

Exhibit “A”


WINNIE STOWELL HOSPITAL DISTRICT
WWW.WSHD-TX.ORG

Chair: Edward Murrell
Sect.: Jeff Rollo
Dir. Raul Espinosa

January 16, 2019

P.O. Box 1997
Winnie, Texas 77665
Phone: 409-296-1003

Dir. Bobby Way
Vice Chair: Anthony Stramecki
Admin. Sherrie Norris
Indigent Dir. Yani Jimenez

Durbin & Company, L.L.P.
2950 50th Street
Lubbock, Texas 79413

This representation letter is provided in connection with your audit of the financial statements of Winnie-Stowell Hospital District, which comprise the statements of net position as of December 31, 2017 and 2016, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 16, 2019, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 18, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information of the District and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the District's accounts.
- 9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.
- 11) There are no instances of noncompliance with laws or regulations with respect to Medicare and Medicaid antifraud and abuse statutes, in any jurisdiction, whose effects we believe should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, other than those disclosed or accrued in the financial statements. This is including, but not limited to, the antikickback statute of the Medicare and Medicaid Patient and Program Protection Act of 1987, limitations on certain physician referrals (the Stark law), and the False Claims Act.
- 12) Billings to third-party payors comply in all material respects with applicable coding guidelines and laws and regulations, including those dealing with Medicare and Medicaid antifraud and abuse. Such billings include only those charges for goods and services that were medically necessary; properly approved by regulatory bodies, if required; and properly rendered.
- 13) There have been no investigations, either internal or external, and there are no investigations in progress, relating to compliance with applicable laws and regulations that would have an effect on the amounts reported or disclosed in the financial statements.
- 14) There have been no oral or written communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, in any jurisdiction, including those related to deficiencies in financial reporting practices; Medicare and Medicaid antifraud and abuse statutes; or other matters that could have a material adverse effect on the financial statements.
- 15) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the statement of net position date and have been reduced to their estimated net realizable value.
- 16) We have made an adequate provision for estimated adjustments to revenue resulting from issues such as denied claims, changes to home health resource group, resource utilization group, ambulatory payment classification, and diagnostic-related group (DRG) assignments.
- 17) The valuation allowances we have recorded are necessary, appropriate, and properly supported.
- 18) We have made available to you all peer review organization, fiscal intermediary, and third-party payor reports and information.

Information Provided

- 19) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.

- c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors and related committees or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 20) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 21) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 22) We have no knowledge of any fraud or suspected fraud that affects the District, including financial reporting related to compliance with existing laws and regulations governing reimbursement from third-party payors, and involves:
- Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 23) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 24) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 25) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 26) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 27) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, or noncompliance or deficiencies related to existing laws and regulations governing reimbursement from third-party payors.
- 28) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 29) For cost reports filed with third parties:
- We have properly filed all required Medicare, Medicaid, and similar reports with third parties.
 - We are responsible for the accuracy and propriety of all filed cost reports.
 - Filed cost reports include costs that are appropriate, allowable under applicable reimbursement rules and regulations, patient-related, and properly allocated to applicable payors.
 - The reimbursement methodologies and principles we use are in accordance with applicable rules and regulations.
 - We have given adequate consideration to, and made appropriate provision for, audit adjustments by intermediaries, third-party payors, or other regulatory agencies.

- We have made provisions, when material, for estimated retroactive adjustments by third-party payors under reimbursement agreements.
 - We have fully disclosed in the cost report all items required to be disclosed, including disputed costs that are claimed to establish a basis for a subsequent appeal.
 - We have recorded third-party settlements that include differences between filed (and to-be-filed) cost reports and calculated settlements that we believe are necessary based on historical experience or new or ambiguous regulations that may be subject to differing interpretations. Although we believe the District is entitled to all amounts claimed on the cost reports, we also believe the differences reflected therein are appropriate.
- 30) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 31) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 32) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 33) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 34) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 35) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 36) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 37) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 38) The District has complied with all aspects of contractual agreements, including existing laws and regulations governing reimbursement from third-party payors, that would have a material effect on the financial statements in the event of noncompliance.
- 39) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

- 40) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- 41) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 42) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 43) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 44) Provisions for uncollectible receivables have been properly identified and recorded.
- 45) Expenses have been appropriately classified in the statement of revenues, expenses, and changes in net position, and allocations have been made on a reasonable basis.
- 46) Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position.
- 47) Internal and intra-entity activity and balances have been appropriately classified and reported.
- 48) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 49) Capital assets, including intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 50) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 51) We are following our established accounting policy regarding which resources (that is, restricted or unrestricted) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the net position classifications for financial reporting purposes.
- 52) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Very truly yours,

Winnie-Stowell Hospital District

Signature: _____

Title: Board Chairman

Signature: _____

Title: District Administrator

Signature: _____

Title: CFO



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Winnie-Stowell Hospital District

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December 31, 2017 and 2016***

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Management and the Board of Directors
Winnie-Stowell Hospital District
Winnie, Texas

In planning and performing our audit of the financial statements of Winnie-Stowell Hospital District as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Winnie-Stowell Hospital District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of management, Board of Directors, and others within Winnie-Stowell Hospital District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Durbin & Company, L.L.P.
Lubbock, Texas
January 16, 2019

January 16, 2019

Board of Directors
Winnie-Stowell Hospital District
Winnie, Texas

We have audited the financial statements of Winnie-Stowell Hospital District for the year ended December 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated June 18, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Winnie-Stowell Hospital District are described in Note 1 to the financial statements. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimates for the Medicaid Supplemental Payments to be received after year end is based on information provided by the State at such time that information becomes available. The estimated program payments include those related to the Quality Incentive Payment Program (QIPP). We evaluated the key factors and assumptions used to develop the estimated payments in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Managements Representations

We have requested certain representations from management that are included in the management representation letter dated January 16, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on other financial information, which accompany the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the board of directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Durbin & Company, L.L.P.
Lubbock, Texas
January 16, 2019

**Winnie-Stowell Hospital District
Winnie, Texas**

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**For the Years Ended
December 31, 2017 and 2016**

**Winnie-Stowell Hospital District
Winnie, Texas**

Management's Discussion and Analysis

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**For the Years Ended
December 31, 2017 and 2016**

WINNIE-STOWELL HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND FINANCIAL STATEMENTS

Our discussion and analysis of Winnie-Stowell Hospital District's financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2017 and 2016. Please read it in conjunction with the District's financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

- The District's net position increased in 2017 by \$1,997,603 or 18.7% and increased in 2016 by \$265,303 or 2.6%.
- The District's net patient service revenue increased in 2017 by \$19,205,364 or 18.5% and increased in 2016 by \$3,407,515 or 3.4%.
- The District's operating expenses increased in 2017 by \$18,241,993 or 17.7% and increased in 2016 by \$7,990,953 or 8.4%.
- The District's non-operating revenues and expenses increased in 2017 by \$925,515 or 90.2% and decreased in 2016 by \$(61,181) or (6.3)%.

USING THIS ANNUAL REPORT

The District's financial statements consist of three statements, a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Fund Net Position; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the District, including resources held by the District but restricted for specific purposes by contributors, grantors, and enabling legislation.

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

Our analysis of the District's finances begins on page A-2. One of the most important questions asked about the District's finances is, "Is the District as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes to it. You can think of the District's net position—the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the District.

**WINNIE-STOWELL HOSPITAL DISTRICT
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS
AND FINANCIAL STATEMENTS (CONTINUED)**

The Statement of Cash Flows

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

THE DISTRICT'S NET POSITION

The District's net position is the difference between its assets and liabilities reported in the Statement of Net Position on page 2. The District's assets, liabilities, and net position are summarized in **Table 1**. The total net position represents the District's net worth.

Table 1: Assets, Liabilities, and Net Position

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets:			
Current Assets	\$34,961,573	\$24,939,450	\$38,126,040
Capital Assets (net)	-	6,870	11,478
Other Non-Current Assets	-	-	411,150
Total Assets	<u>\$34,961,573</u>	<u>\$24,946,320</u>	<u>\$38,548,668</u>
Liabilities:			
Long-Term Debt Outstanding	\$ -	\$ -	\$ 300,557
Other Current and Non-Current	<u>22,303,261</u>	<u>14,285,611</u>	<u>27,852,705</u>
Total Liabilities	<u>22,303,261</u>	<u>14,285,611</u>	<u>28,153,262</u>
Total Net Position	<u>12,658,312</u>	<u>10,660,709</u>	<u>10,395,406</u>
Total Liabilities and Net Position	<u>\$34,961,573</u>	<u>\$24,946,320</u>	<u>\$38,548,668</u>

A significant component of the change in the District's assets is the increase in patient accounts receivable in the amount of \$9,310,252 in 2017, and the decrease in patient accounts receivable of \$(2,692,006) in 2016. Another significant component of the change in the District's assets is the decrease in nursing home supplemental payments receivable in the amount of \$(8,322,910) in 2017 and the decrease in nursing home supplement payments receivable of \$(8,191,330) in 2016.

**WINNIE-STOWELL HOSPITAL DISTRICT
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS
AND FINANCIAL STATEMENTS (CONTINUED)**

OPERATING RESULTS AND CHANGES IN THE HOSPITAL'S NET POSITION

In 2017 and 2016, the District's net position increased in 2017 by \$1,997,603 or 18.7% and increased in 2016 by \$265,303 or 2.6%.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Revenues:			
Net Patient Service Revenue	\$ 123,248,446	\$ 104,043,082	\$100,635,567
Other Operating Revenue	<u>97,488</u>	<u>247,813</u>	<u>703,190</u>
Total Operating Revenue	123,345,934	104,290,895	101,338,757
Operating Expenses:			
Salaries	78,708	71,331	53,912
Employee Benefits	6,337	4,975	26,639
Professional Fees and Purchased Services	1,000	1,100	3,472
Nursing Home Expenses	118,178,248	99,211,036	88,967,492
Indigent Care	733,903	560,883	2,158,540
Legal and Consulting Fees	757,604	2,482,440	3,711,597
Other Operating	1,485,619	668,270	93,691
Depreciation and Amortization	<u>6,870</u>	<u>6,261</u>	<u>-</u>
Total Operating Expenses	121,248,289	103,006,296	95,015,343
Operating Income (Loss)	2,097,645	1,284,599	6,323,414
Nonoperating Revenues and (Expenses):			
Sales Tax Revenue	504,963	542,158	587,235
Investment Income	11,234	7,199	2,971
Interest Expense	(616,239)	(1,485,807)	(1,536,970)
Other Non Operating	-	-	(17,612)
Gain (Loss) on Disposal of Assets	<u>-</u>	<u>(89,107)</u>	<u>-</u>
Total Nonoperating Revenue / (Expense)	(100,042)	(1,025,557)	(964,376)
Increase (Decrease) in Net Position	<u>\$ 1,997,603</u>	<u>\$ 259,042</u>	<u>\$ 5,359,038</u>

Operating Income (Loss)

Contributing to the overall change of the District's net position is its operating income, generally, the difference between the net patient service revenue and the expenses incurred to perform those services. The District has reported an operating income (loss) of \$2,097,645 and \$1,284,599 in 2017 and 2016, respectively.

**WINNIE-STOWELL HOSPITAL DISTRICT
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS
AND FINANCIAL STATEMENTS (CONTINUED)**

Nonoperating Revenues and Expenses

Nonoperating revenues consist primarily of sales taxes levied by the state and investment income. The District received \$(37,195) less in taxes in 2017, while in 2016 the taxes collected decreased by (\$45,077). Nonoperating expenses consist primarily of interest expense. The District paid \$869,568 less in interest in 2017 and \$51,163 less in 2016.

THE DISTRICT'S CASH FLOWS

Changes in the District's cash flows are consistent with changes in operating losses and nonoperating revenues and expenses previously discussed.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017 and 2016, respectively, the District had \$-0- and \$6,870 invested in capital assets, net of accumulated depreciation, as detailed in Note 4 of the financial statements.

Debt

At December 31, 2017 and 2016, the District had \$7,624,472 and \$3,620,000, respectively, in notes payable as detailed in Note 9 of the financial statements. Additionally, the District had no long-term debt outstanding as of December 31, 2017 and 2016, as detailed in Note 10 of the financial statements.

Other Economic Factors

The District maintains good relations with various employers in the area. The District seeks to maintain its provider status in the many health insurance networks that local employers participate in. The District will continue to look for ways to foster its relationship with local employers and work towards promoting the services it offers to potential patients in the area.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patients, suppliers, taxpayers, 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 office at Winnie-Stowell Hospital District, 538 Broadway, Winnie, Texas 77665.

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management
Winnie-Stowell Hospital District
Winnie, Texas

We have audited the accompanying financial statements of Winnie-Stowell Hospital District (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 Winnie-Stowell Hospital District's statements of net position, and the related statements of revenues, expenses, and changes in net position, and cash flows.

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 an opinion 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. Those standards require that we plan and perform the audit 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Winnie-Stowell Hospital District as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows 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 management discussion and analysis on pages A-1 through A-4 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 an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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.

DRAFT

**Winnie-Stowell Hospital District
Winnie, Texas**

Financials

DRAFT

**For the Years Ended
December 31, 2017 and 2016**

**WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF NET POSITION**

DECEMBER 31, 2017 AND 2016

ASSETS:	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,718,793	\$ 3,827,391
Short-Term Investments	2,804,953	104,325
Patient Accounts Receivable, Net of Allowance	18,753,635	9,443,383
Nursing Home Supplemental Payment Receivable	3,148,090	11,471,000
Prepaid and Other Current Assets	6,444,426	1,675
Sales Taxes Receivable	<u>91,676</u>	<u>91,676</u>
Total current assets	34,961,573	24,939,450
CAPITAL ASSETS		
Depreciable Capital Assets, Net	<u>-</u>	<u>6,870</u>
Total Assets	<u>\$ 34,961,573</u>	<u>\$ 24,946,320</u>

DRAFT

The accompanying notes are an integral part of these financial statements.

WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2017 AND 2016

LIABILITIES AND NET POSITION:	<u>2017</u>	<u>2016</u>
CURRENT LIABILITIES		
Accounts Payable	14,675,978	10,662,676
Accrued Payroll, Benefits, and Related Liabilities	2,811	2,935
Notes Payable	<u>7,624,472</u>	<u>3,620,000</u>
Total Current Liabilities	22,303,261	14,285,611
Total Liabilities	<u>22,303,261</u>	<u>14,285,611</u>
NET POSITION		
Invested in Capital Assets Net of Related Debt	-	6,870
Unrestricted	<u>12,658,312</u>	<u>10,653,839</u>
Total Net Position	<u>12,658,312</u>	<u>10,660,709</u>
Total Liabilities and Net Position	<u>\$ 34,961,573</u>	<u>\$ 24,946,320</u>

DRAFT

The accompanying notes are an integral part of these financial statements.

WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
OPERATING REVENUES:		
Net Nursing Home Patient Service Revenue	\$ 123,248,446	\$ 104,043,082
Other Revenue	97,488	247,813
Total Operating Revenues	123,345,934	104,290,895
OPERATING EXPENSES:		
Salaries	78,708	71,331
Employee Benefits	6,337	4,975
Professional Fees and Purchased Services	1,000	1,100
Nursing Home Expenses	118,178,248	99,211,036
Indigent Care	733,903	560,883
Legal and Consulting Fees	757,604	2,482,440
Other Operating	1,485,619	668,270
Depreciation and Amortization	6,870	6,261
Total Operating Expenses	121,248,289	103,006,296
Operating Income (Loss)	2,097,645	1,284,599
NONOPERATING REVENUES (EXPENSES):		
Sales Tax Revenue	504,963	542,158
Investment Income	11,234	7,199
Interest Expense	(616,239)	(1,485,807)
Gain (Loss) on Disposal of Assets	-	(89,107)
Total Nonoperating Revenues (Expenses)	(100,042)	(1,025,557)
Increase (Decrease) in Net Position	1,997,603	259,042
Net Position, Beginning of Year	10,654,448	10,395,406
Net Position, End of Year	\$ 12,652,051	\$ 10,654,448

The accompanying notes are an integral part of these financial statements.

**WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from and on Behalf of Patients	\$ 122,261,104	\$114,926,418
Other Receipts and Payments, net	11,988	2,651,834
Indigent Care Support	(733,903)	(584,310)
Payments to Suppliers and Contractors	(122,766,420)	(108,151,944)
Payments to Employees	(85,169)	(80,875)
Net cash provided by (used in) operating activities	(1,312,400)	8,761,123
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Earnings	11,234	7,199
Purchase of Investments	(2,700,628)	(419)
Net Cash Provided by (Used in) Investing Activities	(2,689,394)	6,780
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt and Notes Payable	-	(300,557)
Proceeds From Sale of Capital Assets	-	315,537
Purchase of Capital Assets	-	11,114
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	26,094
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
Sales Tax	504,963	566,689
Principal Payments on Debt and Notes Payable	(3,620,000)	(7,760,000)
Proceeds From Issuance of Long-Term Debt and Notes Payable	7,624,472	10,000
Interest Payments on Long-Term Debt and Notes Payable	(616,239)	(1,485,807)
Net Cash Provided by (Used in) Noncapital Financing Activities	3,893,196	(8,669,118)
Net Increase (Decrease) in Cash and Cash Equivalents	(108,598)	124,879
Cash and Cash Equivalents, Beginning of Year	3,827,391	3,702,512
Cash and Cash Equivalents, End of Year	\$ 3,718,793	\$ 3,827,391

The accompanying notes are an integral part of these financial statements.

**WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)**

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
RECONCILIATION OF CASH AND EQUIVALENTS TO THE BALANCE SHEETS		
Cash and equivalents presented under the following titles:		
Cash and Cash Equivalents	\$ 3,718,793	\$ 3,827,391
	\$ 3,718,793	\$ 3,827,391
RECONCILIATION OF NET INCOME TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Income (Loss)	2,097,645	1,284,599
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Used in Operating Activities:		
Depreciation and Amortization	6,870	6,261
Provision for Bad Debts	-	677,079
(Increase) Decrease in:		
Accounts Receivable	(9,310,252)	2,014,927
Prepaid Expenses and Other Current Assets	(6,442,751)	2,404,021
Nursing Home Supplemental Payment Receivable	8,322,910	8,191,330
Increase (Decrease) in:		
Accounts Payable	4,013,302	(5,818,786)
Accrued Salaries and Benefits Payable	(124)	1,692
 Net Cash Provided By (Used in) Operating Activities	 \$ (1,312,400)	 \$ 8,761,123

The accompanying notes are an integral part of these financial statements.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Winnie-Stowell Hospital District (the "District") was formed as a political subdivision under the laws of the State of Texas, and became effective on January 1, 2005, in the eastern portion of Chambers County, Texas. The District is governed by an elected five-member board of directors serving four-year terms. As a hospital district it is not controlled by or dependent upon any other entity and does not exercise control over operations of any other entity. During 2014, the District entered into operations transfer agreements with thirteen nursing facilities which transferred the operations and certain operating assets of each facility. The District has also received an assignment or transfer of the Medicare and Medicaid Provider agreements for each facility.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America.

Enterprise Fund Accounting – The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. The District has elected to apply the provisions based on Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The District has also elected to apply the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Pending Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2018. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2019. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

GASB Statement No. 87 – Governmental Accounting Standards Board Statement No. 87, *Leases*. The objective of this Statement is to provide financial statement users with improved accounting and financial reporting for leases by establishing a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for periods beginning after December 15, 2019.

The accompanying notes are an integral part of these financial statements.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Accounting Pronouncements (Continued)

GASB Statement No. 88 – Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for periods beginning after June 15, 2018.

GASB Statement No. 89 – Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about the capital assets and the cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2019.

GASB Statement No. 90 – Governmental Accounting Standards Board Statement No. 90, *Majority Equity Interests*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for periods beginning after December 15, 2018.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 - The District considers highly liquid investments with an original maturity of three months or less to be cash equivalents, excluding amounts whose use is limited by board designation or other arrangements under trust agreements.

Patient Accounts Receivable – The allowance for estimated uncollectible patient accounts receivable is maintained at a level which, in management's judgment, is adequate to absorb patient account balance write-offs inherent in the billing process. The amount of the allowance is based on management's evaluation of the collectability of patient accounts receivable, including the nature of the accounts, credit concentrations, and trends in historical write-off experience, specific impaired accounts, and economic conditions. Allowances for uncollectibles and contractuals are general determined by applying historical percentages to financial classes within accounts receivable. The allowances are increased by a provision for bad debt expenses and contractual adjustments, and reduced by write-offs, net of recoveries.

The accompanying notes are an integral part of these financial statements.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments – The District is authorized to invest excess working capital and assets whose use is limited in certificate of deposit, money market accounts, or U.S. government securities. The District can invest its excess working capital monies in certificates of deposit at its designated depository and other financial institutions. Investments at the District’s depository are secured by the Federal Deposit Insurance Corporation (FDIC) or through the purchase of collateral in the form of US government securities by the depository.

Assets Whose Use is Limited - Assets whose use is limited (if any) include assets held under indenture agreements and designated assets set aside by the board of directors to be used for capital expenditures over which the board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the District have been reclassified as current assets

Capital Assets – Capital assets are carried at cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment life. Such amortization is included in depreciation and amortization in the financial statements. Except for capital assets acquired through gifts, contributions, or capital grants, interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring these assets.

The District has elected to capitalize expenditures over \$5,000 and provide for depreciation of capital assets by the straight-line method at rates promulgated by the American Hospital Association, which are designed to amortize the cost of such equipment over its useful life as follows:

Major Moveable Equipment	3 to 20 years
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Net Position – Net position of the District is classified into two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets.

Operating Revenues and Expenses – For purposes of display, the District’s statements of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses result from exchange transactions associated with providing health care services - the District’s principal activity. Non-exchange revenues and expenses, including taxes, grants and contributions, and intergovernmental transfers received for purposes other than capital asset acquisition, are reported as non-operating revenues and expenses. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

The accompanying notes are an integral part of these financial statements.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Taxes - The District is a political subdivision under the laws of the State of Texas, and therefore, it is exempt from federal income tax pursuant to Section 115 of the Internal Revenue Code. Additionally, pursuant to Section 1.6033-2(g)(6) of the Income Tax Regulations, it is not required to file an information return form 990.

Indigent Care – The District provides payment for services to health care providers for certified indigents who have applied and met the District’s criteria for indigent care. The District pays a discounted rate which in most cases is equal to the Medicaid reimbursement rates.

Sales Tax Revenue – Sales taxes are collected by the state of Texas and remitted to the District monthly. The tax is collected by the vendor and is required to be remitted to the state by the 20th of the month following collection. The tax is then paid to the District by the Friday following the second Wednesday of the subsequent month. These funds were used to support operations.

Risk Management - The District is exposed to various risks of loss from torts: theft of, damage to and destruction of assets; business interruption; errors and omissions and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage during the year.

Reclassifications – Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 financial statement presentation. These reclassifications had no effect on the change in net position.

NOTE 2 – NURSING HOME NET PATIENT SERVICE REVENUE

A significant portion of the District’s nursing home revenues and related accounts receivable are derived from programs administered by various federal and state agencies. Accordingly, the District is subject to regulatory requirements imposed by these governmental agencies. Revenues under certain of these programs are subject to examination and retroactive adjustment. Management does not expect a material settlement to result from any such examinations.

The accompanying notes are an integral part of these financial statements.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 2 – NURSING HOME NET PATIENT SERVICE REVENUE (CONTINUED)

Patient service revenue for the Nursing Homes is comprised as follows:

	<u>2017</u>	<u>2016</u>
SNF Patient Revenue	\$ 119,923,254	\$ 90,413,903
Other Revenue	2,825,883	-
Supplemental Payments	<u>2,467,673</u>	<u>14,306,258</u>
Gross Nursing Home Patient Service Revenue	125,216,810	104,720,161
Provision for Bad Debts	<u>(1,968,364)</u>	<u>(677,079)</u>
Net Nursing Home Patient Service Revenue	<u>\$ 123,248,446</u>	<u>\$ 104,043,082</u>

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

At December 31, 2017 and 2016, the carrying amount of the District's deposits with financial institutions was \$3,676,669 and \$3,931,716, respectively, and the bank balance was \$6,242,381 and \$3,277,216, respectively.

	<u>2017</u>	<u>2016</u>
Amount insured by the FDIC	\$ 1,202,803	\$ 731,047
Amount collateralized with securities held by the pledging financial institution's trust department in the District's name	211,075	1,681,029
Uncollateralized amount	<u>4,828,503</u>	<u>865,140</u>
Total bank balance	<u>\$ 6,242,381</u>	<u>\$ 3,277,216</u>

The accompanying notes are an integral part of these financial statements.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 4 – INVESTMENTS

The District has funds invested in TexSTAR which is reported as cash and equivalents. TexSTAR is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. TexSTAR is administered by First Southwest Asset Management, Inc. and JP Morgan Chase. The fund is rated AAAM by Standard and Poor's and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas Public Funds Investment Act for local government investment pools. At December 31, 2017 and 2016, the carrying amount of the District's deposits with financial institutions was \$660,211 and \$654,500, respectively. Separate financial statements can be obtained by sending TexSTAR a fax or calling 1-800-TEX-STAR.

TexSTAR is a member of Securities Investor Protection Corporation (SIPC). The SIPC provides \$500,000 of coverage for missing securities, including \$250,000 for claims of cash awaiting reinvestment. Market losses are not covered by SIPC.

The District's investments may be exposed to the following types of risk:

Interest Rate Risk – Interest rate risk is the risk that the market values of investments will change based on changes in market interest rates. The District limits maturities to one year or less as a means of managing its exposure to fair value losses arising from increasing interest rates. State investment pools are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2017 and 2016, the District's investments in TexSTAR was rated AAA by Standard & Poor's.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. TexSTAR is managed to fulfill all requirements of the Texas Public Funds Investment Act.

Concentration of Credit Risk – The District places no limit on the amount that may be invested in any one issuer. At December 31, 2017 and 2016, the investment in state investment pools was approximately 18% and 17% of total cash and cash equivalents respectively.

NOTE 5 – NURSING HOME ACCOUNTS RECEIVABLE

Concentration of Credit Risk – The District grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31 is as follows:

The accompanying notes are an integral part of these financial statements.

**WINNIE-STOWELL HOSPITAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017 AND 2016**

NOTE 5 – NURSING HOME ACCOUNTS RECEIVABLE (CONTINUED)

	<u>2017</u>	<u>2016</u>
Medicare	29%	31%
Medicaid	46%	55%
Managed Care	5%	3%
Patients	<u>20%</u>	<u>11%</u>
Total	<u>100%</u>	<u>100%</u>

NOTE 6 – SALES TAX RECEIVABLE

Sales taxes are reported as revenues in the period for which they are collected. Tax revenue for 2017 and 2016 was \$504,963 and \$542,158, respectively. As of December 31, 2017 and 2016, the balance of sales tax receivable and its related allowance for uncollectible taxes are as follows:

	<u>2017</u>	<u>2016</u>
Taxes Receivable	<u>\$ 91,676</u>	<u>91,676</u>

NOTE 7 – CAPITAL ASSETS

The following is a summary of capital assets at cost less accumulated depreciation:

	<u>Balance 12/31/16</u>	<u>Additions</u>	<u>Reclass/ Retirements</u>	<u>Balance 12/31/17</u>
Equipment	<u>\$ 140,655</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 140,655</u>
Totals at Historical Cost	140,655	-	-	140,655
Less Accumulated Depreciation for:				
Equipment	<u>(133,785)</u>	<u>(6,870)</u>	<u>-</u>	<u>(140,655)</u>
Total Accumulated Depreciation	<u>(133,785)</u>	<u>(6,870)</u>	<u>-</u>	<u>(140,655)</u>
Capital Assets, Net	<u>\$ 6,870</u>	<u>\$ (6,870)</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**WINNIE-STOWELL HOSPITAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017 AND 2016**

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	<u>Balance 12/31/15</u>	<u>Additions</u>	<u>Reclass/ Retirements</u>	<u>Balance 12/31/16</u>
Equipment	140,655	-	-	140,655
Totals at Historical Cost	140,655	-	-	140,655
Less Accumulated Depreciation for:				
Equipment	(129,177)	(4,608)	-	(133,785)
Total Accumulated Depreciation	(129,177)	(4,608)	-	(133,785)
Capital Assets, Net	<u>\$ 11,478</u>	<u>\$ (4,608)</u>	<u>\$ -</u>	<u>\$ 6,870</u>

Depreciation expense for the years ended December 31, 2017 and 2016, was \$6,870 and \$-0- respectively.

NOTE 8 – ASSETS HELD FOR SALE

At December 31, 2016, Assets Held for Sale consists of land and building purchased during 2015 in the amount of \$411,150. The land and building were sold on March 23, 2016 for \$325,000. Net loss on sale of asset recorded in 2016 was approximately \$89,000.

NOTE 9 – NOTES PAYABLE

Following is a summary of notes payable at December 31:

	<u>Balance 12/31/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/17</u>
(9) Neches Capital	\$ 3,620,000	\$ -	\$ (3,620,000)	\$ -
(10) Salt Creek Capital	-	2,437,583	-	2,437,583
(12) Salt Creek Capital	-	2,765,389	-	2,765,389
(2) Post Oak Bank	-	2,421,500	-	2,421,500
Total Notes Payable	<u>\$ 3,620,000</u>	<u>\$ 7,624,472</u>	<u>\$ (3,620,000)</u>	<u>\$ 7,624,472</u>

The accompanying notes are an integral part of these financial statements.

**WINNIE-STOWELL HOSPITAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017 AND 2016**

NOTE 9 – NOTES PAYABLE (CONTINUED)

	<u>Balance</u> <u>12/31/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/16</u>
(5) Neches Capital	\$ 4,150,000	\$ -	\$ (4,150,000)	\$ -
(6) Neches Capital	3,610,000	-	(3,610,000)	-
(7) Neches Capital	3,610,000	-	(3,610,000)	-
(9) Neches Capital	<u>-</u>	<u>3,620,000</u>	<u>-</u>	<u>3,620,000</u>
Total Notes Payable	<u>\$ 11,370,000</u>	<u>\$ 3,620,000</u>	<u>\$ (11,370,000)</u>	<u>\$ 3,620,000</u>

The terms and due dates of the District’s notes payable at December 31, 2017 and 2016 follow:

- (5) Neches Capital – 16.8% note payable with all outstanding principal and interest due February 1, 2016 and is collateralized by cash and investments. Paid in full during fiscal year 2016.
- (6) Neches Capital – 16.8% note payable with all outstanding principal and interest due May 6, 2016 and is collateralized by cash and investments. Paid in full during fiscal year 2016.
- (7) Neches Capital – 16.8% note payable with all outstanding principal and interest due August 9, 2016 and is collateralized by cash and investments.
- (9) Neches Capital – 16.8% note payable with all outstanding principal and interest due February 6, 2017 and is collateralized by cash and investments. Paid in full during fiscal year 2017.
- (10) Salt Creek Capital – 16.8% line of credit with all outstanding principal and interest due March 25, 2018 and is collateralized by cash and investments.
- (12) Salt Creek Capital – 16.8% note payable with all outstanding principal and interest due September 1, 2018 and is collateralized by cash and investments.
- (2) Post Oak Bank – 3.25% note payable with all outstanding principal and interest due July 7, 2018 and is collateralized by cash and investments.

NOTE 10 – LONG TERM DEBT

The following is a summary of long-term debt at December 31:

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/17</u>	<u>Due Within</u> <u>One Year</u>
Prosperity Bank	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**WINNIE-STOWELL HOSPITAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017 AND 2016**

NOTE 10 – LONG TERM DEBT

	<u>Balance</u> <u>12/31/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/16</u>	<u>Due Within</u> <u>One Year</u>
Prosperity Bank	\$ 300,557	\$ -	\$ (300,557)	\$ -	\$ -

The terms and due date of the District’s long-term debt at December 31, 2016 is as followed:

- 4.5% promissory note payable to Prosperity Bank, due January 30, 2025 in monthly installments, collateralized by property. The promissory note payable was paid in full during 2016.

In 2017 and 2016, total interest incurred was \$616,239 and \$1,485,807, respectively, all of which was charged to operations.

NOTE 11 – INDIGENT CARE

The District is responsible for providing healthcare for residents of the District that qualify under the indigent program guidelines. In March 2015, the District hired an indigent care director and began operating the indigent care program themselves. In addition, the District is part of an indigent care assistance agreement with Winnie Community Hospital (the “Hospital”). This agreement is intended to reimburse the Hospital for services provided to residents of the District. The District incurred expense for indigent care and assistance in the amount of \$733,903 and \$14,291 for the year ended December 31, 2017 and 2016, respectively.

NOTE 12 – NURSING HOME OPERATIONS

During 2014, the District entered into operations transfer agreements with thirteen nursing facilities which transferred the operations and certain operating assets of each facility. The District has also received an assignment or transfer of the Medicare and Medicaid Provider agreements for each facility. In addition to the operations transfer agreements, the District has also entered into a lease agreement with each facility for the lease of real property, fixed assets, and associated equipment that encompass the nursing homes’ physical properties. The total rental expense paid to all facilities was \$10,108,467 and \$6,995,511 for the year ended December 31, 2017 and 2016, respectively.

Also, during fiscal year 2014, The District has executed a management agreement with LTC Group, LLC to provide certain operational and clinical review services for all of the nursing home facilities on behalf of the Hospital District. The initial term of these agreements are through August 31, 2016, unless sooner terminated. These agreements shall be automatically renewed for successive two year periods unless either party cancels in writing on or before 90 days prior to the end of the current term.

The accompanying notes are an integral part of these financial statements.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 12 – NURSING HOME OPERATIONS (CONTINUED)

Under these agreements, the District has paid total service fees of \$1,233,837 and \$8,356,735, respectively, which is recorded in other operating expenses on the statements of revenues, expenses, and changes in net position for the year ended December 31, 2017 and 2016.

In connection with these agreements, the District has recorded all patient revenue and the related accounts receivable. The District recorded \$123,248,446 and \$104,043,082 in net patient related revenue for the years ended December 31, 2017 and 2016, respectively. These revenues are recorded as Net Nursing Home Patient Service Revenues on the statements of revenues, expenses, and changes in net position.

Additionally, the District has entered into separate management agreements whereby each facility is managed by a third-party in which the District pays monthly fees for management services and operating expenses including quality incentives, if any, based upon the terms of each individual agreement. These fees total \$118,178,248 and \$99,211,036 for the years ended December 31, 2017 and 2016, respectively. These expenses are recorded as Nursing Home expenses on the statements of revenues, expenses, and changes in net position. Amounts due and unpaid as of December 31, 2017 and 2016 for these expenses are \$14,675,978 and \$22,133,676, respectively.

Nursing Facility Minimum Payment Amounts Program (MPAP) – Effective November 1, 2014, HHSC implemented a new Minimum Payment Amounts Program (MPAP) for non-state government-owned nursing facilities. The MPAP was created by HHSC to replace the Nursing Facility Upper Payment Limit Supplemental Payment Program. The District participated in this program during the years ended December 31, 2017 and 2016. In 2017 and 2016, the state claimed the matching federal funds and made supplemental payments of approximately \$123,248,446 and \$24,443,331, respectively. The District has recorded an MPAP receivables of \$-0- and \$11,471,000 at December 31, 2017 and 2016, respectively. HHSC transitioned MPAP to a new Quality Incentive Payment Program (QIPP) effective September 1, 2016.

Quality Incentive Payment Program (QIPP) – During its 84th session, the Texas Legislature directed HHSC to transition MPAP to a new Quality Incentive Payment Program (QIPP) effective September 1, 2016, and HHSC will implement QIPP on September 1, 2017. QIPP will require participating facilities meeting certain qualifying criteria to submit projects to HHSC requesting the additional funding as supported in the individual projects. These projects are expected to improve quality and innovation in the provision of nursing facility services, including but not limited to payment incentives to establish culture change, small house models, staffing enhancements and outcome measures to improve the quality of care and life for nursing facility residents. A portion of the additional funding will be funded through intergovernmental transfer (IGT) payments from each participating provider. QIPP IGTs for a specific capitation rate period will be due to HHSC approximately six months prior to the beginning of the rate period. The District has recorded an QIPP receivables of 3,148,090 and \$-0- at December 31, 2017 and 2016, respectively.

The accompanying notes are an integral part of these financial statements.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Litigation – The District is, from time to time, subject to claims and suits for damages, including damages for personal injuries to patients and others, most of which are covered as to risk and amount. In the opinion of management, there were no known pending legal proceedings that could have a material effect on the District's financial position or results of operations.

NOTE 14 – MALPRACTICE CLAIMS

The District is a unit of government covered by the Texas Tort Claims Acts which, by statute, limits its liability to \$100,000 per person and \$300,000 for each single occurrence. These limits coincide with the malpractice insurance coverage maintained by the District, which is purchased under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claims costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the District's claims experience, no such accrual has been made.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent to year end, the District entered into operations transfer agreements with an additional five nursing facilities which transferred the operations and certain operating assets of each facility. The District has also received an assignment or transfer of the Medicare and Medicaid Provider agreements for each facility. In addition to the operations transfer agreements, the District has also entered into a lease agreement with each facility for the lease of real property, fixed assets, and associated equipment that encompass the nursing homes' physical properties.

Additionally, the District entered into a loan agreement with Salt Creek Capital on May 30, 2018 in the amount of \$6,342,432 at an interest rate of 16.8%. All outstanding principal and interest are due March 30, 2019 and is collateralized by cash and investments.

The date to which events occurring after December 31, 2017, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosure is January 16, 2019, which is the date on which the financial statements were available to be issued.

The accompanying notes are an integral part of these financial statements.

Exhibit “B”

Winnie-Stowell Hospital District

Balance Sheet

01/15/19

As of December 31, 2018

Accrual Basis

	Dec 31, 18
ASSETS	
Current Assets	
Checking/Savings	
100 Prosperity Bank -Checking	552,631.25
102 Prosperity Bank - CD#0447	106,008.26
104 Post Oak Bank - CD#9053	2,733,749.99
105 TexStar	672,341.16
107 Graham InterBank combined	
107.01a GIB 1008 DAISA	-0.50
107.01b GIB 0228 DACA	2,648,869.48
Total 107 Graham InterBank combined	2,648,868.98
108 Post Oak NHs Combined	1,356,641.06
Total Checking/Savings	8,070,240.70
Other Current Assets	
110 Sales Tax Receivable	116,206.43
114 Accounts Receivable NH	18,753,634.52
117 NH - QIPP Prog Receivable	6,476,997.25
118 Prepaid Expense	3,775.00
119 Prepaid IGT	8,456,576.10
Total Other Current Assets	33,807,189.30
Total Current Assets	41,877,430.00
Fixed Assets	
120 Equipment	140,654.96
125 Accumulated Depreciation	-113,810.64
Total Fixed Assets	26,844.32
TOTAL ASSETS	41,904,274.32
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
190 NH Payables Combined	1,359,340.02
201 NHP Accounts Payable	2,632,822.70
201.1 NH Payable - LTC	273,600.00
210.13 Loan Payable #13 QIPP 2	6,342,431.99
210.14 Loan Payable #14 QIPP 2	4,342,432.85
210.50 Loan Post Oak #3 QIPP 2	2,000,000.00
225 FUTA Tax Payable	112.00
230 SUTA Tax Payable	251.31
235 Payroll Liabilities	1,414.96
240 Accounts Payable NH	16,151,110.07
Total Other Current Liabilities	33,103,515.90
Total Current Liabilities	33,103,515.90
Total Liabilities	33,103,515.90
Equity	
300 Net Assets, Capital, net of	59,503.44
310 Net Assets-Unrestricted	4,755,312.01
Retained Earnings	2,411,754.13
Net Income	1,574,188.84
Total Equity	8,800,758.42
TOTAL LIABILITIES & EQUITY	41,904,274.32

Winnie-Stowell Hospital District Profit & Loss Budget vs. Actual

As of Dec 31, 2018

Accrual Basis

	Jan - Dec 18	Budget	\$ Over Budget	% of Budget
Income				
400 Sales Tax Revenue	500,912.10	500,000.00	912.10	100.2%
405 Investment Income	48,674.28	46,000.00	2,674.28	105.8%
409 Tobacco Settlement	9,734.33	11,500.00	-1,765.67	84.6%
415 Nursing Home - QIPP Program	20,975,464.00	20,975,464.00	0.00	100.0%
Total Income	21,534,784.71	21,532,964.00	1,820.71	100.0%
Expense				
500 Admin-Administrative Salary	52,000.00	52,000.00	0.00	100.0%
504 Admin-Administrators PR Tax	4,424.98	4,500.00	-75.02	98.3%
505 Admin-Board Bonds	250.00	250.00	0.00	100.0%
515 Admin-Bank Service Charges	191.50	360.00	-168.50	53.2%
521 Professional Fees - Acctng	15,837.50	15,000.00	837.50	105.6%
522 Professional Fees-Auditing	47,813.75	75,000.00	-27,186.25	63.8%
523 Professional Fees - Legal	12,000.00	65,000.00	-53,000.00	18.5%
550 Admin-D&O / Liability Ins.	13,129.15	15,000.00	-1,870.85	87.5%
560 Admin-Cont Ed, Travel	9,077.81	9,100.00	-22.19	99.8%
561 Admin-Cont Ed-Medical Pers.	10,336.86	8,500.00	1,836.86	121.6%
562 Admin-Travel&Mileage Reimb.	508.76	600.00	-91.24	84.8%
569 Admin-Meals	197.56	2,500.00	-2,302.44	7.9%
570 Admin-District/County Prom	164.21	5,000.00	-4,835.79	3.3%
571 Admin-Office Supplies/Post	6,851.16	6,800.00	51.16	100.8%
572 Admin-Web Site	465.00	1,500.00	-1,035.00	31.0%
573 Admin-Copier Lease/Contract	2,204.64	1,800.00	404.64	122.5%
575 Admin-Cell Phone Reimburse	1,725.00	1,800.00	-75.00	95.8%
576 Admin-Telephone/Internet	2,364.72	2,000.00	364.72	118.2%
590 Admin-Election Cost	1,580.00	1,600.00	-20.00	98.8%
591 Admin-Notices & Fees	659.10	500.00	159.10	131.8%
600 East Chambers ISD Partnersh	180,000.00	180,000.00	0.00	100.0%
602 IC-WCH 1115 Waiver Prog	1,004,970.83	1,005,000.00	-29.17	100.0%
603a IC-Pharmaceutical Costs	82,553.17	85,000.00	-2,446.83	97.1%
604 IC-Non Hosp Cost-Other	0.00	10,000.00	-10,000.00	0.0%
604 IC-Non Hosp Costs UTMB	170,163.48	180,000.00	-9,836.52	94.5%
605 IC-Office Supplies/Postage	149.40	1,200.00	-1,050.60	12.5%
611 IC-Indigent Care Dir Salary	23,135.00	27,000.00	-3,865.00	85.7%
612 IC-Payroll Taxes -Ind Care	1,656.28	2,400.00	-743.72	69.0%
615 IC-Software	12,708.00	12,708.00	0.00	100.0%
616 IC-Travel	700.79	550.00	150.79	127.4%
617 IC -Youth Counseling	11,305.00	10,000.00	1,305.00	113.1%
630 NH Program-Mgt Fees	5,194,962.00	5,194,962.00	0.00	100.0%
631 NH Program-IGT	10,585,541.00	10,585,541.00	0.00	100.0%
633 NH Program-Acctg Fees	6,100.00	43,000.00	-36,900.00	14.2%
634 NH Program-Legal Fees	202,871.94	215,000.00	-12,128.06	94.4%
635 NH Program-LTC Fees	1,413,600.00	1,413,600.00	0.00	100.0%
637 NH Program-Interest Expense	876,424.54	873,018.00	3,406.54	100.4%
638 NH Program-Bank Fees & Misc	312.67	300.00	12.67	104.2%
639 NH Program-Appraisal	11,660.07	12,000.00	-339.93	97.2%
Total Expense	19,960,595.87	20,120,089.00	-159,493.13	99.2%
Net Income	1,574,188.84	1,412,875.00	161,313.84	111.4%

WSHD Treasurers Report and Supporting Documents

Reporting Date: Wednesday, January 16, 2019

Pending Expenses	For	Amount	Funds Summary	Totals
Benckenstein & Oxford	Inv # 49139	\$12,200.00	Prosperity Operating	\$599,526.53
Hubert Oxford	1/2 Legal Retainer	\$500.00	Interbank (Prepaid Interest)	\$2,664,057.89
Josh Heinz	1/2 Legal Retainer	\$500.00	Prosperity CD	\$106,008.26
David Sticker	Inv #20698	\$3,281.25	TexStar	\$672,341.16
American Education Services	S Stern-Student Loan	\$150.11	Post Oak Bank LOC (Available)	\$700,000.00
Indigent Healthcare Solutions	IC Inv #67084	\$1,059.00	Net Cash Position (less Interbank)	\$2,077,875.95
Brookshire Brothers	Indigent Care	\$5,023.47	Pending Expenses	(\$26,042.83)
Brookshire Brothers-Winnie	Indigent Care Medicare	\$21.30	Ending Balance	\$2,051,833.12
Last Month				
Wilcox Pharmacy	Indigent Care	\$1,691.07	Prosperity Operating	\$2,017,924.16
UTMB at Galveston	Indigent Care	\$1,031.76	Interbank	\$936,922.57
UTMB Faculty Group	Indigent Care added .60 ck # 2523 incorrect	\$464.30	Prosperity CD	\$105,542.72
Prosperity Bank	Credit Card (ACH)	\$120.57	TexStar	\$671,026.57
			Post Oak Bank LOC (Available)	\$2,733,749.99
			Net Cash Position (less Interbank)	\$5,528,243.44
			Pending Expenses	(\$869,615.28)
			Ending Balance	\$4,658,628.16

Total Pending Expenses \$26,042.83

Expenses Incurred Since Last Meeting

Date	To	For	Amount
2019.01.02	Salt Creek Capital	Loan 13-Int (Month 8/10)	(\$88,794.05)
2019.01.02	Salt Creek Capital	Loan 14-Int (Month 1/10)	(\$60,794.06)
2019.01.04	Post Oak Bank	LOC	(\$7,972.22)
Total Expenses Incurred Since Last Meeting			(\$157,560.33)

Upcoming Transactions

Anticipated Date	For	Upcoming Transactions	Income	Expenses
1/22019-1/31/2019	MCOs	QIPP 2, Dec 2018 Comp. 1 Pmt.	\$1,014,868.55	
1/22019-1/31/2019	MCOs	QIPP 2, Qtr 1, Comp. 2, 3 Lapse Pmt.		
1/31/2019	Salt Creek Capital	Loan 13-Interest (Month 7/10)		(\$88,794.05)
1/31/2019	Salt Creek Capital	Loan 14-Interest (Month 1/10)		(\$60,794.06)
2/1/2019	LTC Group	Nov, Dec 2018 & Jan 2019		(\$410,400.00)
2/1/2019	HMG, Genesis, & Caring	Payment of Incentive Fees Pmt for QIPP 1, 2nd Qtr.	\$2,472,285.99	
2/1/2019	Nursing Facilities	Component 2, 3, & Lapsing Funds Pmt. less "true up" funds.		(\$1,236,143.00)
2/7/2019	Post Oak Bank	LOC Interest (July 2018)	<i>estimated</i>	(\$8,000.00)

Outstanding Short Term Revenue Note						
Loan 13-Principle		\$6,342,431.99				
Interest		16.80%				
Fund Received		5/29/2018				
		Date	Balance	Interest	Principal	Payment
1		6/29/2018	\$6,342,431.99	\$88,795.05	\$0.00	\$88,795.05
2		7/29/2018	\$6,342,431.99	\$88,795.05	\$0.00	\$88,795.05
3		8/29/2018	\$6,342,431.99	\$88,795.05	\$0.00	\$88,795.05
4		9/29/2018	\$6,342,431.99	\$88,795.05	\$0.00	\$88,795.05
5		10/29/2018	\$6,342,431.99	\$88,795.05	\$0.00	\$88,795.05
6		11/30/2018	\$6,342,431.99	\$88,795.05	\$0.00	\$88,795.05
7		1/2/2019	\$6,342,431.99	\$88,795.05	\$0.00	\$88,795.05
8		1/29/2019	\$6,342,431.99	\$88,795.05	\$0.00	\$88,795.05
9		2/29/2019	\$6,342,431.99	\$88,795.05	\$0.00	\$88,795.05
10		3/29/2019	\$0.00	\$88,795.05	\$6,342,431.99	\$6,431,227.04
				\$887,950.50	\$6,342,431.99	\$7,141,587.44

Outstanding Short Term Revenue Note						
Loan 14-Principle		\$4,342,432.85				
Interest		16.80%				
Fund Received		11/29/2018				
		Date	Balance	Interest	Principal	Payment
1		1/2/2019	\$4,342,432.85	\$60,794.06	\$0.00	\$60,794.06
2		1/29/2019	\$4,342,432.85	\$60,794.06		
3						
4						
5						
6						
7						
8						
9						
10			\$0.00		\$4,342,432.85	\$4,342,432.85
				\$121,588.12	\$4,342,432.85	\$4,403,226.91

Post Oak Bank Line of Credit					
Principle	\$2,700,000.00	Principle Balance Owed	\$2,000,000.00		
Interest	3.25%	LOC Funds Available	\$700,000.00		
Line of Credit Available	10/3/2018				
	Date	Description	Withdrawal /	Principle	Interest
	11/27/2018	PRINCIPAL ADVANCE	\$2,000,000.00	\$0.00	\$0.00
	1/4/2019	Interest Payment	\$0.00	\$0.00	(\$7,972.22)

District's Investments

	Amount	Percentage	From	To	Interest
*CD at Post Oak Bank C.D. #9503	\$2,700,000.00	1.50%	12/1/2019	12/31/2019	\$33,749.99
CD at Prosperity (Qtr.) C.D. #0447	\$106,008.26	0.75%	12/1/2019	12/31/2019	Paid in Nov 2018
Texstar C.D. #1110	\$672,341.16	1.90%	12/1/2019	12/31/2019	\$1,314.16

TO THE BEST OF MY KNOWLEDGE, THESE FIGURES IN THE WSDH TREASURER'S
REPORT AND SUPPORTING DOCUMENTS CORRECT AND IN COMPLIANCE WITH THE

Edward Murrell,
President

Anthony Stramecki,
Treasurer/Investment Officer

Date

Date

* Estimated amounts

WSHD Prosperity Checking Account Register

December 18, 2018 to January 15, 2019

Date	Ref/Check	Description	Amount	Balance	Memo	Category
12/18/2018		ACH Payment LEASE DIRE	(\$133.42)	\$608,542.69		
12/18/2018		ACH Payment TIME WAR	(\$202.06)	\$608,340.63		
12/18/2018		Daily Ledger Bal		\$608,340.63		
12/21/2018	2512	Check	(\$2,062.50)	\$606,278.13		
12/21/2018		Daily Ledger Bal		\$606,278.13		
12/24/2018	2511	Check	(\$500.00)	\$605,778.13		
12/24/2018	2523	Check	(\$2,490.23)	\$603,287.90		
12/25/2018		Daily Ledger Bal		\$603,287.90		
12/26/2018		ACH Payment PROSPERIT	(\$275.95)	\$603,011.95		
12/26/2018		Daily Ledger Bal		\$603,011.95		
12/27/2018		ACH Payment INTUIT PAY	(\$2,486.15)	\$600,525.80		
12/27/2018	2522	Check	(\$15,270.39)	\$585,255.41		
12/27/2018	2513	Check	(\$150.11)	\$585,105.30		
12/27/2018	2516	Check	(\$4,282.99)	\$580,822.31		
12/27/2018		Daily Ledger Bal		\$580,822.31		
12/28/2018	2515	Check	(\$1,059.00)	\$579,763.31		
12/28/2018		Daily Ledger Bal		\$579,763.31		
12/31/2018	2510	Force Pay Debit	(\$500.00)	\$579,263.31		
12/31/2018	2517	Check	(\$4.38)	\$579,258.93		
12/31/2018	2526	Check	(\$67.60)	\$579,191.33		
12/31/2018	2518	Check	(\$1,596.90)	\$577,594.43		
12/31/2018	2524	Check	(\$50.00)	\$577,544.43		
12/31/2018	2514	Check	(\$948.36)	\$576,596.07		
12/31/2018	2525	Check	(\$73.23)	\$576,522.84		
12/31/2018		Accr Earning Pymt Added	\$135.78	\$576,658.62		
1/1/2019		Daily Ledger Bal		\$576,658.62		
1/3/2019	2509	Check	(\$13,908.90)	\$562,749.72		
1/3/2019		Daily Ledger Bal		\$562,749.72		
1/7/2019	2527	Check	(\$7,972.22)	\$554,777.50		
1/7/2019		Daily Ledger Bal		\$554,777.50		
1/9/2019		Daily Ledger Bal		\$554,777.50		
1/10/2019		ACH Payment IRS USATA)	(\$1,414.96)	\$553,362.54		
1/10/2019		ACH Payment INTUIT PAY	(\$2,458.44)	\$550,904.10		
1/10/2019		Daily Ledger Bal		\$550,904.10		
1/11/2019		ACH Deposit CPA STATE F	\$48,622.43	\$599,526.53		
1/11/2019	995038	Check	(\$15,000.00)	\$584,526.53		
1/11/2019		Daily Ledger Bal		\$584,526.53		
1/15/2019		ACH DR Eff 01/16/2019 L	(\$133.42)	\$584,526.53		

BENCKENSTEIN & OXFORD, L.L.P.

ATTORNEYS AT LAW
BBVA COMPASS BANK BUILDING
3535 CALDER AVENUE, SUITE 300

Hubert Oxford, IV

BEAUMONT, TEXAS 77706
TELEPHONE:(409) 833-9182
FAX: (409) 833-8819

hoxfordiv@benoxford.com

January 10, 2019

Mr. Edward Murrell
President
Winnie Stowell Hospital District
825 State Hwy 124
Winnie Texas 77665

Re: Invoice and Draft Minutes for December 19, 2018 Public Regular Meeting; Our
File No. 87250.

Dear President Murrell,

Attached, please find the draft Minutes for the December 19, 2018 Public Regular Meeting
Dec 14, 2018 Regular Meeting and November 19, 2018 Special Meeting. After you have had a
chance to review these minutes, please let me know if there are any changes that need to be made.

Also, please allow this letter to serve as a *partial invoice* for \$1,000.00 representing the
retainer for work performed in November 2018. We would request that you put this invoice in
line for payment at the December 19, 2018 Regular meeting and we will give the District credit
for the \$1,000.00 payment when we invoice the District for November 2018.

If you concur, please draft a check in the amount of \$500.00 checks payable to Josh Heinz
and a second check for \$500.00 to Hubert Oxford, IV.

With best wishes, I am

Sincerely,

BENCKENSTEIN & OXFORD, L.L.P.

Hubert Oxford, IV

David Sticker & Co. P.C.
Certified Public Accountant
2180 Eastex Freeway
Beaumont, TX 77703
(409) 899-3000

Invoice
submitted to:

Winnie Stowell Hospital District
PO Box 1997
Winnie, TX 77665

01/10/2019

Invoice # 20698

Professional Services

	<u>Amount</u>
01/10/19 12-4-18 Review and analyze 2018 budget and projected 2019 budget. 1.50 Hrs.	3,281.25
12-5-18 Review 2018 books, and make November adjustments. Run reports & review. 4.50 Hrs.	
12-6-18 Complete November and run reports. 2.00 Hrs.	
12-10-18 Prepare reports and draft of proposed budget amendments and 2019 proposed budget. 2.50 Hrs.	
12-10-18 Meet and Review 2018 and 2019 Budget items with finance committee in preparation for Board Meeting. 4.00 Hrs.	
12-11-18 Accounting work on year end and various accounting issues. Review payroll. 2.50 Hrs.	
12-18-18 Review all reports and assist with Quickbooks. 2.25 Hrs.	
12-19-18 Make adjustments and prepare final reports. review Bank recs and assist with coding etc. 3.00 Hrs.	
12-19-18 Attend Public Hearing and Board Meeting. 3.50 Hrs.	
12-24-18 Review payroll. .50 Hrs.	
26.25 Hrs @ \$125.00 = \$3,281.25	
For professional services rendered	<u>\$3,281.25</u>
Balance due	<u><u>\$3,281.25</u></u>

Indigent Healthcare Solutions, Ltd.
2040 North Loop, 336 West, Suite 304
Conroe, TX 77304

Invoice # 67245

Phone # (800) 834-0560

Fax # (936) 756-6741

WINNIE STOWELL HOSPITAL DISTRICT
P O BOX 1997
WINNIE, TX 77665

RECEIVED
DEC 31 2018

Date: 1/1/2019

Terms: Net receipt of invoice

Professional services for the month of February 2019

1,059.00

Total

\$1,059.00

PLEASE REMIT PAYMENT TO
INDIGENT HEALTHCARE SOLUTIONS, LTD
ATTN: KELLEY ASTOLOS
3011 ARMORY DRIVE, SUITE 190
NASHVILLE, TN 37204

THANK YOU FOR YOUR BUSINESS!!!

IHS

GL Totals

Issued 01/10/19

Winnie Stowel Hospital District Indigent Healthcare Services

Batch Dates 12/31/18-12/31/18

Brookshire Bros. Phar. (Winnie)
 P.O. Box 1359
 Winnie, TX 77665

Vendor #: 65460

GL #	Description	Amount
WSHD	Wshd	5,023.47
Expenditures		5,023.47
Reimb/Adjustments		
Grand Total		5,023.47

31 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid
036-2815*65460*17	WSHD	12/01/2018	331.45	277.93
036-2815*65460*17	WSHD	12/05/2018	18.01	18.01
036-2815*65460*17	WSHD	12/10/2018	28.61	28.61
036-3217*65460*29	WSHD	12/31/2018	55.47	55.47
036-3413*65460*35	WSHD	12/05/2018	6.81	6.81
036-3414*65460*12	WSHD	12/14/2018	12.00	12.00
036-3414*65460*12	WSHD	12/14/2018	22.10	22.10
036-3432*65460*35	WSHD	12/07/2018	30.00	30.00
036-3432*65460*35	WSHD	12/07/2018	36.28	36.28
036-3432*65460*35	WSHD	12/07/2018	5.81	5.81
1019*65460*28	WSHD	12/07/2018	56.10	56.10
1019*65460*28	WSHD	12/07/2018	6.74	6.74
1019*65460*28	WSHD	12/07/2018	28.67	28.67
1019*65460*28	WSHD	12/07/2018	36.28	36.28
1019*65460*28	WSHD	12/07/2018	5.63	5.63
1038*65460*25	WSHD	12/01/2018	145.07	145.07
1038*65460*25	WSHD	12/01/2018	27.36	27.36
1038*65460*25	WSHD	12/01/2018	231.00	231.00
1049*65460*21	WSHD	12/05/2018	6.36	6.36
1049*65460*21	WSHD	12/05/2018	40.94	40.94
1054*65460*20	WSHD	12/04/2018	10.00	10.00
1054*65460*20	WSHD	12/20/2018	412.10	346.49
1054*65460*20	WSHD	12/20/2018	40.00	40.00
1061*65460*13	WSHD	12/12/2018	75.25	75.25
1061*65460*13	WSHD	12/12/2018	126.51	126.51
1061*65460*13	WSHD	12/18/2018	10.69	10.69
1063*65460*14	WSHD	12/27/2018	44.08	44.08
1066*65460*3	WSHD	12/17/2018	38.45	38.45
1066*65460*3	WSHD	12/17/2018	7.67	7.67
1066*65460*3	WSHD	12/17/2018	7.14	7.14
1066*65460*3	WSHD	12/27/2018	44.08	44.08
1081*65460*5	WSHD	12/13/2018	10.00	10.00
1091*65460*10	WSHD	12/01/2018	510.84	430.41
1091*65460*10	WSHD	12/03/2018	158.30	158.30

Invoice # GL # Date In Amt Billed Amt Paid

1091*65460*10	WSHD	12/06/2018	21.82	21.82
1096*65460*7	WSHD	12/03/2018	15.00	15.00
1096*65460*7	WSHD	12/03/2018	6.10	6.10
1096*65460*7	WSHD	12/05/2018	5.96	5.96
1098*65460*8	WSHD	12/26/2018	27.39	27.39
1098*65460*8	WSHD	12/14/2018	25.67	25.67
1098*65460*8	WSHD	12/14/2018	26.35	26.35
1100*65460*3	WSHD	12/10/2018	11.72	11.72
1100*65460*3	WSHD	12/10/2018	18.97	18.97
1100*65460*3	WSHD	12/10/2018	18.01	18.01
1100*65460*3	WSHD	12/18/2018	14.90	14.90
1100*65460*3	WSHD	12/18/2018	15.88	15.88
1100*65460*3	WSHD	12/18/2018	26.35	26.35
1103*65460*7	WSHD	12/01/2018	351.50	312.49
1103*65460*7	WSHD	12/14/2018	351.50	312.49
1103*65460*7	WSHD	12/17/2018	351.50	312.49
1106*65460*5	WSHD	12/18/2018	12.92	12.92
1106*65460*5	WSHD	12/28/2018	18.71	13.29
1106*65460*5	WSHD	12/28/2018	6.56	6.56
1107*65460*4	WSHD	12/07/2018	28.30	28.30
1107*65460*4	WSHD	12/10/2018	101.91	80.29
1109*65460*3	WSHD	12/13/2018	25.83	22.21
1111*65460*3	WSHD	12/26/2018	7.00	7.00
1112*65460*2	WSHD	12/28/2018	47.91	47.91
1112*65460*2	WSHD	12/28/2018	26.35	26.35
1114*65460*3	WSHD	12/06/2018	15.84	15.84
1114*65460*3	WSHD	12/07/2018	405.52	405.52
1116*65460*2	WSHD	12/26/2018	10.00	10.00
1117*65460*2	WSHD	12/21/2018	56.92	56.92
1117*65460*2	WSHD	12/21/2018	12.00	12.00
1118*65460*1	WSHD	12/04/2018	65.46	65.46
1121*65460*1	WSHD	12/04/2018	79.48	63.76
1121*65460*1	WSHD	12/04/2018	26.35	26.35
1121*65460*1	WSHD	12/04/2018	14.90	14.90
1122*65460*1	WSHD	12/06/2018	27.50	26.38
1122*65460*1	WSHD	12/06/2018	26.26	26.26
1122*65460*1	WSHD	12/06/2018	26.35	26.35
1122*65460*1	WSHD	12/20/2018	7.04	7.04
1122*65460*1	WSHD	12/20/2018	12.66	12.66
1123*65460*1	WSHD	12/21/2018	360.50	302.63
1123*65460*1	WSHD	12/21/2018	96.48	96.48
1123*65460*1	WSHD	12/21/2018	13.00	13.00
1124*65460*1	WSHD	12/19/2018	8.63	8.63
1124*65460*1	WSHD	12/20/2018	7.67	7.67

31 invoices, 78 line items

5,462.47

5,023.47

GL Totals

GL Totals

Issued 01/07/19

Winnie Stowel Hospital District Indigent Healthcare Services

Batch Dates 12/31/18-12/31/18

Brookshire Brothers Store #1002

Vendor #: 1002

Po Box 1359

GL #	Description	Amount
WSHD	Wshd	21.30
	Expenditures	21.30
	Reimb/Adjustments	
	Grand Total	21.30

1 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid
1011*1002*5	WSHD	12/04/2018	8.35	8.35
1011*1002*5	WSHD	12/06/2018	3.35	3.35
1011*1002*5	WSHD	12/20/2018	1.25	1.25
1011*1002*5	WSHD	12/20/2018	8.35	8.35

1 invoices, 4 line items

Grand Totals

21.30

21.30

1 total invoices

4 total line items

GL Totals

Issued 12/28/18

Winnie Stowel Hospital District Indigent Healthcare Services
Batch Dates 11/30/18-11/30/18

Utnb At Galveston
P. O. Box 660120 Dept 730
Dallas, TX 75266

Vendor #: 63614

GL #	Description	Amount
WSHD	Wshd	1,031.76
Expenditures		1,031.76
Reimb/Adjustments		
Grand Total		1,031.76

7 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid
036-2475*63614*4	WSHD	11/15/2018	1,410.00	338.40
1008*63614*6	WSHD	11/16/2018	291.00	69.84
1008*63614*6	WSHD	11/16/2018	244.00	58.56
1075*63614*4	WSHD	11/05/2018	323.00	77.52
1096*63614*2	WSHD	11/13/2018	323.00	77.52
1102*63614*3	WSHD	11/20/2018	391.00	93.84
1111*63614*1	WSHD	11/01/2018	757.00	181.68
1111*63614*1	WSHD	11/13/2018	237.00	56.88
1116*63614*1	WSHD	11/06/2018	323.00	77.52
7 Invoices, 9 line items			4,299.00	1,031.76
Grand Totals			4,299.00	1,031.76

7 total invoices
9 total line items

GL Totals

Issued 12/28/18

Winnie Stowel Hospital District Indigent Healthcare Services

Batch Dates 11/30/18-11/30/18

Utnb Faculty Grp Practice
Po Box 650859 Dep 710
Dallas, TX 75265

Vendor #: 63615
NPI: 1942241146

GL #	Description	Amount
WSHD	Wshd	463.70
Expenditures		463.70
Reimb/Adjustments		
Grand Total		463.70

7 total invoices

GL Totals Detail
Invoice #

Invoice #	GL #	Date in	Amt Billed	Amt Paid
036-2475*63615*1	WSHD	11/15/2018	23.00	6.44
1008*63615*5	WSHD	11/16/2018	183.00	39.92
1075*63615*4	WSHD	11/05/2018	183.00	39.92
1091*63615*5	WSHD	10/22/2018	162.00	58.06
1102*63615*3	WSHD	11/20/2018	415.00	95.54
1111*63615*1	WSHD	11/01/2018	415.00	95.54
1111*63615*1	WSHD	11/01/2018	23.00	6.44
1111*63615*1	WSHD	11/13/2018	70.00	26.30
1116*63615*1	WSHD	11/06/2018	415.00	95.54
7 invoices, 9 line items			1,889.00	463.70

Grand Totals

1,889.00 **463.70**

7 total invoices
9 total line items

+ .60
464.30

Winnie-Stowell Hospital District

PO Box 1997
Winnie, TX 77665
409-296-1003

12/19/2018

PAY TO THE ORDER OF UTMB Faculty Group Practice

\$ ****2,490.23**

Two Thousand Four Hundred Ninety and 23/100 ***** DOLLARS

PROTECTED AGAINST FRAUD

UTMB Faculty Group Practice
PO Box 650859 Dept 710
Dallas, TX 75265

Edward Murrell
Jeffrey E. Polle SR

MEMO IC RF Invs Sep/Oct 2018

⑈002523⑈ ⑆113122655⑆

Winnie-Stowell Hospital District
UTMB Faculty Group Practice

IC RF Invs Sep/Oct 2018

12/19/2018

2,490.23

60 Cents off.

100 Prosperity Bank IC RF Invs Sep/Oct 2018

2,490.23

©IHS

GL Totals

Page 1

Issued 12/20/18

Winnie Stowel Hospital District Indigent Healthcare Services
Batch Dates 10/31/18-10/31/18

UTMB Faculty Grp Practice
Box 650859 Dep 710
Dallas, TX 75265

Vendor #: 63615
NPI: 1942241146

GL #	Description	Amount
WSHD	Wshd	2,490.83
	Expenditures	2,490.83
	Reimb/Adjustments	
	Grand Total	2,490.83

10 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid
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GL Totals

Winnie Stowel Hospital District Indigent Healthcare Services
Batch Dates 12/31/18-12/31/18

Wilcox Pharmacy
P. O. Box 1850
Winnie, TX 77665

Vendor #: 18651

GL #	Description	Amount
WSHD	Wshd	1,691.07
Expenditures		1,691.07
Reimb/Adjustments		
Grand Total		1,691.07

13 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid
036-2783*18651*91	WSHD	12/21/2018	50.00	50.00
036-2783*18651*91	WSHD	12/21/2018	25.00	25.00
036-2783*18651*91	WSHD	12/21/2018	50.00	39.84
036-2783*18651*91	WSHD	12/21/2018	25.00	25.00
036-2833*18651*103	WSHD	12/20/2018	373.99	175.02
036-2942*18651*85	WSHD	12/10/2018	389.93	306.35
036-2980*18651*9	WSHD	12/18/2018	222.89	176.66
036-2980*18651*9	WSHD	12/18/2018	210.95	167.25
036-3364*18651*58	WSHD	12/31/2018	24.00	24.00
036-3364*18651*58	WSHD	12/31/2018	24.00	24.00
036-3364*18651*58	WSHD	12/31/2018	42.61	21.19
036-3364*18651*58	WSHD	12/27/2018	23.62	12.76
036-3364*18651*58	WSHD	12/27/2018	22.87	22.87
1008*18651*22	WSHD	12/27/2018	40.00	40.00
1008*18651*22	WSHD	12/27/2018	70.00	57.83
1008*18651*22	WSHD	12/10/2018	20.00	20.00
1008*18651*22	WSHD	12/10/2018	20.00	20.00
1040*18651*23	WSHD	12/27/2018	27.67	19.81
1075*18651*10	WSHD	12/15/2018	75.00	75.00
1075*18651*10	WSHD	12/11/2018	49.81	24.71
1075*18651*10	WSHD	12/04/2018	25.00	25.00
1086*18651*10	WSHD	12/05/2018	79.50	63.76
1093*18651*5	WSHD	12/17/2018	20.09	14.69
1093*18651*5	WSHD	12/05/2018	14.23	8.15
1093*18651*5	WSHD	12/17/2018	53.12	26.35
1104*18651*6	WSHD	12/06/2018	25.00	25.00
1104*18651*6	WSHD	12/06/2018	12.29	7.79
1104*18651*6	WSHD	12/06/2018	30.00	30.00
1104*18651*6	WSHD	12/06/2018	10.75	6.64
1104*18651*6	WSHD	12/06/2018	71.96	57.83
1110*18651*4	WSHD	12/06/2018	75.61	36.94
1110*18651*4	WSHD	12/06/2018	9.77	4.27
1115*18651*1	WSHD	12/11/2018	55.10	27.66
1115*18651*1	WSHD	12/03/2018	59.97	29.70

Issued 01/11/19

GL Totals

Winnie Stowel Hospital District Indigent Healthcare Services
Batch Dates 12/31/18-12/31/18

Wilcox Pharmacy
P. O. Box 1850
Winnie, TX 77665

Vendor #: 18651

Invoice #	GL #	Date in	Amt Billed	Amt Paid
13 invoices, 34 line items			2,329.73	1,691.07
Grand Totals			2,329.73	1,691.07
13 total invoices				
34 total line items				



Corporate Number **000794480480003606**
 Account Number **0004054699990003606**
 Statement Closing Date 12/31/2018
 Days This Period 31
 Payment Amount Due \$20.00
 Payment Due Date **AUTO PAY** 01/25/2019

Previous Account Balance \$275.95
 (-) Payments and Credits \$275.95
 (+) Purchases and Debits \$120.57
 (+) **FINANCE CHARGES** \$0.00
 (=) New Ending Balance \$120.57
 Credit Limit: \$10,000.00
 Available Credit: \$9,879.43



ACCOUNT SUMMARY

WINNIE STOWELL HOSPITAL
 PO BOX 1997
 WINNIE TX 77665-1997

RECEIVED
 JAN - 7 2019

Interest YTD \$10.53
 Cycle Days 31
 Total Number of Disputes 0
 Total Amount of Disputes \$0.00
 Total Amount Past Due: \$0.00

Questions? View your account information online at www.prosperitybankusa.com or call our Customer Service Center toll free at 1-855-340-8771 or 1-301-945-5745.

Send Billing Inquiries and Correspondence to: Card Services, P.O. Box 183258, Columbus, OH 43218-3258.

Mail Payments to: Prosperity Bank, Department #350, P O Box 21228, Tulsa, Ok 74121-1228.

ACCOUNT BALANCES AND FINANCE CHARGES

Plan ID	Plan Description	Previous Balance	Purchases/Debits	Payments/Credits	FINANCE CHARGE	Current Balance
10001	CASH ADVANCE PLAN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10002	PURCHASE PLAN	\$275.95	\$120.57	\$275.95	\$0.00	\$120.57
10003	BALANCE TRANSFER	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Plan ID	Plan Description	Transfer In	Transfer Out	Minimum Payment	Avg Daily Balance	Base Rate	Actuarial APR
10001	CASH ADVANCE PLAN	\$0.00	\$0.00	\$0.00	\$0.00	.0990000	9.90%
10002	PURCHASE PLAN	\$0.00	\$0.00	\$20.00	\$0.00	.0990000	9.90%
10003	BALANCE TRANSFER	\$0.00	\$0.00	\$0.00	\$0.00	.0990000	9.90%

TEAR OFF THIS PAYMENT STUB AND MAIL WITH YOUR CHECK OR MONEY ORDER TO THE ADDRESS BELOW

Check this box to indicate any **ADDRESS CHANGES** detailed on back.

PROSPERITY BANK
 402 CYPRESS ST. SUITE 100
 ABILENE, TX 79601-5123



ACCOUNT NUMBER	PAYMENT DUE DATE	PLEASE WRITE TOTAL AMOUNT ENCLOSED
0004054699990003606	AUTO PAY	
NEW BALANCE	AMOUNT DUE	
\$120.57	\$20.00	

MAKE CHECK PAYABLE TO:

>012895 5929271 0003 081020 10Z
 WINNIE STOWELL HOSPITAL
 PO BOX 1997
 WINNIE TX 77665-1997

PROSPERITY BANK
 DEPARTMENT #351
 P.O. BOX 21228
 TULSA, OK 74121-1228



000405469999000360600000002000000000120575

81020-78-03

12895 5929271 026448 052895 0001/0002

LOST OR STOLEN CARDS: If you notice the loss or theft of your credit Card or a possible unauthorized use of your Card, you should contact us immediately:

ADDRESS:

Prosperity Bank
Credit Card Department
402 Cypress St., Suite 100
Abilene, Texas 79601

Telephone:

855-340-8771

International Telephone:

301-945-5745

Generally, you will not be liable for any unauthorized use that occurs after you notify us. You will have zero (0) liability unless we reasonably determine, based on substantial evidence, that you were fraudulent or negligent in the handling of your Card or Account. And you may be liable for unauthorized use that occurs before your notice to us. In any case, your liability will not exceed the lesser of \$50 or the amount of money, property, labor, or services obtained by the unauthorized use before notification to us.

PAYMENT OPTIONS: To make a payment by phone, call us toll free at 855-340-8771 and follow the instructions provided or speak to a customer service representative. To make a payment online or to set up automatic monthly payments, visit our credit card website at <https://onlineaccessplus.com/prosperitybankusa/> (registration required).

MAILED PAYMENTS: Mail your payments to the payment address specified on the statement. Overnight payments may be sent to: Prosperity Bank, ATTN: Credit Card Department, 402 Cypress St., Suite 100, Abilene, TX, 79601. Use the enclosed envelope and include the payment coupon from the bottom of the statement with your check.

ADDRESS and EMAIL CHANGES: Please call Customer Service toll free at 855-340-8771 and speak to a customer service representative.

DISPUTES:

It is your responsibility to review your statement or other documentation regarding transactions on your Account, such as without limitation reports or notices, promptly upon receipt.

If you think there is an error on your statement, write to us at: Credit Cardholder Services Disputes

P.O. Box 183258

Columbus, OH 43218-3258

or call us at the number on the back of your Card and or statement 1-855-340-8771, and tell us your name, Account number, dollar amount of the suspected error, and a description of the problem.

You agree to provide notice of, and at our request, reasonable documentation, regarding the problem within a reasonable time (not to exceed sixty (60) calendar days) from the date of discovery or your receipt of the first statement, report, or notice reflecting the problem, whichever occurs first, unless applicable law provides otherwise. If you fail to notify us of any discrepancy within sixty (60) calendar days of receipt of a monthly statement containing such information, you shall be precluded from asserting such discrepancy against us, and we shall not be liable for any losses resulting from your failure to give timely notice.

BALANCE COMPUTATION METHOD: Here is how we compute the balance subject to finance charge: We figure the balance subject to finance charge on your Account by the "average daily balance" (including current transactions) method. To get the "average daily balance," we take the beginning balance on your Account each day, add any new purchases/advances/fees, and subtract any unpaid interest or other finance charges and any payments or credits. This gives us the daily balance. Then, we add all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle. This gives us the "average daily balance," which will be the balance subject to the finance charge.

PAYING INTEREST: You will not pay a finance charge on Credit Purchases if you fully pay your Account each month by the due date shown on your statement. You will, however, pay a finance charge on all Cash Advances from the day they are posted to your Account. The first statement you receive that shows a Cash Advance will include a finance charge for the Cash Advance from the date it was posted to your Account. If you fully pay your Account, including the finance charge on the Cash Advance, by the date shown on that statement, you will not pay a further finance charge on that Cash Advance.

December 26, 2018
Invoice Number: 0121119122618
Account Number: 8260 17 029 0121119
Security Code: 1931
Service At: 538 BROADWAY
WSHD RM
WINNIE TX 77665-7600

Auto Pay Notice

RECEIVED

DEC 31 2018

SPECTRUM BUSINESS NEWS

Contact Us
Visit us at business.twc.com
Or, call us at 1-866-519-1263

NOTE. Taxes, Fees and Charges listed in the Summary only apply to Spectrum Business TV and Spectrum Business Internet and are detailed on the following page. Taxes, Fees and Charges for Spectrum Business Voice are detailed in the Billing Information section.

Summary *Service from 01/05/19 through 02/04/19 details on following pages*

Previous Balance	202.06
Payments Received -Thank You!	-202.06
Remaining Balance	\$0.00
Spectrum Business™ Internet	104.98
Spectrum Business™ Voice	89.98
Taxes, Fees and Charges	7.10
Current Charges	\$202.06
<i>YOUR AUTO PAY WILL BE PROCESSED 01/16/19</i>	
Total Due by Auto Pay	\$202.06



Thank you for choosing Spectrum Business.
We appreciate your prompt payment and value you as a customer.

Auto Pay. Thank you for signing up for auto pay. Please note your payment may be drafted and posted to your Spectrum Business account the day after your transaction is scheduled to be processed by your bank.



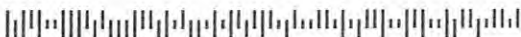
4145 S. FALKENBURG RD RIVERVIEW FL 33578-8652
8260 1700 NO RP 26 12272018 NNNNNNNN 01 007844 0026

WINNIE STOWELL HOSPITAL
WSHD RM
PO BOX 1997
WINNIE TX 77665-1997

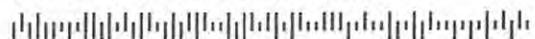
December 26, 2018
WINNIE STOWELL HOSPITAL

Invoice Number: 0121119122618
Account Number: 8260 17 029 0121119
Service At: 538 BROADWAY
WSHD RM
WINNIE TX 77665-7600

Total Due by Auto Pay **\$202.06**



TIME WARNER CABLE
PO BOX 60074
CITY OF INDUSTRY CA 91716-0074



LTC Group, LLC

7500 Rialto Blvd
 Bldg 1, Suite 250
 Austin, TX 78735

Invoice

Date	Invoice #
11/1/2018	1276

Bill To
Winnie-Stowell Hospital District PO Box 1997 Winnie, TX 77662

Terms	Due Date
Due on receipt	11/1/2018

Quantity	Item Code	Description	Price Each	Amount
1	Fee for Service	Nov 2018 - Park Manor Cypress Station	5,700.00	\$,700.00
1	Fee for Service	Nov 2018 - Park Manor Humble	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Park Manor Westchase	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Park Manor Cyfair	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Park Manor Quail Valley	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Park Manor Conroe	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Park Manor Woodlands	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Park Manor Tomball	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Park Manor Southbelt	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Deerbrook Skilled Nursing	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Friendship Haven	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Marshall Manor	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Highland Park	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Marshall Manor West	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Golden Villa	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Rose Haven Retreat	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Spring Branch	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Garrison Nursing and Rehab	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Clairmont Beaumont	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - The Woodlands Healthcare Center	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Monument Rehab	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Oakland Manor	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Hallettsville	5,700.00	5,700.00
1	Fee for Service	Nov 2018 - Oak Manor	5,700.00	5,700.00
			Total	\$136,800.00

LTC Group, LLC

7500 Rialto Blvd
 Bldg 1, Suite 250
 Austin, TX 78735

Invoice

Date	Invoice #
12/1/2018	1282

Bill To
Winnie-Stowell Hospital District PO Box 1997 Winnie, TX 77662

Terms	Due Date
Due on receipt	12/1/2018

Quantity	Item Code	Description	Price Each	Amount
1	Fee for Service	Dec 2018 - Park Manor Cypress Station	5,700.00	\$,700.00
1	Fee for Service	Dec 2018 - Park Manor Humble	5,700.00	5,700.00
1	Fee for Service	Dec 2018 - Park Manor Westchase	5,700.00	\$,700.00
1	Fee for Service	Dec 2018 - Park Manor Cyfair	5,700.00	5,700.00
1	Fee for Service	Dec 2018 - Park Manor Quail Valley	5,700.00	\$,700.00
1	Fee for Service	Dec 2018 - Park Manor Conroe	5,700.00	5,700.00
1	Fee for Service	Dec 2018 - Park Manor Woodlands	5,700.00	\$,700.00
1	Fee for Service	Dec 2018 - Park Manor Tomball	5,700.00	5,700.00
1	Fee for Service	Dec 2018 - Park Manor Southbelt	5,700.00	\$,700.00
1	Fee for Service	Dec 2018 - Deerbrook Skilled Nursing	5,700.00	5,700.00
1	Fee for Service	Dec 2018 - Friendship Haven	5,700.00	\$,700.00
1	Fee for Service	Dec 2018 - Marshall Manor	5,700.00	5,700.00
1	Fee for Service	Dec 2018 - Highland Park	5,700.00	\$,700.00
1	Fee for Service	Dec 2018 - Marshall Manor West	5,700.00	5,700.00
1	Fee for Service	Dec 2018 - Golden Villa	5,700.00	\$,700.00
1	Fee for Service	Dec 2018 - Rose Haven Retreat	5,700.00	5,700.00
1	Fee for Service	Dec 2018 - Spring Branch	5,700.00	\$,700.00
1	Fee for Service	Dec 2018 - Garrison Nursing and Rehab	5,700.00	5,700.00
1	Fee for Service	Dec 2018 - Clairmont Beaumont	5,700.00	\$,700.00
1	Fee for Service	Dec 2018 - The Woodlands Healthcare Center	5,700.00	5,700.00
1	Fee for Service	Dec 2018 - Monument Rehab	5,700.00	\$,700.00
1	Fee for Service	Dec 2018 - Oakland Manor	5,700.00	5,700.00
1	Fee for Service	Dec 2018 - Hallettsville	5,700.00	\$,700.00
1	Fee for Service	Dec 2018 - Oak Manor	5,700.00	5,700.00
			Total	\$136,800.00

LTC Group, LLC

7500 Rialto Blvd
 Bldg 1, Suite 250
 Austin, TX 78735

Invoice

Date	Invoice #
1/1/2019	1288

Bill To
Winnie-Stowell Hospital District PO Box 1997 Winnie, TX 77662

Terms	Due Date
Due on receipt	1/1/2019

Quantity	Item Code	Description	Price Each	Amount
1	Fee for Service	Jan 2019 - Park Manor Cypress Station	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Park Manor Humble	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Park Manor Westchase	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Park Manor Cyfair	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Park Manor Quail Valley	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Park Manor Conroe	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Park Manor Woodlands	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Park Manor Tomball	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Park Manor Southbelt	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Deerbrook Skilled Nursing	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Friendship Haven	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Marshall Manor	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Highland Park	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Marshall Manor West	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Golden Villa	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Rose Haven Retreat	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Spring Branch	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Garrison Nursing and Rehab	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Clairmont Beaumont	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - The Woodlands Healthcare Center	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Monument Rehab	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Oakland Manor	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Hallettsville	5,700.00	5,700.00
1	Fee for Service	Jan 2019 - Oak Manor	5,700.00	5,700.00
			Total	\$136,800.00

Exhibit “C”

Clients:
Children Counseled:
Summary by Facility
Winnie Community Hospital
Pharmacy
Brookshire Brothers Pharmacy Corp
Brookshire Brothers Pharmacy Med
Wilcox Pharmacy
Pharmacy Total
UTMB
UTMB Hospital
UTMB Physician Services
UTMB Total
Youth Counseling
Grand Totals

December			
68			
13			
Billed Amount	Medicaid Rate	% of Services	Actually Paid
\$37,656.00	\$15,438.96	68.06%	\$0.00
\$5,462.47	\$5,023.47	22.14%	\$5,023.47
\$21.30	\$21.30	0.09%	\$21.30
\$2,329.73	\$1,691.07	7.45%	\$1,691.07
\$7,813.50	\$6,735.84	29.69%	\$6,735.84
		0.00%	\$0.00
		0.00%	\$0.00
\$0.00	\$0.00	0.00%	\$0.00
\$510.00	\$510.00	2.25%	\$510.00
\$45,979.50	\$22,684.80		\$7,245.84

Year to Date			
Billed Amount	Medicaid Rate	% of Services	Actually Paid
\$638,848.11	\$264,655.20	51.09%	\$0.00
\$75,103.51	\$67,921.30	13.11%	\$67,921.30
\$22,496.06	\$15,032.77	2.90%	\$15,032.77
\$97,599.57	\$82,954.07	16.01%	\$82,954.07
\$493,193.67	\$122,759.46	23.70%	\$122,759.46
\$106,615.00	\$36,311.22	7.01%	\$36,311.22
\$599,808.67	\$159,070.68	30.71%	\$159,070.68
\$11,305.00	\$11,305.00	2.18%	\$11,305.00
\$1,347,561.35	\$517,984.95		\$253,329.75

Summary by Service Provided

Prescription Drugs
WCH Clinic
WCH ER
WCH Inpatient
WCH Observation
WCH Outpatient Surgery
WCH Labs
WCH Physical Therapy
WCH Ultrasound
WCH Lab/Xray
WCH CT Scan
WCH Xray
WCH Optical Specialist
Lab/Xray readings
UTMB Outpatient
UTMB Anesthesia
UTMB Physician Services
Youth Counseling
Grant Totals

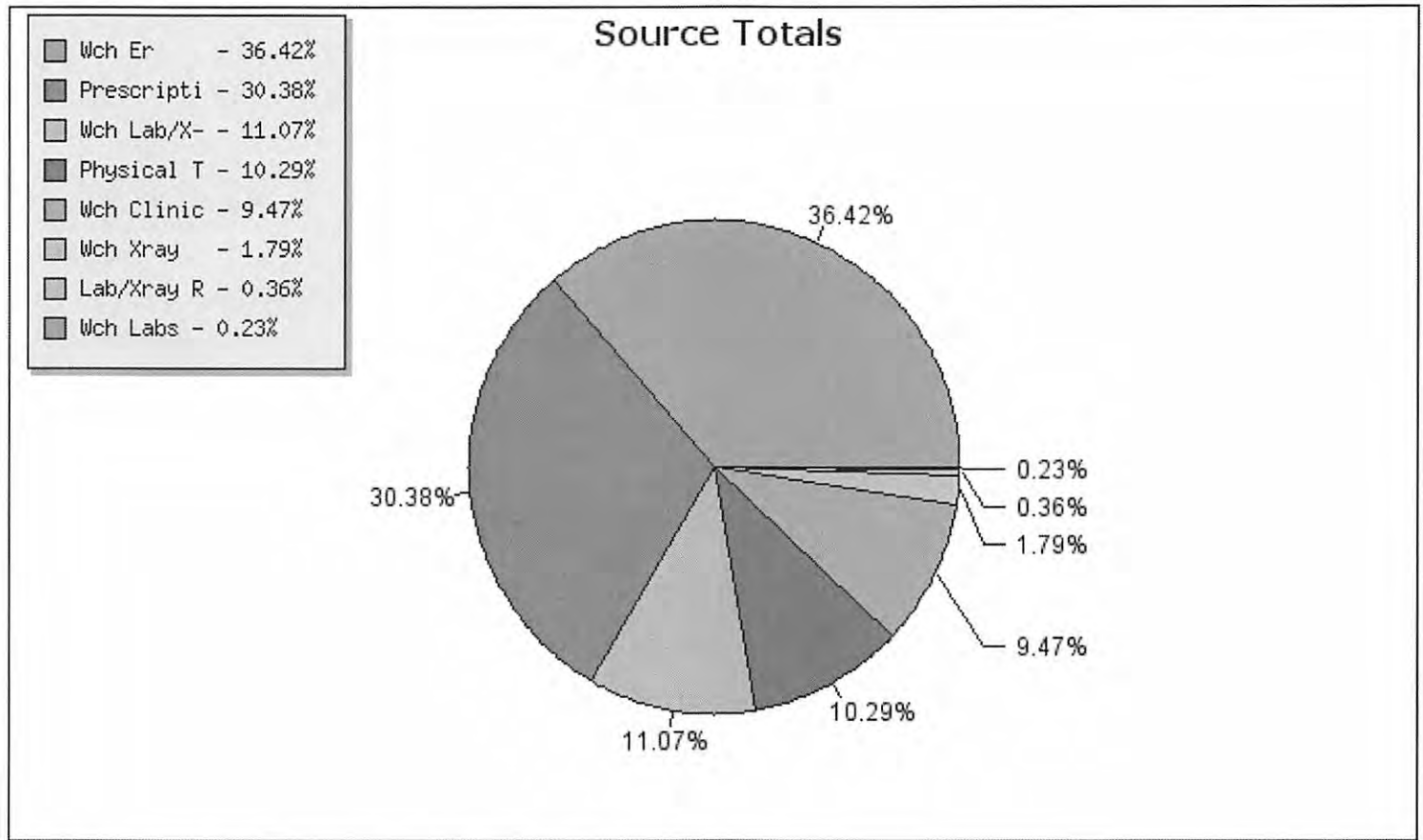
\$7,813.50	\$6,735.84	29.69%	\$6,735.84
\$5,121.00	\$2,099.61	9.26%	\$0.00
\$19,698.00	\$8,076.18	35.60%	\$0.00
\$0.00	\$0.00	0.00%	\$0.00
\$0.00	\$0.00	0.00%	\$0.00
\$0.00	\$0.00	0.00%	\$0.00
\$122.00	\$50.02	0.22%	\$0.00
\$5,568.00	\$2,282.88	10.06%	\$0.00
\$0.00	\$0.00	0.00%	\$0.00
\$5,986.00	\$2,454.26	10.82%	\$0.00
\$0.00	\$0.00	0.00%	\$0.00
\$966.00	\$396.06	1.75%	\$0.00
\$0.00	\$0.00	0.00%	\$0.00
\$195.00	\$79.95	0.35%	\$0.00
		0.00%	\$0.00
		0.00%	\$0.00
\$510.00	\$510.00	2.25%	\$510.00
\$45,979.50	\$22,684.80		\$7,245.84

\$97,671.49	\$83,025.99	16.01%	\$83,025.99
\$88,437.20	\$36,259.25	6.99%	\$0.00
\$292,461.90	\$119,909.38	23.12%	\$0.00
\$19,482.00	\$10,715.10	2.07%	\$0.00
\$2,759.00	\$1,131.19	0.22%	\$0.00
\$1,514.01	\$620.74	0.12%	\$0.00
\$60,233.00	\$24,695.53	4.76%	\$0.00
\$16,819.00	\$6,895.79	1.33%	\$0.00
\$11,958.00	\$4,902.78	0.95%	\$0.00
\$82,767.00	\$33,934.47	6.54%	\$0.00
\$21,608.00	\$8,859.28	1.71%	\$0.00
\$30,911.00	\$12,673.51	2.44%	\$0.00
\$257.00	\$105.37	0.02%	\$0.00
\$9,641.00	\$3,952.81	0.76%	\$0.00
\$495,560.67	\$123,327.54	23.78%	\$123,327.54
\$19,380.00	\$12,966.46	2.50%	\$12,966.46
\$87,235.00	\$23,344.76	4.50%	\$23,344.76
\$11,305.00	\$11,305.00	2.18%	\$595.00
\$1,350,000.27	\$518,624.95		\$160,233.76

Source Totals for Batch Dates 12/01/2018 through 12/31/2018

Wch Er	36.42%	\$8,076.18
Prescription Drugs	30.38%	\$6,735.84
Wch Lab/X-Ray	11.07%	\$2,454.26
Physical Therapy	10.29%	\$2,282.88
Wch Clinic	9.47%	\$2,099.61
Wch Xray	1.79%	\$396.06
Lab/Xray Readings	0.36%	\$79.95
Wch Labs	0.23%	\$50.02

Total Expenditures **\$22,174.80**



Entry Statistics for Entry Dates 12/01/2018 through 12/31/2018

Clients Entered	4
Rapid Reg. Entered	3
Vendors Entered	0
Worksheets Entered	9
Invoices Entered	105

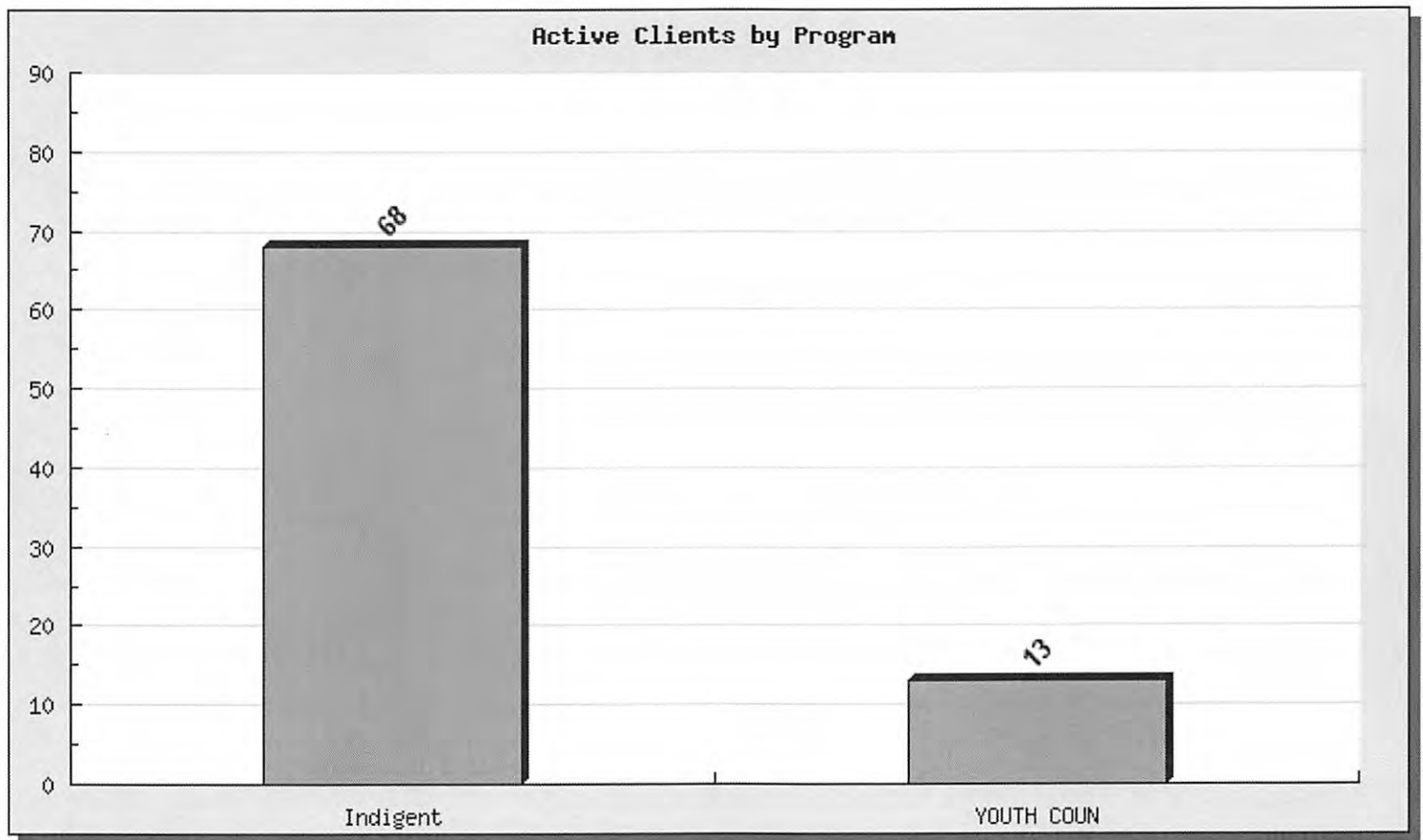
Void Statistics for Void Dates 12/01/2018 through 12/31/2018

Clients Voided	0
Vendors Voided	0
Rapid Reg. Voided	0
Invoices Voided	0

Active Clients by Program for Eligibility Dates 12/01/2018 through 12/31/2018

Indigent	68
YOUTH COUNSELING	13

Total Clients By Program **81**



Appointments Scheduled by Type for Appointment Dates 12/01/2018 through 12/31/2018

New Appointment	1
Renewal	7

Total Appointments Scheduled **8**

Source Totals Report
 Winnie Stowel Hospital District Indigent Healthcare Services
 Batch Dates 12/31/2018 through 12/31/2018
 For Vendor: All Vendors

Source	Description	Amount Billed	Amount Paid
02	Prescription Drugs	7,813.50	6,735.84
20	Physical Therapy	5,568.00	2,282.88
21	Wch Clinic	5,121.00	2,099.61
24	Wch Er	19,698.00	8,076.18
25	Wch Lab/X-Ray	5,986.00	2,454.26
27	Wch Labs	122.00	50.02
28	Wch Xray	966.00	396.06
44	Lab/Xray Readings	195.00	79.95
Expenditures		45,469.50	22,174.80
Reimb/Adjustments			
Grand Total		45,469.50	22,174.80

Source Totals Report Detail

Invoice #	Source	DOS	Amount Billed	Amount Paid
036-2833*18651*103	02	12/20/2018	373.99	175.02
036-2942*18651*85	02	12/10/2018	389.93	306.35
036-3217*65460*29	02	12/31/2018	55.47	55.47
036-3413*65460*35	02	12/05/2018	6.81	6.81
1040*18651*23	02	12/27/2018	27.67	19.81
1063*65460*14	02	12/27/2018	44.08	44.08
1081*65460*5	02	12/13/2018	10.00	10.00
1086*18651*10	02	12/05/2018	79.50	63.76
1109*65460*3	02	12/13/2018	25.83	22.21
1111*65460*3	02	12/26/2018	7.00	7.00
1116*65460*2	02	12/26/2018	10.00	10.00
1118*65460*1	02	12/04/2018	65.46	65.46
036-2980*18651*9	02	12/18/2018	222.89	176.66
036-2980*18651*9	02	12/18/2018	210.95	167.25
036-3414*65460*12	02	12/14/2018	12.00	12.00
036-3414*65460*12	02	12/14/2018	22.10	22.10
1049*65460*21	02	12/05/2018	6.36	6.36
1049*65460*21	02	12/05/2018	40.94	40.94
1107*65460*4	02	12/07/2018	28.30	28.30
1107*65460*4	02	12/10/2018	101.91	80.29
1110*18651*4	02	12/06/2018	75.61	36.94
1110*18651*4	02	12/06/2018	9.77	4.27
1112*65460*2	02	12/28/2018	47.91	47.91
1112*65460*2	02	12/28/2018	26.35	26.35
1114*65460*3	02	12/06/2018	15.84	15.84
1114*65460*3	02	12/07/2018	405.52	405.52
1115*18651*1	02	12/11/2018	55.10	27.66
1115*18651*1	02	12/03/2018	59.97	29.70
1117*65460*2	02	12/21/2018	56.92	56.92
1117*65460*2	02	12/21/2018	12.00	12.00
1124*65460*1	02	12/19/2018	8.63	8.63
1124*65460*1	02	12/20/2018	7.67	7.67
036-2815*65460*17	02	12/01/2018	331.45	277.93
036-2815*65460*17	02	12/05/2018	18.01	18.01
036-2815*65460*17	02	12/10/2018	28.61	28.61

036-3432*65460*35	02	12/07/2018	30.00	30.00
036-3432*65460*35	02	12/07/2018	36.28	36.28
036-3432*65460*35	02	12/07/2018	5.81	5.81
1038*65460*25	02	12/01/2018	145.07	145.07
1038*65460*25	02	12/01/2018	27.36	27.36
1038*65460*25	02	12/01/2018	231.00	231.00
1054*65460*20	02	12/04/2018	10.00	10.00
1054*65460*20	02	12/20/2018	412.10	346.49
1054*65460*20	02	12/20/2018	40.00	40.00
1061*65460*13	02	12/12/2018	75.25	75.25
1061*65460*13	02	12/12/2018	126.51	126.51
1061*65460*13	02	12/18/2018	10.69	10.69
1075*18651*10	02	12/15/2018	75.00	75.00
1075*18651*10	02	12/11/2018	49.81	24.71
1075*18651*10	02	12/04/2018	25.00	25.00
1091*65460*10	02	12/01/2018	510.84	430.41
1091*65460*10	02	12/03/2018	158.30	158.30
1091*65460*10	02	12/06/2018	21.82	21.82
1093*18651*5	02	12/17/2018	20.09	14.69
1093*18651*5	02	12/05/2018	14.23	8.15
1093*18651*5	02	12/17/2018	53.12	26.35
1096*65460*7	02	12/03/2018	15.00	15.00
1096*65460*7	02	12/03/2018	6.10	6.10
1096*65460*7	02	12/05/2018	5.96	5.96
1098*65460*8	02	12/26/2018	27.39	27.39
1098*65460*8	02	12/14/2018	25.67	15.67
1098*65460*8	02	12/14/2018	26.35	26.35
1103*65460*7	02	12/01/2018	351.50	312.49
1103*65460*7	02	12/14/2018	351.50	312.49
1103*65460*7	02	12/17/2018	351.50	312.49
1106*65460*5	02	12/18/2018	12.92	12.92
1106*65460*5	02	12/28/2018	18.71	13.29
1106*65460*5	02	12/28/2018	6.56	6.56
1121*65460*1	02	12/04/2018	79.48	63.76
1121*65460*1	02	12/04/2018	26.35	26.35
1121*65460*1	02	12/04/2018	14.90	14.90
1123*65460*1	02	12/21/2018	360.50	302.63
1123*65460*1	02	12/21/2018	96.48	96.48
1123*65460*1	02	12/21/2018	13.00	13.00
036-2783*18651*91	02	12/21/2018	50.00	50.00
036-2783*18651*91	02	12/21/2018	25.00	25.00
036-2783*18651*91	02	12/21/2018	50.00	39.84
036-2783*18651*91	02	12/21/2018	25.00	25.00
1008*18651*22	02	12/27/2018	40.00	40.00
1008*18651*22	02	12/27/2018	70.00	57.83
1008*18651*22	02	12/10/2018	20.00	20.00
1008*18651*22	02	12/10/2018	20.00	20.00
1011*1002*5	02	12/04/2018	8.35	8.35
1011*1002*5	02	12/06/2018	3.35	3.35
1011*1002*5	02	12/20/2018	1.25	1.25
1011*1002*5	02	12/20/2018	8.35	8.35
1066*65460*3	02	12/17/2018	38.45	38.45
1066*65460*3	02	12/17/2018	7.67	7.67
1066*65460*3	02	12/17/2018	7.14	7.14
1066*65460*3	02	12/27/2018	44.08	44.08
036-3364*18651*58	02	12/31/2018	24.00	24.00
036-3364*18651*58	02	12/31/2018	24.00	24.00
036-3364*18651*58	02	12/31/2018	42.61	21.19
036-3364*18651*58	02	12/27/2018	23.62	12.76

036-3364*18651*58	02	12/27/2018	22.87	22.87
1019*65460*28	02	12/07/2018	56.10	56.10
1019*65460*28	02	12/07/2018	6.74	6.74
1019*65460*28	02	12/07/2018	28.67	28.67
1019*65460*28	02	12/07/2018	36.28	36.28
1019*65460*28	02	12/07/2018	5.63	5.63
1104*18651*6	02	12/06/2018	25.00	25.00
1104*18651*6	02	12/06/2018	12.29	7.79
1104*18651*6	02	12/06/2018	30.00	30.00
1104*18651*6	02	12/06/2018	10.75	6.64
1104*18651*6	02	12/06/2018	71.96	57.83
1122*65460*1	02	12/06/2018	27.50	26.38
1122*65460*1	02	12/06/2018	26.26	26.26
1122*65460*1	02	12/06/2018	26.35	26.35
1122*65460*1	02	12/20/2018	7.04	7.04
1122*65460*1	02	12/20/2018	12.66	12.66
1100*65460*3	02	12/10/2018	11.72	8.23
1100*65460*3	02	12/10/2018	18.97	18.97
1100*65460*3	02	12/10/2018	18.01	18.01
1100*65460*3	02	12/18/2018	14.90	14.90
1100*65460*3	02	12/18/2018	15.88	12.33
1100*65460*3	02	12/18/2018	26.35	26.35

45 invoices, 116 line items

7,813.50

6,735.84

1081*63057*3	20	12/11/2018	576.00	236.16
1096*63057*8	20	11/28/2018	2,496.00	1,023.36
1008*63057*19	20	11/21/2018	2,496.00	1,023.36

5,568.00

2,282.88

3 invoices, 3 line items

1106*63057*4	21	12/18/2018	178.00	72.98
1112*63057*3	21	12/28/2018	518.00	212.38
1121*63057*1	21	12/04/2018	150.00	61.50
1096*63057*8	21	12/05/2018	222.00	91.02
036-2815*63057*16	21	12/05/2018	107.00	43.87
036-2815*63057*16	21	12/19/2018	305.00	125.05
1100*63057*3	21	12/18/2018	264.00	108.24
1100*63057*3	21	12/10/2018	218.00	89.38
1117*63057*2	21	12/21/2018	224.00	91.84
1117*63057*2	21	12/28/2018	224.00	91.84
1093*63057*4	21	12/05/2018	338.00	138.58
1093*63057*4	21	12/17/2018	222.00	91.02
1111*63057*3	21	12/26/2018	224.00	91.84
1066*63057*3	21	12/17/2018	150.00	61.50
1122*63057*1	21	12/06/2018	461.00	189.01
1008*63057*19	21	12/10/2018	264.00	108.24
1120*63057*1	21	12/18/2018	339.00	138.99
1123*63057*1	21	12/19/2018	339.00	138.99
1123*63057*1	21	12/28/2018	224.00	91.84
1115*63057*1	21	12/03/2018	150.00	61.50

15 invoices, 20 line items

5,121.00

2,099.61

1091*63057*8	24	12/27/2018	6,851.00	2,808.91
1109*63057*3	24	12/16/2018	1,533.00	628.53
1066*63057*3	24	12/16/2018	1,722.00	706.02
1122*63057*1	24	12/20/2018	4,018.00	1,647.38

1008*63057*19	24	12/30/2018	1,318.00	540.38
1008*63057*19	24	12/27/2018	1,775.00	727.75
1107*63057*4	24	12/09/2018	2,481.00	1,017.21
6 invoices, 7 line items			19,698.00	8,076.18
1120*63057*1	25	12/18/2018	3,191.00	1,308.31
1123*63057*1	25	12/19/2018	2,795.00	1,145.95
2 invoices, 2 line items			5,986.00	2,454.26
1115*63057*1	27	12/03/2018	122.00	50.02
1 invoices, 1 line items			122.00	50.02
1093*63057*4	28	12/05/2018	310.00	127.10
1123*63057*1	28	12/21/2018	656.00	268.96
2 invoices, 2 line items			966.00	396.06
1111*63057*3	44	10/03/2018	45.00	18.45
1107*63057*4	44	10/03/2018	65.00	26.65
036-2856*63057*14	44	10/02/2018	40.00	16.40
1114*63057*3	44	10/05/2018	45.00	18.45
4 invoices, 4 line items			195.00	79.95
Grand Totals			45,469.50	22,174.80

66 invoices listed.
155 line items listed.

Winnie Community Hospital IGT Totals

2011	67	Amount Billed	Amount Paid	Avg. Per Client Cost/Billed	Avg. Per Client Cost/Paid
	Total WCH	\$147,079.00	\$68,501.29	\$2,195.51	\$1,022.70
2012	65	Amount Billed	Amount Paid	Avg. Per Client Cost/Billed	Avg. Per Client Cost/Paid
	Total WCH	\$214,952.00	\$101,516.91	\$3,306.96	\$1,561.80
2013	54	Amount Billed	Amount Paid	Avg. Per Client Cost/Billed	Avg. Per Client Cost/Paid
	Total WCH	\$182,264.00	\$85,029.21	\$3,375.26	\$1,574.62
2014	21	Amount Billed	Amount Paid	Avg. Per Client Cost/Billed	Avg. Per Client Cost/Paid
	Total WCH	\$107,470.00	\$51,798.97	\$5,117.62	\$2,466.62
2015	47	Amount Billed	Amount Paid	Avg. Per Client Cost/Billed	Avg. Per Client Cost/Paid
	Total WCH	\$146,091.00	\$69,703.90	\$3,108.33	\$1,483.07
2016	62	Amount Billed	Amount Paid	Avg. Per Client Cost/Billed	Avg. Per Client Cost/Paid
	Total WCH	\$265,539.00	\$108,888.13	\$4,282.88	\$1,756.24
2017	72	Amount Billed	Amount Paid	Avg. Per Client Cost/Billed	Avg. Per Client Cost/Paid
	Total WCH	\$513,021.80	\$211,044.97	\$7,125.30	\$2,931.16
2018	68	Amount Billed	Amount Paid	Avg. Per Client Cost/Billed	Avg. Per Client Cost/Paid
	Total WCH	\$638,848.11	\$264,655.00	\$9,394.81	\$3,892.00
2011-2018 Totals		\$2,215,264.91	\$961,138.38	Avg. Per Client Cost/Billed	Avg. Per Client Cost/Paid
Averages for 2011-2018		\$276,908.11	\$120,142.30	\$4,738.33	\$2,086.03
2015-2018 Total		\$1,563,499.91	\$654,292.00	Avg. Per Client Cost/Billed	Avg. Per Client Cost/Paid
Averages for 2015-2018		\$390,874.98	\$163,573.00	\$5,977.83	\$2,515.62
Balance on \$2,000,000.00			\$1,345,708.00		

Exhibit “D”



Sherrie Norris <sherrie@wshd-tx.com>

Attorney General Opinions for Nepotism and Youth Counseling

Hubert Oxford IV <hoxfordiv@benoxford.com>

Wed, Jan 16, 2019 at 4:12 PM

To: George Way <bobw1212@aol.com>, "murrelledward@yahoo.com" <murrelledward@yahoo.com>, "rollojer@yahoo.com" <rollojer@yahoo.com>, Raul Espinosa <espinosa328@yahoo.com>, "anthony@stramecki.com" <anthony@stramecki.com>, "sherrie@wshd-tx.com" <sherrie@wshd-tx.com>, "David Sticker (davidbsticker@gmail.com)" <davidbsticker@gmail.com>, "Yani Jimenez <yjimenez@wshd-tx.com> (yjimenez@wshd-tx.com)" <yjimenez@wshd-tx.com>

All,

Disclaimer: I have talked to Anthony and advised of this e-mail and its contents. As usual, Anthony was in total agreement and assured me that he wants the Board to consider hiring a youth counselor objectively.

Attached are the Attorney General Opinions regarding nepotism rules and hiring individuals related to Board members to perform services as employees, independent contractors, and as an employee of a vendor. The issue for the Board to consider is whether hiring Mrs. Vicki Meloncon to serve as the District's youth counselor to replace Stace Farrow violates Chapter 573 of the Texas Government Code relating to nepotism (i.e., the prohibition of governmental entities against hiring close relatives) because she is Director Stramecki's mother-in-law.

According to these opinions, the nepotism rules apply to hiring individuals (i.e., persons), not to corporations or companies that hire an individual that would otherwise subject to the nepotism rules. To be clear, this is not a gray area or bending the rules. This rule has been upheld by several Attorney Generals in various opinions.

Therefore, if Mrs. Meloncon is interested as the District's youth counselor, the District cannot hire her as an employee or independent contractor. However, the District can enter into an agreement with a company, or organization, that has hired Mrs. Meloncon and Mrs. Meloncon would not be prohibited from working as a youth counselor on behalf of the District. Consequently, I have spoken to Mrs. Meloncon and she has informed me that New Path Counseling Group has agreed to employ, or affiliate with Mrs. Meloncon in some way, so that she would be able to work as the youth counselor for the District in a way that complies with the nepotism rules.

As it relates to nepotism laws, there some obvious and not so obvious reasons for the rules. For me, one of the not so obvious reasons is whether the Board or person in charge of hiring and firing and employee or taking disciplinary action against employee would be comfortable doing so for fear of some reprisal. For example, if a child of an administrator was hired by a governmental entity, the child's supervisor may not feel comfortable complaining to the administrator about the administrator's child's performance for fear that the administrator will punish supervisor in some way.

With this in mind, if Mrs. Meloncon is employed by New Path, or some other entity, and Mrs. Meloncon is tasked with providing youth counseling on behalf of the District, is the Board prepared to terminate services of Mrs. Meloncon's employer, if she does not perform satisfactorily? Or, on the other hand, will the Board feel obligated to continue the relationship because of Director Stramecki?

Moving forward, it is my recommendation that the Board do the following:

1. Have an open conversation about this at tonight's meeting during the Indigent Care report and then address it at the February 2019 Regular Meeting;
2. In the meantime, President Murrell appoint two Board members to meet with Mrs. Meloncon to interview her; and
3. Ask Mrs. Meloncon to submit a proposal through New Path to provide the services.

I hope this is helpful and if you have any questions, let's discuss this evening.

Sincerely,

Hubert Oxford, IV

Benckenstein & Oxford, L.L.P.

3535 Calder Avenue, Suite 300

Beaumont, Texas 77706

(409) 951-4721 Direct

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2 attachments

 **jc0585.pdf**
671K

 **dm-0076.pdf**
197K

Exhibit “E”



Provider Survey - Hospital Supplemental Payments Finance Structures

Expires in: 9d 4h 35m 47s

Directions:

1. The purpose of this survey is for the Texas Health and Human Services Commission (HHSC) obtain an understanding of the various financing arrangements and structures in Texas that support the non-federal share of hospital supplemental payments transferred to HHSC. HHSC is collecting this information at the affiliation agreement level.
2. Each party to an affiliation agreement (the private provider and the transferring governmental entity) is required to complete this survey. Please select which party you represent. You may add multiple affiliation numbers if you are a party to the affiliation agreement and if the funding structure explanation for each agreement is substantially the same.
3. HHSC is also interested in collecting data on when the last time that funding was provided under each affiliation agreement. Please provide this information by selecting the year in the appropriate drop down box below. Please remember that the year to be selected is the Federal Fiscal Year (October 1 – September 30).
4. In describing the funding structure explanation in the text box below, please provide adequate detail. For example, if a private hospital has an affiliation agreement with a public hospital and the private hospital is supporting the public hospital in providing indigent care, provide details on items such as the nature of the support, the flow of funds involved in this transaction, the parties involved in this transaction etc. As another example, if a private hospital is leasing a hospital from a hospital district, please provide the nature of the lease and how the lease payment amounts were negotiated, and how the flow of funds occurs between the hospital and the hospital district.
5. For each response, please identify the name of a responsible C-suite officer, e.g. CEO, CFO, and their contact information. If a contractor is completing this survey, please also provide the name of the contractor and contact information.
6. **It is important that the information you provide is complete and accurate. It will be relied on in HHSC's discussions with the Centers for Medicare and Medicaid Services (CMS) and stakeholders on the financing of supplemental payments to hospitals in Texas. HHSC will be relying on these responses to inform its policies relating to hospital supplemental payments.**

For informational questions regarding the survey, please email rad_1115_waiver_finance@hhsc.state.tx.us (mailto:rad_1115_waiver_finance@hhsc.state.tx.us).

For technical questions regarding the survey, please email costinformation@hhsc.state.tx.us (mailto:costinformation@hhsc.state.tx.us).

Entity Type

Add Affiliation Number

Number	Entity Name	County	Last Year in which funds were used under this affiliation agreement	Delete Entry
529-10-0065-00077	Winnie Community Hospital	036 CHAMBERS	2018	Delete

Funding Structure Explanation for Affiliation Numbers above

The Winnie Stowell Hospital District ("District") is affiliated with Winnie Community Hospital ("Hospital") under the 1115 Waiver Program (i.e., "Uncompensated Care Program"). The District makes voluntary Intergovernmental Transfers ("IGT"), composed of local public funds, to fund the non-federal share of the Uncompensated Care payments paid to the Hospital. Separate from the voluntary IGTs, the District has compensated the Hospital for providing healthcare to the indigent and disadvantaged residents within the District's boundaries.

LPPF funds used for this affiliation?

- Yes
 No

Entity Contact Name

Winnie Stowell Hospital District

Entity Contact Phone

409-296-1003

Entity Contact Email

sherne@wshd-tx.com

Check this box if the survey is being submitted by an independent contractor

Contractor Name

Hubert Oxford, IV


Contractor Phone

409-951-4721

Contractor Email

hoxfordiv@benoxford.com

Please verify all data before Printing or Submitting.

 [Print Survey](#) before clicking the submit button.

Submit Survey

Exhibit “F”

Winnie-Stowell Hospital District			
Executive Summary of Nursing Home Monthly Site Visits			
December 2018			
Facility	Operator		Comments
Park Manor of Conroe	HMG		Census: 109. Facility had their annual survey in July 2018. They received 6 minor tags, their POC was accepted. No reportable incidents since the last visit. The facility has installed new carpet in one of the halls, it looks very nice. The ADONs are in charge of the antibiotic stewardship program as well as the drug regimen program, they have been effective thus far.
Clairmont Beaumont	Genesis		Census: NA. The tour was given by an LVN, the DON was meeting with a surveyor during the visit. Facility had their survey in June 2018, they received 15 tags. Their POC was accepted by the state. No reportable incidents since the last visit. The facility was very clean both inside and out, the new sign for the facility looks very nice.
The Woodlands	Genesis		Census: 144. Facility had their survey in May 2018. They received 11 tags, their POC was accepted by the state. There were six reportable incidents since the last visit, all were unsubstantiated following review. A drain hose had fallen from the ceiling, but maintenance was working on repairing it during the visit. There were no compliance issues noticed on the visit.
November 2018			
Park Manor of Quail Valley	HMG		Census: 94. Facility had their annual survey in February 2018. They have entered their next survey window. There were no reportable incidents since the last visit. The facility is in need of staffing. All parts of the facility were nicely decorated and free from clutter, the dining and kitchen areas were in compliance.
Garrison Nursing and Rehabilitation	Caring Healthcare		Census: 79. Facility had their survey in July 2018, they are in compliance with the State. There were no reportable incidents since the last visit. The facility's current QAPI focus is on antibiotic stewardship, use of psychoactive medication, and falls. The facility was very neat and clean during the visit.

Golden Villa	Caring Healthcare		Census: 96. Facility had their full-book survey in March 2018, they are in compliance with the State. There were no reportable incidents since the last visit. The former DON has been promoted to Administrator at this facility. She has hired a new DON to fill her old spot. The facility is focusing on their pain management and their restorative care program currently.
Marshall Manor West	Caring Healthcare		Census: 62. The facility had their full-book survey in March 2018, they are in compliance with the State. There were no reportable incidents since the last visit. The facility was decorated very nice for the holiday season. The facility has created an assessment tool for their wound care. The process makes sure that all wounds are given the attention that they require and that all members of the staff are aware.
Marshall Manor	Caring Healthcare		Census: 116. Facility had their full-book survey in June 2018, they are in compliance with the State. There were no reportable incidents since the last visit. The facility is focusing on falls and taking higher acuity. The kitchen area was very neat and tidy during the visit.
Rose Haven Retreat	Caring Healthcare		Census: 49. The facility had their full-book survey in June 2018, they are in compliance with the State. There was one reportable incident since the last visit, it has not been investigated. The facility has no staff openings. The floors at the facility need a little attention, but otherwise the facility appears very nice.

CONTACT

Bryon Orona, Administrator
Ramona Cain, RN, DON

FACILITY

Park Manor Conroe is a 125-bed facility with a current CMS overall star rating of 2 and a Quality Measures rating of 5. The census on the date of this visit was 109: Private Pay- 7, HMO- 25, Medicare- 12, Medicaid- 62, and Hospice- 3.

The Director of Nursing was present at the site visit and provided clinical information and tour of facility. Walk up curb appeal was well maintained. The lobby was neat, clean, and nicely decorated for the holiday. Residents observed were well-groomed. Their wheelchairs and walkers were clean as well.

The corridor to 200-Hall looked nice with new carpet. A medication cart was left unlocked as well as a housekeeping cart. There were chemicals in the cart without proper labeling. In the shower room, chemicals were left out without labels. The resident rooms on the hall appeared clean and neat but there were several basins not labeled and dirty, unlabeled urinals were found in room 202. This was corrected when found. The bathrooms were clean and odor-free.

Laundry room clean and organized with current logs and no lint in dryer traps. All logs were current. The oxygen storage was clean and oxygen cylinders were stored properly. The facility utilizes a respiratory therapist who was on hand to provide information regarding his services at the facility.

A review of the grievance process was done with the Director of Nurses. Staff has been trained on the process and completion of grievance forms. The process is managed by social services and the administrator. Residents are educated on the grievance process at the time of admission and during resident council meetings which are held monthly.

The assistant directors of nursing manage the antibiotic stewardship program as well as drug regimen review. Physicians have been educated on antibiotic stewardship and are practicing per the facility's policy. The drug regimens of all residents are reviewed monthly with the pharmacy consultant following a schedule. Meetings are held weekly.

SURVEY

The facility's annual survey on 7/27/18 resulted in 5 health deficiencies and 1 life safety code deficiency. They have received no deficiencies since their annual survey and have had no complaint visits during the reporting period.

REPORTABLE INCIDENTS

The facility had no outstanding reportable incidents from SEPT/OCT/NOV 2018.

CLINICAL TRENDING**Incidents/Falls:**

During SEPT/OCT/NOV 2018, there were 104 falls without injury, 3 falls with injury, 30 skin tears, 6 elopements, 3 fractures, 2 bruises, 2 lacerations, 2 behaviors, and 4 others.

Infection Control:

Facility reported 90 total infections for SEPT/OCT/NOV 2018– 54 UTIs, 20 URIs, 4 GI tract infections, 3 genital infections, and 8 others.

Weight loss:

During SEPT/OCT/NOV 2018, 22 residents experienced weight loss. 13 residents had 5-10% weight loss in 1 month and 10 residents had > 10% weight loss in 6 months.

Pressure Ulcers:

During SEPT/OCT/NOV 2018, the facility reported 15 residents with 42 pressure ulcer sites, 2 of which were acquired in-house.

Restraints:

Park Manor reported no restraints during the reporting period.

Staffing:

Currently, Park Manor reports 1- 10pm-6am LVN vacancy, 4- 2pm-10pm C.N.A. vacancies, and 2- 10pm-6am C.N.A. vacancies.

Quality Indicators (Casper) from September/Oct/Nov 2018 Report				
Indicator	Facility	State	National	Comments
Self-Reported Mod/Sev Pain (S)	3.5%	9.9%	12.6%	
New/Worsened Pressure Ulcers (S)	0.3%	.8%	.8%	
New Psychoactive Med Use (S)	23%	24%	21%	
Fall w/Major Injury (L)	0%	3.5%	3.5%	
UTI (L)	3.5%	2.6%	3.0%	
Self-Reported Mod/Sev Pain (L)	0%	4.8%	6.0%	
High risk with pressure ulcers (L)	5.0%	6.0%	6.0%	
Loss of Bowel/Bladder Control(L)	59.5%	50.5%	48.2%	Working on restorative and rehab with B & B program
Catheter(L)	1.0%	2.0%	2.2%	
Physical restraint(L)	0%	0%	.3%	
Increased ADL Assistance(L)	20.8%	18.7%	14.9%	
Excessive Weight Loss(L)	1.3%	6.1%	7.4%	
Depressive symptoms(L)	0%	3.0%	4.7%	
Antipsychotic medication (L)	10.3%	12.7%	14.6%	



Park Manor of Conroe
 1600 Grand Lake Dr., Conroe, TX 77082 Site Visit:
 12/20/2018

QIPP Component 1 Quality Metric for SEPT/OCT/NOV 2018				
Indicator	QAPI Mtg Date	Date Report Submitted	Met Y/N	PI Implemented
QAPI Validation Report	9/13/18	9/13/2018	Y	NA
	10/25/18	10/25/18		
	11/13/18	11/13/18		

QIPP Component 2 (Modest) Quality Metrics for SEPT/OCT/NOV 2018					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	.73%	0%	Y	NA
High Risk W/Pressure Ulcers	5.67%	8.08%	3.51%	Y	NA
Physical restraints	.53%	0%	0%	Y	NA
Antipsychotic medication	16.06%	13.31%	6.94%	Y	NA



Park Manor of Conroe
1600 Grand Lake Dr., Conroe, TX 77082 Site Visit:
12/20/2018

QIPP Component 3 (High) Quality Metrics SEPT/OCT/NOV 2018					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	.73%	0%	Y	
High Risk W/Pressure Ulcers	5.67%	8.08%	3.51%	Y	
Physical restraints	.53%	0%	0%	Y	
Antipsychotic medication	16.06%	13.31%	6.54%	Y	



Park Manor of Conroe
1600 Grand Lake Dr., Conroe, TX 77082 Site Visit:
12/20/2018

QIPP Component 1 Quality Metric for QTR 4-2017 projected				
Indicator	QAPI Mtg Date	Date Report Submitted	Met Y/N	PI Implemented
QAPI Validation Report	7/14, 8/11, 9/14	7/20, 8/20, 9/20	Y	NA

QIPP Component 2 (Modest) Quality Metrics for QTR -1 2018 projected	PI Implemented
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Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	1%	1.4%	Y	NA
High Risk W/Pressure Ulcers	5.67%	5.4%	5.3%	Y	NA
Physical restraints	.53%	0%	0%	Y	NA
Antipsychotic medication	16.06%	24.7%	11.4%	Y	NA

QIPP Component 3 (High) Quality Metrics for QTR – 1 2018 projected					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	3.4%	1.4%	Y	NA
High Risk W/Pressure Ulcers	5.67%	5.7%	5.3%	Y	NA
Physical restraints	.53%	0%	0%	Y	NA
Antipsychotic medication	16.06%	16.19%	11.4%	Y	NA

ADDITIONAL COMMENTS

The facility’s **Activity Calendar/One on One Process** – Activity Director assesses each resident to determine their preferences for activities and whether or not they desire one on one interaction. Facility holds resident council meeting every month for their input on monthly activities, including what outings they prefer (shopping, eating out, movies, etc.). Calendar is posted on 200 hall and in each resident room. Calendar includes diverse programs, including games, bingo, nail care, outings, church services, etc.

CONTACT

Mark Bourne, RN – DON

FACILITY

Clairmont-Beaumont is a 148-bed facility, with a 3-Star Quality rating overall and a 2-Star rating in Quality Measures. Census on the day of the visit was not provided. The administrator was not in and the Director of Nursing, Mark Bourne, was with a surveyor in for self-reported incidents and complaints. The tour was provided by Cynthia Arnold, LVN, Unit Manager.

The external grounds needed landscaping and there were multiple cigarette butts in the parking lot. The facility's new sign for Spindletop Hill looked very nice. The therapy gym in the front of the facility by the entry was clean, pleasant smelling and appeared busy. The lobby was attractively decorated and was clean and odor-free. Regency hotline and compliance posters were up in addition to other required postings. A veteran recognition wall had been added.

A tour of resident rooms on 100 Hall was done. The rooms were clean and free of safety hazards. Floors looked clean and there were no odors. There was an odor in the carpet in the corridor, but it was neat and uncluttered. Residents looked well-groomed.

The smoking courtyard was neat, and no cigarette butts were found in that area. The main dining room was clean and neat. Residents were engaged in a group activity during the visit. Meal times and menus were posted properly.

On 200 Hall, rooms were neat and organized. Several rooms needed to have an oxygen posting by their doors due to oxygen use within. The nurses' station was neat and well-organized.

The memory care unit, called Traditions, was busy with activities. This unit is utilized by females only.

Staff was cordial and appropriate interactions were observed with residents. Handling of linen observed followed proper infection control protocols. A medication cart was found to be unlocked on the corridor which was a safety hazard.

SURVEY

Clairmont- Beaumont (Spindletop Hill) had their last survey on 6/21/18. They received 10 Health deficiencies and 5 LSC deficiencies. They have received no deficiencies during this reporting.

REPORTABLE INCIDENTS

This information was not provided.

CLINICAL TRENDING

Incident Reporting:

This information was not provided.

Infections:

This information was not provided.

Pressure Ulcers:

This information was not provided.

Weight Loss:

This information was not provided.

Restraints:

This information was not provided.

Staffing:

This information was not provided.



Quality Indicators CMS Website- 12/31/18				
Indicator	Facility	State	National	Comments
Self-Reported Mod/Sev Pain (S)	3.0%	10.6%	12.8%	
New/Worsened Pressure Ulcers (S)	0%	.8%	.9%	
New Psychoactive Med Use (S)	2.5%	2.5%	1.9%	
Fall w/Major Injury (L)	3.8%	3.4%	3.4%	
UTI (L)	4.9%	2.6%	3.0%	
Self-Reported Mod/Sev Pain (L)	5.2%	4.8%	5.7%	
High risk with pressure ulcers (L)	10.1%	5.9%	5.6%	
Loss of Bowel/Bladder Control(L)	50.4%	50.0%	48.2%	
Catheter(L)	2.7%	1.8%	1.8%	
Physical restraint(L)	0%	.1%	.3%	
Increased ADL Assistance(L)	23.7%	18.6%	14.9%	
Excessive Weight Loss(L)	10.4%	5.9%	7.0%	
Depressive symptoms(L)	2.5%	3.4%	4.6%	
Antipsychotic medication (L)	16.9%	14.5%	15.0%	

QIPP Component 1 Quality Metric Sept/Oct/Nov 2018				
Indicator	QAPI Mtg Date	Date Report Submitted	Met Y/N	PI Implemented
QAPI Validation Report				Information not provided.



Clairmont Beaumont
 1020 23rd St., Beaumont, Texas 77707
 Site Visit: 12/19/2018

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QIPP Component 2 (Modest) Quality Metrics for Sept/Oct/Nov 2018					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.37%	3.33%			This information was not provided.
High Risk W/Pressure Ulcers	8.31%	8.45%			
Physical restraints	.37%	0%			
Antipsychotic medication	17.17%	17.47%			

QIPP Component 3 (High) Quality Metrics for Sept/Oct/Nov 2018					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.37%	3.33%			This information was not provided.
High Risk W/Pressure Ulcers	8.03%	8.45%			
Physical restraints	.37%	0%			
Antipsychotic medication	16.60%	17.47%			

CONTACT

Shanae Wilbert, Sr. Center Executive Director/Administrator
Rhonda Osgood- Director of Nursing

FACILITY

The Woodlands is a 214-bed facility with a 2-star rating overall and a 4-star rating on Quality Measures. The census on date of visit: Total- 144, Private Pay- 4, Medicaid- 107, Medicare- 10, HMO- 16, and Hospice- 10.

The administrator provided a tour of the facility. The grounds were neat except for some trash in the parking lot. The lobby area was clean, odor free, and nicely decorated. Some chairs were torn and appeared very worn. The carpet and floors were clean and there were no odors. The facility will undergo a renovation in 2019. The courtyard with the fountain looked clean and nicely groomed.

300 Hall serves as a short-stay corridor. The rooms were neat and clean. There was a drain hose that had fallen from the ceiling in one of the bathrooms, but maintenance was working on it. A resident in 301 called out to ask for assistance. Her call light was not within reach, but this was quickly corrected.

In the dining room, meal times and menus were posted. The ice chest appeared clean but there was some trash on the cart.

400 Hall appeared neat and clean with no apparent safety concerns. Several rooms had oxygen concentrators and O2 cylinders in use without the Oxygen signs on the doors to identify them. There were no offensive odors in the hallway or rooms.

The therapy gym was neat and uncluttered. The oxygen room was neat with all cylinders stored properly.

The Traditions unit serves as the memory care hallway. The facility has chosen to restrict the unit to females only. The décor in each room was individualized and looked very neat and clean. The residents appeared well-groomed and there were no odors detected. The large dining room was being cleaned at the time of the visit.

The laundry room was neat and clean, including the lint traps on the dryers. The facility reports a reduction in missing clothing complaints recently due to more emphasis on marking and distributing the clothing accurately and timely.

SURVEY

The annual survey was conducted in May 2018. They are received 7 health deficiencies and 4 life safety code deficiencies. A complaint investigation was conducted in April 2018 which resulted in 2 health deficiencies.

REPORTABLE INCIDENTS

The Executive Director reported 2 abuse allegations in September which were unsubstantiated, 2 abuse/neglect allegations and 1 fracture of unknown origin which were unsubstantiated, and 1 fracture of unknown origin in November which was unsubstantiated.

CLINICAL TRENDING

Incidents:

During SEPT/OCT/NOV 2018, there were 78 falls with no injury, 3 falls with injury, 6 skin tears, 3 fractures, 5 bruises, 6 lacerations, 2 behaviors, and 1 "other". The facility currently has a PIP in place for falls.

Infections:

During SEPT/OCT/NOV 2018, the Woodlands reported 8 infections: 4 UTIs, 2 URIs, 0 GI, and 2 others.

Restraints:

Zero restraints in facility for SEPT/OCT/NOV 2018.

Pressure Ulcers:

During SEPT/OCT/NOV 2018, 4 residents had pressure ulcers with 5 sites, down significantly from the prior reporting period. Of these, 2 were acquired in house. The facility continues with a PIP in place for pressure ulcers.

Weight Loss:

3 residents experienced weight loss, 2 had 5-10% weight loss in 30 days, and 1 had over 10% weight loss in 6 months.

Staffing:

The facility has 1 RN 6am-2pm opening, 2 RN 10pm-6am openings, 3 LVN 2pm-10pm openings, 5 C.N.A. 6am-2pm openings, 10 C.N.A. 2pm-10pm openings, and 1 C.N.A. 10pm-6am opening.

Quality Indicators from CASPER Report for Sept/Oct/Nov 2018				
Indicator	Facility	State	National	Comments
Self-Reported Mod/Sev Pain (S)	5.6%	10.1%	12.5%	
New/Worsened Pressure Ulcers (S)	0%	0.9%	0.8%	PIP in place
New Psychoactive Med Use (S)	1.9%	2.6%	2.0%	
Fall w/Major Injury (L)	1.4%	3.5%	3.5%	PIP in place
UTI (L)	0.3%	2.6%	3.0%	
Self-Reported Mod/Sev Pain (L)	0.5%	4.8%	6.0%	
High risk with pressure ulcers (L)	6.5%	6.2%	6.0%	PIP in place
Loss of Bowel/Bladder Control(L)	51.3%	50.5%	48.1%	
Catheter(L)	0.6%	2.1%	2.2%	
Physical restraint(L)	0%	.1%	.3%	
Increased ADL Assistance(L)	14.3%	18.5%	14.8%	
Excessive Weight Loss(L)	2.6%	6.3%	7.4%	
Depressive symptoms(L)	0.0%	3.2%	4.7%	
Antipsychotic medication (L)	16.3%	12.9%	14.6%	PIP in place

QIPP Component 1 Quality Metric for Sept/Oct/Nov 2018				
Indicator	QAPI Mtg Date	Date Report Submitted	Met Y/N	PI Implemented
QAPI Validation Report	9/18/18	9/25/18	Y	NA
	10/23/18	10/25/18	Y	
	11/13/18	11/25/18	Y	

QIPP Component 2 (Modest) Quality Metrics for Sept/Oct/Nov 2018					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.37%	3.21%	1.46%	Y	
High Risk W/Pressure Ulcers	5.81%	5.92%	6.5%	N	PIP in place
Physical restraints	.37%	0%	0%	Y	Continued restraint free
Antipsychotic medication	15.25%	13.95%	16.3%	N	PIP in place



The Woodlands
4650 S. Panther Creek Dr., Spring, Texas 77381
Site Visit: 12/20/2018

QIPP Component 3 (High) Quality Metrics for Sept/Oct/Nov 2018					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	3.21%	1.46%	Y	
High Risk W/Pressure Ulcers	5.62%	5.92%	6.5%	N	PIP in place
Physical restraints	.37%	0%	0%	Y	Continued restraint free
Antipsychotic medication	15.25%	13.95%	16.3%	N	PIP in place

CONTACT

Administrator – Tanika Bailey
DON- Susan Joy, BSN, RN

FACILITY

Park Manor Quail Valley is a 125-bed facility with an overall star rating of 3 and Quality Measures star rating of 5. The census on the date of this visit was 94: Private Pay- 11, HMO- 11, Medicare- 5, Medicaid- 61, and Hospice- 5. The Administrator and Director of Nursing were off-site on the day of the visit.

The Assistant DON, Gulshan Momin, was present at the site visit and provided a tour of facility. Walk up curb appeal well maintained. The lobby was neat and nicely decorated for Christmas. All common areas of the facility are well kept, clean and no safety issues noted. Hallways are free of clutter.

The therapy gym was clean, but the windows needed to be cleaned. Resident rooms on the skilled wing were nicely decorated, clean, and free of odors.

The dining room was clean and nicely decorated. The week-at-a-glance menu was very large and easy to read. The kitchen was very clean. Items in the pantry were labeled, dated, and stored properly. The items in the refrigerator and freezer were stored and labeled properly. Temperature logs for refrigerator, freezer, and food line were current. The dish area was clean and the logs for the dish machine and 3-compartment sink were up to date.

The grievance process was reviewed with the ADON. The social worker oversees the logs and coordinates resolution with the departments indicated in the grievance. Staff has been educated on the forms used to document grievances which are kept at the nurses' station. The administrator oversees the process. Trends are discussed in the QAPI meetings.

The ADON oversees the Antibiotic Stewardship program. She utilizes an infectious disease physician for training and consulting purposes. Her medical director assists as well.

SURVEY

Annual Survey 2/2/18 resulting in 5 deficiencies. A complaint survey on 6/13/18 resulted in 1 deficiency cited for actual harm to a resident. The facility is currently in their window for annual survey.

REPORTABLE INCIDENTS

Administrator did not report any reportable incidents.

CLINICAL TRENDING**Incidents/Falls:**

June/July/August 2018 – 34 falls without injury; 2 falls with injury; 5 skin tears; 2 fractures; 3 bruises; 1 laceration; 2 behaviors

Infection Control:

June/July/August 2018- 23 total infections- 14 UTIs; 1 URI; 5 GI; 3 Others

Weight loss:

June/July/August 2018 – 8 residents with significant weight loss; 6 with 5-10% weight loss in 30 days, 2 with > 10% weight loss in 6 months

Pressure Ulcers:

June/July/August 2018- 32 residents with 57 pressure ulcer sites of which 6 were acquired in-house

Restraints:

No restraints in facility for June/July/August 2018.

Staffing:

Currently, the facility has openings for 2 LVNs, 6 C.N.A.s for 6am-2pm shift, 2 C.N.A.s for 2pm-10pm shift, and 1 C.N.A. for 10pm-6am shift.



Park Manor of Quail Valley
 2350 FM 1092, Missouri City, TX 77459 Site Visit:
 11/27/18

Quality Indicators from CASPER Report – June/July/August 2018				
Indicator	Facility	State	National	Comments
Self-Reported Mod/Sev Pain (S)	0%	10.2%	12.5%	
New/Worsened Pressure Ulcers (S)	0%	.9%	.8%	
New Psychoactive Med Use (S)	3.8%	2.6%	2.0%	
Fall w/Major Injury (L)	0%	3.5%	3.5%	
UTI (L)	1.3%	2.7%	3.0%	
Self-Reported Mod/Sev Pain (L)	0%	4.8%	6.1%	
High risk with pressure ulcers (L)	6.5%	6.1%	6.1%	
Loss of Bowel/Bladder Control(L)	74.1%	50.7%	48.1%	
Catheter(L)	3.7%	2.0%	2.2%	
Physical restraint(L)	0%	.1%	.3%	
Increased ADL Assistance(L)	14.5%	18.4%	14.8%	
Excessive Weight Loss(L)	0%	6.2%	7.5%	
Depressive symptoms(L)	0%	3.2%	4.7%	
Antipsychotic medication (L)	8.2%	12.9%	14.7%	

QIPP Component 1 Quality Metric for Qtr. June/July/August 2018				
Indicator	QAPI Mtg Date	Date Report Submitted	Met Y/N	PI Implemented
QAPI Validation Report	6-12-18	6-20-18	Y	
	7-10-18	7-20-18		
	8-14-18	8-20-18		

QIPP Component 2 (Modest) Quality Metrics for QTR – June/July/August 2018					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	%	%	Y	Baseline target, results not provided
High Risk W/Pressure Ulcers	5.67%	%	%	Y	Baseline target, results not provided
Physical restraints	.53%	%	%	Y	Baseline target, results not provided
Antipsychotic medication	16.06%	%	%	Y	Baseline target, results not provided



Park Manor of Quail Valley
2350 FM 1092, Missouri City, TX 77459 Site Visit:
11/27/18

QIPP Component 3 (High) Quality Metrics for QTR June/July/August 2018					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	%	%	Y	Baseline target, results not provided
High Risk W/Pressure Ulcers	5.67%	%	%	Y	Baseline target, results not provided
Physical restraints	.53%	%	%	Y	Baseline target, results not provided
Antipsychotic medication	16.06%	%	%	Y	Baseline target, results not provided

CONTACT

Wanda Hendricks- Administrator
Teresa Westmoreland, RN- Director of Nursing

FACILITY

Garrison Nursing and Rehabilitation is a 93 bed SNF in a rural area with 79 residents on the day of the visit. The breakdown of census is Medicare- 10, HMO- 1, and the remainder are Medicaid or Private Pay. This information was not provided. The facility currently has an overall star rating of 3 and a star rating in Quality Measures of 4.

The Administrator was not present at the site visit. The DON, Teresa, was kind enough to provide the tour and limited clinical information. The front yard and entry were clean and neat. Landscaping was neat with seasonal flowers. The lobby was clean as well with attractive Christmas décor. The central nurses' station was clean and organized. It was decorated for the season as well. Floors looked great.

The corridors were neat and free of clutter with no offensive odors. 300 Hall resident rooms were neat and free of odors. The therapy gym was uncluttered and clean. Residents were being seen at the time of the visit. There was an unlocked treatment cart on 300 Hall. 400 Hall was very neat as well. Resident rooms were very neat. There was a can of Lysol out on 100 Hall but it was quickly removed. The low-stimulation dining area was clean. Choking intervention posters were in place.

The dining room was neat. Meals had not been posted for lunch or dinner. The new dietary manager introduced herself during the kitchen tour. She had been there for a little over a week. She was focusing on training and cleaning. Temperature logs had not been kept. PH strips were not being used for the dish machine and 3-compartment sink. There were items in the refrigerator that needed to be stored properly and dated. The pantry was clean and orderly with items labeled, dated, and stored properly.

The facility holds their QAPI meetings in the middle of the month. Their current focus is on Antibiotic Stewardship, psychoactive medication use, and falls.

SURVEY

The facility's annual survey took place on 7/12/18. The facility received no health or life safety code deficiencies. They had no complaint surveys during June/July/August 2018.

REPORTABLE INCIDENTS

The DON reported that there were no outstanding reportable incidents.

CLINICAL TRENDING

Incidents/Falls:

The information was not provided.

Infection Control:

The information was not provided.

Weight loss:

This information was not provided.

Pressure Ulcers:

This information was not provided.

Restraints:

The facility does not use restraints.

Staffing:

They had no open positions on the day of the visit.

Quality Indicators from CMS Website- 11/29/18				
Indicator	Facility	State	National	Comments
Self-Reported Mod/Sev Pain (S)	22.5%	10.6%	12.8%	
New/Worsened Pressure Ulcers (S)	1.2%	.8%	.9%	
New Psychoactive Med Use (S)	1.4%	2.5%	1.9%	



Garrison Nursing and Rehab
 333 N. FM 95, Garrison, TX 79645 Site Visit:
 11/29/2018

Fall w/Major Injury (L)	.3%	3.4%	3.4%	
UTI (L)	.3%	3.4%	3.4%	
Self-Reported Mod/Sev Pain (L)	1.6%	4.8%	5.7%	
High risk with pressure ulcers (L)	4.6%	5.9%	5.6%	
Loss of Bowel/Bladder Control(L)	18.0%	50.0%	48.2%	
Catheter(L)	2.9%	1.8%	1.8%	
Physical restraint(L)	0.0%	.1%	.3%	
Increased ADL Assistance(L)	19.3%	18.6%	14.9%	
Excessive Weight Loss(L)	1.7%	5.9%	7.0%	
Depressive symptoms(L)	0.0%	3.4%	4.6%	
Antipsychotic medication (L)	15.5%	14.5%	15.0%	

QIPP Component 1 Quality Metric for June/July/August 2018.				
Indicator	QAPI Mtg Date	Date Report Submitted	Met Y/N	PI Implemented
QAPI Validation Report				Information not provided.



QIPP Component 2 (Modest) Quality Metrics for June/July/August 2018					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	1.52%	%		Info not provided
High Risk W/Pressure Ulcers	5.67%	3.24%	%		Info not provided
Physical restraints	.53%	0%	%		Info not provided
Antipsychotic medication	16.06%	8.64%	%		Info not provided

QIPP Component 3 (High) Quality Metrics for June/July/August 2018					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	1.52%	%		Info not provided
High Risk W/Pressure Ulcers	5.67%	3.24%	%		Info not provided
Physical restraints	.53%	0%	%		Info not provided
Antipsychotic medication	16.06%	8.64%	%		Info not provided

CONTACT

Krystal Fahrney- Administrator
Stacey Dodd- Director of Nursing (New to facility)
Kathy Snow- Business Office Manager

FACILITY

Golden Villa is a 111-bed facility with a current overall star rating of 2 and a Quality Measures star rating of 5. The census on the date of this visit was 96: Private Pay- 16, HMO- 5, Medicare- 13, Medicaid- 54, Medicaid Pending- 6, and Hospice- 2.

The administrator gave a tour of the facility and limited clinical information. She had been the Director of Nursing at Golden Villa and was recently promoted to the administrator position. Her Director of Nursing had been at the facility for 30 days on the day of the visit.

The grounds and parking lot in the front of the facility were neat attractive. The lobby was neat and clean with no odors. Bulletin boards displaying facility activities and features (Gold Glamour Girls resident group) were tastefully done and contributed to a positive perception of the facility.

On 600 Hall, the floors were dull but clean. There were no odors. The nurses' station was neat and uncluttered. The facility is scheduled for new flooring in 2019. Resident rooms were neat, clean and odor free. A few rooms were cluttered with residents' personal belongings, but the new administrator was beginning to address the issue and monitored for safety concerns in each room. 400 Hall was neat and uncluttered. There was oxygen in room 407 without the sign being posted on the door. The therapy gym was very busy. It was cluttered but clean. The dining room was spacious and clean. Choking intervention posters were displayed as well as the menu and meal times.

The kitchen was clean overall. Staff were dressed appropriately and were cordial. The pantry was clean, and foods were stored properly. There was temperature documentation missing in the refrigerator and freezer logs. Food temperature logs were current. Several items in the freezer were not stored properly. Items in the refrigerator were labeled, dated, and stored properly.

The facility is focusing on falls, pain management, and the restorative program. They have their QAPI meetings on the last week of the month on Wednesday or Thursday.

SURVEY

The facility's annual survey was 3/16/18. They received 4 health deficiencies and 2 life safety code deficiencies. They had no complaint surveys during June/July/August 2018.

REPORTABLE INCIDENTS

Information not provided.

CLINICAL TRENDING**Incidents/Falls:**

Information not provided.

Infection Control:

Information not provided.

Weight loss:

Information not provided.

Pressure Ulcers:

Information not provided.

Restraints:

Information not provided.

Staffing:

The facility is fully staffed currently. They hold C.N.A. classes at the facility.

Quality Indicators from CMS Website- 11-29-18				
Indicator	Facility	State	National	Comments
Self-Reported Mod/Sev Pain (S)	4.4%	10.6%	12.8%	
New/Worsened Pressure Ulcers (S)	0.4%	.8%	.9%	
New Psychoactive Med Use (S)	3.6%	2.5%	1.9%	
Fall w/Major Injury (L)	1.6%	3.4%	3.4%	
UTI (L)	2.7%	2.6%	3.0%	
Self-Reported Mod/Sev Pain (L)	4.1%	4.8%	5.7%	
High risk with pressure ulcers (L)	4.7%	5.9%	5.6%	
Loss of Bowel/Bladder Control(L)	30.2%	50.0%	48.2%	
Catheter(L)	2.4%	1.8%	1.8%	
Physical restraint(L)	0%	.1%	.3%	
Increased ADL Assistance(L)	16.5%	18.6%	14.9%	
Excessive Weight Loss(L)	10.1%	5.9%	7.0%	
Depressive symptoms(L)	0%	3.4%	4.6%	
Antipsychotic medication (L)	7.0%	14.5%	15.0%	

QIPP Information not provided.

CONTACT

Cecile Caballero- Administrator
Talova Traylor, LVN- Treatment Nurse

FACILITY

Marshall Manor West is a 115-bed facility with a current over all star rating of 4 and a Quality Measures rating of 5. The census on the date of this visit was 62.

The Administrator provided clinical information and tour of facility. Walk-up curb appeal was good. A staff member was outside blowing leaves. She was credited with decorating the outdoor areas and lobby areas. The decorations were very nicely done. The front area presents like a living room. It was clean and homey. Hallways are free of clutter and the floors looked very nice. Residents were appropriately dressed and appeared content. There were no odors detected in the corridors.

The facility has 3 nurses' stations and 3 dining rooms. Resident rooms observed on C Wing were well maintained and organized with no safety hazards and appropriate signage for oxygen use. There was a strong urine odor in room 19, in the bathroom, but no other odors were detected. Menus were posted on the dining room door and the Activity calendar was posted in common area and in each room. Each dining room was decorated for the holidays.

The floors in the secured wing were dull but the hall was nicely decorated. The atmosphere was quiet and calm. The linen cart observed was neat and orderly and kept closed. The medication cart observed was neat but the applesauce on the cart was not kept on ice. The rooms were neat and orderly and there were no odors detected. The residents were well-groomed.

The main dining room was being cleaned during the tour. The staff were professional and cordial. The kitchen was clean and neat. The dish log and temperature logs were up-to-date. The pantry was clean, and items were labeled and stored properly. The refrigerator was organized, and items were stored properly. There were ham patties in the freezer that were not stored properly but all other items were.

The treatment nurse was interviewed regarding the facility's wound management program. She shared the assessment tool that the CNAs used to assess all residents daily. The reports and placed in a communication box for the charge nurses. Charge nurses will review the reports and assess all residents when skin issues are identified. They assess all residents weekly. Staging of wounds is performed by the Director of Nurses.

SURVEY

The facility's annual survey was conducted on 3/29/18. They received 3 health deficiencies and 3 life safety code deficiencies. They had no complaint surveys during June/July/August 2018.

REPORTABLE INCIDENTS

This information was not provided.

CLINICAL TRENDING

Incidents/Falls:

This information was not provided.

Infection Control:

This information was not provided.

Weight loss:

This information was not provided.

Pressure Ulcers:

This information was not provided.

Restraints:

This information was not provided.

Staffing:

This information was not provided.

Quality Indicators from CMS Website- 11-29-18				
Indicator	Facility	State	National	Comments
Self-Reported Mod/Sev Pain (S)	4.6%	10.6%	12.8%	
New/Worsened Pressure Ulcers (S)	0.7%	.8%	.9%	
New Psychoactive Med Use (S)	0%	2.5%	1.9%	
Fall w/Major Injury (L)	3.0%	3.4%	3.4%	
UTI (L)	1.1%	2.6%	3.0%	
Self-Reported Mod/Sev Pain (L)	.4%	4.8%	5.7%	
High risk with pressure ulcers (L)	5.5%	5.9%	5.6%	
Loss of Bowel/Bladder Control(L)	34.9%	50.0%	48.2%	
Catheter(L)	1.7%	1.8%	1.8%	
Physical restraint(L)	0%	.1%	.3%	
Increased ADL Assistance(L)	10.8%	18.6%	14.9%	
Excessive Weight Loss(L)	10.4%	5.9%	7.0%	
Depressive symptoms(L)	68.8%	3.4%	4.6%	
Antipsychotic medication (L)	22.5%	14.5%	15.0%	

QIPP components were not provided.

CONTACT

Linda Benson, RN, Administrator

FACILITY

Marshall Manor is a 169-bed facility with a current over all star rating of 5 and a Quality Measures rating of 5. The census on the date of this visit was 116: Private Pay- 18, Medicare- 17, and Medicaid- 63, Hospice- 15, and Medicaid Pending- 3.

The Administrator provided limited clinical information and tour of facility. Walk up curb appeal very well maintained. The Christmas décor was attractive. The lobby area was neat and well-decorated. All required postings were present.

A Hall was free of clutter, had no offensive odors, and a nice and neat sitting area. The flooring looked very nice and clean. The Christmas décor looked attractive. The activity room is spacious and clean. There was an activity being conducted which was well attended.

On the C Wing, floors looked clean and well-tended. There were no offensive odors. There was oxygen tubing on the floor in one room toured and there were basins unlabeled in several rooms. Resident rooms observed were well maintained and organized with no safety hazards or odors identified and appropriate signage for oxygen use. Each resident observed was dressed appropriately and well- groomed with appropriate staff interaction.

The kitchen was clean. Temperature logs were up to date, appliances were clean, the pantry was clean with all items labeled, dated and stored properly. Refrigerators and freezers were neat and food items were stored properly. In the dish room, the trash can lid was not present and there were chemicals without labels out.

The administrator reports that the facility is focusing on taking higher acuity. They are planning to begin training on wound-vacs. They conduct their QAPI meetings on the 2nd Thursday of the month. Their primary areas of focus are falls and Returns to Acute.

SURVEY

The facility's annual survey was conducted on 6/28/18. They received 1 health deficiency and 1 life safety code deficiency. They had no complaint surveys during June/July/August 2018.

REPORTABLE INCIDENTS

The information was not provided during the tour.

CLINICAL TRENDING

Incidents/Falls:

Information was not provided during the tour.

Infection Control:

Information was not provided during the tour.

Weight loss:

Information was not provided during the tour.

Pressure Ulcers:

Information was not provided during the tour.

Restraints:

Information was not provided during the tour.

Staffing:

Information was not provided during the tour.

Quality Indicators from CMS Website- 11-29-18				
Indicator	Facility	State	National	Comments
Self-Reported Mod/Sev Pain (S)	21.8%	10.6%	12.8%	
New/Worsened Pressure Ulcers (S)	0.2%	.8%	.9%	
New Psychoactive Med Use (S)	3.1%	2.5%	1.9%	PIP in place
Fall w/Major Injury (L)	3.9%	3.4%	3.4%	PIP in place



Marshall Manor Nursing and Rehab
 1007 S. Washington Ave. Marshall, TX 75670 Site
 Visit: 11/29/2018

UTI (L)	2.6%	2.6%	3.0%	
Self-Reported Mod/Sev Pain (L)	7.5%	4.8%	5.7%	
High risk with pressure ulcers (L)	3.9%	5.9%	5.6%	
Loss of Bowel/Bladder Control(L)	36.1%	50.0%	48.2%	
Catheter(L)	.8%	1.8%	1.8%	
Physical restraint(L)	0%	.1%	.3%	
Increased ADL Assistance(L)	9.3%	18.6%	14.9%	
Excessive Weight Loss(L)	4.9%	5.9%	7.0%	
Depressive symptoms(L)	0.3%	3.4%	4.6%	
Antipsychotic medication (L)	1.2%	14.5%	15.0%	

QIPP Component 1 Quality Metric for June/July/August 2018				
Indicator	QAPI Mtg Date	Date Report Submitted	Met Y/N	PI Implemented
QAPI Validation Report	6-13-18 7-11-18 8-8-18	6-13-18 7-11-18 8-8-18	Y	



QIPP Component 2 (Modest) Quality Metrics for June/July/August 2018					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	3.4%			Information not provided
High Risk W/Pressure Ulcers	5.67%	5.7%			
Physical restraints	.53%	.5%			
Antipsychotic medication	16.06%	16.1%			

QIPP Component 3 (High) Quality Metrics for June/July/August 2018					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	3.4%			Information not provided
High Risk W/Pressure Ulcers	5.67%	5.7%			
Physical restraints	.53%	.5%			
Antipsychotic medication	16.06%	16.1%			

CONTACT

Jonathan Mingle, Administrator
Iiesha Taylor, Director of Nursing

FACILITY

Rose Haven Retreat is a licensed 108- bed facility with an overall star rating of 2 and a rating of 3 stars in Quality Measures. Current census on the date of the visit was 49; 7 Medicare, 22 Medicaid, 11 Hospice, and 9 Private Pay. Jonathan Mingle was in the facility but had a surveyor present on a self-reported incident.

External grounds look manicured and neat with seasonal flowers and plants. There were numerous cigarette butts in the parking lot. The lobby area was neat and clean. There were grievance forms available and the survey binder was current. No odors were detected.

The Director of Nursing, Iiesha Taylor, provided a tour of the facility.

The kitchen did not present well on this visit. The stove was dirty as were several counters and shelves. The floors were dirty. There were items in the freezer that were opened but without the date. The refrigerator was not available because a food order had just been delivered. There were holes in the temperature logs for the dish machine and 3-compartment sink. The trash can in the dish room did not have a lid.

The laundry was neat and organized. The lint trap was very full of lint. 1 washer was down, and 1 dryer was down at the time of the visit. The staff is running 3 shifts to stay caught up.

In memory care, the floors looked dull. The rooms were neat, and no safety hazards were identified. However, in the corridor, the housekeeping cart was unlocked with chemical inside. Residents were busy doing self-directed activities. They appeared well-groomed and content. Staff was professional and cordial.

SURVEY

The facility had their annual survey on 6/14/18. They received no health deficiencies and 5 life safety code deficiencies. They have had no complaint surveys during June/July/August 2018.

REPORTABLE INCIDENTS

The DON believes that they still have one self-reported incident out but was not sure if that incident would also be investigated by the surveyor in the facility on the day of the tour.

CLINICAL TRENDING

Incidents/Falls:

The information was not provided during the tour.

Infection Control:

The information was not provided during the tour.

Weight loss:

This information was not provided during the tour.

Pressure Ulcers:

This information was not provided during the tour.

Restraints:

The facility does not use restraints.

Staffing:

The DON reports that the facility is fully staffed.

Quality Indicators from CMS Website 11-30-18				
Indicator	Facility	State	National	Comments
Self-Reported Mod/Sev Pain (S)	8.8%	10.6%	12.8%	
New/Worsened Pressure Ulcers (S)	0%	.9%	.8%	
New Psychoactive Med Use (S)	3.1%	2.5%	1.9%	
Fall w/Major Injury (L)	4.4%	3.4%	3.4%	

UTI (L)	8.5%	2.6%	3.0%	
Self-Reported Mod/Sev Pain (L)	0%	4.8%	5.7%	
High risk with pressure ulcers (L)	1.5%	5.9%	5.6%	
Loss of Bowel/Bladder Control(L)	40.6%	50.0%	48.2%	
Catheter(L)	0%	1.8%	1.8%	
Physical restraint(L)	0.0%	.1%	.3%	
Increased ADL Assistance(L)	16.1%	18.6%	14.9%	
Excessive Weight Loss(L)	16.4%	5.9%	7.0%	
Depressive symptoms(L)	3.0%	3.4%	4.6%	
Antipsychotic medication (L)	27.2%	14.5%	15.0%	

QIPP information and data was not provided during the visit.

Exhibit “G”

Census	Aug	Sep	Oct	Nov	Dec	Texas Average
ER Visits	234	211	233	217	223	
Conversion to Inpatient/observation	17	20	18	19	17	
Percentage	7%	9%	8%	9%	8%	
Transferred out	22	16	13	20	18	
Percentage	9%	8%	6%	9%	8%	
ER shifts covered by doctors	0%	40%	45%	65%	72%	
Average Inpatient days per day	1.61	1.50	3.61	2.60	2.45	1.63
CTs	75	82	74	71	52	
Xrays	286	253	295	235	245	
Ultrasounds	41	34	39	30	32	
Encounters - Adult Clinic	653	614	789	606	602	
Encounters - Pediatric Clinic	323	331	425	276	284	
Behavioral Health patients	78	79	74	65	67	
Physical Therapy	5	6	7	6	10	

Additional Items:

- Dr. Rollo

- Portable X-ray machine - GE AMX4

- Generator type Medium frequency, multi pulse (1 kHz), microprocessor controlled
- Mains power supply, battery pack charged from standard 120VAC, 10 amp outlet
- Nominal output (kW) 12.5
- kV range 50 to 125
- mAs range:
 - o 4 to 320 at 60kV
 - o 4 to 320 at 80 kV
 - o 4 to 250 at 100 kV
- **Touch panel controls and digital displays**
 - o 9 x 12 volts sealed lead acid batteries, Used for both motor drive and x-ray generation
- **Touch Screen Panel for instant viewing**

- X-ray Room/Unit - Konica Ultra U-Arm

- **Single Phase High Frequency Generator SHF515 50kW/150kV Anatomical Program Microprocessor Controlled**
 - High Frequency 25KHz, 1 tube operation
 - Three phase 208 VAC
 - Output power:
 - 640 mA @ 78kVp
 - 500 mA @ 100kVp
 - 400 mA @ 125 kVp
 - 320 mA @ 150 kVp
- Cesium DR Panels - lower radiation exposure

- Adult and Pediatric Clinic Merger

- In-patient psychiatric unit

to make room for inpatient psych unit.
L Texas Dept. of Health has confirmed minor details and next phase was to go out for B.D.S

Exhibit “H-1”

**Management Certification -
Residential Care Facility
Section 232**

**U.S. Department of Housing
and Urban Development
Office of Residential
Care Facilities**

OMB Approval No. 2502-0605
(exp. 06/30/2017)

Public reporting burden for this collection of information is estimated to average 0.5 hours. This includes the time for collecting, reviewing, and reporting the data. The information is being collected to obtain the supportive documentation which must be submitted to HUD for approval, and is necessary to ensure that viable Projects are developed and maintained. The Department will use this information to determine if properties meet HUD requirements with respect to development, operation and/or asset management, as well as ensuring the continued marketability of the properties. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Warning: Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions.

Project Name: Friendship Haven Healthcare and Rehabilitation
FHA Project No.: 114-22120
Borrower: CHP Friendswood SNF, LLC
Facility Operator: Friendswood TRS, LLC
Hospital Operator: Winnie- Stowell Community Hospital District

Friendswood TRS, LLC, (Facility Operator or Agent), as applicable, and Winnie- Stowell Community Hospital District (the Hospital Operator, and together with Facility Operator, collectively the "Operator"), make the following certifications and agreements to the United States Department of Housing and Urban Development (HUD) regarding management of the above Healthcare Facility (as defined in the Borrower's Security Instrument).

- A. The Agent hereby certifies:
1. Agent shall comply with HUD requirements and contract obligations. Agent certifies that that no payments have been made to the Borrower (or Operator, as applicable) in return for awarding the management contract to the Agent, and that no such payments will be made in the future except as set forth in the Management Agreement (as defined herein).
 2. Agent will execute prior to endorsement, or within 30 days after receiving HUD approval (whichever is sooner), the proposed Management Agreement (Management Agreement or Agreement) in connection with the Project. The Agreement provides that the Agent will manage the Healthcare Facility for the term and fee described below. Changes in the fee will be implemented only in accordance with Program Obligations, as defined below.
 3. Nothing in the Agreement conflicts with the terms and representations of this Certification.

B. Terms of Agreement:

1. Term (Select One):

Open-Ended

Specified Term: Start Date: 4/1/2018
End Date: 3/31/2022 with automatic renewals for successive one year periods

2. Fees:

- a. Describe with specificity the services to be performed by the Agent for which it will be compensated: Generally, the Agent shall be and act as an independent contractor, with the sole duty to supervise, manage, operate, control, and direct the performance of the facility. For a complete listing of the Agent's services, please see section 2.2 of the Management Agreement.
- b. Describe the Agent's compensation in detail. This compensation must be reasonable based upon the level of services to be performed by Agent and consistent with industry practice: In consideration of services performed, for each month during the specified term, the Hospital District shall pay the Agent a "Base Management Fee", equal to 5% of Ordinary Revenue, plus Incentive Payments. Ordinary Revenue is all revenue received in connection with the operation of the Facility, including but not limited to the revenue from monthly occupancy fees, health care fees – inclusive of ancillary services fees, food and beverage income, and catering sales at the facility. Incentive Payments are equal to the sum of (i) any Surplus Working Capital and (ii) Net Supplemental Payments.

C. The Agent understands that, pursuant to Program Obligations, HUD has the right to require the termination of the Management Agreement upon certain defaults of certain loan documents relating to the Project. Agent certifies that the Agreement is consistent with this right. Agent agrees that no fees may be earned or paid after HUD has given notice of termination of the Management Agreement and the time period of the effective date of such termination has occurred.

D. The Agent agrees to:

1. Disburse management fees from the Healthcare Facility's income only after HUD has agreed to allow the Agent to manage the Healthcare Facility and has approved the management fee.
2. Comply with all applicable Program Obligations, including without limitation any and all regulatory agreements entered into in connection with the Project and any operating lease entered into by the Operator in connection with the Project.
3. Comply with all Program Obligations that relate to the management of the Healthcare Facility.

4. Comply with all Program Obligations regarding payment and reasonableness of management fees and allocation of management costs between the management fee and the Healthcare Facility's account.
5. Goods and services purchased or acquired in connection with the Healthcare Facility shall be reasonable and necessary for the operation or maintenance of the healthcare facility, and the costs of such goods and services incurred shall not exceed amounts normally paid for such goods and services in the area where the services are rendered or the goods are furnished, except as otherwise permitted or approved by HUD.
6. Exert reasonable effort to maximize Healthcare Facility income and to avail the Project of all discounts, rebates or commissions (including any sales or property tax relief granted by the State or local government), and similar money-saving techniques.
7. Invest the Healthcare Facility's funds to the extent required by and in accordance with Program Obligations and, to the extent Program Obligations may not require certain funds to be invested, take reasonable effort nevertheless to invest such funds unless the Borrower or Operator specifically directs the Agent not to invest those other funds.
8. Maintain insurance coverages in accordance with Program Obligations at all times.

E. The Agent agrees to:

1. Furnish a response to HUD's management review reports, physical inspection reports and written inquiries regarding the Healthcare Facility's annual financial statements or monthly accounting reports or other operational issues within five (5) business days or such further time as HUD may allow after receipt of the report or inquiry.
2. To the extent that Agent's role includes maintaining the Healthcare Facility's accounts, books and records, establish and maintain those accounts, books and records in accordance with Program Obligations and in a condition that will facilitate audit.

F. The Agent agrees that:

1. All records related to the operation of the Healthcare Facility, regardless of where they are housed, shall be considered the property of the Project.
2. HUD, the Government Accountability Office (GAO), and those agencies' representatives may inspect any records which relate to the Project's purchase of goods or services, the records of the Borrower, Operator and the Agent, and the records of companies having an identity-of-interest with the Operator and the Agent.
3. The following clause will be included in any contract entered into with an identity-of-interest individual or business for the provision of goods or services to the Project: "Upon request of HUD or (name of Borrower, Operator or Agent), (name of contractor or supplier) will make available to HUD, at a reasonable time and place, its records and records of identity-of-interest companies which relate to goods and services acquired for the Project. Records and information will be sufficient to permit HUD to determine the services performed, the dates the services were performed, the location at which the services were performed, the time consumed in providing the services, the charges made for materials, and the per-unit and total charges levied for said services." The Agent

agrees to request such records within five (5) business days of receipt of HUD's request to do so.

4. All Project accounts and receivables shall be the property of either the Borrower, the Facility Operator or the Hospital Operator.
5. Except as otherwise provided in this Certification, all real and personal property relating to the Healthcare Facility and/or the Project, whether present or future, owned or leased, including but not limited to, tangibles, intangibles, choses in action, and goodwill, shall be the property of, and held in the name of, the Borrower, Facility Operator or the Hospital Operator.
6. All contracts relating to the Project with patients, residents, or third party payors shall be the property of, and executed in the name of, the Borrower or, if the Project is operated by a separate licensed Operator, in the name of the Operator (either the Facility Operator or the Hospital Operator), even if such contracts are executed by the Agent on behalf of the Borrower or Operator.
7. No funds of the Agent may be commingled with funds of the Borrower or Hospital Operator.
8. Agent's compensation may not be enhanced by service fees, handling fees, processing fees, rebates, trade discounts, tax savings, kickbacks, etc. All such funds received from any source or derived from the operation of the facility shall be deemed Project funds.
9. Indemnity, subrogation, or hold harmless agreements shall have no effect and will not be allowed except with the specific approval of HUD.
10. The Agreement creates a principal/agent relationship between the Agent and the Borrower or Hospital Operator. The Agent owes the duties of a fiduciary to its principal. All actions of the Agent will be performed in conformity with applicable laws and regulations, including any and all licenses and permits relating to the Project, and Program Obligations, including without limitation, any contracts and other documents entered into by the Borrower or Operator. Such documents may include, but are not limited to, regulatory agreements, operating leases entered into by the Operator relating to the Project, and security agreements.
11. If the Agent appears on the Healthcare Facility's license, Agent will take no action to modify the license without HUD approval. In the event that the Agreement is terminated, the Agent will take all reasonable and necessary actions to preserve the rights and authorities under the license and transfer such rights and authorities to its successor. The Agent shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the Healthcare Facility without the consent of HUD. Any change in the bed capacity without HUD approval shall be a violation of this Certification, the Borrower's Regulatory Agreement, and the Operator's Regulatory Agreement, and, upon HUD's request, shall cause the termination of the Agreement.
12. Should the duties of the Agent include resident care and services, the Agent shall maintain professional liability insurance in compliance with the requirements set forth in Program Obligations, and shall provide reports on that coverage as required by Program Obligations.

13. Agent shall maintain records of its operations and make them available to the Operator, Lender, the U.S. Government Accountability Office (GAO), and/ or HUD, upon reasonable notice. All such records are and shall remain the property of the Project. Records will be sufficient to allow the parties to determine services performed, dates the services were performed, location at which the services were performed, the time consumed providing the services, and the charges made for materials and contract services. Agent will make the Healthcare Facility available for inspection by the Borrower, Operator, Lender, GAO, and HUD, or any agent of any such entity, upon reasonable notice.
14. Agent will not accept legal service on behalf of the Borrower or Hospital Operator, unless specifically authorized by the Borrower or Hospital Operator, respectively.
15. Agent will immediately advise Borrower and Operator of any potential claim for damages from any source, whether based upon contract, tort, levy, or otherwise. Agent will maintain all records related to any potential or actual claim in a secure location, and maintain the confidentiality of and records or communication related thereto.
16. To the extent the Agent has access to the information, and except as otherwise provided below or in Program Obligations, Agent shall electronically deliver, within two (2) business days after Agent's receipt thereof, to the assigned HUD personnel and Lender electronically, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by Agent from any governmental entity that includes any statement, finding or assertion that (i) Borrower, Operator (or any Operator principal, officer, director or employee), Agent, the Healthcare Facility, or any portion of the Project is or may be in substantive violation of (or default under) any of the Permits and Approvals or any governmental requirements applicable to the operation of the Healthcare Facility, (ii) any of the Permits and Approvals are to be terminated, limited in any way, or not renewed, (iii) any civil money penalty is being imposed in connection with the Healthcare Facility, or (iv) Borrower, Operator (or any Operator-principal, officer, director or employee), Agent, the Healthcare Facility, or any portion of the Project is subject to any governmental investigation or inquiry involving fraud. Agent shall also deliver to the Project's HUD-assigned personnel and Lender, simultaneously with delivery thereof to any governmental entity any and all responses given by or on behalf of Borrower, Operator or Agent to any of the foregoing and shall provide to such HUD personnel and Lender, promptly upon request, such information regarding any of the foregoing as HUD or Lender may request. Unless otherwise requested by HUD, the reporting requirement of this provision shall not encompass (a) communications with regulators relating solely to Licensed Nursing Facility surveys where the most severe citation level is at the "G" level or its equivalent (pursuant to CMS State Operations Manual, Chapter 7, as may hereafter be edited or updated, or any successor guidance) unless a citation at such level is either (i) unresolved from the two most recent consecutive prior surveys, or (ii) is a repeat violation having the same citation number. Moreover, unless otherwise requested by HUD or Lender, the initial communication from the Operator pursuant to this paragraph shall be a notice by email to the Lender describing the conduct cited, the scope and duration of remedy(ies) imposed, and the timelines for corrective actions. Then, unless otherwise requested by HUD or Lender, the next communication from the Operator shall be notification that the citations have been cleared by the issuing regulatory agency. The receipt by HUD and/or Lender of notices, reports, surveys, correspondence and other information shall not in any way impose any

obligation or liability on HUD, Lender or their respective agents, representatives or designees to take (or refrain from taking) any action, and HUD, Lender and their respective agents, representatives and designees shall have no liability for any failure to act thereon or as a result thereof.

- G. The Agent certifies that any management agreement executed in connection with the Project does not or will not exempt Agent from gross negligence or willful misconduct.
- H. The Agent agrees to include the following provisions in the Agreement and to be bound by them:
1. The Agreement shall terminate without penalty upon failure to comply with the provisions of Management Certification to HUD (form HUD-9839-ORCF), or for other good cause, including without limitation for violations of the Borrower's Regulatory Agreement, Operator's Regulatory Agreement, and/or Master Tenant's Regulatory Agreement, if any, thirty days after HUD has mailed the Borrower or Operator a written notice of its desire to terminate the Management Agreement.
 2. In the event that HUD determines that any of the Permits and Approvals reasonably necessary to operate the Healthcare Facility is at substantial and imminent risk of being terminated, suspended or otherwise restricted, if such termination, suspension or other restriction would have a materially adverse effect on the Project, the Management Agreement shall terminate immediately without penalty upon HUD's issuance of a notice of termination to the Borrower (or, as applicable, the Operator) and Agent.
 3. If there is a conflict between the Management Agreement and Program Obligations, Program Obligations will prevail.
 4. If the Management Agreement is terminated the Agent will become the sole Operator of the Project in accordance with the Management Agreement.
 5. Any material amendment to the Management Agreement must be acceptable to HUD in accordance with Program Obligations.
- I. Agent hereby agrees and Borrower (or Operator, as applicable) acknowledge and agree, that an additional Management Certification, Form HUD-9839-ORCF, executed by the appropriate parties by authorized signatories, must be submitted to HUD before any of the following actions take effect:
1. The expiration date of the Agreement is altered;
 2. The Agreement is renewed;
 3. Any new management agent is permitted to manage or operate the Healthcare Facility;
 4. Any new management agent is permitted to collect a fee; or
 5. Borrower and/or Operator undertake self-management of the Healthcare Facility.
- J. The Agent agrees to:
1. Comply with all Federal, State, or local laws prohibiting discrimination against any persons on grounds of race, color, creed, familial status, handicap, sex or national origin,

including Title VI of the Civil Rights Act of 1964, Fair Housing Act, Executive Order 11063 and all regulations implementing those laws.

2. If the Project receives any form of direct Federal financial assistance, comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975 and all regulations and administrative instructions implementing these laws. The Agent understands that these laws and regulations prohibit discrimination against applicants or tenants who are handicapped or of a certain age.
3. Furnish HUD's Office of Fair Housing and Equal Opportunity any reports and information required to monitor the Project's compliance with HUD's fair housing and affirmative marketing requirements (including form HUD-935.2, if applicable).
4. Not discriminate against any employee, applicant for employment or contractor because of race, color, handicap, religion, sex or national origin.
5. Provide minorities, women and socially and economically disadvantaged firms equal opportunity to participate in the Project's procurement and contracting activities.
6. If the Project receives any form of direct Federal financial assistance, comply with Section 3 of the Housing and Urban Development Act of 1968 and its implementing regulations. The Agent understands that this law and the regulations require the Project to make training, employment and contracting opportunities available, to the greatest extent feasible, to lower-income residents and small businesses in the area of the Project.

K. The Agent certifies that they have read and understand HUD's definition of "identity-of-interest," as set forth in Program Obligations, and that the statement(s) checked and information entered below are true. (Check box 1 or 2)

1. No Identity-of-Interest exists between any of the following parties: (i) the Borrower and Agent; (ii) Operator and Agent; (iii) any individuals or companies that regularly do business with the Project and the agent; and (iv) to the best of Management Agent's knowledge, any individuals or companies that regularly do business with the Project and the Borrower or Operator.
2. Only the individuals and companies listed below have an Identity-of-Interest with Agent. (Show the name of the individual or company; list the services rendered; and describe the nature of the Identity-of-Interest relationship. Attach additional sheets, if necessary.)
HMG Services, LLC pursuant to Administrative Services Agreement dated April 1, 2018, and, Agent and Facility Operator are the same entity.

L. The Operator or Borrower must obtain prior written approval from HUD for making material amendments to the Management Agreement. Any material amendment to the Management Agreement must be acceptable to HUD in accordance with Program Obligations.

M. The Agent certifies and agrees to submit updated information to HUD about the Agent whenever there is a significant change in the organization or operations of the Agent.

N. "Program Obligations" means (1) all applicable statutes and any regulations issued by HUD that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Agreement rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on HUD's official website: (<http://www.hud.gov/offices/adm/hudclips/index.cfm> or a successor location to that site).

Warnings:

There are fines and imprisonment—\$10,000/5years—for anyone who makes false, fictitious, or fraudulent statements or entries in any matter within the jurisdiction of the Federal Government (18 U.S.C 1001). There are fines and imprisonment—\$250,000/5years—for anyone who misuses rents & proceeds in violation of HUD regulations relative to this Project. This applies when the mortgage note is in default or when the Project is in a non-surplus cash position (12 U.S.C 1715z-9). HUD may seek a “double damages” civil remedy for the use of assets or income in violation of any Regulatory Agreement or any applicable HUD regulations (12 U.S.C 1715z-4a).

Borrower or Operator hereby certify that the statements and representations contained in this certification and all supporting documentation thereto are true, accurate, and complete and that each signatory has read and understands the terms of this Agreement. This instrument has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring the Loan, and may be relied upon by HUD as a true statement of the facts contained therein.

Facility Operator: Friendswood TRS, LLC

Chief Financial Officer

Title
[Signature]

Signature
1/29/2019

Date (mm/dd/yyyy)

Hospital Operator: Winnie- Stowell Community Hospital District

Title

Signature

Date (mm/dd/yyyy)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	
<input type="checkbox"/> The proposed Management Agreement received by HUD on _____ and the Management Fees as set forth in this Certification comply with Program Obligations:	
Authorized ORCF Approval Signature:	Date:

Exhibit “H-2”

**Consolidated Certifications –
Operator**
Section 232

**U.S. Department of Housing
and Urban Development**
Office of Residential
Care Facilities

OMB Approval No. 2502-0605
(exp. 06/30/2017)

Public reporting burden for this collection of information is estimated to average 1 hour. This includes the time for collecting, reviewing, and reporting the data. The information is being collected to obtain the supportive documentation that must be submitted to HUD for approval, and is necessary to ensure that viable projects are developed and maintained. The Department will use this information to determine if properties meet HUD requirements with respect to development, operation and/or asset management, as well as ensuring the continued marketability of the properties. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

Warning: Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions.

Privacy Act Notice: The Department of Housing and Urban Development, Federal Housing Administration, is authorized to collect the information requested in this form by virtue of: The National Housing Act, 12 USC 1701 et seq. and the regulations at 24 CFR 5.212 and 24 CFR 200.6; and the Housing and Community Development Act of 1987, 42 USC 3543(a). The information requested is mandatory to receive the mortgage insurance benefits to be derived from the National Housing Act Section 232 Healthcare Facility Insurance Program. No confidentiality is assured.

INSTRUCTIONS:

Please use the gray shaded areas (e.g., <<example>>) or appropriate check box (e.g.,) for your responses.

Operator (Lessee): Winnie- Stowell County Hospital District

Lender: ORIX Real Estate Capital, LLC

Project: Friendship Haven Healthcare and Rehabilitation Center

FHA No.: 114-22120

Project Location: Friendswood, TX

Borrower: CHP Friendswood SNF, LLC

Management Agent: if applicable N/A

Part I. Program

- Section 232 New Construction**
- Section 232 Substantial Rehabilitation**
- Section 232 Blended Rate**
- Section 232 pursuant to Section 223(f)**
- Section 232 pursuant to Section 223(a)(7)**
- Section 232 pursuant to Section 241(a)**
- Section 232(i)**
- Section 223(d)(2):** Under this part, the operating loss must have occurred within the first 24 months of the cost certification cut-off date and this application submission must be made within 3 years of the end of the loss period. The loan cannot exceed the eligible loss.
- Section 223(d)(3):** Under this part, the operating loss must have occurred within the first 10 years of the cost certification cut-off date and this application submission must be made within 10 years of the end of the loss period. The loan cannot exceed 80% of the unreimbursed cash contributions made by the Borrower, and in no event will the loan exceed 100% of the eligible loss.

Part II. Application for Project Mortgage Insurance

The undersigned Operator certifies that it is familiar with the provisions of **Section 232 pursuant to Section 223(f)** of the National Housing Act and the regulations of the Secretary of Housing and Urban Development ("HUD") applicable thereto and that, to the best of its knowledge and belief, the Operator has complied, or will be able to comply, with all of the requirements thereof that are prerequisite to insurance of the mortgage under such section of the National Housing Act.

The Operator further certifies that to the best of its knowledge and belief no information, data, exhibits, or attachments provided to the Lender or HUD, are in any way false or incorrect and that they are truly descriptive of the project or property that is intended as the security for the proposed mortgage and that any proposed repairs will not violate zoning ordinances or restrictions of record.

The Operator agrees with HUD that, pursuant to the requirements of the HUD Regulations, (a) neither it nor anyone authorized to act for it will decline to sell, rent, or otherwise make available any of the property or housing in the project to a prospective purchaser or tenant because of his/her race, color, religion, sex, or national origin; (b) it will comply with federal, state, and local laws and ordinances prohibiting discrimination; and (c) its failure or refusal to comply with the requirements of either (a) or (b) shall be a proper basis for HUD to reject requests for future business with which any Principal of the Operator is identified or to take any other corrective action HUD may deem necessary.

Part III. Supplement to Underwriting Analysis

	Yes	No
1. Has the Operator been delinquent on any federal debt? If yes, attach a letter from the affected agency that the debt is satisfied or under a workout agreement.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Has the Operator been a defendant in any suit or legal action?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Has the Operator ever claimed bankruptcy or made compromised settlements with creditors?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Are there judgments recorded against the Operator?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. Are there any unsatisfied tax liens against the Operator?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If the answer to any of questions 1 through 5 is “yes,” **attach the details on a separate sheet using instructions below.** The Operator certifies that its answer to each of the questions in this Part and the information in any such attached sheets is true and correct.

A. Delinquent federal debt – Provide the following:

1. A detailed, written explanation from any applicant or Principal with a prior federal default or claim or whose credit report and financial statements contain conflicting or adverse information.
2. A letter from the affected agency, on agency letterhead and signed by an officer, stating the delinquent federal debt is current or satisfactory arrangements for repayments have been made.
3. The Lender’s reason(s) for recommendation of the applicant, which may be included in the Lender’s Narrative

B. Judgments – Provide a detailed, written explanation from any applicant or Principal explaining the circumstances of the judgment, the resolution, and if not resolved, the expected outcome and resolution date.

C. Suits or legal actions – Provide a detailed, written explanation from any applicant or Principal explaining the circumstances of the suit or action, describing the expected resolution of or mitigation for the action, and indicating the entity has insurance to cover the suit. Documentation must show likelihood and date to resolve. If previously resolved, indicate date of original suit and resolution date.

D. Bankruptcies – Any Borrower or Operator of a healthcare facility or their affiliate or renamed or reformed company that has filed for, is in, or has emerged from bankruptcy within the last five years is not eligible to participate in any manner in a facility that is the subject of a mortgage insured through the Section 232 Mortgage Insurance for Health Care Facilities Programs. A project in bankruptcy that is acquired by a non-identity of interest Borrower in good standing is eligible for mortgage insurance.

Part IV. Byrd Amendment

The Operator states, to the best of its knowledge and belief, that: "If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the Borrower shall complete and submit *Standard Form-LLL-Disclosure Form to Report Lobbying*, in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Part V. Credit Authorization

The Operator consents to the release of any banking and credit information in connection with the mortgage insurance application with respect to the above-referenced project to HUD, the Lender, and any contractors engaged by HUD or the Lender in connection with such application.

The Operator also authorizes the Lender to request credit reports from an independent credit reporting agency and agrees to cooperate fully with said independent agency in regard to this matter. The Lender and HUD are also authorized to verify references and depository institutions supplied by the undersigned.

For the purpose of obtaining financing for the project, the Operator further authorizes the Lender to disclose all financial and other information submitted by the Operator and others in connection with the project, and hereby releases the Lender, its agents, and employees from liability arising from such disclosures to HUD and to other such persons and entities as the Lender deems necessary or appropriate in connection with the project.

Part VI. Other Parties**Appraisal****Firm/Appraiser:** if applicableHealthTrust

Environmental Firm: if applicableAEI

Cost Review Firm: if applicableN/A

PCNA Firm: if applicableAEI

A&E Review Firm: if applicableN/A

Market Study Firm: if applicableN/A

Contractor: if applicable N/A

Design Architect: if applicable N/A

Supervisory Architect: if applicable N/A

Seller: if applicable N/A

Part VII. Identities of Interest

Does the Operator have an identity of interest with the following parties or their Principals?

	Not Applicable	Yes	No		Not Applicable	Yes	No
Lender:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Appraisal Firm:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Borrower:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Environmental Firm:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Management Agent:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Cost Review Firm:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Contractor:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A&E Review Firm:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Design Architect:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Market Study Firm:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supervisory Architect:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Seller:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PCNA Firm:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Audit Firm:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

If the answer to any of the questions in this Part is “yes,” attach a separate sheet setting forth the nature of each such identity of interest. The Operator certifies that, to the best of its knowledge, its answer to each of the questions in this Part and the information in any such attached sheets is true and correct.

Part VIII. Previous Participation

- Operator HAS completed an electronic Previous Participation certification via the Active Partners Performance System (APPS), and is proceeding to Section IX.
- Operator has NOT completed an electronic submission, and must complete this Section VIII certification.

The Operator certifies that:

- It has NO Previous Participation in Office of Residential Care Facilities (ORCF) or Multifamily Housing programs of HUD, USDA FmHA, State, or Local Housing Finance Agencies.

It DOES have Previous Participation as a Principal in ORCF or Multifamily Housing programs of HUD, USDA FmHA, State, or Local Housing Finance Agencies as listed on Attachments 1 and 2 (included with this certification).

Certifications: Operator hereby certifies that neither the Operator nor any of its Principals or affiliates have ever been found to be in noncompliance with any applicable fair housing and civil rights requirements in 24 CFR 5.105 (a), except as disclosed to HUD in an attached signed statement explaining the relevant facts, circumstances, and resolution, if any. All the statements made in this certification and in any attachments hereto are true, complete and correct to the best of my knowledge and belief and are made in good faith, including the data contained in *Schedule of Previous Participation in FHA Insured & Other Government Agency Facilities* and Exhibits signed and attached to this form. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.

Operator further certifies that:

1. Operator's organizational chart, in such detail as approved by HUD, including participation role, ownership percentage, and SSN/TIN, is attached hereto ("Organizational Chart"). This Organizational Chart lists all Principals of Principal, as defined in 24 CFR 200.215 or otherwise required by HUD.
2. The *Schedule of Previous Participation in FHA Insured & Other Government Agency Facilities* attached hereto contains a listing of every assisted or insured project of HUD, USDA FmHA and state and local government housing finance agencies in where Operator or Principals of the Operator have been or are now Principals.
3. For the period beginning 10 years prior to the date of this certification, and except as shown on the certification:
 - a. No mortgage on a project listed on the attached schedule has ever been in default, assigned to the government or foreclosed, nor has mortgage relief by the mortgagee been given.
 - b. Neither Operator nor any Principal of the Operator has experienced defaults or non-compliance under any Conventional Contract or Turnkey Contract of Sale in connection with a public housing project.
 - c. To the best of Operator's knowledge, there are no unresolved findings raised as a result of HUD audits, management reviews or other governmental investigations concerning any of the Operator or Principals' of the Operator projects.
 - d. There has not been a suspension or termination of payments under any HUD assistance contract in which Operator or Principals of the Operator has had a legal or beneficial interest.

- e. Neither Operator nor any Principals of the Operator has been convicted of a felony and nor is presently, to its knowledge, the subject of complaint or indictment charging a felony. (A felony is defined as any offense punishable by imprisonment for a term exceeding one year, but does not include any offense classified as a misdemeanor under the laws of a state and punishable by imprisonment of two years or less).
 - f. Neither Operator nor any Principals of the Operator has been suspended, debarred or otherwise restricted by any department or agency of the federal government or of a state government from doing business with such department or agency.
 - g. Neither Operator nor any Principals of the Operator has defaulted on an obligation covered by a surety or performance bond and have not been the subject of a claim under an employee fidelity bond.
4. All the names of the parties, known to me to be Principals in this project(s) in which I propose to participate, are listed above or on the attached organizational chart.
 5. Neither Operator nor any Principals of the Operator is a HUD/FmHA employee or a member of a HUD/FmHA employee's immediate household as defined in Standards of Ethical Conduct for Employees of the Executive Branch in 5 C.F.R. Part 2635 (57 FR 35006) and HUD's Standard of Conduct in 24 C.F.R. Part 0 and USDA's Standard of Conduct in 7 C.F.R. Part 0 Subpart B.
 6. Neither Operator nor any Principals of the Operator is a Principal participant in an assisted or insured project as of this date on which construction has stopped for a period in excess of 20 days or which has been substantially completed for more than 90 days and documents for closing, including final cost certification have not been filed with HUD or FmHA.
 7. To its knowledge neither Operator nor any Principals of the Operator has been found by HUD or FmHA to be in noncompliance with any applicable fair housing and civil rights requirements in 24 CFR 5.105 (a).
 8. Neither Operator nor any Principals of the Operator is a member of Congress or a Resident Commissioner nor otherwise prohibited or limited by law from contracting with the government of the United States of America.

Statements above (if any) to which the Operator cannot certify have been deleted by striking through the words. An authorized representative of Operator has initialed each deletion (if any) and have attached a true and accurate signed statement (if applicable) to explain the facts and circumstances that I think helps to qualify me as a responsible Principal for participation in this project.

Part IX. Review of Plans and Specifications

The Operator hereby acknowledges that it has reviewed the plans and specifications for the proposed project and has concluded that the design of the facility accommodates effective management operations of the facility for the intended residents, *if applicable*. The Operator further acknowledges that the proposed operating budget and staffing schedules reflect the proposed plans, *if applicable*.

Part X. Fair Housing; Title VI of the Civil Rights Act of 1964 (et al)

The Operator certifies that the Borrower, and each person or entity authorized to act for the Operator, shall comply with the provisions of the **Fair Housing Amendments Act of 1988, as amended, and Executive Order 11063; Title VI of the Civil Right Act of 1964; Section 504 of the Rehabilitation Act of 1973, as amended, and, where applicable, Section 3 of the Housing and Urban Development Act of 1968**. Neither the Operator, nor any person or entity authorized to act for the Operator, shall in the rental, lease or sale; in the provision of services or any other manner discriminate against any person on the grounds of race, color, creed, religion, sex, national origin, handicap or familial status.

Without limiting the generality of the foregoing, the Borrower HEREBY AGREES THAT it will comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352), as amended and all requirements imposed by or pursuant to the Regulations of HUD (24 CFR, Subtitle A, Part 1) issued pursuant to that Title, to the end that, in accordance with Title VI of the Act and said Regulations, no person in the United States shall, on the grounds of race, color, creed, religion, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Borrower receives federal financial assistance from HUD, and HEREBY GIVES ASSURANCE THAT it will immediately take any measures necessary to effectuate this agreement.

If any real property or structure thereon is provided or improved with the aid of federal financial assistance extended to the Operator by HUD, this assurance shall obligate the Operator, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the federal financial assistance is extended or for another purpose involving the provision or similar services or benefits. If any personal property is so provided, this assurance shall obligate the Borrower for the period during which it retains ownership or possession of the property. In all other cases, this assurance shall obligate the Borrower for the period during which the federal financial assistance is extended to it by HUD.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining any and all federal loans, advances, grants, properties, contracts or other federal financial assistance extended after the date hereof to the Borrower by HUD, including installment payments after such date on account of applications for Federal financial assistance which were approved before such date. The Operator recognizes and agrees that such federal financial assistance will be extended in reliance on the representations and agreements made in this assurance, and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance

is binding on the Operator, its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Operator.

Part XI. Equal Employment Opportunity (Excerpt from 41 CFR § 60-1.4(b))

- (a) The Operator hereby agrees that it will incorporate or cause to be incorporated into any contract for construction work, or modification thereof, as defined in the regulations of the Secretary of Labor at 41 CFR Chapter 60, which is paid for in whole or in part with funds obtained from the Federal Government or borrowed on the credit of the Federal Government pursuant to a grant, contract, loan insurance, or guarantee, or undertaken pursuant to any Federal program involving such grant, contract, loan, insurance, or guarantee, the following equal opportunity clause:

During the performance of this contract, the contractor agrees as follows:

- (1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin, such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.
- (2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive considerations for employment without regard to race, color, religion, sex, or national origin.
- (3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.
- (5) The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.
- (6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and the contractor may be declared

ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

- (7) The contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency the contractor may request the United States to enter into such litigation to protect the interests of the United States.
- (b) The Operator further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: Provided, that if the Operator so participating is a state or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in, work on or under the contract.
- (c) The Operator agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance.
- (d) The Operator further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order. In addition, the Operator agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the Operator under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such Operator; and refer the case to the Department of Justice for appropriate legal proceedings.

Further guidance regarding the applicability and implementation of the requirements of this Part may be found in HUD Regulations 24 CFR §§200.410, 200.415, 200.420 and 200.425.

Part XII. Accounts Receivable Financing

- Operator certifies that neither the Operator nor any other representative of the project currently intends to use accounts receivable financing with respect to this project. If use of accounts receivable financing is contemplated after the note is endorsed, Operator will obtain written approval from HUD and Lender prior to entering into accounts receivable financing agreements.
- Accounts Receivable financing will be used by Operator or other representative of the Project as explained in written application materials.

Part XIII. Certain HUD Mortgage Insurance Program Requirements

The Operator acknowledges the following requirements of the HUD mortgage insurance program.

1. The Operator is required to sign form HUD-92466-ORCF Healthcare Regulatory Agreement.
2. The Operating Lease will be subordinate to the mortgage and is subject to HUD approval.
3. “Founder’s fees,” “admission fees,” or similar types of payments are prohibited.
4. Professional liability insurance coverage must be maintained by the Operator at a level and by an insurer acceptable to HUD.
5. Fidelity bond or similar coverage must be provided by the Operator meeting HUD’s requirements.
6. Certified operating statements must be submitted by the Operator to HUD annually.
7. All project accounts comprised of Medicaid, Medicare, private pay, or commercial insurance receivables for the facility will be subject to a Deposit Account Control Agreement (DACA) and/or Deposit Account Instruction Services Agreement (DAISA).
8. Monthly Accounting Reports from both the Borrower and Operator/lessee, if applicable, will be required for the first 12-months of the loan in a format approved by the Commissioner.

Part XIV. Other Business Concerns

The Operator certifies that it:

- Does NOT participate as a Principal in any other businesses.
- DOES participate as a Principal in the businesses listed on Attachment 2.

Part XV. Signatures

The Operator has read and agrees to comply with the provisions of the above certifications for the purpose of obtaining mortgage insurance under the National Housing Act.

Operator hereby certifies that the statements and representations contained in this instrument and all supporting documentation thereto are true, accurate, and complete and that each signatory has read and understands the terms of this agreement. This instrument has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring the loan, and may be relied upon by HUD as a true statement of the facts contained therein.

The individual signing below on behalf of the Operator certifies that he/she is an authorized representative of the Operator and has sufficient knowledge to make these certifications on behalf of the Operator.

Executed this day of January, 2019.

Operator Name: Winnie- Stowell County Hospital District

By: _____
Signature

(Printed Name & Title)

Bibliography

- Part I
- A. **Section 232:** The Section 232 Program is authorized by Section 232 of the National Housing Act (12 U.S.C. 1715w), (12 U.S.C. 1715(b)) and 42 U.S.C. 3535. Statutory authority for the implementation of the Section 232 programs is contained in the basic insuring authority for each of the Section 232 programs. See the National Housing Act, Sections 223(a)(7), 232, 223(d), 232/223(f), and 241. Additionally, Section 211 of the National Housing Act authorizes and directs the Secretary to make such rules and regulations as may be necessary to carry out the provisions of the Act. Regulatory authority includes 24 CFR Parts 232, 200 and Section 5.801.
 - B. **Section 232/223(f):** Section 223(f) of the National Housing Act was added by Section 311(a) of the Housing and Community Development Act of 1974. The program regulations are found in 24 CFR, Parts 200 and 232.
 - C. **Section 232/223(a)(7):** The Section 232/223(a)(7) program is authorized by the National Housing Act (12 USC 1715n(a)(7)).
 - D. **Section 232/241(a):** The Section 232/241(a) program is authorized under the National Housing Act, as amended, Section 241, Public Law 90-448 (12 U.S.C. 1715) and Public Law 94-375 (12 U.S.C. 1715z-6). The program regulations are found in 24 CFR Parts 200 and 241.
 - E. **Section 223(d):** The Section 223(d) Operating Loss Loan program is authorized by Section 223(d) (12 U.S.C. 1715n) of the National Housing Act 1937, as amended; Public Law 90-448, as amended; and Public Law 91-152, 12 U.S.C. 1715x. The program regulations are found in 24 CFR 207.
 - F. **Section 232 (i):** The Section 232(i) program is authorized under the National Housing Act (12 U.S.C. 1715 w) as amended; Section 203(i) Public Law 93-204. The program regulations are found in 24 CFR Part 232 Subpart C.
- Part IV Section 1352, Title 31, U.S. Code.

Attachment 1 to Operator Consolidated Certifications
Schedule of Previous Participation in HUD Insured & Other Government Agency Projects/Facilities

Project/Facility (name, location)	Roles in Project/Facility	Loan Status
Marshal Manor Nursing & Rehabilitation Marshall, TX	Role in Project/Facility (describe): Operator Dates Participated in Project/Facility 1/31/2018 to Present Healthcare Facility YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	<input checked="" type="checkbox"/> HUD FHA Number: 113-22095 <input type="checkbox"/> Gov't Agency Financing other than HUD (indicate): <u>Loan Status during participation:</u> <input checked="" type="checkbox"/> Current <input type="checkbox"/> Default Assignment <input type="checkbox"/> Foreclosed
Spring Branch Transitional Care Center Houston, TX	Role in Project/Facility (describe): Operator Dates Participated in Project/Facility 1/31/2018 to Present Healthcare Facility YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	<input checked="" type="checkbox"/> HUD FHA Number: 114-22064 <input type="checkbox"/> Gov't Agency Financing other than HUD (indicate): <u>Loan Status during participation:</u> <input checked="" type="checkbox"/> Current <input type="checkbox"/> Default Assignment <input type="checkbox"/> Foreclosed
Garrison Nursing and Rehabilitation Center Garrison, TX	Role in Project/Facility (describe): Operator Dates Participated in Project/Facility 1/31/2018 to Present Healthcare Facility YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	<input checked="" type="checkbox"/> HUD FHA Number: 114-22075 <input type="checkbox"/> Gov't Agency Financing other than HUD (indicate): <u>Loan Status during participation:</u> <input checked="" type="checkbox"/> Current <input type="checkbox"/> Default Assignment <input type="checkbox"/> Foreclosed
Golden Villa Atlanta, TX	Role in Project/Facility (describe): Operator Dates Participated in Project/Facility 1/31/2018 to Present Healthcare Facility YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	<input checked="" type="checkbox"/> HUD FHA Number: 113-22139 <input type="checkbox"/> Gov't Agency Financing other than HUD (indicate): <u>Loan Status during participation:</u> <input checked="" type="checkbox"/> Current <input type="checkbox"/> Default Assignment <input type="checkbox"/> Foreclosed
Clairmont Beaumont Property Beaumont, TX	Role in Project/Facility (describe): Operator Dates Participated in Project/Facility 12/7/2016 to Present Healthcare Facility YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	<input checked="" type="checkbox"/> HUD FHA Number: 114-22073 <input type="checkbox"/> Gov't Agency Financing other than HUD (indicate): <u>Loan Status during participation:</u> <input checked="" type="checkbox"/> Current <input type="checkbox"/> Default Assignment <input type="checkbox"/> Foreclosed
The Woodlands Healthcare Center Woodlands, TX	Role in Project/Facility (describe): Operator	<input checked="" type="checkbox"/> HUD FHA Number: 114-22074 <input type="checkbox"/> Gov't Agency Financing other than HUD

	Dates Participated in Project/Facility 12/7/2016 to Present Healthcare Facility YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	(indicate): <u>Loan Status during participation:</u> <input checked="" type="checkbox"/> Current <input type="checkbox"/> Default Assignment <input type="checkbox"/> Foreclosed
Reportable participation is as follows: (1) a general partner or managing member, regardless of interest; (2) a limited partner or member of an LLC with 25% or more interest; (3) a stockholder with 10% or more interest in a corporation; and/or (3) corporate officers, regardless of interest <<add instructions here, if applicable>>		

Additional pages attached.

Attachment 2 to Operator Consolidated Certifications
Listing of Other Business Concerns (Owned, Operated or Managed)

(Note: Projects/facilities listed on Attachment 1 are not required to be listed again on Attachment 2)

Entity (name & address)	Participation	Other Information (Attach a detailed explanation on a separate sheet for any box not checked)
Name of Business Entity	Role: Dbl Click to Choose % ownership (if applicable) <input type="checkbox"/> Real Estate <input type="checkbox"/> Non-Real Estate Healthcare Facility YES <input type="checkbox"/> NO <input type="checkbox"/>	<input type="checkbox"/> No Pending bankruptcy claims <input type="checkbox"/> No Pending judgments <input type="checkbox"/> No Pending legal actions or suits <input type="checkbox"/> No Open professional liability insurance claims <input type="checkbox"/> No Open State findings <input type="checkbox"/> Additional explanation sheet attached.
Name of Business Entity	Role: Dbl Click to Choose % ownership (if applicable) <input type="checkbox"/> Real Estate <input type="checkbox"/> Non-Real Estate Healthcare Facility YES <input type="checkbox"/> NO <input type="checkbox"/>	<input type="checkbox"/> No Pending bankruptcy claims <input type="checkbox"/> No Pending judgments <input type="checkbox"/> No Pending legal actions or suits <input type="checkbox"/> No Open professional liability insurance claims <input type="checkbox"/> No Open State findings <input type="checkbox"/> Additional explanation sheet attached.
Name of Business Entity	Role: Dbl Click to Choose % ownership (if applicable) <input type="checkbox"/> Real Estate <input type="checkbox"/> Non-Real Estate Healthcare Facility YES <input type="checkbox"/> NO <input type="checkbox"/>	<input type="checkbox"/> No Pending bankruptcy claims <input type="checkbox"/> No Pending judgments <input type="checkbox"/> No Pending legal actions or suits <input type="checkbox"/> No Open professional liability insurance claims <input type="checkbox"/> No Open State findings <input type="checkbox"/> Additional explanation sheet attached.
Name of Business Entity	Role: Dbl Click to Choose % ownership (if applicable) <input type="checkbox"/> Real Estate <input type="checkbox"/> Non-Real Estate Healthcare Facility YES <input type="checkbox"/> NO <input type="checkbox"/>	<input type="checkbox"/> No Pending bankruptcy claims <input type="checkbox"/> No Pending judgments <input type="checkbox"/> No Pending legal actions or suits <input type="checkbox"/> No Open professional liability insurance claims <input type="checkbox"/> No Open State findings <input type="checkbox"/> Additional explanation sheet attached.

Additional pages attached.