

Exhibit “A-1”

Winnie-Stowell Hospital District
Balance Sheet
 As of November 30, 2020

Nov 30, 20

| ASSETS | |
|---|---------------|
| Current Assets | |
| Checking/Savings | |
| 100 Prosperity Bank -Checking | 863,786.19 |
| 102 Prosperity Bank - CD#0447 | 109,405.48 |
| 104b Allegiance Bank -CD#6434 | 6,000,000.00 |
| 105 TexStar | 690,319.35 |
| 107 InterBank ICS (Restricted) | |
| 107.01b GIB 0228 DACA | 250,000.00 |
| 107.01c GIB Collateral Funds | 6,959,483.47 |
| | 7,209,483.47 |
| Total 107 InterBank ICS (Restricted) | 7,209,483.47 |
| 108 Allegiance Bank NH Combined | 3,857,354.50 |
| | 18,730,348.99 |
| Total Checking/Savings | 18,730,348.99 |
| Other Current Assets | |
| 110 Sales Tax Receivable | 116,206.43 |
| 114 Accounts Receivable NH | 25,111,997.27 |
| 117 NH - QIPP Prog Receivable | 7,117,203.08 |
| | 257,305.00 |
| 118 Prepaid Expense | 6,326,640.18 |
| 119 Prepaid IGT | |
| | 38,929,351.96 |
| Total Other Current Assets | 38,929,351.96 |
| Total Current Assets | 57,659,700.95 |
| Fixed Assets | |
| 120 Equipment | 140,654.96 |
| 125 Accumulated Depreciation | -113,810.64 |
| | 26,844.32 |
| Total Fixed Assets | 26,844.32 |
| TOTAL ASSETS | 57,686,545.27 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| 190 NH Payables Combined | 2,981,683.25 |
| 201 NHP Accounts Payable | 4,748,412.64 |
| 210.17a Loan Payable 17a QIPP 4 | 6,042,712.83 |
| 210.17a Loan Payable 17b QIPP 4 | 6,042,712.83 |
| 225 FUTA Tax Payable | 112.00 |
| 230 SUTA Tax Payable | 251.31 |
| 235 Payroll Liabilities | 652.76 |
| 240 Accounts Payable NH | 19,342,663.01 |
| 250 Stimulus Funds Flow-Through | 891,551.49 |
| | 40,050,752.12 |
| Total Other Current Liabilities | 40,050,752.12 |
| Total Current Liabilities | 40,050,752.12 |
| Total Liabilities | 40,050,752.12 |
| Equity | |
| 300 Net Assets, Capital, net of | 59,503.44 |
| 310 Net Assets-Unrestricted | 4,755,312.01 |
| Opening Balance Equity | 3,353.56 |
| Retained Earnings | 9,697,916.23 |
| Net Income | 3,119,707.91 |
| | 17,635,793.15 |
| Total Equity | 17,635,793.15 |
| TOTAL LIABILITIES & EQUITY | 57,686,545.27 |

Winnie-Stowell Hospital District
Profit & Loss Budget vs. Actual
As of November 30, 2020

Accrual Basis

| | Jan - Nov 20 | Budget | \$ Over Budget | % of Budget |
|---------------------------------|----------------------|----------------------|----------------------|--------------|
| Income | | | | |
| 400 Sales Tax Revenue | 627,485.13 | 500,000.00 | 127,485.13 | 125.5% |
| 405 Investment Income | 43,230.86 | 46,000.00 | -2,769.14 | 94.0% |
| 409 Tobacco Settlement | 13,221.78 | 9,800.00 | 3,421.78 | 134.9% |
| 415 Nursing Home - QIPP Program | 30,606,993.74 | 34,690,788.07 | -4,083,794.33 | 88.2% |
| Total Income | 31,290,931.51 | 35,246,588.07 | -3,955,656.56 | 88.8% |
| Gross Profit | 31,290,931.51 | 35,246,588.07 | -3,955,656.56 | 88.8% |
| Expense | | | | |
| 500 Admin-Administrative Salary | 56,833.34 | 63,000.00 | -6,166.66 | 90.2% |
| 504 Admin-Administrators PR Tax | 5,531.27 | 4,800.00 | 731.27 | 115.2% |
| 505 Admin-Board Bonds | 250.00 | 250.00 | 0.00 | 100.0% |
| 515 Admin-Bank Service Charges | 70.20 | 360.00 | -289.80 | 19.5% |
| 521 Professional Fees - Acctng | 18,062.50 | 25,000.00 | -6,937.50 | 72.3% |
| 522 Professional Fees-Auditing | 23,450.00 | 25,000.00 | -1,550.00 | 93.8% |
| 523 Professional Fees - Legal | 11,000.00 | 25,000.00 | -14,000.00 | 44.0% |
| 550 Admin-D&O / Liability Ins. | 9,601.04 | 9,331.00 | 270.04 | 102.9% |
| 560 Admin-Cont Ed, Travel | 200.00 | 5,000.00 | -4,800.00 | 4.0% |
| 561 Admin-Cont Ed-Medical Pers. | 1,651.55 | 5,000.00 | -3,348.45 | 33.0% |
| 562 Admin-Travel&Mileage Reimb. | 0.00 | 1,500.00 | -1,500.00 | 0.0% |
| 569 Admin-Meals | 0.00 | 1,000.00 | -1,000.00 | 0.0% |
| 570 Admin-District/County Prom | 0.00 | 2,500.00 | -2,500.00 | 0.0% |
| 571 Admin-Office Supp. & Exp. | 3,540.06 | 6,800.00 | -3,259.94 | 52.1% |
| 572 Admin-Web Site | 485.00 | 1,500.00 | -1,015.00 | 32.3% |
| 573 Admin-Copier Lease/Contract | 2,560.31 | 2,500.00 | 60.31 | 102.4% |
| 575 Admin-Cell Phone Reimburse | 1,650.00 | 1,800.00 | -150.00 | 91.7% |
| 576 Admin-Telephone/Internet | 2,460.03 | 3,000.00 | -539.97 | 82.0% |
| 590 Admin-Election Cost | 0.00 | 5,000.00 | -5,000.00 | 0.0% |
| 591 Admin-Notices & Fees | 2,546.69 | 5,000.00 | -2,453.31 | 50.9% |
| 592 Admin Office Rent | 7,500.00 | 7,080.00 | 420.00 | 105.9% |
| 593 Admin-Utilities | 1,280.48 | 1,800.00 | -519.52 | 71.1% |
| 594 Admin-Casualty & Windstorm | 2,060.10 | 2,060.00 | 0.10 | 100.0% |
| 597 Admin-Flood Insurance | 1,282.00 | 1,282.00 | 0.00 | 100.0% |
| 598 Admin-Building Maintenance | 2,456.06 | | | |
| 600 East Chambers ISD Partnersh | 165,000.00 | 180,000.00 | -15,000.00 | 91.7% |
| 601 IC-Pmt to Hosp (Indigent) | 196,669.36 | 196,669.36 | 0.00 | 100.0% |
| 602 IC-WCH 1115 Waiver Prog | 109,171.59 | 102,657.38 | 6,514.21 | 106.3% |
| 603a IC-Pharmaceutical Costs | 66,520.72 | 110,000.00 | -43,479.28 | 60.5% |
| 604a IC-Non Hosp Cost-Other | 518.78 | 5,000.00 | -4,481.22 | 10.4% |
| 604b IC-Non Hosp Costs UTMB | 171,656.09 | 250,000.00 | -78,343.91 | 68.7% |
| 605 IC-Office Supplies/Postage | 351.98 | 1,200.00 | -848.02 | 29.3% |
| 607 IC-Non Hosp Costs-WSEMS | 0.00 | 1,000.00 | -1,000.00 | 0.0% |
| 611 IC-Indigent Care Dir Salary | 43,000.00 | 45,000.00 | -2,000.00 | 95.6% |
| 612 IC-Payroll Taxes -Ind Care | 3,239.07 | 3,500.00 | -260.93 | 92.5% |
| 615 IC-Software | 12,199.00 | 13,308.00 | -1,109.00 | 91.7% |
| 616 IC-Travel | 677.90 | 550.00 | 127.90 | 123.3% |
| 617 IC -Youth Counseling | 5,695.00 | 5,000.00 | 695.00 | 113.9% |
| 629 - Property Acquisition | 134,197.63 | 150,000.00 | -15,802.37 | 89.5% |
| 630 NH Program-Mgt Fees | 7,447,855.99 | 8,752,055.52 | -1,304,199.53 | 85.1% |
| 631 NH Program-IGT | 15,711,281.71 | 17,590,711.32 | -1,879,429.61 | 89.3% |
| 632 NH Program-Telehealth Fees | 128,750.70 | 154,500.82 | -25,750.12 | 83.3% |
| 633 NH Program-Acctg Fees | 0.00 | 35,000.00 | -35,000.00 | 0.0% |
| 634 NH Program-Legal Fees | 192,371.54 | 190,000.00 | 2,371.54 | 101.2% |
| 635 NH Program-LTC Fees | 1,506,000.00 | 1,692,000.00 | -186,000.00 | 89.0% |
| 637 NH Program-Interest Expense | 2,011,695.91 | 2,109,782.67 | -98,086.76 | 95.4% |
| 638 NH Program-Bank Fees & Misc | 45.00 | 300.00 | -255.00 | 15.0% |
| 639 NH Program-Appraisal | 0.00 | 2,500.00 | -2,500.00 | 0.0% |
| 640 Nursing Home Oper. Expenses | 0.00 | 2,500.00 | -2,500.00 | 0.0% |
| 641 NH-Not On My Watch | 109,855.00 | 110,000.00 | -145.00 | 99.9% |
| 653 Service Fee | 0.00 | 100.00 | -100.00 | 0.0% |
| Total Expense | 28,171,223.60 | 31,908,898.07 | -3,737,674.47 | 88.3% |
| Net Income | 3,119,707.91 | 3,337,690.00 | -217,982.09 | 93.5% |

Exhibit “A-2”

WSHD Treasurer's Report

| Reporting Date: Wednesday, December 16, 2020 | | | | | |
|---|-----------------------|------------|--------------------|---|-------------------------|
| Pending Expenses | | For | Amount | Funds Summary | Totals |
| Brookshire Brothers | Indigent Care | | \$2,884.80 | Prosperity Operating (Unrestricted) | \$895,443.86 |
| Wilcox Pharmacy | Indigent Care | | \$1,002.04 | Interbank | \$500.00 |
| UTMB at Galveston | Indigent Care | | \$8,008.23 | First Financial (Restricted) | (\$2,886,612.00) |
| UTMB Faculty Group | Indigent Care | | \$2,588.14 | First Financial (Unrestricted) | \$4,306,713.73 |
| Chambers Cty Public Hosp Dist | Indigent Care | | \$690.86 | Prosperity CD | \$109,405.48 |
| Indigent Healthcare Solutions | IC Inv #70886 | | \$1,109.00 | TexStar | \$690,319.35 |
| American Education Services | S Stern-Student Loan | | \$150.14 | Allegiance Bank LOC (Available) | \$390,704.53 |
| Penelope (Polly) Butler | Youth Counseling | | \$170.00 | Net Cash Position (less Interbank Restricted) | \$6,392,586.95 |
| Nicki Holtzman | Youth Counseling | | \$765.00 | Pending Expenses | \$46,634.43 |
| Benckenstein & Oxford | Inv #49951 | | \$4,200.00 | Ending Balance (less Interbank Restricted) | \$6,439,221.38 |
| Hubert Oxford | 1/2 Legal Retainer | | \$500.00 | Last Month | |
| Josh Heinz | 1/2 Legal Retainer | | \$500.00 | Prosperity Operating | \$896,641.08 |
| David Sticker | Inv #24 | | \$2,031.25 | Interbank-restricted | (\$1,260,706.52) |
| Technology Solutions of Texas | Inv #s 1503,1504,1511 | | \$609.97 | Interbank-unrestricted (Adjusted) | \$7,105,634.68 |
| Felipe Ojedia-Yard Service | Inv #1007 | | \$300.00 | Prosperity CD | \$109,295.59 |
| Graciela Chavez-Office Cleaning | Inv #8018590 | | \$100.00 | TexStar | \$690,122.41 |
| TORCH (membership dues) | Inv #2223803 | | 1,895.00 | Allgeiance Bank LOC (Available) | \$2,563,305.35 |
| CNA Insurance-Kacey Vratiss | Inv #16106 | | 50.00 | Net Cash Position (less Interbank) | \$11,364,999.11 |
| Durbin & Co. | Inv for Audit 2019 | | 15,000.00 | Pending Expenses | \$23,821.58 |
| Riceland Medical Center | Inv for Audit 2019 | | 4,080.00 | Ending Balance | \$11,648,490.82 |
| Total Pending Expenses | | | \$46,634.43 | | |

| First Financial & Interbank Account Reconciliations | | | |
|--|--|-------------------------|------------------|
| | | To be Received | Total Due |
| GIB Balance Dec 15 | | \$500.00 | |
| FFB Balance Dec 15 | | \$7,192,825.72 | |
| IGT 7, QIPP Year 4, 1st Half-Component 1 Payments | | | |
| Component 1-Sept. | | \$1,875,628.29 | |
| Component 1-Oct. | | \$1,893,005.80 | |
| Total Component 1, IGT 7 | | \$3,768,634.09 | |
| Loan 17a Set Aside | | | |
| Loan 17a Payment-Sept. | | \$1,875,628.29 | |
| Loan 17a Payment-Oct. | | \$1,893,005.80 | |
| Total Loan 17a Set Aside | | \$3,768,634.09 | |
| Component 2 | | | |
| Y3/Q4-Comp. 2-June due to MGRs. | | (\$120,114.87) | |
| Y3/Q4-Comp. 2-July due to MGRs. | | (\$100,445.84) | |
| Y3/Q4-Comp. 2-Aug due to MGRs. | | (\$82,968.32) | |
| Y4/Q1-Comp. 2-Sept. due to MGRs. | | (\$165,527.89) | |
| Y4/Q1-Comp. 2-Oct. due to MGRs. | | (\$169,315.89) | |
| Total Component 2 due to MGRs. | | (\$638,372.81) | |
| Component 3 | | | |
| Y3/Q4-Comp. 3-June due to MGRs. | | (\$224,931.51) | |
| Y3/Q4-Comp. 3-July due to MGRs. | | (\$207,240.28) | |
| Y3/Q4-Comp. 3-Aug. due to MGRs. | | (\$164,593.91) | |
| Total Component 3 due to MGRs | | (\$596,765.70) | |
| Component 4 | | | |
| Component Y3/Q4 due to MGRs | | (\$751,234.91) | |
| Total Component 4 due to MGRs | | (\$751,234.91) | |
| Interest Reserves | | | |
| Reserve Ln 17a | | (\$422,989.90) | |
| Reserve Ln 17b | | (\$84,597.98) | |
| Reserve Ln 18 | | (\$392,650.70) | |
| Total Reserves | | (\$900,238.58) | |
| Restricted | | (\$2,886,612.00) | |
| Unrestricted | | \$4,306,713.73 | |
| Total Funds | | \$7,193,325.72 | \$0.00 |
| | | | \$0.00 |

| Cash Availability Report-November 2020 to January 2021 | | | |
|--|---|------------------------------|-----------------------|
| Date | Transaction | Notes | Actual |
| December 2020 | | | |
| Cash Available | DOES NOT INCLUDE PROSPERITY CD & | | \$5,592,862.12 |
| July 15, 2020 | Hospital Assistance | Pending | (\$167,000.00) |
| November 18, 2020 | Chambers County Van | Check No. 3145 (Pending) | (\$62,691.00) |
| November 18, 2020 | WSEMS-Transport Van and Employee | Pending | (\$223,000.00) |
| November 18, 2020 | Hospital-Generator | Pending | (\$129,000.00) |
| December 31, 2020 | LTC Payment | December | (\$150,000.00) |
| December 31, 2020 | QIPP Year 4, Component 2 | Estimate based on IGT | \$314,091.29 |
| December 31, 2020 | QIPP Year 4, Component 2 | Component 2 Payment to MGRs | (\$157,045.64) |
| December 31, 2020 | Component 1 Payment | November Component 1 Payment | \$1,838,349.74 |
| December 31, 2020 | Principle Payment-Loan 17a | Payment 7/10 for Loan 17a | (\$1,838,349.74) |
| CA December 31, 2020 | PROSPERITY CD & | | \$5,018,216.76 |

| January 2021 | | | |
|----------------------------|--|---|-----------------------|
| January 1, 2021 | Payment to East Chambers | Recurring monthly | (\$15,000.00) |
| January 7, 2021 | Allegiance Bank | Interest Payment | (\$12,803.16) |
| January 15, 2021 | Sales Tax Revenue Estimate | Recurring monthly (Monthly Avg. per Budget) | \$41,000.00 |
| January 31, 2021 | LTC Payment | Jan-21 | (\$150,000.00) |
| January 31, 2021 | QIPP Year 4, Component 2 | Estimate based on IGT | \$314,091.29 |
| January 31, 2021 | QIPP Year 4, Component 2 | Component 2 Payment to MGRs | (\$157,045.64) |
| January 31, 2021 | Operating Expenses | Recurring monthly (Monthly Avg. per Budget) | (\$71,016.50) |
| January 31, 2021 | Component 1 Payment | December Component 1 Payment | \$2,049,810.68 |
| January 31, 2021 | Principle Payment-Loan 17a (8/10) | Payment 8/10 for Loan 17a | (\$435,729.00) |
| January 31, 2021 | Principle Payment-Loan 17b (7/8) | Payment 7/8 for Loan 17b | (\$1,616,516.88) |
| January 31, 2021 | QIPP Year 4, Qtr. 1 Component 3, 4, and Lapsing Fund | Based on 75% | \$4,292,323.62 |
| January 31, 2021 | QIPP Year 4, Qtr. 1 Component 3, 4, and Lapsing Fund | Payment to Facilities | (\$2,146,161.81) |
| CA January 31, 2021 | | | \$7,111,169.35 |

| h Outstanding Short Term Revenue Note-Loan 17a | | | | | |
|--|----------------|----------------|------------------------|------------------------|-----------------------|
| Loan 17a-Principle | \$6,042,712.83 | | Reserve | \$422,989.90 | |
| Interest | 16.80% | \$845,979.80 | Reserve Remaining | \$0 | |
| Fund Received | 6/1/2020 | | Set Aside Post Reserve | \$422,989.90 | |
| | Date | Balance | Interest | Principal Rcvd. | Payment |
| 1 | 6/30/2020 | \$6,042,712.83 | \$84,597.98 | \$0.00 | \$84,597.98 |
| 2 | 7/31/2020 | \$6,042,712.83 | \$84,597.98 | \$0.00 | \$84,597.98 |
| 3 | 8/31/2020 | \$6,042,712.83 | \$84,597.98 | \$0.00 | \$84,597.98 |
| 4 | 9/30/2020 | \$6,042,712.83 | \$84,597.98 | \$0.00 | \$84,597.98 |
| 5-(Sept. 2020, Comp. 1) | 10/31/2020 | \$6,042,712.83 | \$84,597.98 | \$1,875,628.29 | \$1,960,226.27 |
| 6-(Oct. 2020, Comp. 1) | 11/30/2020 | \$6,042,712.83 | \$84,597.98 | \$1,893,005.80 | \$1,977,603.78 |
| 7-(Nov. 2020, Comp. 1) | 12/31/2020 | \$6,042,712.83 | \$84,597.98 | \$1,838,349.74 | \$1,922,947.72 |
| 8-(Dec. 2020, Comp. 1) | 1/31/2021 | \$6,042,712.83 | \$84,597.98 | \$435,729.00 | \$520,326.98 |
| 9 (Jan. 2021, Comp. 1) | 2/28/2021 | \$6,042,712.83 | \$84,597.98 | \$0.00 | \$84,597.98 |
| 10 (Feb. 2021, Comp. 1) | 3/31/2021 | \$6,042,712.83 | \$84,597.98 | \$0.00 | \$84,597.98 |
| Amount Paid | 3/31/2021 | \$0.00 | \$845,979.80 | \$6,042,712.83 | \$6,888,692.63 |
| Amount Due: March 31, 2021 | | | \$845,979.80 | \$6,042,712.83 | \$6,888,692.63 |
| Amount Remaining | | | | \$0.00 | \$0.00 |

| h Outstanding Short Term Revenue Note-Loan 17b | | | | | |
|--|----------------|----------------|------------------------|------------------------|-----------------------|
| Loan 17b-Principle | \$6,042,712.83 | | Reserve | \$422,989.90 | |
| Interest | 16.80% | \$676,783.84 | Reserve Remaining | \$84,597.98 | |
| Fund Received | 8/1/2020 | | Set Aside Post Reserve | \$253,793.94 | |
| | Date | Balance | Interest | Principal Rcvd. | Payment |
| 1 | 8/31/2020 | \$6,042,712.83 | \$84,597.98 | \$0.00 | \$84,597.98 |
| 2 | 9/30/2020 | \$6,042,712.83 | \$84,597.98 | \$0.00 | \$84,597.98 |
| 3 | 10/31/2020 | \$6,042,712.83 | \$84,597.98 | \$0.00 | \$84,597.98 |
| 4 | 11/30/2020 | \$6,042,712.83 | \$84,597.98 | \$0.00 | \$84,597.98 |
| 5 | 12/31/2020 | \$6,042,712.83 | \$84,597.98 | \$0.00 | \$84,597.98 |
| 6 (Dec. 2020, Comp. 1) | 1/31/2021 | \$6,042,712.83 | \$84,597.98 | \$1,616,516.88 | \$1,701,114.86 |
| 7 (Jan. 2021, Comp. 1) | 2/28/2021 | \$6,042,712.83 | \$84,597.98 | \$2,049,810.68 | \$2,134,408.66 |
| Reserve | | \$6,042,712.83 | \$0.00 | \$359,580.07 | \$359,580.07 |
| 8-(Feb. 2021, Comp. 1) | 3/31/2021 | \$6,042,712.83 | \$84,597.98 | \$2,016,805.20 | \$2,101,403.18 |
| Amount Paid | 3/31/2021 | \$0.00 | \$676,783.84 | \$6,042,712.83 | \$6,719,496.67 |
| Amount Due: March 31, 2021 | | | \$676,783.84 | \$6,042,712.83 | \$6,719,496.67 |
| Amount Remaining | | | | \$0.00 | \$0.00 |

| ng Short Term Revenue Note-Loan 18 (Dec. 1, 2020-Nov. 1, 2020) | | | | | |
|--|----------------|----------------|---------------------|------------------------|-----------------------|
| Loan 18-Principle | \$5,609,295.47 | | Reserve | \$392,650.70 | |
| Interest | 16.80% | | | | |
| Fund Received | | | | | |
| | Date | Balance | Interest | Principal Rcvd. | Payment |
| 1 | 12/30/2020 | \$5,609,295.47 | \$78,530.14 | \$0.00 | \$78,530.14 |
| 2 | 1/31/2021 | \$5,609,295.47 | \$78,530.14 | \$0.00 | \$78,530.14 |
| 3 | 2/28/2021 | \$5,609,295.47 | \$78,530.14 | \$0.00 | \$78,530.14 |
| 4 | 3/31/2021 | \$5,609,295.47 | \$78,530.14 | \$0.00 | \$78,530.14 |
| 5-(Mar. 2021, Comp. 1) | 4/30/2021 | \$5,609,295.47 | \$78,530.14 | \$1,836,933.79 | \$1,915,463.93 |
| 6-(Apr. 2021, Comp. 1) | 5/31/2021 | \$5,609,295.47 | \$78,530.14 | \$1,842,235.16 | \$1,920,765.30 |
| 7-(May 2021, Comp. 1) | 6/30/2021 | \$5,609,295.47 | \$78,530.14 | \$1,930,126.53 | \$2,008,656.67 |
| 8-(June 2021, Comp. 1) | 7/31/2021 | \$5,609,295.47 | \$78,530.14 | \$0.00 | \$78,530.14 |
| 9 (July 2021, Comp. 1) | 8/31/2021 | \$0.00 | \$78,530.14 | \$0.00 | \$78,530.14 |
| 10 (Aug. 2021, Comp. 1) | 9/30/2021 | \$0.00 | \$78,530.14 | \$0.00 | \$78,530.14 |
| 11 | 10/31/2021 | \$0.00 | \$78,530.14 | \$0.00 | \$78,530.14 |
| Amount Paid | | \$0.00 | \$863,831.54 | \$5,609,295.47 | \$6,473,127.01 |
| Amount Due: October 31, 2021 | | | \$863,831.54 | \$5,609,295.47 | \$6,473,127.01 |
| Amount Remaining | | | | (\$0.00) | (\$0.00) |

| Allegiance Bank Line of Credit | | | | | |
|--------------------------------|----------------|-------------------------------|---------------------|------------------------|-----------------------|
| Principle (IGT 8) | \$5,609,295.47 | Principle Balance Owed | \$5,609,295.47 | | |
| Interest Rate: | 2.35% | LOC Funds Available | \$390,704.53 | | |
| | Date | Balance | Interest | Principal Rcvd. | Payment |
| 1 | 1/10/2021 | Interest Payment | \$12,803.16 | \$0.00 | \$12,803.16 |
| 2 | 2/7/2021 | Interest Payment | \$12,803.16 | \$0.00 | \$12,803.16 |
| 3 | 3/7/2021 | Interest Payment | \$12,803.16 | \$0.00 | \$12,803.16 |
| 4 | 4/4/2021 | Interest Payment | \$12,803.16 | \$0.00 | \$12,803.16 |
| 5-(Mar. 2021, Comp. 1) | 5/2/2021 | Interest Payment | \$12,803.16 | \$0.00 | \$12,803.16 |
| 6-(Apr. 2021, Comp. 1) | 5/30/2021 | Interest Payment | \$12,803.16 | \$0.00 | \$12,803.16 |
| 7-(May 2021, Comp. 1) | 6/27/2021 | Interest Payment | \$12,803.16 | \$2,452.51 | \$15,255.67 |
| 8-(June 2020, Comp. 1) | 7/31/2021 | Interest Payment | \$12,803.16 | \$1,979,216.85 | \$1,992,020.01 |
| 9-(July. 2020, Comp. 1) | 8/31/2021 | Interest Payment | \$12,803.16 | \$1,925,856.68 | \$1,938,659.84 |
| 10-(August 2021, Comp. 1) | 9/30/2021 | Interest Payment | \$12,803.16 | \$1,701,769.43 | \$1,714,572.59 |
| Amount Paid | 9/30/2020 | \$0.00 | \$128,031.60 | \$5,609,295.47 | \$5,737,327.07 |
| Amount Remaining | | | | \$0.00 | |

| District's Investments | | | | | |
|---------------------------------------|----------------|-------------------|-------------|------------|-------------------------------|
| | Amount | Percentage | From | To | Interest |
| *CD at Allegiance Bank C.D. #9503 | \$6,000,000.00 | 0.35% | 11/1/2020 | 11/30/2020 | Paid Quarterly |
| CD at Prosperity (Qtr.) C.D. #0447 | \$109,405.48 | 0.4000% | 11/1/2020 | 11/30/2020 | Paid \$109.89 Nov 27, 2020 |
| Texstar C.D. #1110 | \$690,319.35 | 0.0944% | 11/1/2020 | 11/30/2020 | Paid \$53.55 Nov 2020 |

TO THE BEST OF MY KNOWLEDGE,
THESE FIGURES IN THE WORKSHEET

Edward Murrell,
President

Robert "Bobby" Way
Treasurer/Investment Officer

Date

Date

Italics are Estimated amounts

EXHIBIT “B-1”



WSHD Regular Board Meeting Indigent Care Report

1) Active Client Count:

- a) Indigent Clients – 37
- b) Youth Counseling – 5

2) Pharmacy:

- a) Pharmacy expense **was up by \$970, from \$2,916.03**. BBS increased **\$1.5K** due to new high dollar prescriptions for existing clients. I have now successfully enrolled **9** clients in the Manufacturer's Prescription Assistance Program, saving the District **\$3,362.17** for **Nov 2020**, and have 5 more clients pending enrollment.

3) Riceland Hospital & Clinics:

- a) Riceland Contracted Reimbursement Rate Amount was **down by \$12.6K, from \$13,539.02**. This was due to a **\$14,998.62** reimbursement for a client that was approved for Medicaid. ***Without the reimbursement, their amount for Nov would have been \$16,415.17 (up by \$2.8K)***
- b) They sent **3** Referrals during the month of **Nov**, which were all approved. There were no major expenses from those referrals.

4) UTMB Hospital & Clinics:

- a) UTMB expense was significantly **up by \$2.4k from \$8,151.41**. However, I expect a **\$4,837.77** reimbursement from UTMB for the client that was approved for Medicaid.

5) Youth Counseling:

- a) Youth Counseling expense was **up by \$340 from \$595** due to **one new client, and 4 clients having an extra session last month**.

6) Our over-all YTD expenditures for 2020:

- a) Total YTD Amount Paid is **\$419,328.15**. This amount includes **\$196,699.35** pre-paid to Riceland Hospital and Clinic, and of that pre-payment, RMC still has **\$22,087.63 remaining**.

7) Source Code Totals for May 2020:

- a) **Riceland** was **26%** of the total expenses for **Nov**
- b) **UTMB** was **51%** of the total expenses for **Nov**
- c) **Everything else** was comparatively non-impressionable in regard to the percentage of total expenses.

8) 2020 YTD Paid Graph:

- a) **Riceland** – is trending as the highest expense for all vendors at **\$174.5K**.
- b) **Pharmacy** – is trending third at **\$62.9K**.
- c) **UTMB** – is trending second at **\$173.7K**.
- d) **Youth Counseling** – is trending lowest at **\$6.4K**.
- e) **Client Count** – Indigent Client count remained steady at **37**, and Youth Counseling increased by **1**.

9) Additional Information:

- a) **ICAP Applications**–
 - i) For all applications received in **Nov** – **20** applicants. **8 APPROVED**; **10** did not complete the process; **2** were DENIED.
- b) **Irlen Services** – No referrals received to date.

WSHD Indigent Care Director Report
2020 YTD Expenditures Worksheet

| |
|--------------------------|
| Indigent Clients: |
| Youth Counseling: |

| October | | |
|-------------------|----|--|
| Indigent Clients: | 37 | |
| Youth Counseling: | 4 | |

| November | | |
|-------------------|----|--|
| Indigent Clients: | 37 | |
| Youth Counseling: | 5 | |

| Year to Date | | | |
|-------------------|----|----|--|
| Clients Enrolled: | 95 | 52 | |
| YC Enrolled: | 15 | 10 | |

| PROVIDER TOTALS | |
|-----------------------------------|--|
| Pharmacy | |
| Brookshire Brothers Pharmacy Corp | |
| Wilcox Pharmacy | |
| Pharmacy Totals | |

| Billed Amount | Contracted Rate | Actually Paid |
|-------------------|-------------------|-------------------|
| \$1,886.00 | \$1,373.92 | \$1,373.92 |
| \$1,542.11 | \$1,542.11 | \$1,542.11 |
| \$3,428.11 | \$2,916.03 | \$2,916.03 |

| Billed Amount | Contracted Rate | Actually Paid |
|-------------------|-------------------|-------------------|
| \$3,021.69 | \$2,884.80 | \$2,884.80 |
| \$1,002.04 | \$1,002.04 | \$1,002.04 |
| \$4,023.73 | \$3,886.84 | \$3,886.84 |

| Billed Amount | Contracted Rate | Actually Paid |
|--------------------|--------------------|--------------------|
| \$56,012.86 | \$49,086.69 | \$49,086.69 |
| \$20,295.34 | \$13,861.72 | \$13,861.72 |
| \$76,308.20 | \$62,948.41 | \$62,948.41 |

| | |
|--|--|
| Winnie Community Hospital | |
| WCH Clinic | |
| WCH Observation | |
| WCH ER | |
| WCH Lab/Xray | |
| WCH CT Scan | |
| WCH Labs | |
| WCH Xray | |
| WCH Lab/Xray Reading | |
| WCH Inpatient | |
| WCH Physical Therapy | |
| WCH Ultrasound | |
| WCH Totals | |
| Balance on Contracted Amount (Lump Sum Payment of \$196,669.30) | |
| Actual Medicaid Rate Incurred | |

| | | |
|--------------------|--------------------|--------------------|
| \$4,618.00 | \$1,893.38 | \$1,893.38 |
| \$0.00 | \$0.00 | \$0.00 |
| \$1,542.00 | \$632.22 | \$632.22 |
| \$13,654.00 | \$5,598.14 | \$5,598.14 |
| \$2,892.00 | \$1,185.72 | \$1,185.72 |
| \$0.00 | \$0.00 | \$0.00 |
| \$10,260.00 | \$4,206.60 | \$4,206.60 |
| \$56.00 | \$22.96 | \$22.96 |
| \$0.00 | \$0.00 | \$0.00 |
| \$0.00 | \$0.00 | \$0.00 |
| \$0.00 | \$0.00 | \$0.00 |
| \$0.00 | \$0.00 | \$0.00 |
| \$33,022.00 | \$13,539.02 | \$13,539.02 |
| | \$23,003.16 | |
| | \$4,016.96 | |

| | | |
|--------------------|---------------------|-----------------|
| \$3,762.00 | \$645.75 | \$645.75 |
| \$0.00 | \$0.00 | \$0.00 |
| \$1,131.00 | (\$3,789.63) | (\$3,789.63) |
| \$15,573.00 | \$4,102.05 | \$4,102.05 |
| \$0.00 | (\$2,228.35) | (\$2,228.35) |
| \$10,989.00 | \$3,787.17 | \$3,787.17 |
| \$4,581.00 | \$1,602.69 | \$1,602.69 |
| \$713.00 | (\$9.43) | (\$9.43) |
| \$0.00 | (\$4,542.80) | (\$4,542.80) |
| \$0.00 | \$0.00 | \$0.00 |
| \$3,288.00 | \$1,348.08 | \$1,348.08 |
| \$40,037.00 | \$915.53 | \$915.53 |
| | \$22,087.63 | |
| | (\$6,200.65) | |

| | | |
|-----------------------|---------------------|---------------------|
| \$52,369.17 | \$20,324.11 | \$20,324.11 |
| \$0.00 | \$0.00 | \$0.00 |
| \$134,501.00 | \$50,637.05 | \$50,637.05 |
| \$62,827.40 | \$23,476.35 | \$23,476.35 |
| \$30,503.00 | \$10,277.88 | \$10,277.88 |
| \$70,666.00 | \$28,254.74 | \$28,254.74 |
| \$68,588.00 | \$27,845.56 | \$27,845.56 |
| \$11,467.55 | \$4,318.76 | \$4,318.76 |
| \$26,500.00 | \$6,322.20 | \$6,322.20 |
| \$0.00 | \$0.00 | \$0.00 |
| \$7,622.00 | \$3,125.02 | \$3,125.02 |
| \$465,044.12 | \$174,581.67 | \$174,581.67 |
| | \$22,087.63 | |
| \$196,669.30 - | \$85,978.72 | \$110,690.58 |

| | |
|-------------------------|--|
| UTMB | |
| UTMB Physician Services | |
| UTMB Anesthesia | |
| UTMB In-Patient | |
| UTMB Outpatient | |
| UTMB Lab&Xray | |
| UTMB Totals | |

| | | |
|--------------------|-------------------|-------------------|
| \$5,759.00 | \$1,590.10 | \$1,590.10 |
| \$960.00 | \$589.31 | \$589.31 |
| \$0.00 | \$0.00 | \$0.00 |
| \$22,110.21 | \$5,306.45 | \$5,306.45 |
| \$2,737.00 | \$665.55 | \$665.55 |
| \$31,566.21 | \$8,151.41 | \$8,151.41 |

| | | |
|--------------------|--------------------|--------------------|
| \$8,553.00 | \$2,005.19 | \$2,005.19 |
| \$880.00 | \$524.63 | \$524.63 |
| \$0.00 | \$0.00 | \$0.00 |
| \$33,761.64 | \$8,008.23 | \$8,008.23 |
| \$243.00 | \$58.02 | \$58.02 |
| \$43,437.64 | \$10,596.07 | \$10,596.07 |

| | | |
|---------------------|---------------------|---------------------|
| \$108,584.00 | \$22,082.88 | \$22,082.88 |
| \$25,314.00 | \$12,276.73 | \$12,276.73 |
| \$248,870.47 | \$55,473.92 | \$55,473.92 |
| \$403,488.11 | \$82,717.74 | \$82,717.74 |
| \$9,732.00 | \$1,177.16 | \$1,177.16 |
| \$795,988.58 | \$173,728.43 | \$173,728.43 |

| | |
|-------------------------------------|--|
| Non-Contracted Services | |
| Barrier Reef (UTMB ER Physician) | |
| Chambers Co Public Hosp Distr ER | |
| Winnie-Stowell EMS | |
| Non-Contract Services Totals | |

| | | |
|---------------|---------------|---------------|
| \$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 | \$0.00 | \$0.00 |
| \$1,439.29 | \$690.86 | \$690.86 |
| \$0.00 | \$0.00 | \$0.00 |
| \$1,439.29 | \$690.86 | \$690.86 |

| | | |
|-------------------|-----------------|-----------------|
| \$4,748.00 | \$118.78 | \$118.78 |
| \$2,112.34 | \$690.86 | \$690.86 |
| \$0.00 | \$0.00 | \$0.00 |
| \$6,860.34 | \$809.64 | \$809.64 |

| | |
|--------------------------------|--|
| Youth Counseling | |
| Grace Nichols | |
| Nicki Holtzman | |
| Penelope Butler | |
| Youth Counseling Totals | |

| | | |
|-----------------|-----------------|-----------------|
| \$0.00 | \$0.00 | \$0.00 |
| \$425.00 | \$425.00 | \$425.00 |
| \$170.00 | \$170.00 | \$170.00 |
| \$595.00 | \$595.00 | \$595.00 |

| | | |
|-----------------|-----------------|-----------------|
| \$0.00 | \$0.00 | \$0.00 |
| \$765.00 | \$765.00 | \$765.00 |
| \$170.00 | \$170.00 | \$170.00 |
| \$935.00 | \$935.00 | \$935.00 |

| | | |
|-------------------|-------------------|-------------------|
| \$2,550.00 | \$2,295.00 | \$2,295.00 |
| \$1,530.00 | \$1,530.00 | \$1,530.00 |
| \$2,380.00 | \$2,635.00 | \$2,635.00 |
| \$6,460.00 | \$6,460.00 | \$6,460.00 |

| | |
|---------------------------------|--|
| Medical Supplies | |
| Alliance Medical Supply (C-PAP) | |
| Medial Supplies Total | |
| Grant Totals | |

| | | |
|--------------------|--------------------|--------------------|
| \$0.00 | \$0.00 | \$0.00 |
| \$0.00 | \$0.00 | \$0.00 |
| \$68,611.32 | \$25,201.46 | \$25,201.46 |

| | | |
|--------------------|--------------------|--------------------|
| \$0.00 | \$0.00 | \$0.00 |
| \$0.00 | \$0.00 | \$0.00 |
| \$89,872.66 | \$17,024.30 | \$17,024.30 |

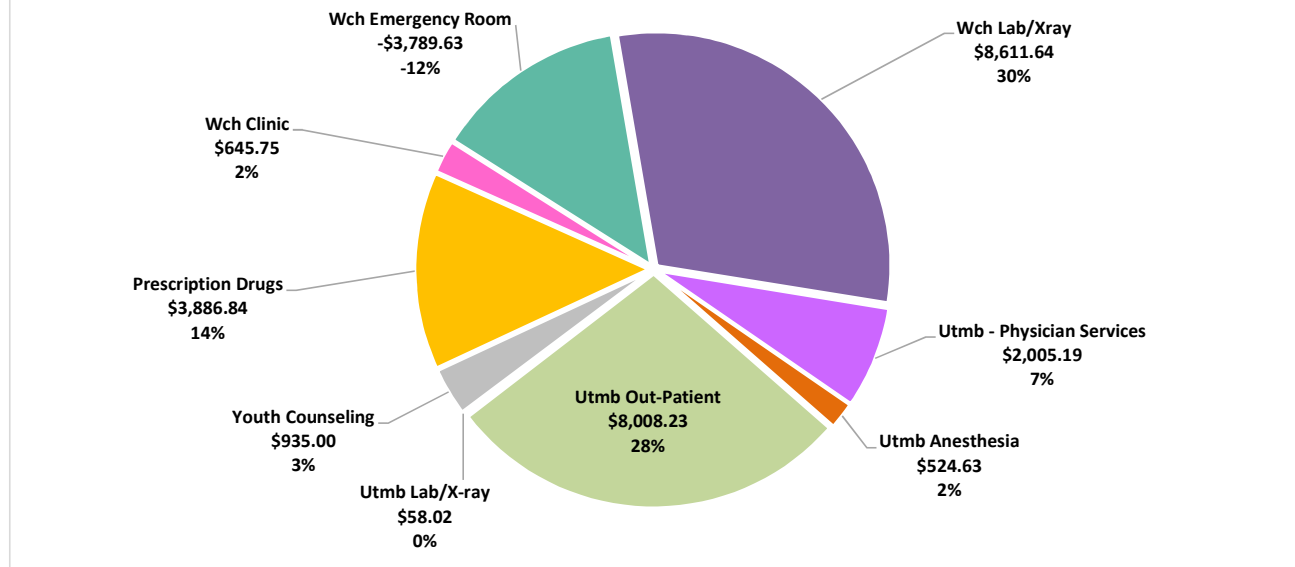
| | | |
|-----------------------|---------------------|---------------------|
| \$400.00 | \$400.00 | \$400.00 |
| \$400.00 | \$400.00 | \$400.00 |
| \$1,351,461.24 | \$419,328.15 | \$419,328.15 |

**WSHD Indigent Care Director Report
Nov 2020 SOURCE CODE REPORT**

Source Totals for Batch Dates 11/01/2020 through 11/30/2020 for All Vendors

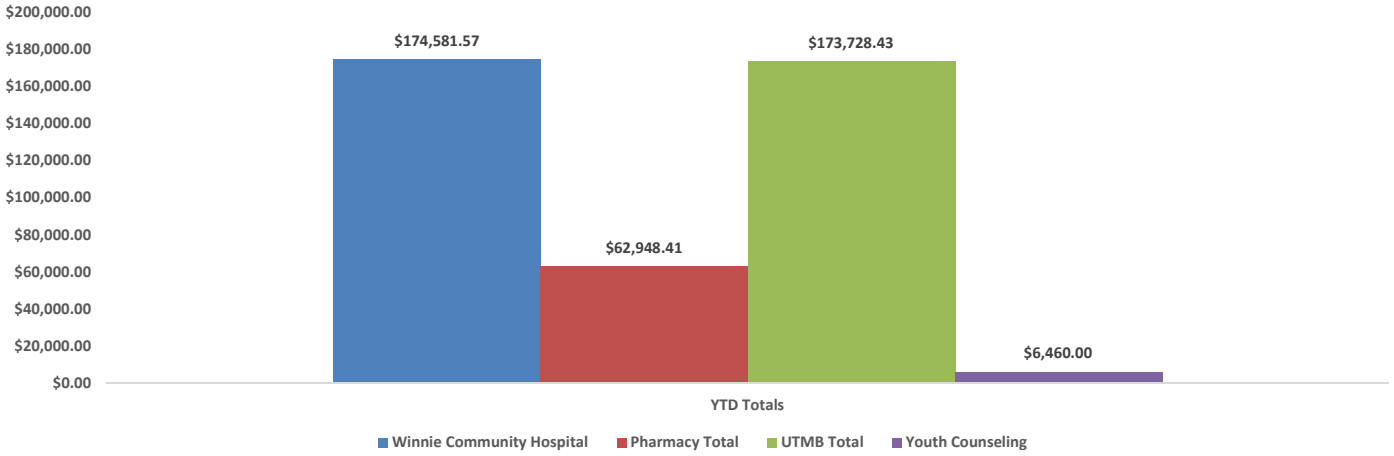
| Source | Description | Amount Billed | Amount Paid | % of Total |
|--|---------------------------|--------------------|--------------------|-------------|
| 02 | Prescription Drugs | \$4,023.73 | \$3,886.84 | 18.62% |
| 21 | Wch Clinic | \$3,762.00 | \$645.75 | 3.09% |
| 24 | Wch Emergency Room | \$1,131.00 | -\$3,789.63 | -18.15% |
| 25 | Wch Lab/Xray | \$34,431.00 | \$8,611.64 | 41.25% |
| 44 | Wch Lab/Xray Readings | \$713.00 | -\$9.34 | -0.04% |
| 31 | Utmb - Physician Services | \$8,553.00 | \$2,005.19 | 9.61% |
| 31-1 | Utmb Anesthesia | \$880.00 | \$524.63 | 2.51% |
| 34 | Utmb Out-Patient | \$33,761.64 | \$8,008.23 | 38.36% |
| 35 | Utmb Lab/X-ray | \$243.00 | \$58.02 | 0.28% |
| 39 | Youth Counseling | \$935.00 | \$935.00 | 4.48% |
| Expenditures/Reimbursements/Adjustments | | \$88,433.37 | \$20,876.33 | 0% |
| Grand Total | | \$88,433.37 | \$20,876.33 | 100% |

**Amount Paid by Source for Nov 2020
Total: \$20,876.33**

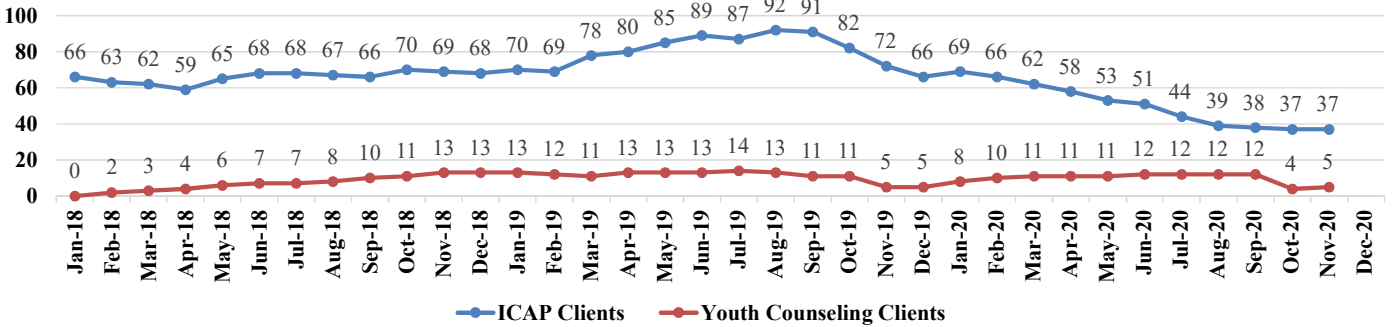


2020 YTD Paid = \$419,328.15

WCH: \$174,581.67 | RX: \$62,948.61 | UTMB: \$173,728.43 | YC:\$6,460.00



Client Count Trending



PHARMACY SAVINGS TO DATE = \$16,554.25

Jul: \$3,975.23 | Aug: \$3,146.74 | Sep: \$3,239.64 | Oct: \$3,238.45 | Nov: \$2,954.14

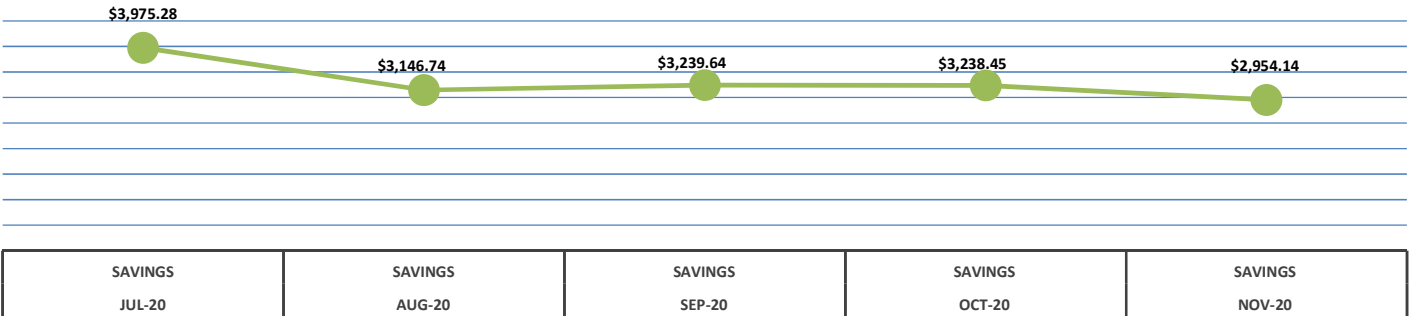


EXHIBIT “B-2”

SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS

I. INTRODUCTION

This Settlement Agreement and Release of All Claims, hereinafter, "Release" is entered into by and between Donna Gore and Leslie Kahla and pertains to claim number 20TX00066571, for an incident that occurred on or about July 25, 2019, at or near 128 N. Lake Drive, Winnie, TX 77665.

II. RECITALS

This Release is made on the date last acknowledged below with reference to the following and facts and representations:

WHEREAS Donna Gore, hereinafter referred to as "Claimant," and Leslie Kahla, hereinafter referred to collectively as "Respondent." Claimant and Respondent shall be collectively referred to as "the Parties;" and

WHEREAS, Claimant alleges damages caused by the negligent conduct of Respondent in relation to an incident that occurred on or about July 25, 2019 at or near 128 N. Lake Drive, Winnie, TX 77665; and

WHEREAS, Respondent denies Claimant's allegations and further denies that (s)he is liable in any manner or degree for any loss alleged to have been suffered by Claimant; and

WHEREAS, in order to avoid the expense and inconvenience of a lawsuit and to effect peace and to ensure that there shall be no future claims of any kind by or between them nor any claims for contribution or indemnity from third parties, the Parties have agreed to compromise their positions and voluntarily enter into this mutual release to settle all past, present, and prospective claims between them; and

WHEREAS, the Parties hereto desire to finally settle and discharge all claims between them and to give assurance that no future actions having any connection to the alleged negligent conduct of Respondent on or about July 25, 2019 will be prosecuted against any person, corporate or natural, from now to the end of time.

III. SETTLEMENT TERMS AND CONDITIONS

NOW THEREFORE, in consideration of the promises, covenants, and provisions herein contained and each party being mindful of and to avoid the uncertainty, risks, expense, and inconvenience of litigation, it is hereby agreed by Claimant that all claims asserted and assertable against Respondent in connection with the above claim shall be settled and compromised pursuant to the following terms and conditions:

- A. **PAYMENT**: Respondent shall cause to be paid a total of Thirty-Five Thousand and no/00 dollars (\$35,000.00) to Claimant in

exchange for the execution, conveyance, and performance of this Release. It is expressly understood that the Parties shall not be liable further to each other, or to each other's counsel, for any additional sums including without limitation any attorneys' fees, court costs, and expenses.

- B. **RELEASE BY THE CLAIMANT:** In consideration of the foregoing, Claimant completely releases, acquits, and forever discharges Respondent and their successors, heirs, representatives, administrators, assigns, insurers, reinsurers, trustees, officers, directors, stockholders, attorneys, employees, affiliates, future affiliates, subsidiaries, privies, associations, partnerships, and parent companies (collectively "the Released Parties") of and from any and all claims, derivative claims, actions, causes of action, demands, payments, attorneys' fees, benefits, rights, claims for violations of Texas Statutes and unfair procedures, damages, including compensatory, consequential, special, punitive and all others, costs, interest, and expenses whatsoever which Claimant now has or which may hereafter accrue on account of any claims arising out of the allegations that form the basis of the above claim, or any asserted, or assertable claims arising out of the Released Parties' or any of their agents' acts or omissions in connection with the above claim.
- C. **BINDING ON SUCCESSORS:** This Release shall be binding upon and inure to the benefit of the Parties, their relatives, heirs, successors, representatives, administrators, and assigns, including any divisions, parent, subsidiary, or affiliated corporations.
- D. **ACKNOWLEDGMENT OF CONSIDERATION:** Claimant acknowledges that payment by Respondent provides good, valuable, and sufficient consideration for every promise, duty, release, obligation, and right contained in this Release.
- E. **INTEGRATION CLAUSE:** This Release supersedes all prior releases and understandings, if any, relating to the subject matter hereof and the terms of this Release are contractual and not merely a recital.
- F. **READ AND UNDERSTOOD:** Claimant certifies that (s)he has read this Release in its entirety, that (s)he is legally competent to sign this Release and that (s)he fully understands the content and effects of this Release. Claimant further represents that (s)he has not relied upon any representations other than those contained in this Release and that (s)he has freely and voluntarily signed this Release with full knowledge of its meaning and content after having sought the advice of his/her own counsel.
- G. **NO ADMISSION OF LIABILITY:** Claimant understands and agrees that this Release is a good faith compromise of disputed claims and that this Release is not to be construed as an admission of liability by the Released

Parties and that the Released Parties deny any liability.

- I. **INDUCEMENT**: Claimant agrees that (s)he has not been induced to sign this Release by any representation, if any, made by any employee, agent, or attorney of the Released Parties concerning the validity or merit of any claim or claims, and that (s)he is acting upon his/her own judgment, belief, and knowledge of the nature of all claims or potential claims in making this Release, and declares that (s)he is acting only after securing the advice and consultation of legal counsel of his/her own choice.
- J. **SEVERABILITY**: To the extent any term or condition of the Release is unenforceable or void under applicable law, it shall not affect the ability to enforce the remainder of the Release; the remaining terms and conditions of the Release, if any, shall remain fully enforceable and only the unlawful or void portions of the Release, if any, shall be severed from the remainder of the Release.
- K. **CONFIDENTIALITY**: Claimant agrees that the amount of the settlement between the parties shall be kept confidential and that the parties shall not disclose the amount or particulars of the settlement to any other person or entity without the written consent of the Released Parties or their representatives, except as required by law. Claimant agrees that he will exercise his/her best efforts and good faith to prevent disclosure of the settlement amount or its particulars. Disclosure to attorneys, accountants, or employees of the Released Parties or Claimant for any related legal matter in this Civil Court Action shall not be considered a disclosure of the settlement amount. Claimant further understands and agrees that: (1) the promise of confidentiality as provided in this paragraph is a material inducement to Respondent to enter into this Release and is of the essence of this Release, (2) a breach of the obligations under this confidentiality provision by Claimant shall be a material breach hereof, entitling Respondent to the return of all monies that they paid to any party that breaches this confidentiality provision, and (3) this Release will in all other respects remain in full force and effect. Counsel for all parties agree to maintain the confidentiality of the terms of this Release. One Hundred and 00/00 Dollars (\$100.00) of the Thirty-Five Thousand and no/00 dollars (\$35,000.00) settlement amount is paid as consideration for this confidentiality agreement.
- L. **INDEMNIFICATION & HOLD HARMLESS**: Claimant hereby expressly agrees that in the event there are, or there become any claims, demands, liens, letters of protection, rights, actions, losses, or expenses of any kind, whether known or unknown, or any subrogation rights, that Claimant will hold harmless, defend, and indemnify the Released Parties from and against any and all liability, costs, damages, attorneys' fees, and expenses of whatever kind or nature which the Released Parties may sustain

or incur by reason of or in consequence of any of the said claims or liens of whatever nature, and each of the parties hereby released shall be entitled to plead this obligation and this Release in defense of any such claim.

- M. **MISCELLANEOUS:** The Parties further agree that this Release shall not act as a release of any other person(s) or insurance company(ies) that may be liable for such damages, or for payment of such damages that are not expressly named herein, including, but not limited to, healthcare providers and healthcare facilities.
- N. **INTERESTS OF MEDICARE AND MEDICAID:** With respect to Medicare and Medicaid, Respondent has requested and Claimant has agreed to the following: Claimant will confirm with the Centers for Medicare and Medicaid Services (hereinafter CMS) whether Claimant is a Medicare or Medicaid beneficiary or Medicare or Medicaid eligible as defined by 42 U.S.C. Section 1395(y) and 42 C.F.R. Section 411.25 (hereinafter the Medicare Secondary Payer Statute). If Claimant is Medicare or Medicaid eligible as defined by the Medicare Secondary Payer Statute (i.e., Medicare or Medicaid have made condition payments already; or Claimant is 62.5 years or older; or Claimant is receiving Social Security Disability; or Claimant has end stage renal disease; or Claimant is receiving railroad retirement benefits), then Claimant shall have the responsibility to notify the Respondent in writing and immediately report the settlement to CMS so as to comply with the Medicare Secondary Payer Statute. Claimant agrees that prior to the disbursement of any settlement monies, Claimant will (1) determine if they are required to comply with the Medicare Secondary Payer Statute and if so, (2) report the settlement to CMS promptly and (3) request a reimbursement demand letter from CMS and (4) resolve to the approval and satisfaction of CMS any liens and (5) resolve any future Medicare liens to the satisfaction of CMS by either allocating a portion of the settlement for future Medicare or Medicaid obligations, submitting a Medicare Set Aside (hereinafter MSA) as defined by the CMS, or obtaining a waiver from CMS as to the need for a future MSA or other set aside. Claimant agrees that Respondent's attorneys and their insurers, as well as the Released Parties, have made Medicare and Medicaid's interests a condition of settlement. Claimant will hold harmless and indemnify the Respondent, its attorneys, and its insurers, as well as the Released Parties, should (s)he or his/her counsel violate any portion of these conditions, and/or should it result in CMS making any demand or claim for penalties, damages, or reimbursement to Respondent, Respondent's attorneys, Respondent's insurer (including any excess carrier or third party administrator) or the Released Parties. Claimant agrees to fully cooperate with Respondent and CMS at Claimant's own expense to provide whatever information CMS requests or requires to satisfy the Medicare Secondary Payer Statute. Claimant promises to indemnify, defend, and hold harmless the Released Parties from any claim of any kind brought against the

Released Parties by CMS, the federal government, or Medicare as arising from the Medicare Secondary Payer Statute, the State Children's Health Insurance Program (SCHIP) statute, or the protection of Medicare's interests for payments that may be made in the future by Medicare or CMS for treatment that is causally related, or is alleged to be causally related, to the Subject Claim.

- O. **MEDICARE CONTINUED**: In the event that Claimant is not a Medicare or Medicaid beneficiary, or Medicare or Medicaid eligible as defined above, (s)he hereby attests that (s)he is not currently receiving any Medicare benefits, that (s)he has not applied for Medicare benefits nor does (s)he plan on applying for Medicare benefits within the next thirty (30) months. In the unexpected event that such expenses are incurred, the undersigned Claimant agrees to not file any claim with Medicare for any future medical care or treatment that is or may be related to the injuries or medical conditions alleged from the Subject Claim. Claimant further agrees to be solely responsible for payment of any future medical expenses and not shift responsibility to Medicare.

Donna Gore DECLARES THAT (S)HE HAS READ THIS SIX (6) PAGE SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS AND FULLY UNDERSTANDS IT AND VOLUNTARILY AGREES TO ITS TERMS AND CONDITIONS, THAT (S)HE HAS THE LEGAL CAPACITY TO EXECUTE THIS RELEASE, AND AGREES THAT ALL DOUBTS AND AMBIGUITIES IN CONNECTION WITH THIS RELEASE SHALL BE CONSTRUED AS IF THE PARTIES JOINTLY DRAFTED THE RELEASE.

Executed on this ____ day of _____, 2020.

Donna Gore

STATE OF TEXAS
COUNTY OF _____

BEFORE ME, the undersigned, duly authorized to take acknowledgments in the State and County aforesaid, personally appeared Donna Gore known to me to be the person designated in the foregoing, or who has produced _____ as identification, and has acknowledged before me that (s)he executed the same freely and voluntarily for purposes described therein.

WITNESS my hand and official seal in the County and State aforesaid, this ____ day of _____, 2020.

NOTARY PUBLIC

EXHIBIT “C-1”

Hubert Oxford IV

From: Charice Cole <charice.finch@newlighthhealthcare.com>
Sent: Monday, December 14, 2020 6:02 PM
To: 'Gary Klein'; Hubert Oxford IV; 'David B. Smith'
Cc: 'Lee Hughes'; 'Todd Biederman'; 'Chris Rutledge'; 'Sherrie Norris'
Subject: RE: Sept. through October 2019-Spring Branch QIPP Audit
Attachments: Extension of deadline for submission of requested data/documents for QIPP SFY 2020 Quarter 1

Gary,

I have attached an email with the updated due date from HHSC (1/11/2021)

David or I will send you what you need soon.

Thanks,

Charice Cole

Charice Cole // Vice President of Financial Operations / 7500 Rialto Blvd., Bldg. 1, Suite 250 / Austin, TX 78735

Phone 512-589-2210

From: Gary Klein <gary@caringhealthcare.net>
Sent: Monday, December 14, 2020 3:18 PM
To: Hubert Oxford IV <hoxfordiv@benoxford.com>; David B. Smith <david.smith@newlighthhealthcare.com>; Charice Cole <charice.finch@newlighthhealthcare.com>
Cc: Lee Hughes <lee.hughes@newlighthhealthcare.com>; Todd Biederman <todd.biederman@newlighthhealthcare.com>; Chris Rutledge <chris.rutledge@newlighthhealthcare.com>; Sherrie Norris <sherrie@wshd-tx.com>
Subject: RE: Sept. through October 2019-Spring Branch QIPP Audit

Hi,

Just checking in to see if anyone can send me the info requested below.

Thanks,

Gary

From: Hubert Oxford IV <hoxfordiv@benoxford.com>
Sent: Wednesday, December 9, 2020 10:43 AM
To: David B. Smith <david.smith@newlighthhealthcare.com>; Charice Cole <charice.finch@newlighthhealthcare.com>
Cc: Lee Hughes <lee.hughes@newlighthhealthcare.com>; Todd Biederman <todd.biederman@newlighthhealthcare.com>; Chris Rutledge <chris.rutledge@newlighthhealthcare.com>; Sherrie Norris <sherrie@wshd-tx.com>; Gary Klein <gary@caringhealthcare.net>
Subject: Sept. through October 2019-Spring Branch QIPP Audit

This message was sent from outside your company. Please do not click links, open attachments, or send sensitive information until you verify the authenticity of this email (by calling the sender directly) or you know that the content is safe. - [IT Outsource LLC](#)

David and Charice,

Spring Branch is getting audited for QIPP and they want proof of the District's meaningful involvement from September through October 2019. Will you please provide the documents for these months that reflect our involvement? The due date is ten (10) days from yesterday.

Hubert Oxford, IV
Benckenstein & Oxford, L.L.P.
3535 Calder Avenue, Suite 300
Beaumont, Texas 77706
(409) 951-4721 Direct
(409) 351-0000 Cell
(409) 833-8819 Fax

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Hubert Oxford IV

From: HHSC MCS QIPP/QAPI <MCS_QIPP_QAPI@hhsc.state.tx.us>
Sent: Friday, December 11, 2020 6:11 PM
To: charice.finch@newlighththealthcare.com
Subject: Extension of deadline for submission of requested data/documents for QIPP SFY 2020 Quarter 1

MEMORANDUM FROM TEXAS HHSC QUALITY MONITORING PROGRAM, MEDICAID & CHIP SERVICES

FOR FACILITY ID: 5383, Facility Name: SPRING BRANCH TRANSITIONAL CARE CENTER, Owner Name: WINNIE-STOWELL HOSPITAL DISTRICT (CC: Administrator/Facility POC: Mary Silber, Preparer, Submitter, Owner POC: Charice Cole/ Charice Cole/ Charice Cole, Certifier: Edward Murrell)

On December 8, 2020, HHSC requested supporting documentation to validate data and documentation previously reported by your facility for State Fiscal Year 2020, Quarter 1. The request asked that this information be provided by close of business on 12/23/2020.

HHSC is changing the reporting timeframe for all upcoming Quarterly Reviews from 14 calendar days to 14 business days. When counting business days, do not count holidays when the office is closed per the State of Texas Holiday Schedule. **Further, to account for pandemic hardships and the holidays, HHSC is granting an extension for this request until 1/11/2020.** Failure to participate in the review or to provide supporting documentation could result in adjustments pursuant to 1 TAC §353.1301(k).

Note: If your facility is unable to provide supporting data and documentation or has additional questions, please notify the HHSC QIPP team at QIPP@hhsc.state.tx.us.

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Quality Monitoring Program

Medicaid & CHIP Services

Quality & Program Improvement

Texas Health & Human Services Commission

For Data/Document submission email: MCS_QIPP_QAPI@hhsc.state.tx.us



TEXAS
Health and Human
Services

Quality Monitoring
Program

EXHIBIT “C-1”

**INTERLOCAL AGREEMENT BETWEEN
CHAMBERS COUNTY AND THE WINNIE-STOWELL HOSPITAL DISTRICT**

This **INTERLOCAL AGREEMENT BETWEEN CHAMBERS COUNTY** (the “County”), a political subdivision of the State of Texas, and the **WINNIE-STOWELL HOSPITAL DISTRICT (“District”)**, a political subdivision of the State of Texas (herein “Agreement”) is entered into effective the ___ day of _____, 2020, pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code.

RECITALS

WHEREAS, the Winnie-Stowell Hospital District (“WSHD”) is a hospital district located in Chambers County, Texas and governed by of Article IX, Section 9 of the Texas Constitution and Chapter 286 of the Texas Health & Safety Code, and is subject to the terms and conditions of the Texas Indigent Health Care and Treatment Act (Texas Health & Safety Code Ch. 61); and

WHEREAS, in accordance with its mission and statutory requirements, District is obligated to assume full responsibility for providing medical and hospital care for its Indigent inhabitants without charge. *See* Tex. Const. Art. IX, § 9 (2014) (emphasis added); Tex. Health & Safety Code §§ 286.073, 286.082, and 61.052(a).Tex. Att’y. Gen. Op. No.JM-858 (1988); and Tex. Att’y. Gen. Op. No. JC-0220 (2000); and

WHEREAS, the boundaries of Chambers County Precinct 1 overlay the boundaries of the District; and

WHEREAS, the County, through the Precinct 1 Commissioner’s office, the Honorable Jimmy Gore, provides public transportation, to the elderly, disabled, and indigent residents of Precinct 1 to assist with the transportation needs, including but not limited to, taking residents of Precinct 1, the District, and the District’s Indigent Care clients, to healthcare appointments both inside and outside of Precinct 1; and

WHEREAS, during the November 18, 2020 Regular Meeting of the Board of Directors of the Winnie Stowell Hospital District, the District unanimously approved a request by Commissioner Jimmy Gore, on behalf of the residents of Precinct 1, the District, and the County, to purchase a 2020 Driverge T350 Van – Mid Roof Side Lift 5 passengers Plus Driver with 2 Wheelchair Positions (“the Van”) and an extended Premium Care Extended Service Plan and convey the Van to the County for the purpose of transporting the elderly and disabled residents of Precinct 1, the District, and the District’s Indigent clients to healthcare appointments and other routine needs, such as grocery shopping, within the boundaries of Precinct 1 and the District as well as outside of Precinct 1 and the District); and

WHEREAS, during the _____, 2020 Regular Meeting of the County Commissioners of Chambers County, the County Commissioners unanimously agreed to take ownership of the Van; to properly title and insure the van; and to utilize the van for the purpose of providing routine transportation to the residents of Precinct 1 and the District.

THEREFORE, BE IT RESOLVED THAT, the COUNTY and the DISTRICT enter into this Interlocal Agreement in accordance with Chapter 791 of the Texas Government Code with the following terms and conditions:

1. Purpose: The purpose of this Agreement is for the District to purchase the Van and extended service plan (*see Exhibit "A"*) and to convey the Van to the County to provide transportation to elderly and disabled residents of Precinct 1 and the indigent residents of the District, for the purposes of taking the residents to healthcare appointments, within and outside of Precinct 1 and the District as determined by the County, and to assist the residents with other necessary transportation needs.

2. Duties of County: To assist the District in purchasing the Van and extended warranty; and upon receipt of the Van, the County is to title the Van in the County's name; to adequately insure the Van; and to utilize the Van for transporting the elderly and disabled residents of Precinct 1, and the Indigent clients of the District to healthcare appointments and other routine transportation needs.

3. Duties of District: To purchase the Van and an extended Premium Care Extended Service Plan and convey the Van to the County to satisfy the purposes of this Agreement.

Executed effective as of the Effective Date by the following duly authorized representatives:

| | |
|--|--|
| <p>WINNIE STOWELL HOSPITAL DISTRICT</p> <p>By: _____</p> <p>Print Name: Mr. Edward Murrell</p> <p>Title: President of Winnie Stowell Hospital District's Board of Directors</p> <p>Date: _____</p> | <p>CHAMBERS COUNTY</p> <p>By: _____</p> <p>Print Name: _____</p> <p>Title: _____</p> <p>Date: _____</p> |
|--|--|

EXHIBIT “D”

Winnie-Stowell Hospital District

Executive Summary of Nursing Home Monthly Site Visits

October 2020

| Facility | Operator | | Comments |
|---|----------|--|---|
| Highland Park Rehabilitation and Care Center | Caring | | <p>Current Census: 55. The facility is currently in their survey window. There was an infection control survey in June 2020, the facility received three tags which have now been cleared. There were three reportable incidents since the last visit, two were for positive COVID-19 tests and the third was for an injury. The facility has been COVID free since the end of September, they are now able to accept new residents. The facility has received a shipment of plexiglass for whenever indoor visits are permitted.</p> |
| Spring Branch Transitional Care Center | Caring | | <p>Current Census: 168. The facility is currently in their survey window. There were no reportable incidents since the last visit. The facility is considered an outbreak building due to the previous and current cases of COVID at the facility. The facility has seen a significant drop in positive COVID cases since August. The facility has had several staff test positive for COVID in the last several weeks, this is why the facility is still considered an outbreak building.</p> |
| Park Manor of Cyfair | HMG | | <p>Current Census: 96. The facility is currently in their survey window. There were no reportable incidents since the last visit. The facility has been COVID free since July, starting in November they will be able to test monthly as opposed to weekly. The facility has begun outdoor visitations with families, with the easier availability of testing the facility is beginning to see an increase in indoor visitations. The facility registered for the COVID vaccine for whenever it is available.</p> |
| Park Manor of Cypress Station | HMG | | <p>Current Census: 71. The facility is currently in their survey window. There were two reportable incidents since the last visit, one was for a fall with injury and the second was for a positive COVID test. The facility had one staff member test positive for COVID in October, so far there have not been any other positive cases in the facility. The facility has been trying to boost the morale around the facility by celebrating the holidays in a safe manner.</p> |
| Park Manor of Humble | HMG | | <p>Current Census: 75. The facility is currently in their survey window. There were nine reportable incidents since the last visit, only one was a COVID related incident. The facility does not have any COVID positive residents at this time, there are two staff members who have tested positive. The facility has</p> |

| | | | |
|---|---------|--|--|
| | | | had a lot of turnover with its staff over the last several months, they are looking to stabilize with some new hires and moving current staff into new roles. |
| Park Manor of Westchase | HMG | | Current Census: 78. The facility had their annual survey in February 2020, they are currently in their survey window. There were two reportable incidents since the last visit, the facility was not cited. The facility is currently COVID free, they have not had a resident test positive since August. The facility has established an online portal to allow families to sign up for visitation times. |
| Oak Manor | Genesis | | Current Census: 43. The State was in the facility twice since the last visit, once for an infection control survey and once for a fan that burned out in the bathroom causing smoke; the facility was not cited for either. There were three reportable incidents since the last visit, two were for falls and one was for a resident that was transferred to a hospital and tested positive for COVID; the facility was not cited for any of the incidents. The staffing at the facility has stabilized and they are using their QAPI reports to focus on correcting negative trends. |
| Oakland Manor | Genesis | | Current Census: 49. The state was in the facility for an infection control survey, the facility received one tag which has been cleared. There were two reportable incidents since the last visit one for a fall with major injury and the second for a resident to resident altercation; neither incident has been investigated. The facility still has the remodel on hold due to COVID restrictions. The facility is having to use agency staffing for CNA's, this has led to a higher than expected budget but the facility is doing well. |
| Hallettsville Nursing and Rehabilitation | Genesis | | Current Census: 78. The facility is currently in their survey window. There was one reportable incident since the last visit, there was a resident to resident verbal confrontation, the state has not yet investigated. The facility is having to use agency staffing but are able to stay within their budgeted targets. The facility has been using the QAPI reports to focus on finding issues before they arise and so far, it has been working well. |
| La Grange Rehab and Nursing Center | Genesis | | Current Census: 71. The state was not in the facility since the last visit. There were no reportable incidents since the last visit. The facility has a high anti-psychotics usage, this is due to a large number of new residents, they are working to reduce the usage. The administrator continues to do a good job running the facility, they have been able to stay within their budgeted targets. |

| September 2020 | | | |
|-----------------------------|-----------------|--|---|
| Facility | Operator | | Comments |
| Park Manor of Conroe | HMG | | Census: 88. The facility has been in their survey window since March 2020, they did have an infection control survey with nothing cited. There were seven reportable incidents since the last visit, the facility was not cited for anything. The facility was COVID free until September 9 when a new resident tested positive. Since that time several staff have tested positive, but no residents have. Once the facility achieves the required number of days COVID free they will be requesting phase one visitation. |
| Spindletop Hill | Genesis | | Census: 100. The facility has been in their survey window since February 2020, the facility did have a complaint survey in September with no citations. There were no reportable incidents since the last visit. The facility had to evacuate for two days due to Hurricane Laura, the facility did not sustain any damage. The facility tested all staff and residents in September and there were zero positive COVID tests. |
| The Woodlands | Genesis | | Census: 155. The state was in the facility to investigate reportable incidents/complaints in September. The facility has had fifteen incidents/complaints since the last visit, the facility has not been cited. The facility had one staff member test positive for COVID at the beginning of July, no one else at the facility has tested positive. Up to this point the facility is conducting weekly tests on their staff and the facility has not had a single resident test positive. |

Administrator: Katherine Bryant – “Kallie”
DON: currently looking

FACILITY INFORMATION

Highland Park is a 120-bed facility with a current overall star rating of 1 and a Quality Measures star rating of 4. The census given on the date of this report was 52 but the administrator mentioned (2) new Medicare admits coming that day and (1) in the hospital in which 55 for census by the end of the day.

Due to the current COVID-19 restrictions in place, the QIPP site visit was conducted via telephone. The Administrator was on the call.

The Administrator reported they have been a COVID Free building since the 24th of September and reports their building is under 5% status. There are 154,765 confirmed cases of COVID_19 in Harris County at this time. The facility has been accepting new admissions and residents back from hospital and quarantining them on a separate hall for 14 days. If the same residents do not exhibit any signs or symptoms related to the virus, they are moved from that hall into their own room.

Administrator reported they are still following CMS/CDC/state infection control guidelines for COVID-19. Housekeeping is cleaning (every hour) the high touch areas with disinfectant. The facility is still encouraging staff to not work at other jobs, per state guidelines. Administrator doesn't believe any of her employees work elsewhere.

Because the building is COVID free, the morale has increased with many. Payday is on the 30th and many will be dressing up and handing out candy to all to thank them for everything. The team is still ordering food and distributing snacks and treats to keep spirits high and many seem to appreciate everyone's efforts. Large groups for in-services are still not permitted but training continues as appropriate.

The facility continues to perform and document the screening of their employees including temperature checks. Essential caregivers are permitted at this time in the building when scheduled. The caregivers are screened each time and have to show documentation having being COVID negative. The visits started a few weeks ago and has been going well. The administrator mentioned they were approved to be able to have outside visits as well and recently received their plexiglass for indoor visits in which they are in the process for approval for this kind of visit. Administrator brought up the possibility of vaccines soon and with NHSN and doing her logs on Monday's and Thursday's already signed the alerts for CVS and hope to receive needed paperwork in order to be able to get the vaccines when they are available.

Administrator reports the facility is currently fully stocked with over 3 to 4 weeks supply of PPE and an overflow in her office. PPE is coming from regular vendors, corporate, donations and from SET-RAC, recently. Administrator reports hand sanitizer as being the most important of all items needed. Most staff are currently wearing surgical masks since the building is COVID free but some still prefer to wear N-95 masks. Residents wear cloth or surgical if they are out of their room or during direct care.

Administrator reported the residents seem to be doing better ever since the visits outside were approved and essential caregiver visits approved too.

SURVEY INFORMATION

SICA's visit on 6/17/2020 brought about three follow up calls and now cleared of having the calls since August. The calls consisted of asking them about their PPE, products used for disinfecting and sanitizing, how many cases of COVID and how are you preventing COVID. Annual survey is due at the end of January 2021.

REPORTABLE INCIDENTS

Administrator states not many reportable incidents in the last quarter. One COVID positive in July and September and an injury in August.

CLINICAL TRENDING

Incidents/Falls:

Information was not provided.

Infection Control:

Information was not provided.

Weight loss:

Information was not provided.

Pressure Ulcers:

Information was not provided.

Restraints:

Highland Park does not use restraints.

Staffing:

Staffing needs – currently, with recent hires, fully staffed.

| Quality Indicators - CASPER Report | | | | |
|------------------------------------|----------|-------|----------|--------------------------|
| Indicator | Facility | State | National | Comments |
| Self-Reported Mod/Severe Pain (S) | | | | Information not provided |
| New/Worsened Pressure Ulcers (S) | | | | |
| New Psychoactive Med Use (S) | | | | |
| Fall w/Major Injury (L) | | | | |
| UTI (L) | | | | |
| Self-Reported Mod/Severe Pain (L) | | | | |
| High risk with pressure ulcers (L) | | | | |
| Loss of Bowel/Bladder Control(L) | | | | |
| Catheter(L) | | | | |
| Physical restraint(L) | | | | |
| Increased ADL Assistance(L) | | | | |
| Excessive Weight Loss(L) | | | | |
| Depressive symptoms(L) | | | | |
| Antipsychotic medication (L) | | | | |

QIPP SCORECARD:

Component 1

| Indicator | QAPI Mtg Date | PIP's Implemented (Name specific PIP's) |
|--------------|---------------|---|
| QAPI Meeting | | Information not provided |

Component 2

| Indicator | Benchmark Met Y/N | Comments |
|---|----------------------|--------------------------|
| Did NF maintain 4 additional hours of RN staffing coverage per day, beyond the CMS mandate? | | Information not provided |
| Did NF maintain 8 additional hours of RN staffing coverage per day, beyond the CMS mandate? | | Information not provided |
| Does the NF have a staffing recruitment and retention program that includes a self-directed plan and monitoring outcomes? | | Information not provided |
| Was Workforce Development data submitted q month to QIPP during the quarter? | | Information not provided |

QIPP Component 3 – CMS Long-Stay Quality Metrics

| Indicator | National Benchmark | Baseline Target | Results | Met Y/N | Comments |
|---|--------------------|-----------------|---------|------------|--------------------------|
| Percent of high-risk Long-Stay residents with pressure ulcers; including unstageable ulcers | | | | | Information not provided |

| | | | | | |
|---|--|--|--|--|--------------------------|
| Percent of residents who received an anti-psychotic medication | | | | | Information not provided |
| Percent of residents whose ability to move independently has worsened | | | | | Information not provided |

QIPP Component 4 – CMS Long-Stay Quality Metrics

| Indicator | National Benchmark | Baseline Target | Results | Met Y/N | Comments |
|---|--------------------|-----------------|---------|---------|--|
| Percent of residents with urinary tract infections | | | | | Information not provided |
| Percent of residents whose pneumococcal vaccine is up to date. | | | | | Information not provided |
| Facility has an infection control program that includes antibiotic stewardship. The program includes policies and training as well as monitoring, documenting and providing staff feedback. | | | | Y | Infection Control Policy reviewed. Yes Antibiotic Stewardship Program review and is in place with all components. Yes |

Administrator: Sean Buelow
DON: Linda Obi, RN

FACILITY INFORMATION

Spring Branch Transitional Care Center is managed by Caring Healthcare. They are licensed for 198 beds and are comprised of 5 floors. The CMS overall star rating for the facility is 2 with a 2-star rating in Quality Measures. The facility specializes in Behavioral/psychiatric but also has a wing for Korean residents. The census given on the day of report was 168: 13 MC; 132 MDC; 9 Hospice; 8 MDC pending; 3 PP and 3 HMO.

Due to the current COVID-19 restrictions in place, the QIPP site visit was conducted via telephone. The Administrator was on the call.

The Administrator reported they are still implementing their emergency plan and are following all the state/federal/local mandates. Administrator reports there are 167,955 confirmed cases of COVID_19 in Harris County. Facility requires their staff limit to only working at their facility.

The administrator reported that in July was when the spike for COVID_19 positivity occurred at Spring Branch. They had a unit that expanded on the 3rd floor but now do not have any positive COVID_19 residents. They are still considered to be in an outbreak status at this time as they have had a series of three employees testing positive. They would have one employee that would stay home for 10 days and then during the 14-day outbreak period they would get another employee and have to start over. This happened three times but all were different employees but still extended their time. At one point, they had nearly 60 residents in a full unit and a half of another one dedicated for the hot zone. Three East was almost entirely full and Three West began to receive more as well. Since August, they have really seen a dramatic decline in COVID cases at Spring Branch. They were admitting positive residents through August as they had a hospice contract and the number of COVID_19 deaths were high due to those on hospice passing away after a few days. This was considered an outside admission opposed to an inside admission.

The administrator reported they are required to test all residents and staff every 3 to 7 days as they are considered an outbreak building. Typically, the tests are done on Sunday, Monday and Tuesday's and they receive the lab results back quickly; yesterday he received 200 back showing all negative results. Employees are screened on every shift before they come in the building, taking temperatures and screening them for COVID symptoms. Temperatures over 99.8, they cannot come in. Residents are checked three times a day at every shift.

Sanitizing all high points areas every two hours is part of their infection control procedures. The administrator reported they really haven't had an outbreak through the building and at this time is in maintenance mode. They have been talking to the City of Houston Department of Health and work closely with them. They are utilizing surgical masks at this time because they do not have cases in

the building. However, they have a COVID unknown unit that is on their 2nd floor West side that all new admissions go to for 14 days quarantined and thereafter go into the general population.

Essential Caregiver visits are allowed and they have a log they keep up in the front. All visitors are trained, sign their policy, and follow all criteria set forth. Time slots have been scheduled for 2 visits per hour in which 15 minutes is allotted to sanitize resident's room. On average, they have 12 visitors per day. It has also been set up that an essential caregiver can only come every other day. Outside visits were approved but because they are considered an outbreak facility at this time, they are not allowed to have them yet. The administrator reported they are not going to do the plexiglass visit as it seemed more like a prison experience. Most are truly taking advantage of the indoor visits as it is more personable and fulfilling for the resident and their loved one.

PPE is good, especially since they haven't had a significant outbreak in their building. Their need for supplies is low. They are working with SETRAC and order routinely. PPE should last at least 2 to 4 weeks considering the items. Surgical mask supplies are over a month's worth. All items are in central supply, secured.

The administrator believes the flu shots are almost complete for residents and staff. They have also registered through the CDC website for the COVID_19 vaccine. Weight loss has been a challenge for some due to the change in dining experience but they are focused on improving that area.

Decorating for all holidays are planned; Halloween decorations are out already. The administrator reported they are trying to figure out what they are going to do for Thanksgiving since in the past was such a great time for residents and families but he is hopeful they will figure something nice out. The beautician has not been willing to come in, so they are looking for a new one. Mental Health and Hospice workers are able to come in as they are considered essential. Activities are provided door to door to try and keep them engaged and happy. Families, especially the Korean families, have been trying their best to have their loved ones still engaged with their culture, including bringing food to drop off. Communication has been so difficult due to COVID, and the Korean activity director has been a centerpiece in keeping families informed and letting them know of changes whenever it happened.

SURVEY INFORMATION

The facility is in their open window for survey.

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:

Spring Branch Transitional Care is a restraint free facility.

Staffing:

Currently the facility is fully staffed and recruiting for PRN and PT positions.

| .Quality Indicators - CASPER Report – Information not provided | | | | |
|--|----------|-------|----------|--------------------------|
| Indicator | Facility | State | National | Comments |
| New Psychoactive Med Use (S) | | | | Information not provided |
| Fall w/Major Injury (L) | | | | |
| UTI (L) | | | | |
| High risk with pressure ulcers (L) | | | | |
| Loss of Bowel/Bladder Control(L) | | | | |
| Catheter(L) | | | | |
| Physical restraint(L) | | | | |
| Increased ADL Assistance(L) | | | | |

| | | | | |
|------------------------------|--|--|--|--|
| Excessive Weight Loss(L) | | | | |
| Depressive symptoms(L) | | | | |
| Antipsychotic medication (L) | | | | |

QIPP SCORECARD: - information not provided but per Administrator the facility met all four components.

Component 1

| Indicator | QAPI Mtg Date | Benchmark Met Y/N | PIP's Implemented (Name specific PIP's) |
|--------------|---------------|----------------------|---|
| QAPI Meeting | | | Information not provided. |

Component 2

| Indicator | Benchmark Met Y/N | Comments |
|---|----------------------|--------------------------|
| Did NF maintain 4 additional hours of RN staffing coverage per day, beyond the CMS mandate? | | Information not provided |
| Did NF maintain 8 additional hours of RN staffing coverage per day, beyond the CMS mandate? | | Information not provided |
| Does the NF have a staffing recruitment and retention program that includes a self-directed plan and monitoring outcomes? | | Information not provided |

| | | |
|--|--|--------------------------|
| Was Workforce Development data submitted q month to QIPP during the quarter? | | Information not provided |
|--|--|--------------------------|

| Indicator | National Benchmark | Baseline Target | Results | Met Y/N | Comments |
|---|--------------------|-----------------|---------|---------|--------------------------|
| Percent of high-risk Long-Stay residents with pressure ulcers; including unstageable ulcers | | | | | Information not provided |
| Percent of residents who received an anti-psychotic medication | | | | | Information not provided |
| Percent of residents whose ability to move independently has worsened | | | | | Information not provided |

QIPP Component 4 – CMS Long-Stay Quality Metrics

| Indicator | National Benchmark | Baseline Target | Results | Met Y/N | Comments |
|--|--------------------|-----------------|---------|---------|--|
| Percent of residents with urinary tract infections | | | | | Information not provided |
| Percent of residents whose pneumococcal vaccine is up to date. | | | | | Information not provided |
| Facility has an infection control program that includes antibiotic stewardship. The program includes policies and training | | | | Y | Infection Control Policy reviewed. Yes |



Spring Branch Transitional Care Center
1615 Hillendahl Blvd #100, Houston, TX 77055
10/23/2020

| | | | | | |
|--|--|--|--|--|--|
| as well as monitoring, documenting and providing staff feedback. | | | | | Antibiotic Stewardship Program review and is in place with all components. Yes |
|--|--|--|--|--|--|

Administrator: Lisa Arnold
DON: Dee Linden, RN

FACILITY INFORMATION

Park Manor Cyfair is a 120-bed facility with a current overall star rating of 4 and Quality Measures star rating of 3. The census on the date of this report was 96.

Due to the current COVID-19 restrictions in place, the QIPP site visit was conducted via telephone. The Administrator and Director of Nurse were on the call.

The Administrator reported they are still implementing their emergency plan and are following all the state/federal/local mandates. Administrator reports there are 167,955 confirmed cases of COVID_19 in Harris County.

The Administrator and DON reported their building COVID_19 free since July. Starting in November they will be able to test monthly and not weekly. Harris County is 4.9% with their COVID positivity rate in which November 26th will be when Park Manor of Cyfair will perform the next test. Residents are being screened and monitored every shift including temperatures, vital signs and other related COVID signs and symptoms. Staff are still wearing N95 masks and if doing direct patient care, additionally wear head covers and shields. PPE inventory is still good which should last for a month. SETRAC is also supplementing their supplies in which now it is only once a month they can receive. Usually they pick up and receive: 1,000 surgical masks; 250 N95 masks; and 100 gowns. Washable gowns are now being worn on the isolation unit by staff.

Outdoor visitation was approved a month ago and the essential caregiver visits started a few weeks ago. Initially, not many families applied for the indoor visit as they were having a hard time getting tested but the administrator reported more are coming in since testing has become more readily available. The essential caregiver visitors have to provide a negative test result, receive training and then are directed straight to the resident's room. Testing is required of the essential caregivers every 14 days and their visit is limited to an hour. The facility also mandates a nasal swab (PCR) and not an antigen test when providing the results. The caregivers are required to wear a N95 and face shield when they visit their loved one. They believe utilizing both N95 and face shield is very effective from preventing the spread of COVID as it doesn't get in the eyes or nose so easily. Indoor plexiglass visits will start next week. The administrator reports it has been difficult to explain to families as they don't listen to the process of it all but hopeful it works out.

Anyone having temperatures of 100 or higher are not allowed in the building. Park Manor of Cyfair actually has a high tech infrared electronic temperature machine that makes a loud noise upon entering when someone's temperature is 99 or higher. The administrator reported they have only sent two people home due to having a 99.1 temperature due to a cold and not COVID_19. The alarm is so loud, you can hear it from the back of the building. The machine is also used for outside visits

as you can move it around wherever you want to take it. The machine is very accurate and only cost \$99.

Flu shots were given two weeks ago but the DON stated they can offer it up to the end of the year. The administrator reported registering for the COVID vaccine a few days ago and they purchased it through Walgreens in which it will be delivered to the facility once it is available.

The facility has an infection preventionist nurse that assists with Infection Control. They have a sanitation tech and a hospitality aide that cleans high touch areas all day long using the product Virex. They are still using the Italian grade steamer in which it cleans equipment every day.

There are three levels of pay that can be offered to the staff: regular pay, (general population) isolation unit (1st level of COVID pay) and COVID unit (2nd level COVID pay). Currently they are using the isolation pay in which those are the residents that are quarantined for 14 days. The pay for working in the isolation unit is time ½ and COVID unit is triple time ½.

Snacks, drinks and food are provided for the staff on a regular basis. T-shirts are given out, drawings for prizes and a BBQ event is planned. Examples of activities include hallway bingo, happy hour in which a cart full of drinks is wheeled down the hallway, music, and trivia games. Spirit week is coming up and the administrator purchased a spinning wheel in which residents and staff can win prizes. Everyone will be dressing up in costumes. The residents are doing better ever since they were able to visit with family.

SURVEY INFORMATION

The facility is in their survey window and expects they will come at the end of this month or November. In August, all weekly surveys and reporting in weekly stopped from the state from the COVID outbreak last quarter.

REPORTABLE INCIDENTS

In **July/August/September**, the facility had 0 self-reports.

CLINICAL TRENDING

Incidents/Falls:

During, **July/August/September** Park Manor of Cyfair had 39 total falls, of which 2 resulted in injury, and 1 Bruise.

Infection Control:

Park Manor of Cyfair reports 69 total infections in **July/August/September** – 21 UTI's; 18 URI's; 3 GI infections; and 3 other.

Weight loss:

Park Manor of Cyfair reported Weight loss in **July/August/September** – 1 resident with 5-10% and 2 residents with > 10% loss in 30 days.

Pressure Ulcers:

In **July/August/September**, Park Manor of Cyfair had 11 residents with 11 pressure ulcer sites – 6 acquired in house.

Restraints:

Park Manor of Cyfair is a restraint free facility.

Staffing:

Administrator reports the facility is in need of (1) LVN & (5) CNA for 6a-2 p shift.

| Quarter Quality Indicators (Casper) | | | | |
|-------------------------------------|----------|-------|----------|---------------|
| Indicator | Facility | State | National | Comments/PIPs |
| New Psychoactive Med Use (S) | 2.1 | 2.1% | 2.0% | |
| Fall w/Major Injury (L) | 1.7 | 3.6% | 3.5% | |
| UTI (L) | 0 | 2.2% | 2.7% | |
| High risk with pressure ulcers (L) | 8.9 | 8.9% | 8.9% | |
| Loss of Bowel/Bladder Control(L) | 92.6 | 50.7% | 47.3% | |
| Catheter(L) | 6.7 | 2.0% | 2.0% | |
| Physical restraint(L) | 0 | 0.1% | 0.2% | |
| Increased ADL Assistance(L) | 17.0 | 19.4% | 17% | |
| Excessive Weight Loss(L) | 12.0 | 6.2% | 8.1% | |
| Depressive symptoms(L) | 1.7 | 5.0% | 7.3% | |
| Antipsychotic medication (L) | 5.6 | 12.2% | 14.3% | |

QIPP SCORECARD:

Component 1

| Indicator | QAPI Mtg Dates | PIP's Implemented (Name specific PIP's) |
|--------------|----------------|---|
| QAPI Meeting | | Information not provided |

Component 2

| Indicator | Benchmark Met Y/N | Comments |
|---|----------------------|----------|
| Did NF maintain 4 additional hours of RN staffing coverage per day, beyond the CMS mandate? | Y | |
| Did NF maintain 8 additional hours of RN staffing coverage per day, beyond the CMS mandate? | Y | |
| Does the NF have a staffing recruitment and retention program that includes a self-directed plan and monitoring outcomes? | Y | |
| Was Workforce Development data submitted q month to QIPP during the quarter? | Y | |

QIPP Component 3 – CMS Long-Stay Quality Metrics

| Indicator | National Benchmark | Baseline Target | Results | Met Y/N | Comments |
|---|--------------------|-----------------|---------|---------|----------|
| Percent of high-risk Long-Stay residents with pressure ulcers; including unstageable ulcers | 7.34% | 7.47% | 4.48% | Y | |
| Percent of residents who received an anti-psychotic medication | 14.54% | 7.29% | 7.59% | Y | |
| Percent of residents whose ability to move independently has worsened | 17.72% | 17.87% | 14.04% | Y | |

QIPP Component 4 – CMS Long-Stay Quality Metrics

| Indicator | National Benchmark | Baseline Target | Results | Met Y/N | Comments |
|--|--------------------|-----------------|---------|---------|----------|
| Percent of residents with urinary tract infections | 2.80% | 1.10% | 0% | y | |
| Percent of residents whose pneumococcal vaccine is up to date. | 88% | 100% | 97.54% | y | |

| | | | | | |
|---|--|--|--------------|--|---|
| | | | 95.08% ST | | |
| | | | 100% LT | | |
| Facility has an infection control program that includes antibiotic stewardship. The program includes policies and training as well as monitoring, documenting and providing staff feedback. | | | | | <p>Infection Control Policy reviewed - Yes</p> <p>Antibiotic Stewardship Program review and is in place with all components - Yes</p> |

Administrator: Justin Joy
DON: Mayra Polio, RN

FACILITY INFORMATION

Park Manor Cypress Station is a 125-bed facility with a current star rating of 1 and a Quality Measures rating of 4. The census on the date of this report was 71.

Due to the current COVID-19 restrictions in place, the QIPP site visit was conducted via telephone. The Administrator was on the call.

The Administrator continues to report implementing their emergency plan and following all the state/federal/local mandates. Administrator reports there are 161,483 confirmed cases of COVID_19 in Harris County.

Administrator reports things have been going well and the building was COVID free for the last couple of months. Recently on October 14th, they had one employee test positive for COVID_19. Thereafter, all staff and residents were tested and everyone's test came back negative. They will be testing again this week and hope for the best. Staff are wearing N95 masks at this time. Employees are screened once upon entrance and if temperature is above 100, they cannot come in. Residents are checked every shift.

PPE is well stocked and depending on the items, are good for two to four weeks. Supplies are coming from all places: SE-TRAC; McKesson and corporate office. Administrator reports the facility is conducting inventory 2-3 times per week.

Essential Caregiver visits started two weeks ago and going well. Approximately a handful are essential caregivers as it is difficult in getting their COVID_19 tests. Indoor visitation with plexiglass is much higher and families are very happy. Residents have received their flu shots and staff will be receiving theirs in the near future. COVID_19 Vaccines are in the process and a goal for the administrator to complete. The administrator reports filling out the first part of the application to register and will receive an email to complete the second part.

Constant education and rounding regarding infection control are done daily with the staff. Audits and skill checks are also being performed and additional observations of staff are documented. A Nurse Infection Preventionist was recently hired for that role and doing a great job. Cleaning products such as Virex and Oxivir are being used to disinfect and sanitize the building.

Employee morale is very important to the administrator. His team has been discussing the holidays to see what they can offer in a safe manner for all. The building has been decorated with Halloween decorations and many staff are dressing up and the residents will vote on their favorite costumes. A parade was held months ago in which the administrator stated it was heart-warming to watch.

Everyone had on their proper PPE and social distancing and the residents were smiling from ear to ear. Residents are doing good considering everything but it is still hard on them. The administrator feels like they have maxed out their creativity since outings have been cancelled and a lot of the socialization has been cut out. An outdoor gazebo area for residents is also being utilized often to make the time go by faster.

SURVEY INFORMATION

Last full book survey was October 8, 2019. Infection Control surveys have occurred twice in last quarter and they received no citations.

REPORTABLE INCIDENTS

During **July/August/September** the facility had 2 self-reports, one fall with injury and one COVID_19 positive; no deficiencies cited.

CLINICAL TRENDING

Incidents/Falls:

During **July/August/September**, Park Manor Cypress Station reported 32 total falls without injury, 3 falls with injury, 1 skin tear, 0 elopements, 3 fractures, 1 bruise, 21 behaviors and 0 Other.

Infection Control:

Park Manor Cypress Station reported 28 infections during **July/August/September**, of which 18 were UTI's, 20 respiratory, 15 wound infections, and 20 others (types not given) – the numbers do not add up correctly.

Weight loss:

Park Manor of Cypress Station reported Weight loss in **July/August/September** – 5 residents with 5-10% and 4 > 10% loss in 30 days.

Pressure Ulcers:

In **July/August/September**, Park Manor of Cypress Station had 2 residents with 2 pressure ulcer sites – 2 acquired in house.

Restraints:

Park Manor Cypress Station is a restraint free facility.

Staffing:

The Administrator reports the facility is recruiting for (1) RN for double weekend and (1) activity assistant.

| Quarter Quality Indicators (Casper) | | | | |
|-------------------------------------|----------|-------|----------|---------------|
| Indicator | Facility | State | National | Comments/PIPs |
| New Psychoactive Med Use (S) | 10% | 10% | 12.2% | |
| Fall w/Major Injury (L) | 3.2% | 3.6% | 3.5% | |
| UTI (L) | 0% | 2.2% | 2.7% | |
| High risk with pressure ulcers (L) | 6.7% | 8.9% | 8.9% | |
| Loss of Bowel/Bladder Control(L) | 12.1% | 12.1% | 19.4% | |
| Catheter(L) | 2.3% | 2.4% | 2% | |
| Physical restraint(L) | 0% | 0.1% | 0.2% | |
| Increased ADL Assistance(L) | 12.1% | 19.4% | 17% | |
| Excessive Weight Loss(L) | 6.5% | 6.2% | 8.1% | |
| Depressive symptoms(L) | 1.9% | 5% | 7.3% | |
| Antipsychotic medication (L) | 10% | 12.2% | 14.3% | |

QIPP Component 1

| Indicator | QAPI Mtg Dates | PIP's Implemented (Name specific PIP's) |
|--------------|---------------------------------------|---|
| QAPI Meeting | 7.20.2020, 8.20.2020, 9.17.2020 | |

Component 2

| Indicator | Benchmark Met Y/N | Comments |
|---|----------------------|----------|
| Did NF maintain 4 additional hours of RN staffing coverage per day, beyond the CMS mandate? | y | |
| Did NF maintain 8 additional hours of RN staffing coverage per day, beyond the CMS mandate? | y | |
| Does the NF have a staffing recruitment and retention program that includes a self-directed plan and monitoring outcomes? | y | |
| Was Workforce Development data submitted q month to QIPP during the quarter? | y | |

QIPP Component 3 – CMS Long-Stay Quality Metrics

| Indicator | National Benchmark | Baseline Target | Results | Met Y/N | Comments |
|---|--------------------|-----------------|---------|------------|----------|
| Percent of high-risk Long-Stay residents with pressure ulcers; including unstageable ulcers | 6.7 | 6.7 | 8.9 | | |
| Percent of residents who received an anti-psychotic medication | 0.0 | 0.0 | 2.1 | | |
| Percent of residents whose ability to move independently has worsened | 13.2 | 16.1 | 25.0 | | |

QIPP Component 4 – CMS Long-Stay Quality Metrics

| Indicator | National Benchmark | Baseline Target | Results | Met Y/N | Comments |
|---|--------------------|-----------------|---------|------------|---|
| Percent of residents with urinary tract infections | 0.0 | 0.0 | 2.2 | | |
| Percent of residents whose pneumococcal vaccine is up to date. | 0.0 | 0.0 | 0 | | |
| Facility has an infection control program that includes antibiotic stewardship. The program includes policies and training as well as monitoring, documenting and providing staff feedback. | | | | | <p>Infection Control Policy reviewed. Yes</p> <p>Antibiotic Stewardship Program review and is in place with all components. Yes</p> |

Administrator: Rodney Lege
DON: Charity Reece, RN

FACILITY INFORMATION

Park Manor Humble is a 125-bed facility with a current overall rating of 1 and a Quality Measures rating of 4. The census on the date of this call was 78, PP 3; MDC 38; MC 10; HMO 21; Hospice 3 which adds up to 75.

Due to the current COVID-19 restrictions in place, the QIPP site visit was conducted via telephone. The Administrator and DON were on the call.

The Administrator reports they are still implementing their emergency plan and are following all the state/federal/local mandates. Administrator reports there are 161,483 confirmed cases of COVID_19 in Harris County.

In July, Park Manor had their first outbreak when they tested everyone. A total of 30 residents tested COVID_19 positive in which the managers immediately moved those residents to 100 Hallway and everyone not positive or negative were moved off that hallway and created a quarantined isolation hall and got it staffed. After 14 days, all residents were fine. Once the last resident had recovered from any symptoms, they turned that hall back for the general population. Since that time, they do not have any residents testing positive.

Two staff members have tested positive in which one tested this past Thursday and the other a week prior to this one. As of right now, they are doing good with their PPE and Medline recently has been fulfilling backordered items as well as SE-TRAC and the corporate office. Their supply was so good they actually took gloves and disinfecting wipes to the corporate warehouse so that other sister facilities would have some.

Staffing has been a challenge since the administrator started in June and turnover has occurred. Not only the change with the DON but a new maintenance director and social worker was hired. The maintenance director had refused to go down the isolation hallway and take care of an issue, so he needed to be replaced. More changes with management are in the works as some employees are in a role that isn't a good fit and they will be provided with other positions better suited for them. The turnover rate has been high since the administrator started and changes that have occurred, he states, was not a bad thing. Attitudes were the problem. The administrator states Charity is great with people management and believes she will do a good job.

Census has been staying in the upper 60's to upper 70's. At one-point Park Manor only had one quarantined 300 hall but then decided to open 200 hall for a second quarantined placement for residents. The decision was made because case managers and social workers were frazzled during the point of time of COVID and trying to find placement for patients to isolate for 14 days and Park Manor was not able to assist with their immediate needs. Once they opened the second hallway, the

case managers no longer had referrals for them, so they closed it down. The administrator then had his director of development talk to the case managers to let them know this as they only had 7 residents on 300 hall and 4 on 200 hall. Staffing both halls was expensive and they didn't have the census/income to incur the expense. After talking to the case managers and social workers further, they started receiving more referrals. Both halls are now full and it's working for the facility and the hospital; which is Memorial Herman North East. Bed locks can occur but over-all this is working out well. The director of development has reached out further to other hospitals and they are getting 5 to 6 admissions per day and sometimes 8 per day. The administrator states that is a lot and wants to make sure he maintains customer service for all. He also implemented families having their own "ambassador" families can call to get questions or complaints resolved.

Essential Caregiver visits started on October 12th and all is going well. The administrator manages the schedule and only lets 4 essential caregivers in at the same time. There are a few families that are not happy because they have to get a test but the team has to explain why and most understand. They let them know their own staff is getting tested once a week and doing this to protect all. At this time, they cannot have other visits due to the (2) employees testing positive. Once they are able to return to work status, then the family visits can start back up again. The administrator believes families are happy and it was doing well for the good of the residents.

Administrator reports staff received a one-time bonus in May. Those working the isolation halls are getting paid 1 ½ across the board and continues to this day. Managing staff during COVID is so different and the administrator explained how they don't know how long COVID will be around nor how long the federal government can continue to help financially with their stimulus packages.

All residents have received their flu shots and are part of a study group with vaccines being administered. Neither administrator and DON were certain what the study was about but speculated on how well the vaccine protected residents since it was a new strand and if there were any side effects. Staff will receive theirs starting next week. The administrator currently registered for the COVID_19 vaccine. The corporate office is working on the data logger and the administrator reports signing the first part of the application (m-tracker) and once he receives his confirmation, will go in and complete the second part of registration. Screening for staff and caregivers are consistent daily and if anyone has a temperature of 99 or above, the DON or the Industrial Preventionist will assess to see if they can go in the building or not. In-services are ongoing for general and COVID_19 by shifts and all physical distance around the nurse station to discuss. Administrator also trains overhead about wearing PPE properly...basically constant reminders.

Infection control is constant and the Sanitation Tech cleans daily as well as all staff. The cleaning agent VIREX is being used a lot which was recommended by the health department. Showers and cleaning after each use is also implemented and wiping down carts and high touch areas daily.

The activity director has been out a couple of months due to testing positive for COVID_19 and being pregnant. She ended up having to go to the hospital and was placed on a vent. She ended up

needing a C Section but both baby and Mom are doing well. The administrator hired someone to assist with the activity calendar and newsletter and working on improving the department since the director is out. Doorway activities are included as well as age appropriate activities. Some are able to come in the dining room to do some activities with social distancing. The residents are still eating in their rooms but hopefully they will be able to come back in the dining room soon per guidelines. Residents are coping best as they can considering all circumstances.

SURVEY INFORMATION

The facility is currently in their survey window as of May of 2020.

REPORTABLE INCIDENTS

Administrator reports: Fall w/injury – 4, Exploitation – 2, COVID-19 Positive Result – 1, Abuse – 1, and Resident to Resident Altercation – 1 during **July/August/September**.

CLINICAL TRENDING

Incidents/Falls:

During **July/August/September**, Park Manor of Humble had 40 total falls, of which 14 resulted in injury, 5 Skin tears, 0 Laceration, 1 Bruise, 0 Behaviors, and 0 Others.

Infection Control:

During **July/August/September**, Park Manor of Humble reported 16 infections of which 14 were UTI's, 3 were stools, and 1 wound infection.

Weight loss:

Park Manor of Humble reported Weight loss in **July/August/September** – was not given.

Pressure Ulcers:

In **July/August/September**, Park Manor of Humble had 8 residents with 2 pressure ulcer sites – 2 acquired in house.

Restraints:

Park Manor of Humble is a restraint free facility.

Staffing:

Administrator reports the facility is in need of (2) RN, (3) LVN & (1) CNA for 6a-2p shift, (2) CNAs for 2p-10p shift and (2) CNAs for 10p-6a shift.

| Quarter Quality Indicators (Casper) | | | | |
|-------------------------------------|----------|-------|----------|-------------------------|
| Indicator | Facility | State | National | Comments/PIPs |
| New Psychoactive Med Use (S) | 1.5% | 2.1% | 2.0% | |
| Fall w/Major Injury (L) | 3.6% | 3.6% | 3.5% | |
| UTI (L) | 0% | 2.2% | 2.7% | |
| High risk with pressure ulcers (L) | 5.9% | 8.9% | 8.9% | Wound Care PIP in place |
| Loss of Bowel/Bladder Control(L) | 70.6% | 50.7% | 47.3% | |
| Catheter(L) | 2.4% | 2.0% | 2.0% | |
| Physical restraint(L) | 0% | 0.1% | 0.2% | |
| Increased ADL Assistance(L) | 17.8% | 19.4% | 17.0% | |
| Excessive Weight Loss(L) | 0% | 6.2% | 8.1% | |
| Depressive symptoms(L) | 2.1% | 5.0% | 7.3% | |
| Antipsychotic medication (L) | 6.1% | 12.2% | 14.3% | |

QIPP Component 1

| Indicator | QAPI Mtg Dates | PIP's Implemented (Name specific PIP's) |
|--------------|---------------------------|---|
| QAPI Meeting | 7/20/20, 8/20/20, 9/18/20 | Employee Files – timely background checks, Pressure Ulcers, Falls Rate, Activity Assessments, Social Service Assessments and Trauma Screens |

Component 2

| Indicator | Benchmark Met Y/N | Comments |
|---|--------------------------|----------|
| Did NF maintain 4 additional hours of RN staffing coverage per day, beyond the CMS mandate? | N | |
| Did NF maintain 8 additional hours of RN staffing coverage per day, beyond the CMS mandate? | N | |
| Does the NF have a staffing recruitment and retention program that includes a self-directed plan and monitoring outcomes? | Yes | |
| Was Workforce Development data submitted q month to QIPP during the quarter? | Yes | |

QIPP Component 3 – CMS Long-Stay Quality Metrics

| Indicator | National Benchmark | Baseline Target | Results | Met Y/N | Comments |
|---|--------------------|-----------------|---------|------------|----------|
| Percent of high-risk Long-Stay residents with pressure ulcers; including unstageable ulcers | 8.9% | 2.5% | 5.9% | N | |
| Percent of residents who received an anti-psychotic medication | 14.3% | % | 6.1% | Y | |
| Percent of residents whose ability to move independently has worsened | 17.0% | % | 17.8% | N | |

QIPP Component 4 – CMS Long-Stay Quality Metrics

| Indicator | National Benchmark | Baseline Target | Results | Met Y/N | Comments |
|---|--------------------|-----------------|---------|------------|---|
| Percent of residents with urinary tract infections | 2.7% | <2.0% | 0% | Y | |
| Percent of residents whose pneumococcal vaccine is up to date. | % | % | 100% | Y | |
| Facility has an infection control program that includes antibiotic stewardship. The program includes policies and training as well as monitoring, documenting and providing staff feedback. | | | | | <p>Infection Control Policy reviewed.</p> <p>Antibiotic Stewardship Program review and is in place with all components.</p> |

Cory Thompson-Administrator
Caroline Mwieria, RN- DON

FACILITY INFORMATION

Park Manor Westchase is a 125-bed facility with a current overall star rating of 1 and a Quality of Resident Care star rating of 4. The census on the date of the report was 78: 3 PP; 6 MC; 57 MDC; 7 HMO; and 5 Hospice.

Due to the current COVID-19 restrictions in place, the QIPP site visit was conducted via telephone. The administrator was on the call.

The administrator reported they are still implementing their emergency plan and are following all the state/federal/local mandates. Administrator reports there are 167,955 confirmed cases of COVID_19 in Harris County.

The administrator reports they have not had any COVID_19 residents test positive in the last two months. Two employees tested positive a month ago on the third but since then has returned to work. As far as of today, there are no residents or staff testing positive for COVID_19. Employees are still wearing N95 masks with face shields and googles. Testing of staff and residents is now once a month instead of once a week since the positivity rate change in Harris County lowered (below 5%) and approval was also given by their corporate office. They are testing all new hires. Screening of residents is three times a day at each shift change. Vitals are checked including temperatures.

No urgent need for PPE items as inventory is good. SETRAC assists once a month along with their regular suppliers. Westchase has an infection preventionist nurse that provides in-services on a weekly basis. Everyday they talk about infection control and discuss if improvements are needed in the building. They also have a sanitation aide who is staffed every day, every hour to spray high touched areas.

Flu shots have already started with residents and then will be with staff. The process of starting the COVID_19 vaccines has started and Walgreens contacted them and they will use them as their distributor. The administrator mentioned their company will probably be sending out a letter to see if families want their loved one to actually receive the vaccine. Essential Caregiver visits and Indoor plexiglass visits are happening at this time. Outdoor visits are approved as well as long as the weather is nice. Visitations started at the beginning of October but then they had to stop due to their two employees testing positive. It started back up and it seems everything is going smoothly. Families can go on their web site and it has a button to register and once they register to set up a visit, it will come to the administrator's dashboard for review. They have one portal for essential caregivers to register to set up their visitation appointments and another portal just for the regular inside and outside visits. The administrator manages both portals to grant access or deny those visits. The visits are allowing one visit per week for one hour. This is all on-line and has been working out

great, states the administrator. For the essential caregiver visits, they have to provide documentation of their COVID_19 test within the 14 days of the visit, which would be negative and then receive their training. Once complete, they can go in on-line and schedule their appointment. Tests for essential caregivers always has to be done within 14 days thereafter. Complaints and concerns have really gone down since residents have been able to see their family.

Park Manor of Westchase still has a quarantined hall that is used as a status unknown but in the event they have someone who is COVID_19 positive, that same hallway will be sectioned off and they will cohort the resident who tested positive. In the event a resident is positive, a barrier will be set up. Two rooms are saved at the end of the hallway if needed.

Group activities for the general population is still not happening. Residents are in the doorway area to participate in activities, such as Hall Bingo. In-room activities are provided as well to help all residents. As far as the COVID_19 Hall, they do not have a designated activity director on that hall and activities are conducted by the therapists, certified nurse aide's and nurses.

The administrator has his operations call this week with his regional VP and states he will be bringing up when can they have approval to bring in a beautician in the building. The certified aides have been helping style resident's hair but have not had their hair cut in a long time. Many families and residents have been asking when the beautician will be coming and the administrator believes it will be soon.

Holiday preparations have begun in which they have a Plan A and a Plan B. Plan A is if everything is "normal" and Plan B is to do inside dining with residents only. A meal has been planned already and resident door decorations have been put on the schedule but having families will not be a part of the occasion. The administrator reports the census has been a challenge and they are operating 30 to 40 % below where they would normally be. The administrator states it's not where they want to be and feels like the volume has gone down a lot from the hospitals. They are trying to provide virtual tours to assist with census.

The administrator reports that families are continuing to encourage them throughout this pandemic. One family is very active and has written letters to the State of Texas Congress to inform them about how well the staff is taking care of their residents at Westchase. Another family member helped encourage the governor to open communities for visitation. This same family member also said a lot of great things about the community and wrote an article in the Houston Chronicle back in August. The administrator said it meant a lot to his team that families appreciated all that they do as they truly are trying their best.

SURVEY INFORMATION

Park Manor Westchase had their annual survey in February 2020 and they are in the open window at this time.

REPORTABLE INCIDENTS

Last quarter, the administrator reported having a couple of self-reports in which they did not receive any citations on anything.

CLINICAL TRENDING

Incidents/Falls

During **July/August/September** Park Manor Westchase reported 4 total falls without injury, 14 falls with injury, and 1 laceration.

Infection Control:

During, **July/August/September** Park Manor Westchase reported 134 infections of which 26 were UTI's, 25 were URIs, 3 wound infections and 79 others.

Weight loss:

During **July/August/September**, Park Manor Westchase had 22 residents with 5-10% weight loss in 1 month and 0 with >10% weight loss in 6 months.

Pressure Ulcers:

During, **July/August/September** Park Manor Westchase reported 5 residents with pressure ulcers with 6 sites, 3 of them facility-acquired.

Restraints:

Park Manor Westchase does not use side rails or restraints.

Staffing:

Currently the facility is recruiting for: (1) 6a -2p LVN; (3) CNA for 2p-10p and (4) CNA 10p-6a.

| Quarter Quality Indicators (Casper) | | | | |
|-------------------------------------|----------|-------|----------|---------------|
| Indicator | Facility | State | National | Comments/PIPs |
| New Psychoactive Med Use (S) | 0% | 2.1% | 2.0% | |
| Fall w/Major Injury (L) | 2.3% | 2.3% | 3.6% | |

| | | | | |
|------------------------------------|-------|-------|-------|-------------------------------------|
| UTI (L) | 0% | 2.2% | 2.7% | |
| High risk with pressure ulcers (L) | 5.5% | 5.5% | 8.9% | |
| Loss of Bowel/Bladder Control(L) | 87.1% | 87.1% | 50.7% | |
| Catheter(L) | 3.4% | 2.0% | 2.0% | |
| Physical restraint(L) | 0% | 0.1% | 0.2% | |
| Increased ADL Assistance(L) | 18.9% | 19.4% | 17.0% | |
| Excessive Weight Loss(L) | 6.7% | 6.2% | 8.1% | This is r/T the % of Covid(+) pt's. |
| Depressive symptoms(L) | 0% | 5.0% | 7.3% | |
| Antipsychotic medication (L) | 4.9% | 12.2% | 14.3% | |

QIPP SCORECARD:

QIPP Component 1

| Indicator | QAPI Mtg Dates | PIP's Implemented (Name specific PIP's) |
|--------------|--------------------------|---|
| QAPI Meeting | 10/13/20;9/15/20;8/13/20 | Fall Prevention, Infection Control, Missing Laundry, Pest Control |

Component 2

| Indicator | Benchmark | Comments |
|-----------|-----------|----------|
| | | |

| | Met Y/N | |
|---|---------|------------------------------|
| Did NF maintain 4 additional hours of RN staffing coverage per day, beyond the CMS mandate? | y | |
| Did NF maintain 8 additional hours of RN staffing coverage per day, beyond the CMS mandate? | y | |
| Does the NF have a staffing recruitment and retention program that includes a self-directed plan and monitoring outcomes? | y | |
| Was Workforce Development data submitted q month to QIPP during the quarter? | | Did not provide information. |

QIPP Component 3 – CMS Long-Stay Quality Metrics

| Indicator | National Benchmark | Baseline Target | Results | Met Y/N | Comments |
|---|--------------------|-----------------|---------|---------|----------|
| Percent of high-risk Long-Stay residents with pressure ulcers; including unstageable ulcers | 8.9% | 2.5% | 5.5% | N | |
| Percent of residents who received an anti-psychotic medication | 12.2% | 5% | 4.9% | Y | |
| Percent of residents whose ability to move independently has worsened | 26.8% | 2.0% | 2.0% | Y | |

QIPP Component 4 – CMS Long-Stay Quality Metrics

| Indicator | National Benchmark | Baseline Target | Results | Met Y/N | Comments |
|---|--------------------|-----------------|---------|------------|--|
| Percent of residents with urinary tract infections | 2.7% | 0% | 0% | Y | |
| Percent of residents whose pneumococcal vaccine is up to date. | 82.9% | 90% | 87.4% | N | |
| Facility has an infection control program that includes antibiotic stewardship. The program includes policies and training as well as monitoring, documenting and providing staff feedback. | | | | Y | Infection Control Policy reviewed - Yes Antibiotic Stewardship Program review and is in place with all components - Yes |

CONTACT:

Administrator

The phone visit was conducted on October 22, 2020. I visited with Ms. Reyes on this date.

The current census is 43. The breakdown is; Medicare-; Medicaid-33; Private Pay-7; Private Insurance-; Hospice-2; Pending Status-1.

SURVEY:

The state was in the facility because of a reported fire in a restroom. It was discovered it was no fire. Fan burned out causing smoke. Nothing was cited.

State came in for infection control because a resident tested positive for Covid. Nothing was cited.

REPORTABLE INCIDENTS:

Two unwitnessed falls with injury

A resident from the Orange, Texas nursing home became ill and sent to hospital where they tested positive for Covid-19. The resident did not return to the facility in Flatonia. Nothing cited.

CLINICAL TRENDING:

A. Infections:

The infection rate for October was under their threshold of 3.5%.

B. Weight Loss:

There were no weight loss issues.

ADDITIONAL COMMENTS:

The facility has a four- star quality rating overall.

Restraints-0

Pressure ulcers- -0%

Falls with major injuries-19.2%

Anti-psychotic medicines- The facility is currently at 8.7%.

Ms. Reyes indicated that the facility is doing good. Still need a few CNAs but, overall, staffing is good. Budget is good at this time. Some expenses are over because of Coronavirus.

Ms. Reyes has been very pleased with the QAPI program. She feel that the facility is more aware of all that is going on and can react before they have major issues. The Medical director is pleased also. He feels that the facility is on top of things quicker and are handling them quicker.

CONTACT:

Administrator: The Phone visit was conducted on October 22, 2020. I visited with Christine Bryan, new administrator.

FACILITY:

The census target is 58 and the current census is 49. The census breakdown is; Medicare-3; Medicaid-19; Private Pay-15; Private Insurance 1-; Hospice-3; Pending Status-8.

SURVEY:

The state came in for infection control issue. The facility was given one tag which has been corrected.

REPORTABLE INCIDENTS:

The facility had two incidents; 1. Fall with major injury. 2. Resident to Resident verbal confrontation. State has not investigated yet.

CLINICAL TRENDING:**Infections:**

The infection rate was below the threshold set by infection control.

Weight Loss:

There were no issues for the month of March. The new food vendor is still working out very well.

ADDITIONAL COMMENTS:

Staffing is good at this time. They could use a couple of CNAs. Staff is working some overtime to cover the needed shifts.

The business office manager indicated that the facility is staying within the budget targets with exception of overtime and some supplies.

The staff is working hard on the quality measures;

Restraints; 0

Falls with major injuries; 7.5%

Anti-psychotics; 5.7%

Pressure ulcers- .6%

Overall quality is 4 star.

Overall star rating is 3.

The plan for using HUD funding for remodel is still on hold. Waiting to see how everything moves forward because of COVID-19.

Ms. Bryan indicated the facility is still having to use some agency for CNAs. The rest of the staff is in good shape.

Ms. Bryan feels that the QAPI program has been excellent. The staff seem to be on top of things more and are more aware of what is going on all through the facility. The Medical Director is pleased with the program because he feels everyone is more aware of issues and takes care of them before they become major problems.

CONTACT

Administrator: Mr. Jason Ohrt

The phone visit was conducted on October 22, 2020. I visited with Mr. Jason Ohrt on this date.

FACILITY

The current census target is 67. The current census is 78. The breakdown is as follows; Medicare-8; Medicaid-40; Private Pay-10; Private Insurance-1; Hospice-; Pending Status-4; V.A.-15.

SURVEY

The state fwas not in the facility. They are in their survey window.

REPORTABLE INCIDENTS:

One reportable for the month. Two residents had a verbal confrontation. State will probably desk review.

Infections:

Infections were below thresholds.

Weight Loss:

There were no weight loss issues and no trending.

ADDITIONAL COMMENT:

The facility is working hard to control the quality measures.

Restraints-0

Pressure ulcers; 3.4%

Falls with Major injuries-5.7%

Anti-psychotic medicine- Currently at 4.8%.

Staffing is good with exception of CNAs. The facility is having to use some agency. Mr.Ohrt indicated the facility is actually doing good on budget at this time.

Mr. Ohrt feels that the QAPI program has been very good for the facility and staff. The staff seem more aware of what is going on throughout the facility.

The Medical Director feels the staff are more aware of issues with the residents and takes care of them before they become issues. He also feels the residents are truly benefiting from the program.

CONTACT:

Administrator: Mr. Ray Vasquez

The phone visit was conducted on October 22, 2020. I visited with Mr. Vasquez on this date. Mr. Vasquez has been in the facility for a couple of weeks.

FACILITY:

The census target is 58 and the current census is 71. The breakdown is; Medicare-6; Medicaid-36; Private Pay-21; Private Insurance-2, Hospice-6; Pending Status-. Influx of Medicare residents was due to an area that had a storm and damaged the nursing care facility.

SURVEY:

The state was not in the facility for the month of September.

REPORTABLE INCIDENTS:

The facility had no reportable incidents in September.

Infections:

The infection rate was below the threshold set by infection control, 2%.

Weight Loss:

The facility had several hospice residents that lost weight. The dietician is working with staff to make sure the residents are eating and getting supplements.

ADDITIONAL COMMENT:

Restraints-0

Pressure ulcers-5% for the month of September.

Falls with Major injuries- 0

Anti-psychotics- Currently at 30%. This is up due to influx of new residents. Working to bring number down. Overall, staffing is in good shape. Could use a couple of CNAs. Mr. Vasquez indicated from what he has seen the facility is doing well on budget. He says it needs a little fine tuning but will see the longer he is there. From what the director on nursing has told him, the facility is doing well with the QAPI program. It is making everyone more aware of everything. Medical Director is pleased with the outcomes so far. Still work in progress.

EXHIBIT “E”

2019

| Census | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec | Average | Texas Average |
|-------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|---------|---------------|
| ER Visits | 240 | 183 | 202 | 206 | 198 | 215 | 226 | 202 | 185 | 105 | 127 | 185 | 190 | |
| Conversion to Inpatient/observation | 20 | 15 | 10 | 10 | 9 | 10 | 9 | 17 | 4 | 0 | 1 | 9 | 10 | |
| Percentage | 8% | 8% | 5% | 5% | 5% | 5% | 4% | 8% | 2% | 0% | 1% | 5% | 5% | |
| Transferred out | 16 | 12 | 15 | 11 | 11 | 12 | 10 | 10 | 10 | 0 | 2 | 6 | 10 | |
| Percentage | 7% | 7% | 7% | 5% | 6% | 6% | 4% | 5% | 5% | 0% | 2% | 3% | 5% | |
| ER shifts covered by doctors | 55% | 61% | 63% | 78% | 92% | 77% | 74% | 76% | 100% | 100% | 93% | 74% | 79% | |
| Number Inpatient days | 52 | 76 | 50 | 70 | 59 | 41 | 103 | 102 | 70 | 0 | 1 | 73 | 58 | |
| Number Hospice days | 0 | 14 | 10 | 14 | 32 | 20 | 17 | 16 | 0 | 0 | 2 | 19 | 12 | |
| Number Swingbed days | 6 | 5 | 14 | 18 | 34 | 10 | 54 | 29 | 4 | 0 | 0 | 19 | 16 | |
| Number Observation days | 27 | 12 | 20 | 10 | 21 | 20 | 30 | 43 | 13 | 0 | 0 | 21 | 18 | |
| Total All Inpt. Days | 85 | 107 | 94 | 112 | 146 | 91 | 204 | 190 | 87 | 0 | 3 | 132 | 104 | |
| Average All Inpt. days per day | 2.74 | 3.82 | 3.03 | 3.73 | 4.71 | 3.03 | 6.58 | 6.13 | 2.90 | 0.00 | 0.10 | 4.26 | 3.42 | 1.63 |
| CTs | 52 | 35 | 45 | 57 | 46 | 63 | 74 | 79 | 25 | 0 | 5 | 26 | 42 | |
| Xrays | 257 | 266 | 244 | 239 | 250 | 218 | 294 | 314 | 149 | 0 | 19 | 192 | 204 | |
| Ultrasounds | 18 | 33 | 28 | 28 | 28 | 23 | 45 | 43 | 18 | 0 | 0 | 16 | 23 | |
| Encounters - Adult Clinic | 673 | 643 | 618 | 635 | 616 | 525 | 557 | 617 | 469 | 483 | 494 | 585 | 576 | |
| Encounters - Pediatric Clinic | 334 | 346 | 320 | 341 | 287 | 217 | 235 | 250 | 236 | 154 | 250 | 423 | 283 | |
| Behavioral Health patients | 74 | 76 | 73 | 75 | 75 | 69 | 63 | 60 | 56 | 0 | 19 | 44 | 57 | |
| Physical Therapy | 8 | 3 | 4 | 6 | 5 | 7 | 9 | 7 | 8 | 0 | 2 | 2 | 5 | |

2020

| Census | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec | Average | Texas Average |
|-------------------------------------|------|------|------|------|------|------|------|------|------|------|------|-----|---------|---------------|
| ER Visits | 187 | 178 | 193 | 147 | 162 | 166 | 141 | 169 | 190 | 188 | 195 | | 174 | |
| Conversion to Inpatient/observation | 9 | 14 | 17 | 14 | 10 | 7 | 6 | 17 | 21 | 10 | 14 | | 13 | |
| Percentage | 5% | 8% | 9% | 10% | 6% | 4% | 4% | 10% | 11% | 5% | 7% | | 7% | |
| Transferred out | 8 | 14 | 7 | 13 | 16 | 11 | 11 | 8 | 9 | 12 | 17 | | 11 | |
| Percentage | 4% | 8% | 4% | 9% | 10% | 7% | 8% | 5% | 5% | 6% | 9% | | 7% | |
| ER shifts covered by doctors | 80% | 82% | 87% | 72% | 57% | 67% | 61% | 55% | 66% | 52% | 47% | | 66% | |
| Number Inpatient days | 83 | 95 | 69 | 64 | 75 | 74 | 60 | 119 | 90 | 183 | 202 | | 101 | |
| Number Hospice days | 1 | 17 | 27 | 7 | 1 | 0 | 0 | 4 | 6 | 0 | 0 | | 6 | |
| Number Swingbed days | 2 | 7 | 16 | 20 | 99 | 57 | 53 | 43 | 62 | 41 | 48 | | 41 | |
| Number Observation days | 36 | 47 | 21 | 5 | 8 | 11 | 5 | 28 | 33 | 33 | 25 | | 23 | |
| Total All Inpt. Days | 122 | 166 | 133 | 96 | 183 | 142 | 118 | 194 | 191 | 257 | 275 | | 171 | |
| Average Inpatient days per day | 3.94 | 5.72 | 4.29 | 3.20 | 5.90 | 4.73 | 3.81 | 6.26 | 6.37 | 8.29 | 9.17 | | 5.61 | 1.63 |
| CTs | 56 | 71 | 59 | 39 | 56 | 48 | 46 | 57 | 54 | 80 | 56 | | 57 | |
| Xrays | 270 | 268 | 185 | 160 | 200 | 169 | 151 | 194 | 248 | 280 | 306 | | 221 | |
| Ultrasounds | 20 | 20 | 14 | 8 | 5 | 1 | 3 | 2 | 21 | 30 | 44 | | 15 | |
| Encounters - Adult Clinic | 638 | 598 | 592 | 349 | 360 | 453 | 384 | 388 | 515 | 479 | 480 | | 476 | |
| Encounters - Pediatric Clinic | 274 | 306 | 221 | 69 | 95 | 169 | 178 | 233 | 279 | 243 | 256 | | 211 | |
| Behavioral Health patients | 45 | 44 | 39 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 12 | |
| Physical Therapy | 0 | 1 | 2 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | |

Additional Items:

- *Continuing to follow through with protocol set by Chambers County.
- *Doing best we can to keep patients safe and confident while they receive care from our providers
- *New management for Nursing Department
- *Continuing to evaluate options for Dialysis treatment at Hospital

EXHIBIT “F”

RECEIVED

DEC 14 2020

Exhibit "B"

**WINNIE STOWELL HOSPITAL DISTRICT
GRANT/SPONSORSHIP COVER SHEET**

(Please return to Winnie Stowell Hospital District,
P. O. Box 1997, Winnie, Texas 77665;
No later than two (2) weeks prior to the funding deadline)

Date: 12/01/20

Organization/Individual Requesting Grant Funds: Winnie Stowell EMS

Organization/Individual Address: PO Box 755 249 Broadway
Winnie Tx 77665

Contact Person: Robert Falls

Title: EMS Coordinator

Phone Number: 409-466-8839 Fax Number: 409-296-1233

E-Mail Address: robert.falls@wssvems.com

Name of Project, Program or Event: Transfers

Date of Program or Event: _____

Is your organization (check one):

Non-profit and classified as tax-exempt under Sections 501(c) (3) or 170(c) of the United States Internal Revenue Code (attach copy of organizations tax and exemption information)

Public Agency

Private Healthcare Provider

None of the above

Dollar Amount or In-kind Services Requested: Ambulance \$89,229.70, For & Extended warranty \$7950, New position \$125,000. Total = \$222,179.70

Please provide a comprehensive description of how the District's resources will be used (Please complete below, or you may also attach support material): See attached proposal document

Which of the following does the requested sponsorship support (check all that apply):

Indigent Care

Economic Development

Community Healthcare

Community Outreach

Please provide a brief description of the request provided how the request will help the District will assist the District in achieving its stated purposes. (Please complete below, or you may also attach support material):

See proposal document

Please verify that this grant is a tax free donation in which 100% of the grant proceeds will be spent for the designed purpose and no money donated by the District will be used to offset taxes of any kind.

Signature: [Signature]

Name: Robert Falls

Title: EMS Coordinator

WINNIE-STOWELL EMS RICELAND ER TRANSFER PROJECT

September 14, 2020

OVERVIEW

1. Project Background and Description

- Since taking over Winnie-Stowell EMS in November 2019, there have been several instances in which Winnie-Stowell EMS has had to deny transfer requests coming from Winnie Community Hospital ER. This has been due to limited resources available at Winnie-Stowell EMS. We have not had the manpower needed to fulfill these requests and still maintain our primary mission of providing 911 coverage to this area. This has resulted in the hospital experiencing delayed arrival times of a transfer ambulance to transport these patients.
- After discussions with the Winnie-Stowell EMS Board of Directors, we agree a better system is needed for our community. We are proposing to the Winnie Community Hospital Board of Directors to allow Winnie-Stowell EMS to take all outgoing ER transfers.
- The following persons or organizations have been identified to be involved in this project:
 - Winnie-Stowell EMS Staff and their Board of Directors
 - Winnie Community Hospital Staff and Board of Directors
 - Texas Department of State Health Services (DSHS)
- The purpose of this project is as follows:
 - Winnie Community Hospital and Winnie-Stowell EMS supporting each other to solve a need in this community.
 - Provide the patients presenting to Winnie Community Hospital needing transfers to other facilities, quick access to ambulance transportation.
- Benefits of this project:
 - Timely transfers of patients from Winnie Community Hospital to the appropriate facility based on the patient's needs.
 - Creating a stronger bond between Winnie Community Hospital and Winnie-Stowell EMS.
 - Showing the communities of Winnie, Stowell and East Chambers County their local hospital and EMS services are there to provide the best care possible, supporting them in their time of need.
 - Winnie Community Hospital will have a "dedicated" transfer ambulance located in their community.
 - Winnie-Stowell EMS will have a second ambulance available 24/7 for second box needed 911 calls.
 - Further secure both our organizations as vital assets in our community.

2. Project Scope

- The scope of this proposal is to provide quick access to ambulance services for patients requiring transfer by an ambulance.
- The patients will have to meet the Medicare/Medicaid guidelines for ambulance needed transport.
- Those patients not meeting these requirements may not qualify to be transported by an ambulance.
- Winnie-Stowell EMS will not transport patients to and from doctor's appointments or other diagnostic facilities.

- Winnie-Stowell EMS will not transfer patients from their homes to the hospital for diagnostic testing/doctor's appointments.

3. High-Level Requirements

- All transfer paperwork must be completed prior to contacting Winnie-Stowell EMS for transferring the patient.
 - MOT- Memorandum of Transfer
 - PCS- Physician Certification Statement
 - Patient Records
- Transfer Policy/Procedure implementation by Winnie-Stowell EMS.
- Training on ESO Patient Care Report software for Winnie-Stowell EMS concerning transfer specific information.
- Training with Winnie Community Hospital Staff to ensure Medicare/Medicaid guidelines are known and followed.

4. Affected Parties

- Winnie-Stowell EMS will see an increase in call volume with the addition of the transfer calls.
- This will place increased wear and tear on our aging ambulance fleet.
 - In the past 3 months, each ambulance has had extensive maintenance/repair work completed. This work included a new transmission, front end work and patient compartment air conditioner replaced.
 - A new ambulance will have to be purchased.
 - Smaller van-based ambulance costs approximately \$86,000.
- Winnie-Stowell EMS will see an increase in payroll cost with that addition of one extra Basic EMT each day.
 - Winnie-Stowell EMS receives a grant each year from Chambers County to cover payroll cost. These monies are based on our current staffing plan of 2 paramedics and one basic employee each day. The grant money is insufficient to cover the increase in payroll cost of adding the extra person for transfers.
 - Calculation of adding extra person each day.
 - Basic EMT \$14.00 per hour, equals a day rate of \$336.00.
 - Yearly cost equals \$122,640.00 to have an extra Basic EMT working each day.

5. Affected Business Processes or Systems

- Winnie-Stowell EMS will continue to bill the patient's private insurance or Medicaid/Medicare provider.

6. Implementation Plan

- Winnie-Stowell EMS is very excited about this project; however, our service does need help in implementing this vision.
 - As noted above in section 4, there is considerable added costs involved for Winnie-Stowell EMS to provide this service.
 - We are asking for the following help from Winnie Community Hospital District Board of Directors.
 - Donation of a new transfer ambulance. The cost is estimated at \$86,000. This price was provided to me by Mr. Wilson. He is a Winnie resident and a salesperson for Southeastern Ambulance Sales. He has provided Winnie-Stowell EMS, Chambers

County EMS, Lumberton Fire Department and other departments with quality ambulances throughout the years.

- We shall need assistance with adding an extra person each day. As calculated above this cost is a minimum of \$122,640, if a part-time Basic EMT is used. We are asking for a yearly stipend/donation/fee of \$125,000. This will offset the cost of adding the extra person.
- Winnie-Stowell EMS will amend their State License to include the ability to provide transfers, include the information for the new ambulance and update to any needed policies, procedures and/or protocols.
- The new transfer ambulance will need to be funded, built and delivered prior to beginning the transfers.
- Any needed contracts will be reviewed by our respective legal advisors.

7. High-Level Timeline/Schedule

- Here is a broad overview of a possible timeline for implementation.
- Funding, building and delivery of transfer ambulance = 4 months depending on factory.
- Updating DSHS license = about 60 days after receipt of ambulance.
- Needed training will begin once the project has met the agreement of both companies and has the approval and authority to proceed.
- Overall, I believe a feasible timeline for this to begin is March to April 2021. This time frame will give enough time to work out any unforeseen issues.

APPROVAL AND AUTHORITY TO PROCEED

We, the Winnie-Stowell EMS Board of Directors, approve the project as described above, and authorize the team to proceed.

| Signature | Name | Date |
|-----------|---------------|------|
| | Dennis Dugat | |
| | Nolan George | |
| | Alan Sims | |
| | Mark Cooper | |
| | Brandon Green | |



P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248464840
Nov. 17, 2010 LTR 4168C E0
71-0864023 000000 00

00017517
BODC: TE

WINNIE-STOWELL VOLUNTEER EMERGENCY
MEDICAL SERVICES
PO BOX 755
WINNIE TX 77665-0755



016719

Employer Identification Number: 71-0864023
Person to Contact: Mrs. Dudley
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Nov. 05, 2010, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(03) of the Internal Revenue Code in a determination letter issued in SETEMBER 2002.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

WINNIE STOWELL VOLUNTEER EMERGENCY MEDI

Balance Sheet
October 31, 2020

ASSETS

| | | |
|------------------------------|----|-------------------|
| Current Assets | | |
| Cash on Hand | \$ | 5,000.00 |
| Prosperity new | | 109,713.46 |
| Prosperity | | 184,770.47 |
| Prosperity | | 9,229.29 |
| Prosperity Moody Grant Fund | | 29,617.82 |
| | | <hr/> |
| Total Current Assets | | 338,331.04 |
| Property and Equipment | | |
| Furniture and Fixtures | | 18,576.91 |
| Equipment | | 312,238.05 |
| Automobiles | | 415,877.60 |
| Leasehold Improvements | | 5,814.00 |
| Building | | 157,502.52 |
| Building Improvements | | 9,411.18 |
| Accum. Depreciation | | (580,764.98) |
| | | <hr/> |
| Total Property and Equipment | | 338,655.28 |
| Other Assets | | |
| | | <hr/> |
| Total Other Assets | | 0.00 |
| | | <hr/> |
| Total Assets | \$ | <u>676,986.32</u> |

LIABILITIES AND CAPITAL

| | | |
|-------------------------------|----|-------------------|
| Current Liabilities | | |
| Accounts Payable | \$ | 5,589.38 |
| Deductions Payable | | (1,454.46) |
| Dental Select (Dental/Vision) | | 133.22 |
| Standard Ins Pay (Life ADD) | | (75.16) |
| BCBS Ins Pay (Medical) | | 753.62 |
| Colonial Life (Acc/Crit Care) | | (332.25) |
| Eplan Pay (401K/Roth 401K) | | 139.24 |
| Federal Payroll Taxes Payable | | 105.40 |
| Payable to Sure 401K | | (243.19) |
| | | <hr/> |
| Total Current Liabilities | | 4,615.80 |
| Long-Term Liabilities | | |
| | | <hr/> |
| Total Long-Term Liabilities | | 0.00 |
| | | <hr/> |
| Total Liabilities | | 4,615.80 |
| Capital | | |
| Retained Earnings | | 487,269.12 |
| Net Income | | 185,101.40 |
| | | <hr/> |
| Total Capital | | 672,370.52 |
| | | <hr/> |
| Total Liabilities & Capital | \$ | <u>676,986.32</u> |

Unaudited - For Management Purposes Only

WINNIE STOWELL VOLUNTEER EMERGENCY MEDI
Income Statement
For the Ten Months Ending October 31, 2020

| | Current Month | | Year to Date | |
|------------------------------|----------------------|---------------|----------------------|---------------|
| Revenues | | | | |
| Chambers County EMS Tax Rev. | \$ 750,000.00 | 72.38 | \$ 750,000.00 | 72.38 |
| Billing Income | 190,024.61 | 18.34 | 190,024.61 | 18.34 |
| Grants | 95,823.17 | 9.25 | 95,823.17 | 9.25 |
| Investment Income | 0.32 | 0.00 | 0.32 | 0.00 |
| Interest Income | 1.67 | 0.00 | 1.67 | 0.00 |
| Fee Refunds | 295.00 | 0.03 | 295.00 | 0.03 |
| | <u>1,036,144.77</u> | <u>100.00</u> | <u>1,036,144.77</u> | <u>100.00</u> |
| Total Revenues | | | | |
| | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| Cost of Sales | | | | |
| | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| Total Cost of Sales | | | | |
| | <u>1,036,144.77</u> | <u>100.00</u> | <u>1,036,144.77</u> | <u>100.00</u> |
| Gross Profit | | | | |
| | <u>1,036,144.77</u> | <u>100.00</u> | <u>1,036,144.77</u> | <u>100.00</u> |
| Expenses | | | | |
| Grant and Allocation Exp. | 1,300.00 | 0.13 | 1,300.00 | 0.13 |
| Bank Service Charge | 1,081.50 | 0.10 | 1,081.50 | 0.10 |
| Accounting Fees | 7,070.00 | 0.68 | 7,070.00 | 0.68 |
| Legal Fees | 14,181.20 | 1.37 | 14,181.20 | 1.37 |
| Professional Fees | 16,897.00 | 1.63 | 16,897.00 | 1.63 |
| Medical | 935.02 | 0.09 | 935.02 | 0.09 |
| Other Employee Benefits | 37,394.24 | 3.61 | 37,394.24 | 3.61 |
| Office Supplies | 1,444.04 | 0.14 | 1,444.04 | 0.14 |
| Supplies Expense | 48,746.68 | 4.70 | 48,746.68 | 4.70 |
| Telephone Expense | 3,714.74 | 0.36 | 3,714.74 | 0.36 |
| Postage and Shipping Expense | 139.00 | 0.01 | 139.00 | 0.01 |
| Occupancy Expense | 9,895.87 | 0.96 | 9,895.87 | 0.96 |
| Vehicle/fuel expense | 17,904.55 | 1.73 | 17,904.55 | 1.73 |
| Maintenance Expense | 23,686.21 | 2.29 | 23,686.21 | 2.29 |
| Printing Expense | 1,200.00 | 0.12 | 1,200.00 | 0.12 |
| Insurance Expense | 29,679.00 | 2.86 | 29,679.00 | 2.86 |
| Dues/Licenses | 1,220.00 | 0.12 | 1,220.00 | 0.12 |
| Conferences Expense | (1,664.06) | (0.16) | (1,664.06) | (0.16) |
| Training Expense | 2,890.21 | 0.28 | 2,890.21 | 0.28 |
| Interest Expense | 2,813.15 | 0.27 | 2,813.15 | 0.27 |
| Uniform | 200.00 | 0.02 | 200.00 | 0.02 |
| Payroll Tax Expense | 38,336.74 | 3.70 | 38,336.74 | 3.70 |
| Depreciation Expense | 84,811.50 | 8.19 | 84,811.50 | 8.19 |
| Wages Expense | 507,166.78 | 48.95 | 507,166.78 | 48.95 |
| | <u>851,043.37</u> | <u>82.14</u> | <u>851,043.37</u> | <u>82.14</u> |
| Total Expenses | | | | |
| | <u>851,043.37</u> | <u>82.14</u> | <u>851,043.37</u> | <u>82.14</u> |
| Net Income | <u>\$ 185,101.40</u> | <u>17.86</u> | <u>\$ 185,101.40</u> | <u>17.86</u> |

For Management Purposes Only

WINNIE STOWELL VOLUNTEER EMERGENCY MEDI
Statement of Cash Flow
For the ten Months Ended October 31, 2020

| | Current Month | Year to Date |
|--|----------------|---------------|
| Cash Flows from operating activities | | |
| Net Income | \$ 185,101.40 | \$ 185,101.40 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Accum. Depreciation | 86,395.68 | 86,395.68 |
| Accounts Payable | (4,483.61) | (4,483.61) |
| Deductions Payable | (1,454.46) | (1,454.46) |
| Dental Select (Dental/Vision) | 133.22 | 133.22 |
| Standard Ins Pay (Life ADD) | (75.16) | (75.16) |
| BCBS Ins Pay (Medical) | 2,326.94 | 2,326.94 |
| Colonial Life (Acc/Crit Care) | (332.25) | (332.25) |
| Eplan Pay (401K/Roth 401K) | 139.24 | 139.24 |
| Federal Payroll Taxes Payable | (66.13) | (66.13) |
| Payable to Sure 401K | (243.19) | (243.19) |
| Current Portion Long-Term Debt | (10,346.90) | (10,346.90) |
| | <hr/> | <hr/> |
| Total Adjustments | 71,993.38 | 71,993.38 |
| | <hr/> | <hr/> |
| Net Cash provided by Operations | 257,094.78 | 257,094.78 |
| | <hr/> | <hr/> |
| Cash Flows from investing activities | | |
| Used For | | |
| Equipment | (9,365.00) | (9,365.00) |
| Building | (8,150.00) | (8,150.00) |
| | <hr/> | <hr/> |
| Net cash used in investing | (17,515.00) | (17,515.00) |
| | <hr/> | <hr/> |
| Cash Flows from financing activities | | |
| Proceeds From | | |
| Used For | | |
| N/P #8266888 | (35,653.10) | (35,653.10) |
| | <hr/> | <hr/> |
| Net cash used in financing | (35,653.10) | (35,653.10) |
| | <hr/> | <hr/> |
| Net increase <decrease> in cash | \$ 203,926.68 | \$ 203,926.68 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Summary | | |
| Cash Balance at End of Period | \$ 338,331.04 | \$ 338,331.04 |
| Cash Balance at Beg of Period | (397,638.62) | (135,988.54) |
| | <hr/> | <hr/> |
| Net Increase <Decrease> in Cash | \$ (59,307.58) | \$ 202,342.50 |
| | <hr/> <hr/> | <hr/> <hr/> |

Unaudited - For Internal Use Only.

EXHIBIT “G”

| | |
|---------------|----------|
| WSHD USE ONLY | |
| _____ | Approve |
| _____ | Date |
| _____ | Initials |

**RESOLUTION ADOPTING INVESTMENT POLICY, STRATEGIES,
GUIDELINES AND MANAGEMENT PRACTICES FOR
WINNIE STOWELL HOSPITAL DISTRICT**

STATE OF TEXAS §
 §
COUNTY OF CHAMBERS §

WHEREAS, Winnie Stowell Hospital District (“WSHD”) is a political subdivision of the State of Texas, created and operating under Chapter 286, Texas Health & Safety Code (the “Code”); and

WHEREAS, Section 2256.005 of the Texas Government Code, (the “Public Funds Investment Act”), requires a hospital district to adopt an investment policy and investment strategies for each of the funds under its control; and

WHEREAS, the Board of Directors of WSHD desires to adopt an investment policy, strategies, guidelines and management practices for the District;

NOW, THEREFORE, IT IS RESOLVED BY THE BOARD OF WSHD THAT THE FOLLOWING INVESTMENT POLICY, STRATEGIES, GUIDELINES AND MANAGEMENT PRACTICES ARE ADOPTED:

**ARTICLE I.
DEFINITIONS**

- 1.01 Board. “Board” means the Board of Winnie Stowell Hospital District.
- 1.02 Director. “Director” means a person appointed to serve on the Board of the District.
- 1.03 District or WSHD. Either the term “District” or “WSHD” means Winnie Stowell Hospital District.
- 1.04 Investment Officer. “Investment Officer” means a person designated by the Board to handle District investments.

**ARTICLE II.
INVESTMENT POLICY**

- 2.01 Purpose. This investment policy (“Investment Policy”) is adopted in order to comply with the Public Funds Investment Act and to set forth: the general policies governing investment of District funds; the specific investment strategies applicable to each particular fund of the District; the guidelines for investment of District funds, including the types of investments authorized for District funds; and the investment management policies of the District.
- 2.02 Scope. This Investment Policy applies to all transactions involving the investment of assets of the District.

2.03 Policy. It is the policy of the District to invest and manage all available funds in compliance with all applicable legal requirements, including state and federal law, the guidelines stated in this Investment Policy, the District's Investment Strategy set forth in Article III, and in accordance with the restrictions in any District bond resolutions, including covenants with respect to the arbitrage regulations under the U.S. Internal Revenue Code. The District's investment portfolio will be planned and managed to take advantage of investment interest as a source of income from all operating and capital funds. All investments will be made with a primary emphasis on safety of principal and liquidity, while also addressing investment diversification, yield and maturity, and the quality and capability of investment management. Notwithstanding the foregoing, investment of District funds is limited to the types of investments set forth in Section 4.02.

2.04 Standard of Care. District investments will be made with the exercise of judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The District will seek to ensure that all persons involved in the investment process act responsibly and in accordance with the following investment objectives, in order of priority: 1) preservation and safety of principal; 2) liquidity; and 3) yield.

2.05 Representations and Authorized Instruments. Purchases and sales of District investments will only be initiated by an Investment Officer who is designated by resolution of the Board. The Board may, by resolution, authorize the Investment Officer to invest and reinvest funds of the District in accordance with this Investment Policy and the Investment Strategy. District funds will be invested only in those types of investments authorized under District bond resolutions, the Texas Public Funds Investment Act, as amended, the Texas Health & Safety Code and other applicable state law.

2.06 Collateralization. Funds held at a bank or trust company that are not invested, at a minimum, must be collateralized by collateral securities set forth in the Texas Public Funds Collateral Act (Texas Government Code, Chapter 2257), as amended, to the extent not covered by the Federal Deposit Insurance Corporation (FDIC), the Federal Savings and Loan Insurance Corporation (FSLIC), or their successors. The total market value of the collateral securing uninsured deposits maintained by the District will at all times be not less than 110% of the amount of such insured deposits.

2.07 Review. Compliance of District investments with this Investment Policy will be regularly monitored. This Investment Policy and investment performance and security will be reviewed and evaluated at least annually by the Board, or more frequently upon the request of any Director.

ARTICLE III. INVESTMENT STRATEGY

3.01 Purpose. The purpose of this Article is to provide an investment strategy for each fund or group of funds under the District's control.

3.02 Investment Objectives Applicable to All Funds. The District's overall objectives with regard to the District's group of funds, which is comprised of the funds set forth in Section 3.03(A)-(C), are as follows, in order of priority:

- A. Suitability: The District will give priority to understanding the suitability of each investment to the financial requirements of the District.
- B. Safety of capital: The primary objective of the District is to ensure the preservation and safety of principal.
- C. Liquidity: The District will maintain sufficient liquidity to ensure adequate and timely availability of funds necessary to pay obligations as they become due.
- D. Marketability: The District will strive to ensure the marketability of the investment.
- E. Diversification: The District will seek to ensure diversity in its investment portfolio.
- F. Yield: The District will seek to optimize return on investments within the constraints of safety and liquidity.

3.03 Investment Objectives Applicable to Individual Funds. In addition to the overall objectives set forth in Section 3.02, the following particularized objectives apply to each of the District's individual funds:

- A. Operating Fund. The particularized investment objectives for the operating fund are: preserving the safety of the principal; ensuring the funds are available as needed to pay the District's monthly operating expenses, as estimated by the annual operating budget adopted by the Board; and, ensuring that the investments can be readily liquidated in the event there are unexpected additional costs. A fund balance equal to 1 month of expenses must be kept extremely liquid for normal uses. Any balance in excess of 1 month of expenses will be kept in investments that may be liquidated easily if the need arises, but in no case may any investment mature later than 12 months after the date of purchase, unless the Board authorizes an investment with a longer maturity.
- B. Debt Service Fund. The particularized investment objectives for the debt service fund are: the safety of the principal; ensuring that funds are available as necessary to meet the debt service needs of the District; ensuring compliance with District's bond resolutions and, subject to compliance with the objectives set forth in Section 3.02 and the policies set forth in 2.03 and the satisfaction of the requirements of all bond resolutions, obtaining the maximum yield. Investments for this account will be structured to match debt service needs. When safety of principal and liquidity to match debt service are assured, yield may be considered. For funds needed for the District's next debt service payment, the investment must mature no later than 15 days prior to the date the debt service payment is due. For funds in reserve, the investment must mature no later than 12 months after the date of purchase. Because of the large amount of District funds that may exist in this account, diversification of investments will be considered.

- C. Capital Projects and Purchases Fund. The particularized investment objectives of the capital projects and purchases fund are: preserving the safety of the principal; ensuring that funds are available as needed to meet the construction needs of the District; and obtaining the maximum yield on investments. Investments of funds needed for planned capital projects or purchases with a known commencement or purchase date must mature no later than 15 days prior to the date the funds will be needed to pay for the project or purchase, as determined by the Board. Investments of funds that are not designated for specific projects or purchases must mature no later than 12 months after the date of purchase, unless the Board authorized an investment with a longer maturity.

ARTICLE IV.
INVESTMENT GUIDELINES

4.01 Purpose. The purpose of this Article is to set forth the types of authorized investments in which the District's funds may be invested and the manner in which certain investments may be made (“Authorized Investment”).

4.02 Authorized Investments.

- A. The District may invest its funds only in the Authorized Investments set forth in and subject to the limitations imposed by the following sections of the Public Funds Investment Act:
 - 1. Government Code Section 2256.009: Obligations of, or Guaranteed by, Governmental Entities. Subject to the limitations set forth in Section 2256.009, Government Code, the District is authorized to invest funds in obligations of, or guaranteed by, the United States or one of its agencies or instrumentalities or obligations of, or guaranteed by, other governmental entities.
 - 2. Government Code Section 2256.010: Certificates of Deposit and Share Certificates. Subject to the limitations set forth in Section 2256.010, Government Code, the District is authorized to invest its funds in certificates of deposit or share certificates that are: issued by a depository institution domiciled in Texas; guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund or its successor; and secured in a manner authorized under Section 2256.010, Government Code. Principal and accrued interest may not exceed FDIC limits or the collateral pledged as security for the District's investments as set forth in Section 4.04.
 - 3. Government Code Section 2256.016: Investment Pools. Subject to the limitations set forth in Section 2256.016, Government Code, the District is authorized to invest its funds through an eligible investment pool, including the TexPool investment pool, operated by the State of Texas, if the governing Board by resolution authorizes investment in the particular pool. The maximum dollar-weighted maturity for TexPool based on the stated maturity date for the portfolio may not exceed 60 days.

- B. If the Investment Officers of the District (if not the treasurer) attend and successfully complete the training requirements under Section 2256.008, Government Code, the District may invest its funds in additional investments, subject to authorization and limitations set forth in Section 2256, Government Code.

4.03 Manner of Solicitation of Certificates of Deposit. As authorized by Section 2256.005(c), Government Code, bids for certificates of deposit may be solicited orally, in writing, electronically, or in any combination of those methods.

4.04 Security of Funds/Collateral Policy.

- A. It is the policy of the District that all funds must be insured by the FDIC or FSLIC or the collateral pledged to the extent of the fair market value of any amount not insured. The District recognizes that FDIC insurance is only available up to a maximum of \$250,000 (including accrued interest) for Interest and Sinking Fund deposits and a maximum of \$250,000 (including accrued interest) for all other deposits. The amount of funds on deposit, other than Interest and Sinking Fund deposits, at any one Texas financial institution (including branch banks located within the same county) will be totaled to determine the maximum amount of insurance coverage. Interest and Sinking Fund deposits will be totaled separately.
- B. To the extent District funds are not insured by the FDIC or FSLIC, they must be secured in the manner provided by law for the security of funds by Chapter 2257 of the Government Code (the Public Funds Collateral Act). There must be pledged as collateral for such funds, to the extent of the market value of the funds, any of the following securities: (1) government securities or obligations issued by the State of Texas, its agencies or political subdivisions, and approved by the Attorney General of Texas payable from taxes or revenues, approved by the Investment Committee, hereinafter defined; or (2) direct obligations of the United States backed by the full faith and credit of the government; or (3) any other obligations or securities authorized to be collateral securing the funds of hospital districts under the laws of the State of Texas that are approved by the Investment Committee.
- C. A bank or trust company holding uninvested District funds must provide a summary of the funds held and the collateral securities pledged against the funds to the District on a monthly basis.

4.05 Loss of Ratings and Liquidation. An investment under Section 4.02 that requires a minimum rating does not qualify as an Authorized Investment during the period that the investment does not have the minimum rating. Upon loss of a minimum rating, the Investment Officer must take all prudent measures that are consistent with this Resolution to liquidate an investment that does not have a minimum rating.

4.06 Delivery vs. Payment. It will be the Policy of the District that all Treasury Bills, Notes and Bonds and Government Agencies' securities shall be purchased using the "Delivery vs. Payment" (DVP) method through the Federal Reserve System. By so doing, District funds are not released until the District has received, through the Federal Reserve wire, the securities purchased.

ARTICLE V.
INVESTMENT MANAGEMENT PRACTICES

5.01 Designation of Investment Officer. The District's Treasurer will serve as Investment Officers for the District. The Board may authorize an Investment Officer to deposit, withdraw, invest, transfer, and manage the District's funds in accordance with these Investment Policies and applicable law.

5.02 Investment Training. Before the District invests funds in any investment other than an Authorized Investment, the District's Investment Officer will be required to attend training, in compliance with the Public Funds Investment Act, from an independent source approved by the Board that includes at least 10 hours of instruction relating to the Investment Officer's responsibilities within 12 months after taking office or assuming duties, and, thereafter, not less than once in a two year period that begins on the first day of the District' fiscal year.

5.03 Monitoring and Internal Reporting. The Investment Officers must regularly monitor the performance of the District's Investments, including market price and ratings. Not less than quarterly, the Investment Officers shall prepare and submit to the Board a written report of all investment transactions for the preceding quarter, signed by each Investment Officer. The report must:

- A. Describe in detail the investment position of the District;
- B. Contain a summary statement of each pooled fund group that states the beginning and ending market value for the quarter and the fully accrued interest;
- C. State the book value and market value of each separately invested asset at the beginning and end of the quarter by the type of asset and fund type invested;
- D. State the maturity date of each separately invested asset that has a maturity date;
- E. State the account or fund or pooled group fund for which each individual investment was acquired;
- F. State the compliance of the investment portfolio as it relates to the Investment Strategies and Public Funds Investment Act; and
- G. Indicate any changes in ratings of the District's investments.

5.04 Compliance Audit. The District, in conjunction with its annual financial audit, will perform a compliance audit of management controls on investments and adherence to this Resolution.

5.05 Disclosure of Investment Policy.

- A. The Investment Officer will provide a copy of this Resolution to any person seeking to sell the District an Authorized Investment. The registered principal of the business organization must execute a written acknowledgment in the form set forth in Exhibit

“A”, to the effect that he has received and thoroughly reviewed the Investment Policy of the District and acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of the investment transactions conducted between the District and the organization. The Investment Officer may not buy any securities from a person who has not delivered to the District a written acknowledgment in the form set forth in Exhibit “A”.

- B. The Investment Officer must execute a written statement in the form set forth in Exhibit “B” to the effect that the Investment Officer has reviewed this Investment Policy and has implemented procedures and controls to comply with the Investment Policy.

PASSED AND APPROVED this ____ day of _____, 2020.

**WINNIE STOWELL HOSPITAL
DISTRICT (“WSHD”)**

Edward Murrell, President

ATTEST:

Secretary, Jeff Rollo

EXHIBIT "A"

**REGISTERED PRINCIPAL'S
CERTIFICATION OF RECEIPT
AND
REVIEW OF INVESTMENT POLICY**

THE STATE OF TEXAS

COUNTY OF CHAMBERS

I, the undersigned, _____, registered principal of _____ (entity), do hereby certify that I have been presented a copy of the Resolution Adopting Investment Policy, Strategies, Guidelines and Management Practices for Winnie Stowell Hospital District (the "Investment Policy"). I have thoroughly reviewed the Investment Policy and acknowledge that _____ (entity) has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the District and _____ (entity) that are not authorized by the District's Investment Policy.

WITNESS MY HAND THIS _____ day of _____, 20__.

Name: _____

Title: _____

EXHIBIT “B”

**INVESTMENT OFFICER’S
CERTIFICATION OF RECEIPT
AND
REVIEW OF INVESTMENT POLICY**

THE STATE OF TEXAS

COUNTY OF CHAMBERS

I, the undersigned, Robert “Bobby Way, Jr., designated investment Officer of Winnie Stowell Hospital District (“WSHD”), do hereby certify that I have been presented a copy of the Resolution Adopting Investment Policy, Strategies, Guidelines and Management Practices for WSHD (the “Investment Policy”). I have thoroughly reviewed the Investment Policy and acknowledge that WSHD as implemented procedures and controls to comply with the Investment Policy.

WITNESS MY HAND THIS 18th day of December, 2020.

Name: Robert “Bobby Way, Jr.
Title: Treasurer

EXHIBIT "B"

**INVESTMENT OFFICER'S
CERTIFICATION OF RECEIPT
AND
REVIEW OF INVESTMENT POLICY**

THE STATE OF TEXAS

COUNTY OF CHAMBERS

I, the undersigned, Sherrie Norris., designated investment Officer of Winnie Stowell Hospital District ("WSHD"), do hereby certify that I have been presented a copy of the Resolution Adopting Investment Policy, Strategies, Guidelines and Management Practices for WSHD (the "Investment Policy"). I have thoroughly reviewed the Investment Policy and acknowledge that WSHD as implemented procedures and controls to comply with the Investment Policy.

WITNESS MY HAND THIS 18th day of December, 2020.

Name: Sherrie Norris
Title: District Administrator

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF CHAMBERS §

The undersigned officer of the Board of Directors of Winnie Stowell Hospital District (“WSHD”) hereby certifies as follows:

1. The Board of Directors of WSHD convened in a regular meeting on the 18th day of December, 2020, at the regular designated meeting place, and the roll was called of the duly-constituted officers and members of the Board, to wit:

| | |
|--------------------|----------------|
| Ed Murrell, | President |
| Anthony Stramecki, | Vice-President |
| Bobby Way, , | Treasurer |
| Jeff Rollo, | Secretary |
| Kacey Vratis | Director |

and all of said persons were present, except Director(s) _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting:

**RESOLUTION ADOPTING INVESTMENT POLICY, STRATEGIES,
GUIDELINES AND MANAGEMENT PRACTICES FOR
WINNIE STOWELL HOSPITAL DISTRICT**

was introduced for the consideration of the Board. It was then duly moved and seconded that the Resolution Adopting Budget (“Resolution”) be adopted, and, after due discussion, the motion prevailed and carried unanimously.

2. A true, full and correct copy of the Resolution adopted at the meeting described in the above paragraph is attached to this certificate; the Resolution has been duly recorded in the Board’s minutes of the meeting; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting and that the Resolution would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; the meeting was open to the public as required by law; and public notice of the time, place and subject of the meeting was given as required by Chapter 551 of the Government Code.

SIGNED AND SEALED the ____ day of _____, 2020

(SEAL)

Secretary, Board of Directors

THE STATE OF TEXAS §
 §
COUNTY OF CHAMBERS §

This instrument was acknowledged before me on this ____ day of _____,
22, by _____, Secretary of the Board of Directors of Winnie Stowell Hospital
District, on behalf of said District.

Notary Public Signature

(seal)

EXHIBIT “H”



PROSPERITY BANK®

December 10, 2020

Winnie - Stowell Hospital District
PO Box 1997
Winnie, TX 77665

Ladies and Gentlemen,

The Depository Services Contract between Winnie - Stowell Hospital District and Prosperity Bank has been renewed on a two-year basis. The previous renewal of the contract by and between the District and the Bank was as of January 1, 2019.

By signing this letter and returning it for our files, you agree to renewal of this contract for an additional two years- January 1, 2021 through December 31, 2022. All terms will remain the same except for the following:

NOW Accounts- Prosperity Bank NOW sheet rate +0.05%

Money Market Accounts- Prosperity Bank Premier Money Market sheet rate

Certificates of Deposit- Prosperity Bank sheet rate

We appreciate our business relationship with Winnie - Stowell Hospital District and look forward to working with you in the future. If you have any questions, please let me know. I may be reached at 409-296-3000 or by email carolee.simon@prosperitybankusa.com.

Sincerely,

Carolee Simon,
AVP / Banking Center Manager

Agreed and accepted on behalf Winnie - Stowell Hospital District:

Winnie - Stowell Hospital District Title Date

Agreed and accepted on behalf of Prosperity Bank:

Carolee Simon AVP / Banking Center Manager Title Date

EXHIBIT “I”



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Winnie-Stowell Hospital District

*For the Year Ended
December 31, 2019*

Governance Letter.....Page 1

DRAFT



December __, 2020

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, 2019. 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 March 24, 2020. 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.

Winnie-Stowell Hospital District
Governance Letter

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 December __, 2020.

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.

Winnie-Stowell Hospital District
Governance Letter

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
December __, 2020

DRAFT

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

DRAFT

**For the Years Ended
December 31, 2019 and 2018**



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, 2019 and 2018, 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, 2019 and 2018, 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.

Durbin & Company, L.L.P.
Lubbock, Texas
December __, 2020

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

Management's Discussion and Analysis

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**For the Years Ended
December 31, 2019 and 2018**

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, 2019 and 2018. Please read it in conjunction with the District's financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

- The District's net position decreased in 2019 by \$449,401 or 3.2% and increased in 2018 by \$1,585,436 or 12.5%.
- The District's net patient service revenue increased in 2019 by \$20,462,494 or 10.8% and increased in 2018 by \$66,167,581 or 53.7%.
- The District's operating expenses increased in 2019 by \$22,062,981 or 11.8% and increased in 2018 by \$66,253,892 or 54.6%.
- The District's non-operating revenues and expenses decreased in 2019 by \$434,455 or 128.5% and decreased in 2018 by \$238,102 or 238.0%.

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>2019</u> | <u>2018</u> | <u>2017</u> |
|------------------------------------|---------------------|---------------------|---------------------|
| Assets: | | | |
| Current Assets | \$55,639,798 | \$43,571,305 | \$34,961,573 |
| Capital Assets (net) | 21,700 | - | - |
| Total Assets | <u>\$55,661,498</u> | <u>\$43,571,305</u> | <u>\$34,961,573</u> |
| Liabilities: | | | |
| Other Current and Non-Current | \$41,867,151 | \$29,327,557 | \$22,303,261 |
| Total Liabilities | <u>41,867,151</u> | <u>29,327,557</u> | <u>22,303,261</u> |
| Total Net Position | <u>13,794,347</u> | <u>14,243,748</u> | <u>12,658,312</u> |
| Total Liabilities and Net Position | <u>\$55,661,498</u> | <u>\$43,571,305</u> | <u>\$34,961,573</u> |

A significant component of the change in the District’s assets is the increase in patient accounts receivable in the amount of \$7,133,802 in 2019, and the increase in patient accounts receivable of \$3,710,887 in 2018. Another significant component of the change in the District’s assets is the increase in nursing home supplemental payments receivable in the amount of \$849,937 in 2019 and the increase in nursing home supplement payments receivable of \$1,336,425 in 2018.

**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 2019 and 2018, the District's net position decreased in 2019 by \$449,401 or 3.2% and increased in 2018 by \$1,585,436 or 12.5%.

| | 2019 | 2018 | 2017 |
|--|---------------------|---------------------|---------------------|
| Operating Revenues: | | | |
| Net Patient Service Revenue | \$209,878,521 | \$189,416,027 | \$123,248,446 |
| Other Operating Revenue | 9,839 | 9,734 | 97,488 |
| Total Operating Revenue | <u>209,888,360</u> | <u>189,425,761</u> | <u>123,345,934</u> |
| Operating Expenses: | | | |
| Salaries | 98,549 | 75,135 | 78,708 |
| Employee Benefits | 6,863 | 6,081 | 6,337 |
| Professional Fees and Purchased Services | - | - | 1,000 |
| Nursing Home Expenses | 199,408,758 | 178,967,254 | 118,178,248 |
| Indigent Care | 1,673,947 | 1,257,687 | 733,903 |
| Legal and Consulting Fees | 1,868,842 | 1,739,724 | 757,604 |
| Other Operating | 6,508,203 | 5,456,300 | 1,485,619 |
| Depreciation and Amortization | - | - | 6,870 |
| Total Operating Expenses | <u>209,565,162</u> | <u>187,502,181</u> | <u>121,248,289</u> |
| Operating Income (Loss) | 323,198 | 1,923,580 | 2,097,645 |
| Nonoperating Revenues and (Expenses): | | | |
| Sales Tax Revenue | 768,179 | 500,912 | 504,963 |
| Investment Income | 73,238 | 48,674 | 11,234 |
| Interest Expense | <u>(1,614,016)</u> | <u>(887,730)</u> | <u>(616,239)</u> |
| Total Nonoperating Revenue / (Expense) | <u>(772,599)</u> | <u>(338,144)</u> | <u>(100,042)</u> |
| Increase (Decrease) in Net Position | <u>\$ (449,401)</u> | <u>\$ 1,585,436</u> | <u>\$ 1,997,603</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 \$323,198 and \$1,923,580 in 2019 and 2018, 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 \$267,267 more in taxes in 2019, while in 2018 the taxes collected decreased by \$4,051. Nonoperating expenses consist primarily of interest expense. The District paid \$726,286 more in interest in 2019 and \$271,491 more in 2018.

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.

DEBT ADMINISTRATION

Debt

At December 31, 2019 and 2018, the District had \$14,180,780 and \$12,684,865, respectively, in notes payable as detailed in Note 8 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.

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

Financial Statements

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**For the Years Ended
December 31, 2019 and 2018**

WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

| ASSETS: | <u>2019</u> | <u>2018</u> |
|---|-----------------------------|-----------------------------|
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 8,228,489 | \$ 5,230,483 |
| Short-Term Investments | 2,893,276 | 2,839,758 |
| Patient Accounts Receivable, Net of Allowance | 29,598,324 | 22,464,522 |
| Nursing Home Supplemental Payment Receivable | 5,334,452 | 4,484,515 |
| Prepaid and Other Current Assets | 9,442,502 | 8,460,351 |
| Sales Taxes Receivable | <u>142,755</u> | <u>91,676</u> |
| Total current assets | 55,639,798 | 43,571,305 |
| CAPITAL ASSETS, NET | | |
| Construction-in-Progress | <u>21,700</u> | <u>-</u> |
| Total Assets | <u><u>\$ 55,661,498</u></u> | <u><u>\$ 43,571,305</u></u> |

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

WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

| LIABILITIES AND NET POSITION: | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| CURRENT LIABILITIES | | |
| Accounts Payable | 27,682,833 | 16,640,914 |
| Accrued Payroll, Benefits, and Related Liabilities | 3,538 | 1,778 |
| Notes Payable | <u>14,180,780</u> | <u>12,684,865</u> |
| Total Current Liabilities | <u>41,867,151</u> | <u>29,327,557</u> |
| Total Liabilities | <u>41,867,151</u> | <u>29,327,557</u> |
| NET POSITION | | |
| Invested in Capital Assets Net of Related Debt | 21,700 | - |
| Unrestricted | <u>13,772,647</u> | <u>14,243,748</u> |
| Total Net Position | <u>13,794,347</u> | <u>14,243,748</u> |
| Total Liabilities and Net Position | <u>\$ 55,661,498</u> | <u>\$ 43,571,305</u> |

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, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| OPERATING REVENUES: | | |
| Net Nursing Home Patient Service Revenue | \$ 209,878,521 | \$ 189,416,027 |
| Other Revenue | 9,839 | 9,734 |
| Total Operating Revenues | <u>209,888,360</u> | <u>189,425,761</u> |
| OPERATING EXPENSES: | | |
| Salaries | 98,549 | 75,135 |
| Employee Benefits | 6,863 | 6,081 |
| Nursing Home Expenses | 199,408,758 | 178,967,254 |
| Indigent Care | 1,673,947 | 1,257,687 |
| Legal and Consulting Fees | 1,868,842 | 1,739,724 |
| Other Operating | 6,508,203 | 5,456,300 |
| Total Operating Expenses | <u>209,565,162</u> | <u>187,502,181</u> |
| Operating Income (Loss) | 323,198 | 1,923,580 |
| NONOPERATING REVENUES (EXPENSES): | | |
| Sales Tax Revenue | 768,179 | 500,912 |
| Investment Income | 73,238 | 48,674 |
| Interest Expense | (1,614,016) | (887,730) |
| Total Nonoperating Revenues (Expenses) | <u>(772,599)</u> | <u>(338,144)</u> |
| Increase (Decrease) in Net Position | (449,401) | 1,585,436 |
| Net Position, Beginning of Year | <u>14,243,748</u> | <u>12,658,312</u> |
| Net Position, End of Year | <u>\$ 13,794,347</u> | <u>\$ 14,243,748</u> |

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, 2019 AND 2018

| | 2019 | 2018 |
|---|----------------|----------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Receipts from and on Behalf of Patients | \$ 190,643,540 | \$ 174,179,095 |
| Other Receipts and Payments, net | 9,839 | 95,234 |
| Indigent Care Support | (3,911,689) | (4,594,570) |
| Payments to Suppliers and Contractors | (184,237,051) | (172,773,264) |
| Payments to Employees | (103,652) | (82,249) |
| Net cash provided by (used in) operating activities | 2,400,987 | (3,175,754) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment Earnings | 73,238 | 48,674 |
| Purchase of Investments | (53,518) | (34,805) |
| Net Cash Provided by (Used in) Investing Activities | 19,720 | 13,869 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Purchase of Capital Assets | (21,700) | - |
| Net Cash Provided by (Used in) Capital and Related | (21,700) | - |
| CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Sales Tax | 717,100 | 500,912 |
| Principal Payments on Debt and Notes Payable | (10,684,865) | (5,624,472) |
| Proceeds From Issuance of Long-Term Debt and Notes Payable | 12,180,780 | 10,684,865 |
| Interest Payments on Long-Term Debt and Notes Payable | (1,614,016) | (887,730) |
| Net Cash Provided by (Used in) Noncapital Financing Activities | 598,999 | 4,673,575 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 2,998,006 | 1,511,690 |
| Cash and Cash Equivalents, Beginning of Year | 5,230,483 | 3,718,793 |
| Cash and Cash Equivalents, End of Year | \$ 8,228,489 | \$ 5,230,483 |

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, 2019 AND 2018

| | 2019 | 2018 |
|--|--------------|----------------|
| RECONCILIATION OF CASH AND EQUIVALENTS TO THE BALANCE SHEETS | | |
| Cash and equivalents presented under the following titles: | | |
| Cash and Cash Equivalents | \$ 8,228,489 | \$ 5,230,483 |
| | \$ 8,228,489 | \$ 5,230,483 |
| RECONCILIATION OF NET INCOME TO NET CASH USED IN OPERATING ACTIVITIES | | |
| Operating Income (Loss) | 323,198 | 1,923,580 |
| (Increase) Decrease in: | | |
| Accounts Receivable | (7,133,802) | (3,710,887) |
| Prepaid Expenses and Other Current Assets | (982,151) | (2,015,925) |
| Nursing Home Supplemental Payment Receivable | (849,937) | (1,336,425) |
| Increase (Decrease) in: | | |
| Accounts Payable | 11,041,919 | 1,964,936 |
| Accrued Salaries and Benefits Payable | 1,760 | (1,033) |
| Net Cash Provided By (Used in) Operating Activities | \$ 2,400,987 | \$ (3,175,754) |

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

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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*.

Recently Adopted Accounting Pronouncements

GASB Statement No. 88 – In April 2018, GASB issued GASB 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 Statement is effective for reporting periods beginning after June 15, 2018. The implementation of this statement had no effect on the change in netposition.

GASB Statement No. 90 – In June 2018, GASB issued GASB Statement No. 90 – *Majority Equity Interests*. The objective of this Statement is 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. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The Statement is effective for periods beginning after December 15, 2018.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Accounting Pronouncements

GASB Statement No. 87 – In June 2017, GASB issued GASB Statement No. 87 – *Leases*. The objective of this Statement is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. In accordance with GASB Statement No. 95, the Statement is effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

GASB Statement No. 89 – In June 2018, GASB issued GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to enhance the relevance and comparability of information about the capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. In accordance with GASB Statement No. 95, the Statement is effective for reporting periods beginning after December 15, 2020. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

GASB Statement No. 91 – Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. In accordance with GASB Statement No. 95, the Statement is effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92 – In January 2020, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of GASB Statement No. 87, *Leases* to be effective for *fiscal years* beginning after December 15, 2019 and is effective for all reporting periods thereafter;
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB);
- The applicability of GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits;
- The applicability of certain requirements of GASB Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements;

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Accounting Pronouncements (Continued)

GASB Statement No. 92 (Continued)

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition;
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers;
- Reference to nonrecurring fair value measurements of assets and liabilities in authoritative literature;
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance;
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021, in accordance with GASB Statement No. 95;
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021, in accordance with GASB Statement No. 95;

The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021, in accordance with GASB Statement No. 95.

GASB Statement No. 95 – In May 2020, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stake holders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for the periods beginning after June 15, 2018, or later.

- The effective date for GASB Statement No. 87 has been postponed from reporting periods beginning after December 15, 2019 to reporting periods beginning after June 15, 2021.
- The effective date for GASB Statement No. 89 has been postponed from reporting periods beginning after December 15, 2019 to reporting periods beginning after December 15, 2020.
- The effective date for GASB Statement No. 91 has been postponed from reporting periods beginning after December 15, 2020 to reporting periods beginning after December 15, 2021.
- The effective date for GASB Statement No. 92 has been postponed from reporting periods beginning after June 15, 2020 to reporting periods beginning after June 15, 2021.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Accounting Pronouncements (Continued)

Accounting Standards Update (ASU) No. 2014-09 – In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 was implemented by the FASB to determine whether an entity should recognize revenue. An entity should recognize revenue to depict the transfers of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018, with early implementation permitted. Management is currently evaluating the effects this pronouncement will have on the financial statements and related disclosures.

In June 2020, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*. The FASB issued this Update as a limited deferral of the effective date (including amendments issued after the issuance of the original Update) to provide immediate, near-term relief for certain entities for whom ASU 2014-09 are either currently effective or imminently effective. The effective date for ASU 2014-09 has been postponed from reporting periods beginning after December 15, 2018 to reporting periods beginning after December 15, 2019.

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 contractals 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.

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.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 |
|--------------------------|---------------|

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.

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.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2018 financial statements to conform to the 2019 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.

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

| | <u>2019</u> | <u>2018</u> |
|--|------------------------------|------------------------------|
| SNF Patient Revenue | \$ 188,518,554 | \$ 173,676,985 |
| Other Revenue | 13,317,896 | 8,613,545 |
| Supplemental Payments | <u>11,251,242</u> | <u>10,189,620</u> |
| Gross Nursing Home Patient Service Revenue | 213,087,692 | 192,480,150 |
| Provision for Bad Debts | <u>(3,209,171)</u> | <u>(3,064,123)</u> |
| Net Nursing Home Patient Service Revenue | <u><u>\$ 209,878,521</u></u> | <u><u>\$ 189,416,027</u></u> |

**WINNIE-STOWELL HOSPITAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2019 AND 2018**

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

At December 31, 2019 and 2018, the carrying amount of the District’s deposits with financial institutions was \$10,434,683 and \$7,397,900, respectively, and the bank balance was \$10,554,762 and \$7,421,928, respectively.

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Amount insured by the FDIC | \$ 1,086,048 | \$ 1,106,008 |
| Amount collateralized with securities held by the pledging financial institution's trust department in the District's name | <u>9,468,714</u> | <u>6,315,920</u> |
| Total bank balance | <u>\$10,554,762</u> | <u>\$ 7,421,928</u> |

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, 2019 and 2018, the carrying amount of the District’s deposits with financial institutions was \$687,082 and \$672,341, 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, 2019 and 2018, the District’s investments in TexSTAR was rated AAA by Standard & Poor’s.

**WINNIE-STOWELL HOSPITAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2019 AND 2018**

NOTE 4 – INVESTMENTS (CONTINUED)

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, 2019 and 2018, the investment in state investment pools was approximately 6.2% and 8.3% 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:

| | <u>2019</u> | <u>2018</u> |
|--------------|-------------|-------------|
| Medicare | 15% | 18% |
| Medicaid | 25% | 30% |
| Managed Care | 44% | 42% |
| Patients | 16% | 10% |
| 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 2019 and 2018 was \$768,179 and \$500,912, respectively. As of December 31, 2019 and 2018, the balance of sales tax receivable and its related allowance for uncollectible taxes are as follows:

| | <u>2019</u> | <u>2018</u> |
|------------------|-------------------|---------------|
| Taxes Receivable | <u>\$ 142,755</u> | <u>91,676</u> |

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018**

NOTE 7 – CAPITAL ASSETS

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

| | Balance 12/31/18 | Additions | Reclass/ Retirements | Balance 12/31/19 |
|---------------------------------------|---------------------|-----------|-------------------------|---------------------|
| Equipment | \$ 140,655 | \$ - | \$ - | \$ 140,655 |
| Construction in progress | - | 21,700 | - | 21,700 |
| Totals at Historical Cost | 140,655 | 21,700 | - | 162,355 |
| Less Accumulated Depreciation for: | | | | |
| Equipment | (140,655) | - | - | (140,655) |
| Total Accumulated Depreciation | (140,655) | - | - | (140,655) |
| Capital Assets, Net | \$ - | \$ 21,700 | \$ - | \$ 21,700 |

| | Balance 12/31/17 | Additions | Reclass/ Retirements | Balance 12/31/18 |
|---------------------------------------|---------------------|-----------|-------------------------|---------------------|
| Equipment | \$ 140,655 | \$ - | \$ - | \$ 140,655 |
| Totals at Historical Cost | 140,655 | - | - | 140,655 |
| Less Accumulated Depreciation for: | | | | |
| Equipment | (140,655) | - | - | (140,655) |
| Total Accumulated Depreciation | (140,655) | - | - | (140,655) |
| Capital Assets, Net | \$ - | \$ - | \$ - | \$ - |

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018**

NOTE 8 – NOTES PAYABLE

Following is a summary of notes payable at December 31:

| | Balance 12/31/18 | Additions | Reductions | Balance 12/31/19 |
|----------------------------|----------------------|----------------------|------------------------|----------------------|
| (13) Salt Creek Capital | \$ 6,342,432 | \$ - | \$ (6,342,432) | \$ - |
| (14) Salt Creek Capital | 4,342,433 | - | (4,342,433) | - |
| (15) Salt Creek Capital | - | 7,113,078 | - | 7,113,078 |
| (16) Salt Creek Capital | - | 5,067,702 | - | 5,067,702 |
| (2) Allegiance Bank | 2,000,000 | - | - | 2,000,000 |
| Total Notes Payable | \$ 12,684,865 | \$ 12,180,780 | \$ (10,684,865) | \$ 14,180,780 |

| | Balance 12/31/17 | Additions | Reductions | Balance 12/31/18 |
|----------------------------|---------------------|----------------------|-----------------------|----------------------|
| (10) Salt Creek Capital | \$ 2,437,583 | \$ - | \$ (2,437,583) | \$ - |
| (12) Salt Creek Capital | 2,765,389 | - | (2,765,389) | - |
| (13) Salt Creek Capital | - | 6,342,432 | - | 6,342,432 |
| (14) Salt Creek Capital | - | 4,342,433 | - | 4,342,433 |
| (2) Post Oak Bank | 2,421,500 | - | (421,500) | 2,000,000 |
| Total Notes Payable | \$ 7,624,472 | \$ 10,684,865 | \$ (5,624,472) | \$ 12,684,865 |

The terms and due dates of the District’s notes payable at December 31, 2019 and 2018 follow:

- (2) Post Oak Bank (Allegiance Bank) – 3.5% note payable with all outstanding principal and interest due January 7, 2019. Note payable was transferred from Post Oak Bank to Allegiance bank during 2019 and renewed with a new maturity date of July 7, 2020. Note payable is collateralized by cash and investments.
- (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.
- (13) Salt Creek Capital – 16.8% note payable with all outstanding principal and interest due March 30, 2019 and is collateralized by cash and investments.
- (14) Salt Creek Capital – 16.8% note payable with all outstanding principal and interest due September 30, 2019 and is collateralized by cash and investments.
- (15) Salt Creek Capital – 16.8% note payable with all outstanding principal and interest due March 31, 2020 and is collateralized by cash and investments.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018**

NOTE 8 – NOTES PAYABLE (CONTINUED)

- (16) Salt Creek Capital – 16.8% note payable with all outstanding principal and interest due October 1, 2020 and is collateralized by cash and investments

In 2019 and 2018, total interest incurred was \$1,614,016 and \$887,730, respectively, all of which was charged to operations.

NOTE 9 – 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 \$1,673,947 and \$1,257,687 for the year ended December 31, 2019 and 2018, respectively.

NOTE 10 – 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. In fiscal years 2017 and 2018, the District entered into operations transfer agreements with a total of eleven additional nursing homes. 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 home’s physical properties. The total rental expense paid to all facilities was \$22,345,502 and \$18,389,937 for the year ended December 31, 2019 and 2018, respectively.

At the time of each transfer agreement, the District 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.

Under these agreements, the District has paid total service fees of \$6,277,490 and \$5,194,962, 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, 2019 and 2018.

In connection with these agreements, the District has recorded all patient revenue and the related accounts receivable. The District recorded \$209,878,521 and \$189,416,027 in net patient related revenue for the years ended December 31, 2019 and 2018, respectively. These revenues are recorded as Net Nursing Home Patient Service Revenues on the statements of revenues, expenses, and changes in net position.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018**

NOTE 10 – NURSING HOME OPERATIONS (CONTINUED)

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 \$199,408,758 and \$178,967,254 for the years ended December 31, 2019 and 2018, 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, 2019 and 2018 for these expenses are \$27,682,833 and \$16,640,914, respectively.

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 a QIPP receivable of \$5,334,452 and \$4,484,515 at December 31, 2019 and 2018, respectively.

NOTE 11 – 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 12 – 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.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018**

NOTE 13 – SUBSEQUENT EVENTS

Subsequent to year end, the US Department of Health and Human Services provided \$8,847,500 to the District from funds appropriated in the Public Health and Social Services Emergency Fund for provider relieve (“Relief Fund”) under Division B of Public Law 116-127. By accepting the Relief Funds, the District must maintain compliance with the Secretary’s terms and conditions, including but not limited to, using the Relief Funds to prevent, prepare for, and respond to coronavirus, and shall reimburse the District only for health care related expenses or lost revenues that are attributable to coronavirus. The District’s commitment to full compliance with all terms and conditions is material to the Secretary’s decision to disburse these funds. Non-compliance with any terms and conditions is grounds for the Secretary to recoup some or all of the payment made from the Relief Fund.

The date to which events occurring after December 31, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosure is December __, 2020, which is the date on which the financial statements were available to be issued.

DRAFT

EXHIBIT “J”

**WSDH Employee
PTO and Comp Time Chart**

| Employee | Hourly Pay Rate | Total Accrued | Total Accrued | Carry Forward | Loss Comp. | Carry Forward | PTO Pay-out for 40 hours | Loss PTO | Loss Comp. Time | Loss PTO | Total |
|-----------------|------------------------|----------------------|----------------------|----------------------|-------------------|----------------------|---------------------------------|-----------------|------------------------|-----------------|--------------|
| Sherrie | \$29.81 | 166.00 | 172.50 | 80 | 92.5 | 40 | \$1,192.40 | 86.00 | \$2,757.43 | \$2,563.66 | \$5,321.09 |
| Patricia | \$25.00 | 80.00 | 72.00 | 72 | 0 | 40 | \$1,000.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |