and \$414,000 as of December 31, 2017 and 2016, respectively, is recorded in the accompanying statements of net position within estimated self-insured liabilities and other long-term liabilities.

Estimated third-party payor settlements – Under a contractual agreement with Medicare, the Hospital is paid at an interim rate during the year for certain services and programs. The difference between interim payments and estimated final reimbursement for the cost report year results in a settlement receivable or payable, which may be adjusted in future periods as final settlements are determined. The Medicare program's administrative procedures preclude final determination of settlement amounts until after the annual cost reports have been audited or otherwise reviewed and settled by Medicare. The District's cost reports have been audited by the Medicare fiscal intermediary.

While operating Stevens Hospital, the District participated in the Medicaid Certified Public Expenditures (CPE) program for inpatient reimbursement, which provides for interim payments for certain services and programs. The difference between interim payments and estimated final reimbursement for the Washington State fiscal year results in a settlement receivable or payable, which may be adjusted in future periods as final settlements are determined. During 2017, final reimbursements for the state fiscal years ended 2000, 2001, 2004, 2005, 2009 and 2010, were received. The reimbursements were included in other revenues in the statement of revenues, expenses and changes in net position. The differences between the estimated final reimbursements and what was received resulted in a change in estimate of approximately \$2,432,000.

Net position – Net position of the District is classified into three 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 restricted component of net position represents noncapital assets that must be used for a specific purpose. 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 or the restricted component of net position.

Statements of revenues, expenses, and changes in net assets – 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, interest expense, investment income, 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.

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

Note 1 – Organization and Summary of Accounting Policies (continued)

Subsequent events – Subsequent events are events or transactions that occur after the statements of net position date but before financial statements are available to be issued. The District recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of net position, including the estimates inherent in the process of preparing the financial statements. The District's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of net position but arose after the statements of net position date and before the financial statements are available to be issued.

The District has evaluated subsequent events through _____, 2018, which is the date the financial statements are available to be issued.

Note 2 – Cash, Cash Equivalents, Investments, and Deposits

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, 2017 and 2016, and excluding unrestricted cash, and other assets limited as to use balances of \$6,782,572 and \$5,505,572, respectively, is as follows:

<u>Year Ended</u>	<u>Investment Type</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Percentage of Totals</u>
December 31, 2017	Governmental mutual fund	\$ 38,157,248	100%
December 31, 2016	Governmental mutual fund	\$ 34,729,116	100%

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

Note 2 – Cash, Cash Equivalents, Investments, and Deposits (continued)

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).

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, 2017 and 2016, all deposits and investments of the District are categorized as Category 1.

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.

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.

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

Note 3 – Capital Assets

Capital asset additions, retirements, and balances for the years ended December 31, 2017 and 2016, were as follows:

	Beginning Balance January 1, 2017	Additions	Retirements	Account Transfers	Ending Balance December 31, 2017
NONDEPRECIABLE CAPITAL ASSETS					
Land	\$ 7,723,706	\$ -	\$ -	\$ -	\$ 7,723,706
Construction in progress	3,311	-	(3,311)	-	-
	<u>7,727,017</u>	<u>-</u>	<u>(3,311)</u>	<u>-</u>	<u>7,723,706</u>
DEPRECIABLE CAPITAL ASSETS					
Land improvements	2,409,334	-	(38,890)	-	2,370,444
Buildings and building improvements	53,190,121	103,731	(647,705)	-	52,646,147
Equipment	41,501,879	35,320	(48,267)	-	41,488,932
LESS ACCUMULATED DEPRECIATION					
Land improvements	2,250,901	80,448	(38,891)	-	2,292,458
Buildings and building improvements	33,112,302	1,464,648	(647,705)	-	33,929,245
Equipment	38,321,425	607,158	(46,148)	-	38,882,435
DEPRECIABLE CAPITAL ASSETS, net	<u>23,416,706</u>	<u>(2,013,203)</u>	<u>(2,118)</u>	<u>-</u>	<u>21,401,385</u>
CAPITAL ASSETS, net	<u>\$ 31,143,723</u>	<u>\$ (2,013,203)</u>	<u>\$ (5,429)</u>	<u>\$ -</u>	<u>\$ 29,125,091</u>
	Beginning Balance January 1, 2016	Additions	Retirements	Account Transfers	Ending Balance December 31, 2016
NONDEPRECIABLE CAPITAL ASSETS					
Land	\$ 7,723,706	\$ -	\$ -	\$ -	\$ 7,723,706
Construction in progress	-	3,311	-	-	3,311
	<u>7,723,706</u>	<u>3,311</u>	<u>-</u>	<u>-</u>	<u>7,727,017</u>
DEPRECIABLE CAPITAL ASSETS					
Land improvements	2,409,334	-	-	-	2,409,334
Buildings and building improvements	52,829,088	364,497	(3,464)	-	53,190,121
Equipment	42,093,560	12,364	(604,045)	-	41,501,879
LESS ACCUMULATED DEPRECIATION					
Land improvements	2,149,360	101,541	-	-	2,250,901
Buildings and building improvements	31,536,357	1,578,967	(3,022)	-	33,112,302
Equipment	38,090,461	724,108	(493,144)	-	38,321,425
DEPRECIABLE CAPITAL ASSETS, net	<u>25,555,804</u>	<u>(2,027,755)</u>	<u>(111,343)</u>	<u>-</u>	<u>23,416,706</u>
CAPITAL ASSETS, net	<u>\$ 33,279,510</u>	<u>\$ (2,024,444)</u>	<u>\$ (111,343)</u>	<u>\$ -</u>	<u>\$ 31,143,723</u>

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

Note 4 – Lessor Agreements

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 also has other lease agreements to lease space to various tenants. In accordance with applicable accounting standards, the revenue from some of these lease agreements is recognized on a straight-line basis and some are recognized in an amount equal to their required lease payments. Other lease agreements includes a lease that matures in 2101. The future lease payments for this lease from 2043 - 2101 are approximately \$56,000 a year for a total \$3,032,000. This portion is excluded from the table below.

Rental payments to be received under these agreements are as follows:

	Straight-Line Recognition		Leases Recognized	
	Lease of	Other Leases	Based on Required	Total
	Hospital		Lease Payments	
2018	\$ 8,944,000	\$ 605,000	\$ 595,000	\$ 10,144,000
2019	9,212,000	624,000	253,000	10,089,000
2020	9,488,000	654,000	260,000	10,402,000
2021	9,773,000	560,000	242,000	10,575,000
2022	10,066,000	494,000	244,000	10,804,000
2023 - 2027	54,482,000	964,000	381,000	55,827,000
2028 - 2032	56,087,000	280,000	-	56,367,000
2033 - 2037	56,087,000	280,000	-	56,367,000
2038 - 2042	29,913,000	280,000	-	30,193,000
	<u>\$ 244,052,000</u>	<u>\$ 4,741,000</u>	<u>\$ 1,975,000</u>	<u>\$ 250,768,000</u>

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

Note 5 – Long-Term Debt

The balances of the District's long-term debt at December 31 are set forth below:

	<u>2017</u>	<u>2016</u>
LTGO Refunding Bonds, 2012, 3.00% principal due serially on December 1 in amounts from \$875,000 in 2018 to \$955,000 in 2020, including unamortized premium of \$180,919 in 2017 and \$242,949 in 2016.	\$ 2,925,919	\$ 3,827,949
Less current portion	<u>(875,000)</u>	<u>(840,000)</u>
Long-term debt, net of current portion	<u><u>\$ 2,050,919</u></u>	<u><u>\$ 2,987,949</u></u>

Long-term debt and other long-term liability activity summary for 2017 and 2016 is as follows:

	<u>January 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2017</u>	<u>Amounts Due Within One Year</u>
LONG-TERM DEBT 2012 LTGO Bond	\$ 3,827,949	\$ -	\$ (902,030)	\$ 2,925,919	\$ (875,000)
OTHER LONG-TERM LIABILITIES	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 3,927,949</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,002,030)</u></u>	<u><u>\$ 2,925,919</u></u>	<u><u>\$ (875,000)</u></u>

	<u>January 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2016</u>	<u>Amounts Due Within One Year</u>
LONG-TERM DEBT 2012 LTGO Bond	\$ 4,694,978	\$ -	\$ (867,029)	\$ 3,827,949	\$ (840,000)
OTHER LONG-TERM LIABILITIES	<u>725,000</u>	<u>-</u>	<u>(625,000)</u>	<u>100,000</u>	<u>-</u>
	<u><u>\$ 5,419,978</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,492,029)</u></u>	<u><u>\$ 3,927,949</u></u>	<u><u>\$ (840,000)</u></u>

Scheduled principal and interest repayments on long-term debt are as follows as of December 31, 2017:

	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 875,000	\$ 82,350
2019	915,000	56,100
2020	<u>955,000</u>	<u>28,650</u>
	2,745,000	<u><u>\$ 167,100</u></u>
Amounts representing net unamortized premium	<u>180,919</u>	
	<u><u>\$ 2,925,919</u></u>	

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

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. 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 2017 and 2016, the District's regular tax levy was \$0.084 and \$0.091 per \$1,000 on a total assessed valuation of \$26,993,418,501 and \$24,348,183,650, for a total regular levy of \$2,265,091 and \$2,221,262, 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.

Note 7 – 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 \$32,817 and \$38,000 during the years ended December 31, 2017 and 2016, 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 \$37,000 and \$39,000 during the years ended December 31, 2017 and 2016, respectively.

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

Note 8 – Commitments and Contingencies

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.

The hospital industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government hospital program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government agencies are actively conducting investigations concerning possible violations of fraud and abuse statutes and regulations by hospital providers. Violations of these laws and regulations could result in expulsion from government hospital programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with the fraud and abuse regulations, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

**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***

To 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 the District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated _____, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 have not been identified.

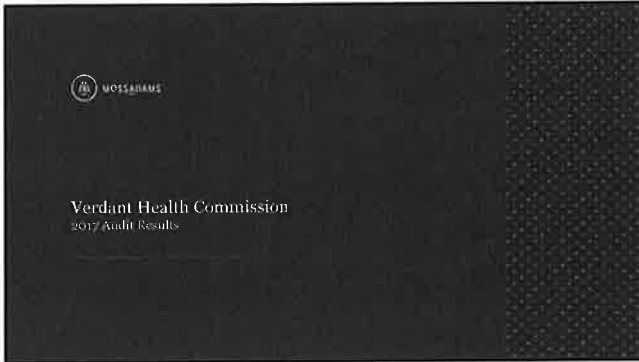
Compliance and Other Matters

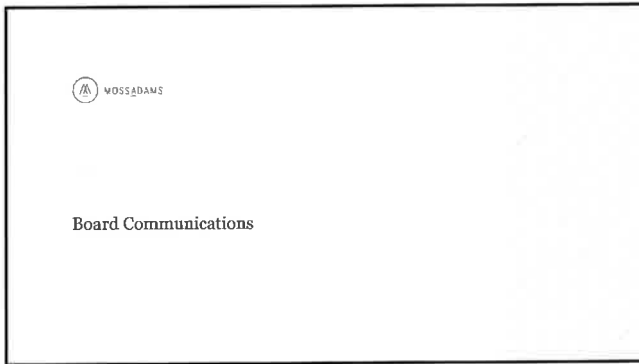
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

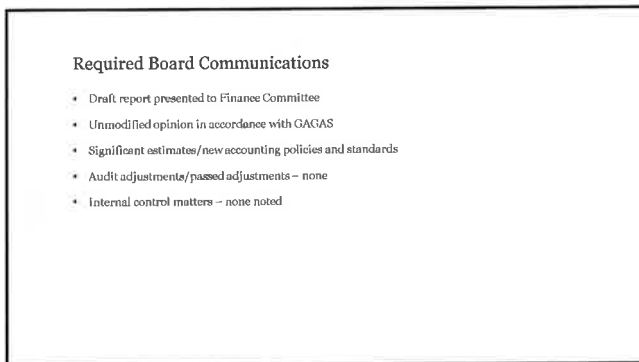
Purpose of this Report

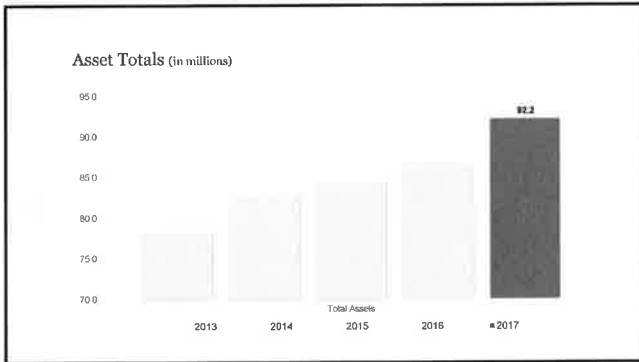
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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

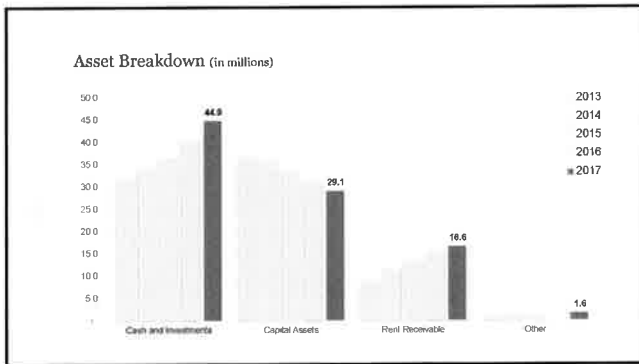
Everett, Washington
_____, 2018

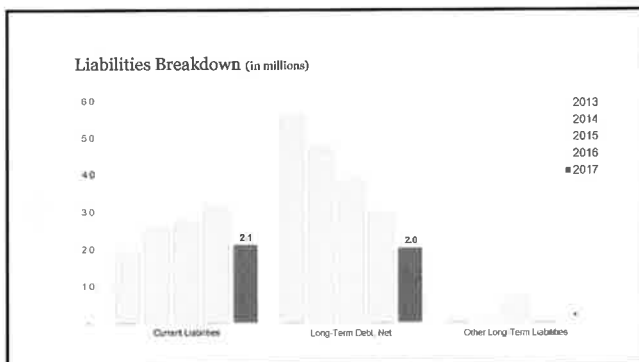




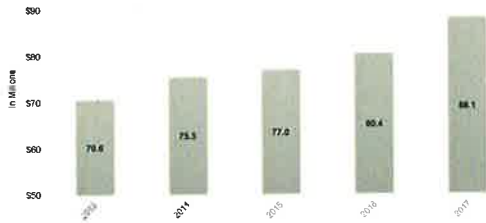




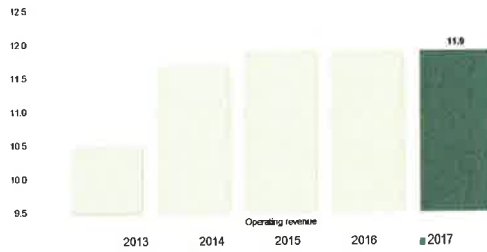




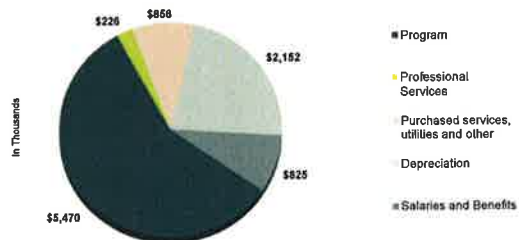
Net Position (in millions)

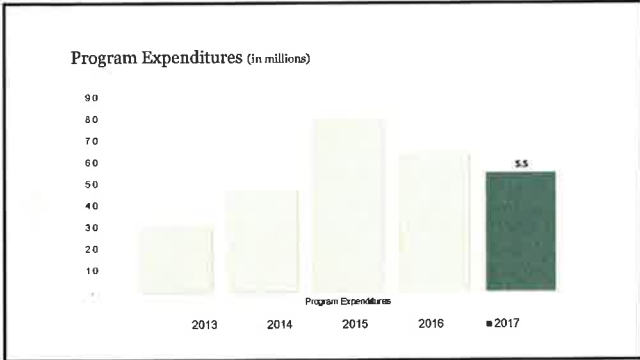


Operating Revenue (in millions)



2017 Operating Expenses





Mary Wright, Engagement Partner
mary.wright@mossadams.com
(425) 303-3034

Matt Stopa, Engagement Senior Manager
matt.stopa@mossadams.com
(425) 303-3014



THANK YOU

Balance Sheet

As of April 30, 2018

	A	B	C	D
	Dec 31, 2017	Apr 30, 2018	\$ Change	Comments:
1 ASSETS				
2 Current Assets				
3 Cash Balance	1,853,495	2,323,135	469,640	
4 Other Current Assets	44,606,558	44,601,089	(5,468)	Includes Investments
5 Total Current Assets	46,460,053	46,924,225	464,172	
6 Total Long-term & Fixed Assets	45,773,750	45,083,242	(690,507)	Includes Depreciation
7 TOTAL ASSETS	<u>92,233,802</u>	<u>92,007,467</u>	<u>(226,335)</u>	
8 LIABILITIES & EQUITY				
9 Liabilities				
10 Current Liabilities	2,066,262	1,319,000	(747,262)	Tenant Prepaid Lease Income
11 Long-term Liabilities	2,050,919	2,030,243	(20,677)	2012 LTGO Bonds
12 Total Liabilities	4,117,182	3,349,243	(767,939)	
13 Total Equity	88,116,621	88,658,224	541,604	Annual Net Income/(Loss)
14 TOTAL LIABILITIES & EQUITY	<u>92,233,802</u>	<u>92,007,467</u>	<u>(226,335)</u>	

Profit & Loss

April 2018

	A	B	C	D	E	F
	Apr Actual	Apr Budget	Fav/(Unfav)	YTD Actual	YTD Budget	Fav/(Unfav)
1 INCOME						
2 Ordinary Income	874,101	876,234	(2,133)	3,523,603	3,548,876	(25,273)
3 EXPENSES						
4 Operating Expenses	178,936	188,134	9,197	706,103	762,362	56,259
5 Depreciation Expense	166,284	166,252	(32)	664,724	664,596	(128)
6 Program Expenses	539,953	606,525	66,572	2,061,254	2,483,102	421,848
7 Total Expenses	885,174	960,911	75,737	3,432,081	3,910,060	477,979
8 OTHER INCOME/(EXPENSE)						
9 Total Other Income/(Expense)	100,669	234,813	(134,143)	450,081	939,251	(489,170)
10 NET INCOME/(LOSS)	<u>89,596</u>	<u>150,135</u>	<u>(60,539)</u>	<u>541,604</u>	<u>578,068</u>	<u>(36,464)</u>

Monthly Highlights

April 2018

Verdant received dividends payments of \$68,334 and an unrealized loss of \$163,079 on our investment portfolio in April which closed with an ending market value of \$42,802,882.

Program grant commitments total \$5,697,933 and \$2,836,398 for 2018 and 2019 respectively. \$1,292,067 remains available to spend in 2018, \$44,500 of which is designated as Superintendent Discretionary.

Revenue of \$104,077 and expenses of \$68,808 from the Kruger Clinic were incurred, netting to an additional operating income of \$35,269 in April.

Public Hospital District #2

Warrant Number	Transaction Date	Payee	Amount	Purpose
Warrant Activity:				
12841	04/04/2018	Puget Sound Energy	56.76	Natural Gas
12842	04/04/2018	WA Department of Revenue	21,577.06	Q1 2018 Leasehold Excise tax return
12843	04/04/2018	Waste Management	285.99	Garbage/Recycle
12844	04/05/2018	Ash Consulting	1,371.50	Public Records Request Document Search & Finance Committee
12855	04/09/2018	Comcast	270.70	Telephone/Internet
12856	04/09/2018	Corporate Security LLC	299.17	Security Patrols
12845	04/05/2018	Sound Dietitians	3,772.69	WC 170 - Healthy Living Coaching Group / WC 169 - Nutrition Consulting
12846	04/05/2018	US Postal Service	13,276.68	Postage for Canopy Newsletter
12847	04/05/2018	Washington State Department of Health	125.00	Registration for Community Health Workers 2-day conference
12848	04/05/2018	AADE	2,447.00	3 facilitators
12849	04/05/2018	Total Health	1,410.00	WC 176 - Mediterranean for Life WC 177-Nutrition & Fitness Workshop
12857	04/09/2018	AmeriFlex Business Solutions	17.25	Apr 2018 FSA Administration
12850	04/05/2018	Armstrong Services	1,865.65	Mar 2018 Janitorial
12851	04/05/2018	Moss Adams - Cost Report	265.00	2010 CPE revision
12858	04/09/2018	Jason Becker Creative	2,290.00	VHCC Photos, Canopy photos and design
12853	04/09/2018	City of Lynnwood	2,130.50	After-hours Staff
12854	04/09/2018	Sara Prato, RD	1,049.90	WC 174 - Mediterranean for Life
12852	04/06/2018	Washington State Department of Health	25.00	Registration for Community Health Workers 2-day conference
12859	04/09/2018	Comcast	589.26	Telephone/Internet
12860	04/09/2018	NSC Parent Advisory Council	350.00	Parented Latina Symposium Resource Table 5/19
12861	04/09/2018	Susana Flores	67.50	Childcare for Strengthening families 4/6
12862	04/09/2018	Yasaura Canvajal	60.00	Childcare for Strengthening families 4/6
12863	04/25/2018	Beth Rodriguez, LLC	1,038.42	Mar 2018 VHCC (27 hrs)
12864	04/25/2018	Connie Nelson, RN	600.00	WC 184 - Yoga 101
12865	04/25/2018	Dataworks	433.28	VHCC support
12866	04/25/2018	Department of Labor and Industries	555.79	1Q18 Self Insurance Fund
12867	04/25/2018	Discovia	2,525.19	Public Records Request March 2018
12868	04/25/2018	Lowe Graham Jones PLLC	204.50	Mar 2018 Trademark monitoring
12869	04/25/2018	Principal	1,785.53	EE Life Insurance
12870	04/25/2018	Property Management NW	5,473.77	Apr 2018 Management, Feb & Mar Maint, Mar & Apr postage
12871	04/25/2018	R&T Hood and Duct Services, Inc.	378.49	Annual Fire Suppression Test
12872	04/25/2018	Regence Blueshield	5,376.64	April 2018 Health Insurance
12873	04/25/2018	Staples	223.91	Supplies
12874	04/25/2018	Wells Fargo	3,939.24	Misc.
12875	04/25/2018	Consolidated Landscape Maintenance, Inc.	215.55	Turn on Irrigation system
12876	04/25/2018	Dataworks	991.24	IT Support
Total Warrants			77,344.16	

Warrant Number	Transaction Date	Payee	Amount	Purpose
Wire/ACH Activity:				
	4/13/2018	Payroll	20,948.08	ACH payroll transfer
	4/13/2018	Department of Treasury	7,776.77	Payroll taxes for 4/7/18 pay period ending
	4/13/2018	Valic	3,528.41	Payroll 401(a)/457 Deposit
	4/13/2018	Paychex	142.20	Fee for payroll processing
	4/27/2018	Payroll	20,924.57	ACH payroll transfer
	4/27/2018	Department of Treasury	7,785.61	Payroll taxes for 4/21/18 pay period ending
	4/27/2018	Valic	3,528.41	Payroll 401(a)/457 Deposit
	4/27/2018	Paychex	120.41	Fee for payroll processing
	4/10/2018	Wells Fargo Merchant Services	183.66	Merchant Services
	4/10/2018	Wells Fargo	93.77	Bank Fees
	4/15/2018	Alzheimer's Association Western & Central	7,209.16	Program Payment
	4/15/2018	Boys & Girls Club of Snohomish County	20,519.58	Program Payment
	4/15/2018	Cascade Bicycle Club Education Foundation	2,666.67	Program Payment
	4/15/2018	Center for Human Services	32,279.16	Program Payment
	4/15/2018	ChildStrive	50,150.16	Program Payment
	4/15/2018	City of Lynnwood	8,718.33	Program Payment
	4/15/2018	Cocoon House.	5,000.00	Program Payment
	4/15/2018	Domestic Violence Services Snohomish Co	1,855.50	Program Payment
	4/15/2018	Edmonds School District No. 15	109,713.42	Program Payment
	4/15/2018	Edmonds Senior Center	9,666.67	Program Payment
	4/15/2018	Homage Senior Services	59,420.00	Program Payment
	4/15/2018	Kinderling	11,517.17	Program Payment
	4/15/2018	Korean Women's Association	5,000.00	Program Payment
	4/15/2018	Leukemia & Lymphoma Society WA/AK Chapter	3,750.00	Program Payment
	4/15/2018	Mary Porter, RDN	1,145.00	Program Payment
	4/15/2018	Medical Teams International	5,500.00	Program Payment
	4/15/2018	NW Parkinson's Foundation	20,000.00	Program Payment
	4/15/2018	PEPS	3,250.00	Program Payment
	4/15/2018	Prescription Drug Assistance Foundation	4,166.67	Program Payment
	4/15/2018	Project Access Northwest	7,500.00	Program Payment
	4/15/2018	Puget Sound Christian Clinic	33,750.00	Program Payment
	4/15/2018	Puget Sound Kidney Centers Foundation	3,333.33	Program Payment
	4/15/2018	South Snohomish County Fire & Rescue	36,103.34	Program Payment
	4/15/2018	Therapeutic Health Services	20,833.33	Program Payment
	4/15/2018	Volunteers of America Western WA	6,750.42	Program Payment
	4/15/2018	Wonderland Development Center	12,458.33	Program Payment
	4/15/2018	WA Poison Center	26,080.00	Program Payment
	4/15/2018	Community Health Center of Snohomish Co	20,362.83	Program Payment
	4/15/2018	WA Department of Revenue	884.99	B&O/Retailing Sales Tax for Mar 2018
	4/27/2018	AmeriFlex Business Solutions	956.93	FSA Payment
	4/20/2018	AmeriFlex Business Solutions	264.00	FSA Payment
	4/9/2018	AmeriFlex Business Solutions	36.93	FSA Payment
	4/27/2018	AmeriFlex Business Solutions	118.83	FSA Payment
	4/20/2018	Department of Labor and Industries	507.05	1Q18 L&I - State Fund
		Total Wires/ACH Transactions	596,499.69	

Warrant Number	Transaction Date	Payee	Amount	Purpose
Workers Compensation Claims Activity:				
305386-388	Apr-18	Various Claimants/Vendors	1,348.80	Administered by Eberle Vivian
Kruger Clinic Activity:				
3221-3234	Apr-18	Various Claimants/Vendors	19,017.62	Administered by PMNW
Total Disbursements			\$ 694,210.27	

Transaction Date	Payer	Amount	Purpose
Deposits:			
4/1/2018	Swedish/Edmonds	803,496.68	Monthly leases
4/1/2018	Value Village	27,614.77	Monthly lease
4/1/2018	Raymond Liu, D.D.S.	3,661.64	Kruger Clinic monthly lease
4/1/2018	Brian Takagi, MD	84.63	Kruger Clinic monthly lease
4/1/2018	Kean Lawlor	6,935.26	Kruger Clinic monthly lease
4/1/2018	PSG	11,144.78	Kruger Clinic monthly lease
4/10/2018	Snohomish County	86,964.50	Levy
4/24/2018	Healthcare Realty Services, Inc.	4,663.72	Ground Lease
4/27/2018	LETI	100.00	Deposit for use of VCWC
Total Deposits		\$ 944,665.98	

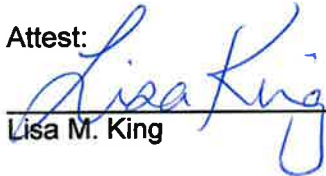
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VERDANT HEALTH COMMISSION
PUBLIC HOSPITAL DISTRICT #2
SNOHOMISH COUNTY, WASHINGTON

WARRANT APPROVAL

We, the undersigned Board of Commissioners of Public Hospital District #2 of Snohomish County, Washington, do hereby certify that the merchandise or services hereinafter specified have been received and that Warrant Numbers 12841 through 12876 have been issued for payment in the amount of \$77,344.16 These warrants are hereby approved.

Attest:



Lisa M. King



Commissioner



Commissioner



Commissioner



Commissioner



Commissioner

Warrants Processed:	4-1-18 – 4-30-18	\$77,344.16
Work Comp Claims Pd:	4-1-18 – 4-30-18	1,348.80
Kruger Clinic Processed:	4-1-18 – 4-30-18	19,017.62
Payroll:	3-25-18 – 4-7-18	20,948.08
	4-8-18 – 4-21-18	<u>20,924.57</u>
		41,872.65
Electronic Payments:	Payroll Taxes	15,562.38
	Valic Retirement	7,056.82
	Paychex	262.61
	Ameriflex	1,376.69
	Bank Fees	277.43
	WA State Dept Revenue	884.99
	Dept of L&I	507.05
	Program Expenditures	<u>528,669.07</u>
		<u>554,627.04</u>
	Grand Total	<u>\$694,210.27</u>

PUBLIC HOSPITAL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON

RESOLUTION NO. 2018-05

A RESOLUTION of the Commission of Public Hospital District No. 2, Snohomish County, Washington, determining certain personal property to be surplus and no longer required for public hospital district purposes of the District and authorizing the Superintendent or his designee to sell all or any part of such property on a negotiated basis upon the most favorable terms and conditions obtainable or to otherwise dispose of such property, and ratifying prior actions.

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 all of the personal property identified on Exhibit A hereto 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 such property (the "Surplus Property") be disposed of promptly as hereinafter provided.

Section 2. The Superintendent or his designee is hereby authorized and directed to sell on a negotiated basis upon the most favorable terms and conditions obtainable all or any part of the Surplus Property as soon as reasonably possible. Any Surplus Property not thus sold shall be disposed of and removed from the premises of Swedish Edmonds Hospital at the direction of the Superintendent or his designee at the least possible cost to the District.

ADOPTED AND APPROVED by the Board of Commissioners of Public Hospital District No. 2, Snohomish County, Washington, at an open public meeting thereof, this 23rd day of May, 2018, the following commissioners being present and voting in favor of the resolution.

CERTIFICATE

I, the undersigned, Secretary of the Board of Commissioners of Public Hospital District No. 2, Snohomish County, Washington, certify that the attached copy of Resolution No. 2018-05 is a true and correct copy of the original resolution adopted on May 23, 2018 as that resolution appears on the Minute Book of the District.

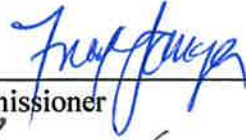
DATED this 23rd day of May, 2018.




Karianna Wilson
Secretary of the Board of Commissioners



President and Commissioner



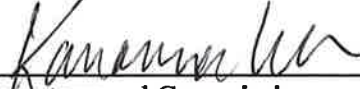
Commissioner



Commissioner



Commissioner



Secretary and Commissioner

May 2018

CLASS	NUM	DEPT	DESCRIP	QTY	ACQDT	LIFE (Months)	COST	NBV 5/31/2018	Disposal Date
05	5608001	6079	VIASYS ANE01009 - INFANT FLOW NCPAP SYSTEM ;	1	11/1/2005	120	6,588.45	-	5/31/2018
05	5608002	6079	VIASYS ANE01012 - INFANT FLOW NCPAP SYSTEM ;	1	11/1/2005	120	6,588.46	-	5/31/2018
05	9101801	8540	MCKESSON AUTOMATION - ACUDOSE/MEDCOMM/II	1	5/1/2009	60	1,828,184.90	-	5/31/2018
05	9101802	8540	CAPITAL LABOR ACUDOSE/MED/	1	5/1/2009	60	12,074.63	-	5/31/2018
05	9101804	8540	MCKESSON AUTOMATION - ACUDOSE/MEDCOMM/II	1	1/1/2010	52	29,523.66	-	5/31/2018
05	9101805	8540	MCKESSON AUTOMATION - ACUDOSE/MEDCOMM/II	1	1/1/2010	52	57,862.89	-	5/31/2018
							1,940,822.99	-	

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5.23.2018

Program Oversight Committee Summary Report May 2018

- Three new grant requests
- Two renewal requests
- Building Healthy Communities Fund Application Update

Information about New Funding Requests

1. Northshore Senior Center – Transportation Program	Request Year 1	Request Year 2	Request Year 3
	\$95,000	\$125,000	\$125,000
Program Description: a request to implement a door-to-door medical transportation program focused on South Snohomish County. The program would provide transportation to areas of South Snohomish County that are not currently served by medical transportation, and would overcome some of the barriers that make transportation difficult to use (ex. inability to cross jurisdiction boundaries).			
Expected Results	The goal would be to serve 200 unduplicated participants through the program. Seniors would be the primary population served. An estimated 3,500 one-way rides could be provided per year.		
Use of Funds & Costs	Funding would be used to pay for a driver, fuel, supplies and maintenance. The center owns 16 lift-equipped mini-buses and the funds would dedicate one bus for residents of Verdant's district.		

2. Grace Medical Institute – Sharing Healthcare Burdens	Request Year 1	Request Year 2	Request Year 3
	\$110,000	\$113,350	\$116,200
Program Description: a request to help low-income residents with medical bills. The program would provide education and 1x1 support to help individuals to understand their medical bills, negotiate them when appropriate, and to access patient support programs. The initial focus of the program would be low-income Asian American residents of South Snohomish County.			
Expected Results	Each year, the goal would be to assist 400 individuals with case management to help them resolve medical bills and to train 4,000 with educational seminars and other outreach.		
Use of Funds & Costs	Verdant funds would be used to hire a full-time case manager, and support administrative and other direct program costs. The annual Verdant grant would be nearly 2X of total 2017 organizational revenue. The organizational financial statements showed a \$68k loss in 2017 and negative asset balance.		

3. Courtney Miller PLLC – Mindful Self Compassion Program		Request Year 1	Request Year 2	Request Year 3
		\$6,000		
Program Description: a one-time request from a licensed mental health counselor to offer two cohorts of an 8-week course to reduce burnout and "compassion fatigue" for South Snohomish County providers.				
Expected Results	The program would expect to serve 30 individuals through the program and to measure decreases in two scales measuring burnout levels. The program would use a validated pre/post scale measuring provider burnout.			
Use of Funds & Costs	The financial model would be to have Verdant provide scholarships for South County residents and charge \$400/each for other participants. There are no other sources of funding on the project.			

4. Project Access NW – South Snohomish County Access to Healthcare		Request Year 1	Request Year 2	Request Year 3
		\$125,000	\$125,000	\$125,000
Program Description: a renewal request for a program that links uninsured patients to donated medical specialty and dental care. Funds are used for case management, including recruiting and retaining volunteer providers, and the project would expect to serve 250 patients from South Snohomish County per year.				
Expected Results	Project Access is wrapping up its second multi-year grant period with Verdant—its goal in the most recent year was to serve 192 individuals and the program is on track to serve 200+. Last year, 32 specialties were served for patients in South Snohomish County (ex. cardiology, dental, gastroenterology, pulmonology, urology, surgery, etc).			
Use of Funds & Costs	There are many private funders that contribute to the program regionally for \$900k+ in revenue. The goal is to keep participant costs at \$325/ea., but that cost runs higher in Snohomish County for interpreters. The value of some specialty care can be substantial: ex. \$4,500 from orthopedic patients, \$3,480 from gastroenterology. The prior funding level from Verdant was \$90,000 per year to serve 192 individuals (\$468/each). The new request is for \$125,000 to serve 250 (\$500/each).			

5. South Snohomish County Consortium (fiscal agent Turning Point) Back to School Health & Resource Fair		Request Year 1	Request Year 2	Request Year 3
		\$14,000		
Program Description: a renewal request for the annual school resource & health fair in August at Cedar Valley Elementary. The fair provides health exams, vision checks, immunizations and oral exams/fluoride varnish, as well as school and other supplies.				
Expected Results	The goal for this year's event would be to serve 900-1,000 students. In 2017, the program had set a goal to increase attendance to 800 children and youth, but ultimately served 625, which is typical for the event. The expected health services and screenings were provided and physical activity and safety (bike helmets) were added for the event.			
Use of Funds & Costs	Last year's grant from Verdant was \$12,000. The applicant has requested an increase with the goal of serving more students. The event leverages significant funding from other private foundations and includes donated school and other supplies.			

Program Committee Recommendations

Applications Recommended for Funding

- 1. Project Access NW:** the committee is recommending the project for funding as requested at \$125,000 per year for three years. The program matches with Verdant's Access to Healthcare priority and provides a unique service. The program has also shown an increase in the number of specialty medical services provided and patients served.
- 2. Back to School Health Fair:** the committee is recommending the partially funding project at the same level as last year (\$12,000). The program serves a large number of youth in South Snohomish County, but given the history of the event, we would not expect a large increase in participation that warrants a funding increase.

Applications Not Recommended for Funding

- 3. Northshore Senior Center – Transportation Program:** although transportation is clearly a challenge for many residents, the proposed project did not appear to offer a comprehensive solution for \$345,000 in Verdant funding. There was potential interest from committee members around possible policy or advocacy solutions given that the current paratransit and medical transport systems do not appear to be meeting community members' needs.
- 4. Grace Medical Institute:** the committee is not recommending the program for funding. There were two concerns: 1.) providing support for resolving past medical bills is not a top Verdant priority, and 2.) there were questions about the applicant's organizational and financial capacity.

5. **Courtney Miller PLLC – Mindful Self Compassion Program:** the committee is not recommending the program for funding. The program was designed by a private-practice counselor rather than focusing on a top community need, and this type of training would typically be offered by employers as professional development or support.

Verdant Building Healthy Communities Fund Application Update:

- Applications are due Friday, June 29 at 5 p.m.
- Information session planned for Tuesday, June 5 at 3 p.m.
- Communication to Possible Applicants: press release, e-newsletter, e-mail to Verdant partners list, announced at May Verdant Partner Roundtable meeting, featured item on Verdant's website.

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5.23.2018

**Verdant Community Wellness Center Summary
May 2018**

Completed Programs (April/May)

1. General Community and Provider Events	Attendance
1. Monthly Hero's Café for Veterans (4/24)	100+
2. Swedish Core Leaders Retreat (4/26)	32
3. ESD Health Services Meeting (4/27)	25
4. Korean Women's Association Everyday Prevention Workshops (5/3)*	40
5. Family Caregiver Support Group (5/3, 17)	6-10/session
6. League of Women Voters Children's Committee (5/4)	12
7. Verdant Partner Roundtable (5/4)	32
8. ARC Mothers of Children with Disabilities Monthly Support Network (5/5)	15
9. Parkinson's Disease AM & PM Support Group (5/7)	4-8
10. SHIBA Update Trainings (5/8)	25
11. Evergreen Home Health Team Meetings (5/8, 9)	50
12. Child Care Aware Training (5/9)	10
13. Stay Connected with Your Community UW-Bothell Training (5/10)	17
14. Alzheimer's Association CPR Training & Staff Retreat (5/16, 17)	10
15. Welcome to Medicare Monthly Workshops (5/18)	15
16. Medicare 101 Training for Sea Mar Staff (5/18)	15
17. LETI Culminating Project Presentations (5/19)	45
18. Sea Mar Weekly Health Insurance & Basic Food Enrollment (weekly)	varies
19. Ongoing – Community Support for Prescription Assistance (weekly)*	varies
2. Nutrition and Healthy Behaviors	Attendance
1. Road Back to Life Kidney Support Group (4/24; 5/22)	4-8/session
2. Diabetes Support Group (4/25; 5/23)	6-8/session
3. Surviving & Thriving with Chronic Kidney Disease Cooking Class (5/2)*	17
4. Flavor Fiesta Kids and Parents Cooking Class (5/5)*	19
5. Diabetes Prevention Program Info Sessions (5/7 or 5/21)*	TBD
6. Spring Salads Cooking Demo (5/10)*	22
7. Teens in the Kitchen: Cooking with Fresh, Local Foods (May 12)*	10
8. Getting to Goal Weight Reduction Individual Consultations (by appt)*	varies
9. Weekly Healthy Living Coaching Group	15-20/week
3. Behavioral Health & Substance Use	Attendance
1. THS Parent Coaching Group (3/12- 5/7)*	6-8/session
2. Art Therapy 6 Week Support Group (4/18-5/23)*	10/session
3. Brain Health and Wellness Classes (4/23, 26; 5/3, 10, 17, 24)*	varies
4. KCSC Healthy Mind Healthy Body Yoga (4/24, 26; 5/1, 3, 8, 10)	8-10/session
5. NAMI Connections Support Group (5/10)	4-8/session
6. Skills to Ease Stress Using Mindfulness & Other Techniques (5/22 – 6/29)*	12/session
7. Adult Children of Alcoholics Weekly Support Group (weekly)	10-14/week
8. Veterans Drop-In Support (weekly - City of Lynnwood & monthly - County)	varies
4. Other Programs	Attendance
1. Play and Learn Group, Wonderland Development Center (weekly)*	20-30/week

Verdant Community Wellness Center Summary May 2018

Upcoming Programs (May/June)

A. General Community and Provider Events

1. Monthly Hero's Café for Veterans (May 22, June 26)
2. Integrating Physical Activity into Child Care Curriculums (May 22)
3. WA Alliance for Better Schools Natural Leader Parent Training (May 26)
4. Hunger and Health Stakeholder Discussion with Food Lifeline (May 31)
5. ARC Mothers of Children with Disabilities Monthly Support Network (June 2)
6. Parkinson's Disease AM & PM Support Group (June 4)
7. SHIBA Update Trainings (June 5)
8. Korean Women's Association Everyday Prevention Workshops (June 7)*
9. Family Caregiver Support Group (June 7, 21)
10. League of Women Voters Children's Committee (June 8)
11. Bleeding Disorder Foundation Advocacy Summit (June 9)
12. Verdant Resource Connector Meeting (June 12)
13. Caregiver Core Training for Foster Parents (June 12, 13, 16, 26, 27, 30)
14. Welcome to Medicare Monthly Workshops (June 15)
15. Evergreen Home Health Team Meetings (June 19, 20)
16. Cultural Competence and Strengthening Families Childcare Provider Training (June 23)

B. Nutrition and Healthy Behaviors

1. Surviving & Thriving with Chronic Kidney Disease (May 16 – June 20)*
2. Road Back to Life Kidney Support Group (May 22; June 26)
3. Weekly Healthy Living Coaching Group (May 22, 29; June 5, 12, 19, 26)*
4. Diabetes Support Group (May 23; June 27)
5. Cooking Demo for Seniors on SNAP – Monthly FINI Training (May 24; June 28)*
6. Cutting Sugar in the Foods You Eat Cooking Demo (May 31)*
7. Strength Training Fitness Challenge (June 4, 11, 18, 25)*
8. Culinary Secrets of the Mediterranean Diet (June 4)
9. Plant-powered Whole Foods Challenge (June 7, 14, 21)*
10. Staying Physically Active as You Age (June 14)*
11. What's Fresh in June Cooking Demo (June 18 & 28)*
12. Surviving & Thriving with Chronic Kidney Disease Cooking Class (June 27)*
13. Intro to Bike Commuting (June 30)*
14. Getting to Goal Weight Reduction Individual Consultations (by appt)*

C. Behavioral Health & Substance Use Focus

1. Art Therapy - Self Discovery & Expression – 6 Week Support Group (April 18 – May 23)*
2. Skills to Ease Stress Using Mindfulness & Other Techniques – 6 Week Class (May 22 – June 29)*
3. Brain Health and Wellness Classes (May 24, 29; June 8, 13, 15, 18, 20, 25)*
4. Adult Children of Alcoholics Weekly Support Group (weekly)
5. Veterans Drop-In Support (weekly - City of Lynnwood & monthly - County)

*** = Grant/Program Funded Partners**

May 2018 Multicultural Program & Outreach Report

Multicultural Wellness Fair: Scheduled for June 2nd, first annual Community Multicultural Health fair in collaboration with Community Life Center and Puget Sound Christian Clinic

- Health screenings, activities, materials, demonstrations, and information;
- Starts with a fun walk at Scriber Lake Park;
- Goal of the event is to motivate participants to make positive health behavior changes.



May is Women's Health Month:

- Five-week series offered in Spanish
- Example topics: emotional wellness and breast health
- Participation has averaged 25+ women for each session

May 2018 Marketing Report

Bike2Health

- Community education and programs are scheduled for the summer with more in the works in the fall. Programs include bike rodeos for youth and adult education, including Back to Basics (for riders with minimal experience), Intro to Bike Commuting, and Maintenance for Everyday Riders.
- As of May 2018, the City of Edmonds has completed their installation of on-street bike lanes along 212th Street SW, from 72nd Avenue W to 84th Avenue W, and along 76th Avenue W, from 220th Street SW to Olympic View Drive. Wayfinding signs and route signs have also been installed throughout the city on identified bike routes to help cyclists navigate their way through the city to key public destinations.
- The City of Mountlake Terrace has also completed the installation of wayfinding and route signage throughout the Bike2Health network within the city. This will be key in helping commuter and recreational cyclists alike find their way to the city's Town Center, Transit Center, Library, Recreation Pavilion, and the Interurban Trail, among other destinations.

Coming Events

- **Hope & Health Multicultural Wellness Fair & Fun Walk:** Saturday, June 2, 9 a.m. – 1 p.m. at the Community Life Center, 19820 Scriber Lake Road in Lynnwood. 1.10 mile fun walk starts at 9 a.m. and the wellness fair takes place from 9 a.m. – 1 p.m.