# Board of Directors
**December 7, 2021 6:30PM**

**Regular Meeting**

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<thead>
<tr>
<th>Time</th>
<th>Item</th>
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<tr>
<td>6:30PM</td>
<td>Opening of meeting</td>
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<td>A. Call to Order</td>
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<td>B. Prayer</td>
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<td>C. Approval of Agenda</td>
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<tr>
<td>6:35PM</td>
<td>Agenda</td>
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<td>D. Approval of previous meeting minutes</td>
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<td>E. Election of Officers</td>
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<td>F. 2022 Proposed Board of Directors’ Calendar</td>
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<td>G. Governance Board Policies Annual Review</td>
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<td></td>
<td>1) Proposed CCP.GOV.002 Governance Committee</td>
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<td>2) Proposed CCP.GOV.002-F1 Gov Board Member Candidate App</td>
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<td>3) Proposed CCP.GOV.003 Strategic Planning Committee</td>
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<td>4) Proposed CCP.GOV.004 Sub Gov Board Operations Committee</td>
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<td>H. Little Falls Health Services Vacant Land Purchase Request</td>
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<td>I. Fairfax Country View Estates Management/Purchase Request</td>
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<td>J. 2022 Committee Assignments</td>
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<td>K. AUL Retirement Plan Change</td>
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<td>L. Recess for Subsidiary Board/Open Meetings</td>
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<td>M. Annual Board Self-Assessment</td>
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<td></td>
<td>N. Annual Conflict of Interest Statement, Relationship &amp; Employment</td>
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<td>Practices Disclosures &amp; Code of Ethics Review</td>
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<td>O. Strategic Plan Update</td>
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<td>P. Board Education Opportunities: N/A</td>
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<td>Q. Left open for potential late agenda items</td>
<td>TBD</td>
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<tr>
<td>7:45PM</td>
<td>R. Reports</td>
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<td>1) VP Corporate Compliance/Leadership Development</td>
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<td>a) October 18, 2021 CCEC Minutes</td>
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<td>2) VP Financial Services</td>
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<td>a) October 2021 &amp; Updated FYE Sep2021 Consolidated Financials</td>
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<td>b) American Rescue Plan (ARP) Rural Distribution Received $1.6M</td>
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<td>c) American Rescue Plan (ARP) General Distribution $3.3M Expected</td>
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<td>3) VP Behavioral &amp; Development Services</td>
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<td>4) VP Senior Services</td>
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<td>a) Non-Vaccinated/Exemption Summary</td>
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<td>5) VP Human Resources</td>
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<td>8:30PM</td>
<td>S. Adjournment</td>
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AGENDA DETAIL

C. **Action:** Approval of Agenda

D. **Action:** Meeting minutes dated **October 26, 2021** require review and approval.

E. **Action:** Officers of the board must be elected annually. Alyssa Thooft, current Chair, has agreed to serve in the capacity of Chair for 2022 if the board so desires. Current Vice-Chair Elizabeth Meichsner & Lori Wiese, Sec/Treasurer.

F. **Action:** The 2022 Board of Directors Calendar is attached for your review. Please note two Tuesdays, January 4th & 18th from 4:30PM – 8:30PM are requested of the Strategic Planning Committee members to review recommendations for the 2022 Strategic Plan which will then be presented at the January board meeting on the 25th.

G. **Action:** The governance board policy proposed changes (redacted for your review) are attached. Please offer any other changes you see necessary. In addition, I have modified St. Francis policies: 1) Governance Board Governance Committee, 2) Governance Board Member Candidate Application, 3) Strategic Planning Committee and 4) Subsidiary Governance board Operations Committee policies into the Corporate Compliance Program format. In July 2021, the Corporate Compliance Committee approved new categories for Public Relations & Marketing and Governance & Strategy. These policies will now be a part of the St. Francis Health Services Corporate Compliance Program within the Governance & Strategy folder along with the Risk Management Administration Policy.

H. I’ve received a call from Steve Grant of Little Falls who has expressed interest in purchase of our vacant lot south west of our LFHS properties. See attached. No amount was provided during the discussion but Mr. Grant but the property is valued at $92.8k for tax purposes. He indicates he and his wife would like to build their retirement home on the lot. He has no intent of using the lot to create any business that would be perceived as competitive. We have received and declined offers in the past. I recommend we hold on to the property given its adjacent location to our A/L. An expansion of HWS units or a memory care center would be a lovely addition in the future. Little Falls’ population continues to climb.

I. I’ve received a call from Dennis Durham of the Redwood Falls area. You may recall he reached out to us a few years ago to inquire as to our interest in purchasing both the Fairfax Community Home and one of the two Redwood Falls care center. We declined due to the declining population of the community of Fairfax and due to the declining nature of the building in Redwood Falls. A new hospital was built south of town and we considered either moving SNF beds or building HWS. The population is such that it was determined no action would be taken at the time. Dennis since closed the Fairfax care center (no interested buyers) and sold the RWF care center to Monarch. He agreed to continue to manage the Country View Estates Assisted Living for a group of private owners (4) but they have ran into difficulty getting HWS licensure and Dennis is no longer willing to license the property on their behalf. He is encouraging the owners to reach out to interested parties to sell the property (24 units) and has given notice to terminate their management agreement. Without licensing the owners will not be able to operate as a HWS entity. As of today, I have yet to hear from the owners.
J. **Information:** Committee & Chair of Committee Assignments are attached as selected by current chair Alyssa Thooft.

K. **Information/Potential Action:** AUL/One America the entity that manages our retirement fund has provided notice they will no longer allow new contributions and transfers to the AUL Fixed Interest Account as previously permitted by our group annuity contract. This fund is locked in at 4%. We as the plan sponsor have three choices:

- **Option 1:** Stop all contributions and investment transfers to the AUL Fixed Interest Account and redirect future investment elections to another investment option available under your group annuity contract.
- **Option 2:** Liquidate the AUL Fixed Interest Account and transfer participant account balances invested in the AUL Fixed Interest Account to the AUL Stable Value Account.
- **Option 3:** Decline Options 1 and 2 and terminate the AUL/One America group annuity contract.

The retirement plan committee reviewed the above options and to preserve the members who invested the funds at the fixed rate, agreed to take Option 1. In doing so, new investments to the newly established AUL Stable Value Account will receive a maximum of 1.5% for the first two years and then transition to the SVA Market Rate.

L. **Recess for Subsidiary Boards:** Recess is needed to convene the subsidiary governance board meetings to review previous meeting minutes, the advisory committee member recommendation and the operations of each organization. See attached subsidiary board meeting agendas and attached minutes & advisory committee member applications as applicable. The DHS/FHC advisory committee recommends Bonnie Ratajek as their newest committee member.

Reconvene SFHS Board Meeting.

M. **Information:** SFHS Governance Board Self-Assessment Survey outcomes will be reviewed if received in time otherwise deferred to the January meeting. 1/11 received at this time.

N. **Information:** Conflict of Interest Statement, Relationship Disclosure & Employment Practices Claims Disclosure are attached for your review and signature. The SFHS Code of Ethics is also attached for your annual review.

O. **Information:** The 2021 Strategic Plan progress will be provided at the board meeting.

P. **Information:** No board education materials are not available for December.

Q. **Left open for potential late agenda items.**

R. **Reports of Vice-Presidents and President/CEO.**

The U.S. Department of Health and Human Services (HHS) is making $25.5 billion in new provider relief funding available to healthcare providers. The Health Resources and Services Administration (HRSA), an agency of HHS, administers the provider relief programs on behalf of HHS. HRSA is using a single application portal to make $8.5 billion in American Rescue Plan Act (ARP) Rural payments
Two groups of funds have been distributed or are expected soon; $1.6M earmarked especially for rural providers was received in November and an additional $3.3M of General Distribution funds are expected to arrive this week based on Medicaid days for the cost report of 09/30/20 specifically intended to cover costs of bonuses and OT expenses that have been incurred due to critical staffing shortages. These funds must be spent within 60 days of receipt. It is expected additional funding will be received via legislative relief in 2022 that will allow for additional wages and benefits long term.

Two interviews of solid candidates for the VP of Finance will occur Friday, Dec 3. I hope to give an update of an acceptance at the meeting.

S. Action: Adjournment.
The Board of Directors of St. Francis Health Services (SFHS) held a meeting on October 26, 2021 in the SFHS Conference Room. Chair Thooft called the meeting to order at 6:30 p.m.

Thooft offered a prayer.

PRESENT
Alyssa Thooft, Paul Letendre, Elizabeth Meichsner, Joan Reicosky, Lori Wiese, Jennifer Seales, and virtually: Father Schneider, Patrick Nelson, Dan Dripps.

Staff: Carol Raw, Chad Meyer, Scot Allen, Cami Peterson-DeVries, Stephen Saffa and Jeannie Michaelson.

ABSENT
Tamela Sperr, Jennifer Goodnough, and Kenneth Westbrook.

AGENDA
Lori Weise moved to approve the agenda with change in order, motion seconded and carried.

MINUTES
Elizabeth Meichsner moved to approve SFHS’ regular meeting minutes of 9/28/21, motion seconded and carried.

EMPLOYERS HEALTH INSURANCE RENEWAL
Brent Walker and Gary Walters of Preferred One explained the options that were presented to SFHS for the 2022 renewal.

MOTION
Paul Letendre moved to stay with Preferred One with the Pareto option, motion seconded and carried.

PENSION PLAN & TDA AUDIT
Raw reviewed and discussed the SFHS Pension & TDA Plan audit reports.

EMPLOYEE MEDICAL TRUST PLAN AUDIT/990
Raw reviewed and discussed the SFHS Employee Medical Trust Plan Audit and 990.

WORKERS COMP INSUR. RENEWAL
Raw reviewed and discussed the 2022 MHCA Self-Insured Fund Workers Compensation renewal with a rate increase of $136k or 7.35%.

MOTION
Elizabeth Meichsner moved to approve the 2022 MHCA Self-Insured Fund renewal rates, motion seconded and carried.

POTENTIAL ACQUISITIONS
Raw reviewed and discussed CentraCare Long Prairie RFP, closing on ZHS’s property sale and Premier Health update.

BOARD EDUCATION
Raw provided the Board the Leading Age MN 2021 Updated Environmental Scan information.
QUALITY BENCHMARKS  Reports of Quality Benchmarks MDH Survey Results (facility tags comparison) FY0930 were reviewed and discussed.

VP FINANCIAL  Raw reviewed the 9/30/21 FYE SFHS unaudited consolidated financial statements and summary report.

VP REPORTS  Meyer, VP Behavioral & Developmental Services, Allen, VP Senior Services and Peterson-DeVries, VP of Corp. Compliance & Ethics Program & Leadership Development provided their respective reports.

CEO REPORT  Raw informed the Board that FYE audit with Eide Baily is scheduled for November 15-19, 2021, WWV MEP will be resubmitted March, 2022, PCS’s Parkview (Hancock) is in need of a new boiler and a buyer is almost ready to make an offer.

ADJOURNMENT  Lori Weise motioned to adjourn the meeting, motion seconded and carried. Meeting adjourned at 8:45 p.m.

Respectfully submitted,

Lori Wiese, Secretary/Treasurer
Jeannie Michaelson, Recording Secretary
<table>
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<tr>
<th>MONTH</th>
<th>TOPIC</th>
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<tr>
<td>Thursday Jan 4 &amp; 18th 4:30pm-6:30pm</td>
<td>Strategic Planning Committee</td>
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| January 25, 2022 | FYE Audit Presentation  
2022 Strategic Plan Review/Approval  
Quality Benchmark Review: CMS 5 Star Rating  
PIPP Project Update |
| March 22, 2022 | Review of Previous Fiscal Year 990s  
Quality Benchmark Review: MN Report Card |
| April 4 & April 7, 2022 4-6PM | Leading Age MN Governance Intensive; Topics forthcoming. |
| May 24, 2022 | FYE Audit/990 Bid Review (if required)  
SFHS & Subsidiaries Employee Service Awards  
Quality Benchmark Review:  
- DHS Quality of Life Resident Satisfaction Surveys  
- DHS Quality of Life Family Satisfaction Surveys  
Optional Guest Speaker: State of the Industry |
| June 21, 2022 Optional | Governance Committee Board Member Recruitment Meeting |
| July 6, 2022 | Governance Committee Recommended Board Member EFF Jan 1  
Quality Benchmark Review:  
- Employee Engagement Survey Results  
- Resident Satisfaction Survey Results  
SFHS’ Consolidated Operating and Capital Budget (to allow for August Membership Board Approval) SFHS General/Prof Liability/Property/Auto/Crime/Cyber Renewal |
| September 27, 2022 | Proposed Bad Debt Write Off FYE Total  
SFHS Health Insurance Renewal  
Quality Benchmark Review: - MN QI Measures and Federal QI Measures |
| October 5, 2022 | SFHS Pension Plan & Tax Deferred Annuity Plan Audit  
SFHS Workers Comp Insurance Renewal  
Quality Benchmark Review: MDH Survey Results (Facility Tag Comparison) FY0930 |
| November 14, 2022 | Send out SFHS Governance Board Self-Assessment |
| December 6, 2022 4:30PM Start (Old#1) | Strategic Plan 2022 Updates  
SFHS Election of Officers  
SFHS Calendar for Review  
SFHS’ Committee Assignments by the Chair  
Conflict of Interest Statement & Relationship Disclosure Letter  
Code of Ethics Review  
Governance Board Policy Annual Review  
Subsidiary Board Meetings; Advisory Committee Approval of Members |

**Note:**  
* Bad Debts are presented any month an individual amount exceeds $50k  
* New Administrators or Corporate Leadership Introductions presented anytime a change occurs  
* Legal Updates presented as necessary  
* Construction Updates presented as necessary
Expressing Christ’s love by providing care that values every human life.

Our Core Values

**INTEGRITY**  
We adhere to high principles and professional standards.

**EXCELLENCE**  
We have the passion to do our best.

**COMMITMENT**  
We dedicate ourselves to those we serve.

**SERVICE**  
We contribute to the wellbeing of others.

**RESPECT**  
We value and treat each other with compassion and dignity.

**STEWARDSHIP**  
We wisely manage all resources God entrusts to us.
In pursuit of our Mission, we will:

- Preserve our historical values in caring for the aging, intellectually & developmentally disabled and other challenged persons;
- Be open to partnerships or other arrangements with organizations of like values to enhance and preserve our mission;
- Assist in strengthening the local communities in which we operate;
- Provide for the highest possible development and advancement of our employees in a respectful and just manner;
- Operate under ethical and professional standards in all our business relationships;
- Generate the financial strength necessary to carry out our mission;
- Be a resource and leader in our communities;
- Express Christian values as set forth in the Ethical and Religious Directives for Catholic Health Care Services;
- Support local control, spirit and personality in the communities we serve;
- Be open to providing for services that are needed;
- Provide public relations information necessary to carry out our mission.
Insert Articles & Bylaws in this section
GOVERNANCE BOARD POLICY

*Insert Ethical & Religious Directives for Catholic Health Care Services in this section*
Insert History of Organization in this section
GOVERNANCE BOARD POLICY

Section 1:
The Process of Developing Governance Board Policy  
p. 6-7

Section 2:
Governance Board Parent/Subsidiary Relationship  
p. 8-9

Section 3:
Corporate Structure/Governance Board Organization  
p. 10-16

Section 4:
Governing Board Member Responsibilities/Duties  
p. 17-19

Section 5:
Governance Board Meetings  
p. 20-22

Section 6:
Governance Board Officers  
p. 23-25

Section 7:
Committees of the Governance Board  
p. 26-27

Section 8:
President/CEO, Vice-Presidents, Regional Directors & Administrator Responsibilities and Functions  
p. 28-38

Section 9:
Organizational Finance  
p. 39-42

Section 10:
Organizational Structure/Employment Policies  
p. 43-45
This section provides guidance for board members in their governance of St. Francis Health Services and each of the subsidiary corporations. As the governing body, each board is entrusted with the authority to establish policy for the governance of their respective corporation. Board policy establishes the parameters and guidelines for board members, committees, management and employees.

The purpose of these governance board policies is to:
- make known board intent, goals and aspirations.
- prevent confusion among board members, employees and the public.
- promote consistency of board action.
- eliminate the need for instant (crisis) policy making.
- reduce criticism of the board and management.
- improve public relations.
- clarify board member, corporate management, administrator and employee roles.
- give management a clear direction from the board.

Governance Board policies are not management policies

The board makes an important distinction between board policies and management policies. Board policies establish the broad parameters within which board, corporate management, administrators and employees will operate. Management policies, developed by the President/CEO, other corporate management, the administrators and/or corporate compliance committee are implemented by management personnel and the administrator and outline the specifics of how the organization and employees will operate within board policy.

This policy, the \textit{CCP.GOV.001 Governance Board Policy}, the \textit{SFHS Mission Statement}, and the SFHS Committee policies (\textit{CCP.GOV.002 Governance Committee, CCP.GOV.003 Strategic Planning Committee} and \textit{CCP.GOV.004 SFHS Subsidiary Operations Committee}) are examples of governance board policies. Once officially adopted, a board policy is the standard for dealing with the subject matter covered by the policy. If an issue comes before the board that is not in line with existing policy, the issue is out of order and will be considered only in terms of policy change.

Governance Board policy decisions require a majority vote of the board

All governance policy decisions will be made by majority vote of the board and only at board meetings. Before adopting any board policy, all board members will receive a copy of the proposed board policy in advance of the meeting at which the vote is to be taken.

Source of governance board policies

Governance policies may be recommended to the board by committees of the board, individual board members, or the President/CEO. All proposed board policies will be reviewed to ensure they do not contradict already established policies or bylaws. If approved by the board, policies will be written, coded, dated at time of approval and included in all copies of the board policy manual.
Considerations for all governance policies

All policies proposed to the board should be tested to consider if they are:

• really necessary for good operation of the corporation.
• consistent with our mission statement.
• within the scope of board authority.
• consistent with local, state and federal law.
• compatible with other policies of this board.
• practical.
• broad enough to cover subject completely.
• enforceable.

Accountability for carrying out governance board policies

The President/CEO, who through the Vice Presidents (in their capacity as subsidiary board president), will be accountable to the board for carrying out these policies, ensuring that all policies are effectively and appropriately explained, and making every reasonable effort to see that they are understood, accepted and complied with.

Distribution of governance board policy manual

A copy of the governance board manual will at all times be available in the SFHS office for review and inspection by board members and employees. Each board member will be given a governance board manual.

Amendment or suspension of governance board policy

All governance policies will be periodically reviewed by the board or a committee of the board for accuracy and appropriateness, and recommendations will be made to the board for amendment, addition or elimination. Except as otherwise provided by law, any policy of the board may be suspended, repealed, amended, or waived by a majority vote of the board, provided appropriate advance notice has been given of the intention to consider revocation, repeal, waiver, or amendment.
Section 2
Governance Board Parent/Subsidiary Relationship

This section provides guidance to clarify the relationship between the St. Francis Health Services of Morris, Inc. (parent) governance board of directors, and the subsidiaries’ governance boards of directors.

Except for the additional ex-officio member, the subsidiary board of directors shall consist of the entire SFHS Board of Directors, the same individuals as the SFHS Board of Directors and equal to the number of board members of the SFHS Board of Directors. The President/CEO will serve on the Board of Directors of the subsidiary corporations as an ex-officio member (by reason of status as President/CEO of SFHS).

Mission Statement

The mission statement adopted by SFHS’ governance board is the mission statement for all subsidiaries of SFHS. SFHS and all subsidiaries will abide by the Ethical and Religious Directives for Catholic Health Care Services. The SFHS’ mission statement should be displayed in the facility in a respectful and appropriate manner.

Communication and education

The governance Board of Directors of St. Francis Health Services promotes communication between the parent organization and the subsidiary organization’s Administrator and Regional Directors through the presence of the Vice-Presidents of Senior Services and Behavior and Developmental Services at each board meeting.

- SFHS’ Board of Directors meeting dates for the current calendar year will be available to management staff on the SFHS local network: Governance Board Calendar in MS Office Outlook.
- The administrator of each facility will be invited to a meeting of the SFHS’ Board of Directors upon hire and periodically as the need arises to provide pertinent communication related to their subsidiary operations.
- The Vice Presidents will attend all governance & respective subsidiary board meetings and any additional committee meetings as required; regional directors will attend all subsidiary advisory committee meetings and any additional committee meetings as required and will request items relative to the subsidiary organization be included on the governance board agenda.

The SFHS’ Board of Directors promotes ongoing education for all members of all boards scheduling and providing educational events on a periodic basis.

Corporate Compliance & Ethics Policies

Corporate Compliance & Ethics policies are examples of management policies. These standards, policies and procedures are considered viable in reducing the prospect of criminal, civil and
GOVERNANCE BOARD POLICY

administrative violations of the laws, rules and regulations of participation in federal and state programs. These policies are developed by the President/CEO, other corporate management staff, administrators and other members of the corporate compliance & ethics committee and are applicable to all subsidiary corporations and its employees. Once created, additions and revisions are annually reviewed by the governance board and are made accessible to all subsidiary corporations and their employees. The board is not directly involved with developing the corporate compliance & ethics policies other than to ensure that the President/CEO, other corporate management staff and administrators are overseeing that responsibility.

Corporate Compliance & Ethics policies are accessible to all employees and board members on the SFHS local network policies drive: Corporate Compliance & Ethics Program Policies (CCP), Governance & Strategy (GOV), Admissions (AD), Administration Financial Donations (AFD), Environmental Services (ENV), Emergency Preparedness Life Safety (EPLS), HIPAA (HIPAA), Information Systems & Security (ISS), Maltreatment Prohibition (MP), Quality of Care (QC), Spiritual Care Guide (SCG), Workplace Conduct and Employment Practices (WCEP) and related Forms and Indexes.

Corporate staff, specifically the Quality Assurance and Regional Directors will promote conformance with the Corporate Compliance & Ethics policies through audits and/or monitoring. An anonymous reporting mechanism is in place (SFHS Hotline 1.888.657.5463) to facilitate complaints.

The SFHS Corporate Compliance & Ethics Officer shall report to the governance board at each meeting and will assure each facility’s Corporate Compliance & Ethics program is in place and functioning as a subsidiary of the Corporate Compliance & Ethics program.

Cost of doing business

The costs incurred to conduct SFHS’ business is allocated to each subsidiary through the management fee. Annually, or more frequently if material changes occur, the President/CEO and VP of Finance (CFO) will review the management fees to assure the allocation is appropriate to the corporate costs.

Insurance coverages

It is the policy of SFHS to provide errors and omission insurance for board members and officers. The continuing need for such insurance will be reviewed each time the policy is due for renewal.

Personnel policies

SFHS maintains current personnel policies for the employees of the parent corporation and each subsidiary corporation and each are adopted by the respective governance boards. The policies are accessible to all employees in the SFHS local network/policies/SFHSA Administrative Policies/HR directory and will be reviewed annually and by legal counsel as appropriate for accuracy and completeness. The Employee Handbooks for all corporations shall include all corporate compliance & ethics policies related to the workplace. The SFHS Employee Handbook is easily accessible to all employees and located on the SFHS local network/handbook drive.
St. Francis Health Services and each of the subsidiary corporations have been established as nonprofit corporations under the laws of this state. The governance boards of directors for each of the corporations are established as the authority to govern their respective corporations in accordance with bylaws and board policies.

All business will be conducted in accordance with the federal, state and local laws, the corporation's articles of incorporation, bylaws of the corporation, governance board policies and generally accepted business practices that will accomplish our mission.

**Authority of the governance board**

All members of the board share in a joint and collective authority which exists and can only be exercised when the group is in session. Each member of each of the boards, together with other members of the boards, is legally and morally responsible for all activities of SFHS and each of the subsidiary corporations respectively.

**Governance board member commitment**

Serving as a board member involves a very special commitment. To meet that commitment, board members are expected to:

- ensure adherence to our mission.
- be informed about the organization’s mission, services, policies, and programs.
- attend and actively participate in all of the board's meetings and special events; notify the President/CEO or board chairperson of anticipated absence.
- review agenda and supporting materials prior to board and committee meetings.
- review minutes and results of a missed meeting.
- serve actively on committees and offer to take on special assignments.
- act only with the full board, not individually unless authorized to do so by the full board.
- speak for the full board only when the full board sanctions doing so.
- follow the conflict of interest and confidentiality policies.

**Board delegation of policy interpretation**

The Board delegates to the President/CEO, who through the Vice Presidents (in their capacity as subsidiary board president), in turn delegate to the Regional Directors and Administrators as applicable, the responsibility for policy interpretation and for rule making, issuance of procedural directives and guides not specifically covered or detailed in the Governance Board Policy. Such interpretations, rules and directives have the force of board regulations unless and until superseded by board action.

**Board member rights**

Members of the board of directors are granted certain specific rights. All board members have the right to:

- receive notice of board meetings, agenda and materials needed for decision making in a
timely manner.
• attend and participate in board meetings.
• examine the corporations’ books, records, meeting minutes, financial statements and contracts.
• place items on the board meeting agenda at the appropriate time.

Governance board member conflict of interests

Members of the board of directors, officers, or any employee who is in a position to influence the actions of SFHS or the subsidiary corporation, including having the power to make such decisions as purchasing, participation in management or the possession of proprietary information will avoid all conflict of interest. See Conflict of Interest Policy in this section addendum.

Duty of governance board members not to compete

A board member may not use his/her position on the SFHS board or the subsidiary boards to prevent SFHS or the subsidiary corporations from competing with the board member's business. It is expected that board members, even after they complete board service, will not use trade secrets, client lists, or other confidential information acquired by virtue of being a member of the board.

Legal obligations of board members

The SFHS board and the subsidiary boards are responsible and liable for the SFHS and subsidiary corporations respectively. The SFHS board, subsidiary boards and the law require every board member to follow the rule of the reasonably prudent person acting in good faith.

The rule of the reasonably prudent person means that the board will not:
• mismanage by deviating from fundamental management principles, such as planning carefully for the future of SFHS or the subsidiary corporations, regularly reviewing the financial status of SFHS and the subsidiary corporations, and monitoring compliance with board policies.
• fail to govern by utilizing all control systems to govern SFHS or the subsidiary corporations.
• be involved in self-dealing that provides personal gain to board members.

Acting in good faith means that board members will:
• attend all board and designated committee meetings to be a part of board actions.
• read and understand the bylaws and policies.
• pay attention to the corporate matters and keep informed about the organization’s activities.
• ensure that SFHS and each of the subsidiary corporations are in compliance with legal requirements.
• avoid self-dealing for personal gain.

Ethical obligations of board members

All board members upon taking their initial board term will be given a copy of the code of ethics, and will be expected to adhere to the provisions of that code. The board will annually review the code of ethics for board members.
The SFHS and Subsidiary Corporation Board Code of Ethics:

As a member of the Board, I will...

• recognize that the board member's job is to ensure that SFHS and each of the subsidiary corporations are well managed, not to manage SFHS or each of the subsidiary corporations.
• vote to hire the best possible person to manage SFHS and its subsidiaries.
• recognize that all authority is vested in the board when it meets in legal session and not with individual board members.
• listen carefully to my fellow board members, and those served by SFHS and each of the subsidiary corporations.
• respect the opinion of other board members.
• respect and support the majority decisions of the board.
• keep well-informed of developments that are relevant to issues that may come before the board.
• participate actively in board meetings and actions.
• call to the attention of the board any issues that I believe will have an adverse effect on SFHS and each of the subsidiary corporations, or those we serve.
• attempt to interpret the needs of constituents to SFHS and each of the subsidiary corporations and interpret the action of SFHS and each of the subsidiary corporations to its constituents.
• refer constituent or employee complaints to the proper level on the organizational chart.
• represent all constituents of SFHS and each of the subsidiary corporations and not a particular geographic area or special interest groups.
• consider myself a "trustee" of SFHS and each of the subsidiary corporations respectively and do my best to ensure that SFHS and each of the subsidiary corporations are well maintained, financially secure, and always operating in the best interests of constituents.
• always work to learn more about the board member's job and how to do it better.
• declare any conflict of interests between my personal life and my position on the SFHS board or each of the subsidiary corporations, and avoid voting on issues that appear to be a conflict of interests.

As a member of the Governance Board I will not...

• interfere with duties of the President/CEO, Vice Presidents, Regional Directors or Administrators or undermine their authority.
• be disrespectful, in or outside of the board meeting, of other board members or their opinions.
• use SFHS and/or any of the subsidiary corporations or any part of SFHS and/or any part of the subsidiary corporations for my personal advantage or the personal advantage of my friends or relatives.
• discuss the confidential proceedings of the boards outside of the board meetings.
• promise prior to a meeting how I will vote on any issue in the meeting.
Nomination and election of board members

It is the policy of the SFHS Board and each of the subsidiary corporations to carefully nominate and elect to the boards persons who:

• believe in the cause and mission of SFHS and each of the subsidiary corporations.
• will commit to the board member responsibility for SFHS and each of the subsidiary corporations respectively.
• will participate actively as part of the SFHS and subsidiary boards.
• are community leaders and will advocate in the community for SFHS and each of the subsidiary corporations.

The board chair will periodically remind board members to submit board candidate recommendations to the governance committee (comprised of five members of the board) to be filed for use at the appropriate nomination time. The governance committee will review all applications for board membership and make a recommendation to the full board based on review of the current board profile which considers community representation, age, gender, ethnicity, religion, expertise & career, skillset and desire to serve. Nominees must be approved by both the Board of Directors and the Membership Board.

Terms of office and election procedures will be as specified in the SFHS and subsidiary corporations bylaws.

Vacancies on the board

When vacancies occur on the board other than normal expiration of terms, board members may appoint individuals to fill the vacancies. The appointed board member may fill the position only until the expiration of the term of the person he/she replaces. The appointed board member may be eligible for nomination and subsequent election at the next regular election if the board member meets all requirements to be a member of the board.

The process for appointment to the board when an unexpected vacancy occurs will be as follows:

• The governance committee will accept recommendations from members of the board & President/CEO.
• A list of the nominees will be submitted to board members prior to the meeting with a recommendation to fill the vacancy.
• Appointment to fill a vacancy will be made only by a majority vote of the board members present at an official meeting of the corporate board.
• The board chairperson or designee will notify the appointed person and the appointee will be seated at the next regular board meeting.

Removal of board members

It is the policy of the SFHS and each of the subsidiary corporations’ board to remove board members who fail to perform the expected duties of a board member with a motion and approval of a majority vote of all currently serving governance board members. The motion to remove will state clearly the cause for removal. A board member may be removed from the board because of:

• negligence of board duties and responsibilities.
• failure to attend board meetings regularly.
• illegal activity as a member of the board.
• acting in any manner detrimental to SFHS or any of the subsidiary corporations.
When a board member has been removed, a successor board member shall be appointed.

Meeting attendance requirement

It is the policy of the governance board that board members must attend meetings to maintain governance continuity, to be fully informed about the issues on which they will vote, and to meet their responsibility to contribute to the decisions the board is required to make.

If a board member will be absent from all or part of any meeting, the board member is expected to contact the board chairperson or President/CEO as soon as the need to be absent is known.

When a board member is absent from three consecutive board meetings, the board chairperson may contact the board member and remind the board member of this meeting attendance policy.

If a board member is absent from four consecutive board meetings, the board chairperson will ask the board to consider removing the board member from membership on the board.

Compensation of board members

Board members will not be compensated for service on this board.

Reimbursement of expenses

Governance board members may be reimbursed only for out-of-pocket expenses actually incurred and given prior authorization by a vote of the board. Claimed expenses must be supported by original receipts. No expenses will be reimbursed for friends or relatives accompanying a board member on SFHS or the subsidiary corporations business. No expenses will be reimbursed for non-business related travel or extension of stay beyond completion of the business for SFHS or the subsidiary corporations.

Expenses deemed unreasonable, unnecessary or extravagant will be considered personal and not reimbursable without compelling cause at the discretion of the board.

Reimbursement of authorized out-of-pocket expenses will be according to the same reimbursement policy applied to employees as found in the SFHS corporate compliance & ethics policies (CCP.AFD.021 Reimbursement of Expenses using CCP.AFD.021 F-1 Reimbursement Claim Voucher).

Governance board legal counsel

The SFHS and subsidiary corporations’ governance board will designate legal counsel to serve the needs of SFHS and each of the subsidiary corporations. Legal counsel may be requested to attend board meetings by a majority of the board members or at the mutual agreement of the board chair and the President/CEO, or the President/CEO’s designee.

Only the board chair, the President/CEO, or the President/CEO’s designee, may contact legal counsel on behalf of the board. Costs billed to SFHS or any of the subsidiary corporations and associated with individual board members contacting legal counsel, auditors or other professional consultants without specific authority from the board of directors, will be billed to the board.
member making the unauthorized contact.

**Governance board correspondence**

Correspondence from any of the boards will be approved by the respective board or its chairperson. Except for reports which are legally required to be sent out with the secretary’s name, all correspondence from the boards will be with the chair's name. All correspondence from the board will be written on SFHS or the applicable subsidiary corporations’ stationery and will be prepared by the office of the President/CEO. Use of SFHS or subsidiary corporations’ letterhead will be limited to official business only.

No material or information disclosed in executive sessions of the board will be released to any unauthorized person.

**Governance board members speaking for the board to the public or media**

Individual board members may not speak to the public or the media on behalf of the board unless authorized by the board to do so.

When speaking about SFHS or any of the subsidiary corporations or about board action, board members should be careful to define when their remarks represent personal opinion and when their remarks represent official board position. Board members must be aware that they are always seen as board members even when they designate comments as personal.

**Board member orientation and development**

Professional development for board members is vital to good governance. Therefore, new board members will be given, within 30 days of election, a thorough orientation about SFHS and each of the subsidiary corporations’ operations, finance, board ethics, responsibility and liability. The orientation of each new board member shall include review of the governance board manual which includes:

- the SFHS’ Governance Board Policy, including each board policy,
- Mission Statement,
- Articles of Incorporation
- and Bylaws.

In addition, the board member will receive the following information:

- “Ethical & Religious Directives for Catholic Health Care Services” document
- SFHS’ Organizational charts/history of organization
- Currently known meeting dates for the next 12 months
- Current financial statements & most recent audited financial statement
- Board meeting minutes for previous 12 months
- Board Resolutions for the previous 12 months
- SFHS’s Employee Handbook
- List of common acronyms

Continuing board education will be discussed annually, implemented and provided for in the budget.

**Authority of board members**

Board members have authority only when acting as a body in regular or special meetings of the
board. The board will not be bound in any way by any statement or action by any individual board member except when such statement or action is in pursuance of an adopted board resolution or special instructions by the board, or under specified delegation of responsibility.

**Board member management of employees and public concerns**

It is the policy of the SFHS and each of the subsidiary corporations’ boards that when a board member is contacted by an employee or member of the general public who has a concern or complaint about SFHS or any of the subsidiary corporations or persons within SFHS or any of the subsidiary corporations, the board member will follow the following procedures:

- Remember that individual board members have no power or authority to speak or act for the full board.
- Listen to the person’s concern.
- Express a desire to reach a satisfactory solution.
- Explain that a formal problem solving process has been established for handling concerns. Suggest that the concern be discussed with the person immediately responsible.
- Refer complaints, other than employee complaints, to the official complaint form available in the administrative office, (CCP.AFD.017-F7).
- Refer employees to the formal problem solving procedure as noted in the personnel handbook or grievance procedure in the union contract. If an individual has attempted to resolve their complaint through our formal problem solving procedure and does not feel it is resolved, he/she may contact our Corporate Compliance & Ethics Hotline (1-888-657-5463).
- Employees should immediately report misconduct, including actual or potential violations of laws, regulations, policies/procedures or SFHS standards of conduct to their immediate supervisor. If the employee feels their concern is not addressed, they may contact the
  - the director of the department in which you are employed;
  - the administrator;
  - the respective Regional Director;
  - the respective Vice President;
  - Corporate Compliance & Ethics Problem Resolution Hotline (1-888-657-5463):
- In addition:
  - Assure the person that the President/CEO will be informed of the concern.
  - Ask the person to report back to you about the progress or resolution of the concern, if desired.
  - Inform the President/CEO of the complaint or concern.

**Guidelines for processing public complaints**

From time to time situations may occur that create legitimate complaints on the part of the public or constituents relative to SFHS or the subsidiary corporations. Complaints must be aired so that all sides of the issue may be heard and a rational procedure/solution found.

Anyone having a complaint, therefore, is encouraged to file a complaint. Forms may be picked up at the administrative office (CCP.AFD.017-F7). All complaint forms must be signed by the person originating the complaint. The nature of the complaint should be stated as well as the relief sought.

All official complaint forms shall be reviewed by corporate management staff and brought to the governance board.


Section 4
Governing Board Member Responsibilities/Duties

Governing Board Member Responsibilities/Duties Description

The governing board is the chief appointed body of SFHS and each of the subsidiary corporations. The governance board represents the SFHS membership board’s interest in the organization, and holds possession of the corporation on behalf of the members. The Board is the guardian of the assets of the corporation and the policy setting body of the corporation.

All power of the Board is a joint and collective power which exists only when Board members act together as one body. Individual Board members have no power except that granted by the full Board through the bylaws, Board policy or by resolution of the full Board.

The governing board is accountable to the public at large for the ethical conduct of all organizational affairs according to the teaching of the Catholic Church which includes commitments to the dignity of the human person the value of human life and the achievement of excellence in the provision of care and all services provided.

Duties:

The primary duty of the board is to make major decisions for SFHS and each of the subsidiary corporations. In general terms, the corporation and each of subsidiary Boards, as one body, is responsible for everything in and about the corporation and subsidiary corporations respectively.

Board members shall be loyal first to the organization, always furthering the interests of the organization in its pursuit of its mission, and disclosing and avoiding any potential conflicts of interest.

Board members shall be diligent in the fulfillment of board responsibilities, always being prepared for decisions addressed by the board, including preparation for, attendance at and active participation in board meetings; and participation in continuing education opportunities.

Board members shall be prudent in all decisions made on behalf of the organization, employing judgment consistent with generally accepted community standards and/or practices for the issue at hand, based on the information that is available.

Board members shall respect the confidentiality of the board room and refer all inquiries for official public statements to the board chairman and/or President/CEO.

Board members will actively/passively support the decisions and policies of the board, until such time as those decisions or policies are changed by an official action of the board.

Board members will help define and then support the roles delegated to management and assure that accountability mechanisms exist to receive reports on the delegated duties.
SFHS’ and each of the subsidiary corporation board members are responsible for:

- **Mission oversight and implementation**
  - to clarify the mission of the organization.
  - to actively support the mission and ensure it is carried out.

- **Participation in system strategic planning**
  - to provide input to system strategic planning through periodic visits to board meetings, surveys and other types of communication.

- **Development of the strategic plan**
  - to plan for current and future services/programs
  - to evaluate the services/programs and operations on a regular basis.
  - to participate in development of the strategic plan including budgets and programs and oversee the implementation of such plans.

- **Financial responsibility**
  - to ensure financial accountability.
  - to ensure ongoing budget development, approval and review.
  - to ensuring adequate funding.
  - to oversee properties or investments.
  - to approve all major transactions such as acquisition or disposition of assets.
  - to ensure financial solvency of the organization.
  - to ensure periodic monitoring.

- **Fund Development**
  - to provide adequate resources in fulfillment of its mission.
  - to enhance the total assets (financial, human and material).

- **Community relations**
  - to ensure services appropriately address the needs of constituents and community.
  - to advocate for SFHS and each of its subsidiary corporations to constituents, funding sources and the public.
  - to determine when SFHS and each of its subsidiary corporations can/should take part in coalitions or joint ventures.
  - to determine, monitor and enhance SFHS and each of its subsidiary corporation’s public image.
  - to maintain an open public relationship with the community which may include consideration of limited public use of the facility.
  - to bring knowledge of the community and constituents to the board’s deliberations.
  - to establish a communication mechanism with legislative personnel at the federal, state and local level.

- **Human resource planning**
  - to assist in hiring, terminating, disciplining, evaluating and holding the President/CEO accountable to carry out appropriate management of programs and services.
  - to ensure that the President/CEO has complete policies in place for management of personnel.
  - to support the President/CEO in the area of personal dispute as outlined in the grievance procedure found in the SFHS Personnel Handbook.
  - to provide consultation by sharing expertise with management when requested.
• Policy oversight/development  
  o to ensure that management systems are adequate and appropriate.  
  o to oversee the management of the business and affairs but not to manage the day-to-day activities.  
  o to develop policies to set limits and define how SFHS and the subsidiary corporations will operate.  
  o to maintain and evaluate board policies.  

• Quality Assurance  
  o to monitor and evaluate outcomes of services.  
  o to assess and improve quality of service and client safety.  
  o to assure that an adequate review program exists.  
  o to ensure SFHS and the subsidiary corporations meet all applicable licensing requirements.  

• Nominating its board members  
  o to recruit new board members.  
  o to provide board members with opportunities for leadership and growth.  

• Physical plant oversight/planning  
  o to ensure an emergency plan is in place in the event of physical plant failure.  
  o to review and evaluate scheduled maintenance and repair of physical plant.  
  o to assess and schedule replacement of physical plant components.  

• Engage in regular self-evaluation processes of the board and to be responsible to notify the board chairman or governance committee at such time as the member determines that he/she cannot continue to carry out the duties of the position.  
  o to seek opportunities to expand knowledge about the organization.  
  o to regularly evaluate personal performance on the board and determine needs for improvement.  
  o to regularly evaluate board performance and determine needs for improvement.  
  o to regularly review the performance of SFHS and the subsidiary corporations in achieving its goals.
Section 5
Governance Board Meetings

Conduct of meetings

Governance board meetings will be conducted in the most orderly manner, discussion of agenda items will be limited to communications among board members, the President/CEO and those individuals the board and President/CEO request to be present.

Board calendar

A calendar of agenda items will be established by the board annually before the beginning of the board year at its organizational meeting each year determining the regular meeting dates, time and place. The calendar will list agenda items that regularly require board action during specific time frames each year, such as approval of the budget, renewal of contracts, evaluation of the President/CEO, the board planning retreat if applicable and other standard annual events. The board calendar is available to board members and management staff at http://sfhs.org/wp-content/uploads/2021/01/2021-SFHS-Board-of-Directors-Calendar.pdf.

Regular meetings

Regular meetings of the governance board(s) will be held as scheduled so that board members can plan for the meetings well in advance. The board will make every effort to maintain those dates as board meeting dates. However, lack of agenda action items or weather may cancel or postpone meetings.

Special meetings

Special meetings of the governance board(s) should be called only rarely when the business to be addressed cannot wait until the next regularly scheduled meeting. A special meeting of the board may be called by the chair. A call for a special meeting will state the business to be addressed by the specific board at the special meeting. Every member of the board must be notified of the special meeting at least three days prior to the established meeting time.

Meeting agenda packet

All matters to be considered by the governance board(s) at the meeting(s) will be included on the agenda and in the board packets delivered to board members at least three days prior to the meeting. Meeting agendas will be developed by the President/CEO and approved by the board chair prior to distribution to other board members.

All board members are given an opportunity to request items be placed on the agenda prior to the agenda being published and distributed by contacting the President/CEO or Board Chair.
The agenda may be amended after the meeting is convened only in cases where immediate action on the item is necessary, or when the item is for board information, and only by consensus of a majority of the board members. A board member or the President/CEO may request changes to the agenda at the time the agenda is brought to the board for approval. The SFHS governance board meeting will approximate the following outline:

- Opening of the meeting
- Opening Prayer
- Approval of the agenda
- Approval of minutes of previous meetings
- Correspondence and Reports of officers and committees
- Election of officers (as necessary)
- Business arising from minutes, correspondence, and reports
- Motions to be presented and new business
- Announcements
- Adjournment

Meeting participation by telephone or virtual call

It is not the practice of the SFHS governance board(s) to hold meetings with member participation by telephone or virtual call. However, emergency situations may dictate that some board members cannot attend the meeting in person, but may attend via telephone or virtually. In those cases, any or all of the board members may participate in the meeting by telephone or virtually. All board meetings in which one or more of the board members are participating by telephone or virtually will be conducted under the following rules:

- All board members participating in the meeting must be able to hear each other.
- All rules for calling meetings and notification of board members as spelled out in other sections of this policy manual will apply.
- All rules for conduct of meetings, including role call and quorum, will be followed.
- Minutes of the meeting will be kept. Minutes will be reviewed and adopted by the board at the next regularly scheduled board meeting.

Employee attendance at board meetings

Since it is the policy of the SFHS board to hold the President/CEO accountable for all management of SFHS and the VP-Senior Services accountable for management of Senior Services and the VP-Behavioral & Developmental Services for management of Prairie Community Services it is left to those individuals to invite any employees by request to the President/CEO, to the respective board meetings that the president of each of the respective services needs as a resource for issues the board will consider during the meeting.

Quorum

A majority of all currently elected members of the board will constitute a quorum for the purpose of conducting official board business.

Voting
All members of the board who are present when a question is put to vote will vote unless excused by the other members present or unless disqualified by conflict of interest. Results of the vote will be recorded. Voting on all motions will be by voice unless requested otherwise by a member of the board, at the direction of the chair, or required by these policies.

A board member who is present at a board meeting, in which action is taken on any corporate matter, will be presumed to have concurred in the action taken unless the dissent of the board member is entered in the minutes of the meeting. Such dissent will be indicated by a simple "no" vote on the action.

No member of the board may vote on any matter in which the board member has a direct or indirect financial interest.

**Minutes of the board meeting**

Records of all actions of the board will be set forth in the minutes of the meeting. Minutes will be kept on file as the official record of the board. The office of Secretary of the Board will be custodian of the minutes and shall sign all minutes upon approval. However, it is vital that all members of the board and the President/CEO be able to fully participate in the discussions and deliberations, so minutes will be recorded in writing during each meeting by an office employee or by a volunteer, not by a member of the board or President/CEO, Vice Presidents or CFO.

Minutes of the meeting are a record of the actions of the board, not a record of discussion. Minutes of SFHS board meetings will include the following:

- the date, time and place the meeting was called to order,
- type of meeting; regular, special or continued,
- name of the presiding officer,
- a statement when a quorum is not present,
- names of board members present and absent from the meeting,
- the exact wording of all motions and the name of the member who made the motion (not seconded), whether passed or failed,
- disposition of each motion made—passed or failed (If the vote is by roll call, each board member's vote will be recorded by name. When a ballot vote is taken, the number voting for and the number voting against will be recorded. No views, protests or explanations from board members about the vote will be recorded in the minutes unless the full board votes to allow such entries.),
- notation of each committee report,
- notation that financial reports were reviewed by the board,
- and notation of the hour of adjournment of the meeting.

Committee reports or resolutions may be attached to the minutes if these items are important clarification for the minutes of the meeting.

**Electronic recording of meetings**

To ensure free discussion and debate at meetings of the board, no electronic recording devices may be used by individual board members or anyone else attending the meetings.

**Parliamentary authority**

Meetings of the SFHS Board will be governed by the parliamentary rules as outlined in Democratic.
Rules of Order in all cases where current bylaws and current board policies do not apply.

**Section 6
Board Officers**

**Officers of the Governance Board**

The principal officers of the board shall be the chair, vice-chair, and secretary elected by a majority vote of the board. All officers of the board have no authority to speak or act on behalf of the board other than the authority specifically granted in the bylaws, in board policy or by resolution of the board of directors. All officer positions require a commitment of extra time and responsibility. Board members who cannot make this extra commitment should not seek or accept this office. Officers of the SFHS governance board will also serve in that role for the subsidiary governance boards.

**Chair**

The chair of the board is the highest elected official of the corporation. The Chairperson, when present, shall preside at all meetings of the Board of Directors; shall see that all orders and resolutions of the members and the Board of Directors are carried into effect; and shall have such other authority and duties as the Board may determine from time to time. All duties for this office, as described in the Chair of the Board Job Description, can only be assumed with the permission of the full board. The Chair Job Description can be found at the end of this section.

**Vice-Chair**

The Vice-Chair will preside at board meetings in the absence of the chair and assume the office of the chair when the board determines that the chair can no longer serve. The vice-chair will also:

- work with the chair to be prepared to assume that office if necessary.
- manage special assignments as requested by the board chair.

**Secretary**

The Secretary will oversee the records of the board, including meeting minutes, the charter and any historical documents. When required, the secretary will also sign financial documents, contracts and other official agreements on behalf of SFHS or each of the subsidiary corporations and at the direction of the board. The secretary will also:

- ensure that all official documents are safely passed to the next secretary.
- research SFHS records when necessary for information for the board.

All duties normally assumed by the position of treasurer are performed by the Finance and Personnel Committee as directed in the bylaws and outlined in the Finance and Personnel Policy.

**Officer election process**

The officers of the Board shall be elected annually by the Board of Directors at a regular or special meeting and, unless sooner removed by the board, shall serve for a term of one (1) year or until their successors are elected and qualify. Any vacancies occurring in offices shall be filled by the Board of Directors. The Board of Directors shall appoint such temporary or acting officers as may be necessary during the temporary absence or disability of the regular officers.

- Election will be held at a meeting at which a quorum of board members is present.
 GOVERNANCE BOARD POLICY

• The board will meet to elect its officers at the last meeting of the year.
• Only board members present for elections will be allowed to vote for officers. There will be no "absentee ballots," or telecommunications voting.

Terms of office
Terms of all officers will be for one year. Only properly elected or appointed members of the board may serve as officers of the board.

Officer authority
Officers of the board are elected to be servant-leaders of the board. All authority of the officers is delegated to them by the board of directors. No officers will have any authority to speak or act on behalf of the board other than that authority specifically granted in the SFHS bylaws, in board policy or by majority vote of the board of directors.

Vacancies of officer positions
If a vacancy occurs in any elected office because of resignation, death, ineligibility to hold office or formal removal of an officer by the board, the board will proceed to fill the vacancy at the earliest possible time.

If the vacancy occurs in the chair's office, the vice chair will assume the office as soon as the board of directors declares the position vacant. The vice chair will hold the office of chair until the board elects a new chair.

A vacancy is filled in the prescribed manner of election of officers in this policy.

Removal of officers
The SFHS board of directors has the right to remove any officer for cause from that elected position by the same authority that elected the officers. Cause may include but not limited to: gross or willful neglect of the duties of the office; misuse of SFHS funds; conviction of a felony; intentional lack of public support for the SFHS' mission, employees or programs; failure to inform the board about issues that might impact board decisions; failure to attend board meetings.

Procedure for removal of any officer from office will be a simple majority vote of the board.
The chair of the board is the highest elected official of the corporation. Like all officers of the board, this position has no authority to speak or act on behalf of the board other than the authority specifically granted in the bylaws, in board policy or by resolution of the board of directors. All duties for this office, as described below, can only be assumed with the permission of the full board.

Duties:

• Work with the President/CEO to:
  o lead the organization toward the accomplishment of its mission
  o collaborate on preparation of board meeting agendas
  o help the board interpret board policy
  o assist and encourage board members to build their skills
  o encourage the board to do long-range planning

• Preside at board meetings:
  o work to keep the meeting on target and productive
  o encourage all board members to participate fully
  o prevent and resolve conflicts among team members
  o maintain an orderly atmosphere of good business
  o encourage all board members to participate in board activities.
  o ensure that all board members' views are represented in board meetings.
  o encourage commitment and cooperation from each volunteer board member

• Appoint committees:
  o appoint standing and ad-hoc committees and committee chairs.
  o act as ex-officio member of all committees except the governance committee.
  o encourage all committees to function well and be accountable to the full board.
  o make special assignments and appoint representatives to other organizations

• Promote good relationships:
  o encourage the President/CEO to build the board/President/CEO relationship
  o act as a sounding board on difficult issues for the President/CEO
  o act as liaison between board and President/CEO
  o encourage communication and cooperation with SFHS Board of Directors

• Represent the organization:
  o act as ex-officio member of the SFHS Board of Directors and periodically attend (or send designee to) a board meeting of the parent organization.
  o act as a representative of the board in all matters of board policy.
  o sign official documents requiring signature.
  o represent the board in public and official capacities as instructed by the board.
  o recognize board member violation of ethical standards and bring such violations to the attention of the board member or to the full board if necessary.
  o act to discipline board members who violate ethical standards of the board.
Section 7
Committees of the Board

The board may establish or abolish standing or special (ad hoc) committees as set forth in the bylaws. Committee Policies are found at the end of this section.

The purpose of any board committee is to assist the board to govern more efficiently. A board committee is not designed to do employee work. Committees are used to investigate, deliberate and analyze special issues on behalf of the board. As the organization evolves and changes, so should board committees. Job descriptions should be reviewed and updated annually.

It is sometimes appropriate and desirable to appoint persons other than board members to committees if special expertise is required beyond what is available from board members. Appointing persons from outside the board allows the board to tap special skills, develops new connections between the organization and members of the community, and cultivates future board members.

Standing Committees of the Board

Authority
Standing committees of the board have only the powers specifically delegated by the board. Functions of each committee should be in writing as part of board policy.

Accountability
Committees are subsidiaries of the board, and must be accountable to the board. They should report their work to the board regularly. Each committee should make recommendations for action, such recommendations to be made by a member of the committee in the form of a motion at a board meeting.

Appointment
The chair of the board appoints the chair of each committee and all committee members. Board members may be polled as to committee preference, and the preferences honored if possible.

Duties
Duties of the members of individual board committees vary, but certain basic committee member responsibilities remain the same for all committees. Those responsibilities include:

- Attend all meetings of the committee to which the board member is assigned.
- Prepare for committee meetings by studying the agenda and researching the issues.
- Actively participate in discussions at committee meetings.
- Follow through promptly on any assignments from the committee.
- Ensure committee recommendations come before the full board.

Meetings
The committee chair convenes all meetings of the committee or a majority of the committee members may call a committee meeting. Meeting dates are coordinated with the President/CEO to avoid conflict and to ensure completion of employee support and research. Minutes are kept of committee meetings. Committees will submit a written summary of committee actions and recommendations to the board.
Special (Ad Hoc) Committees

Purpose
The board of directors has inherent power to appoint special committees at any time to perform a specific, immediate, one-time task. When the special task is completed and the committee has reported to the board, the committee is dissolved unless the board gives it further assignments.

An ad hoc committee is usually appointed by the board chair or the full board when the task to be completed does not fit well into the job descriptions of any standing committee of the board. Doing a feasibility study for a building project or determining how to handle a sudden emergency might be assigned to an ad hoc committee.

Authority
As with all other committees, a special (ad hoc) committee of the board has only the powers specifically delegated by the board. Functions of any ad hoc committee as well as time lines for performance should be recorded in the minutes of the meeting at which the committee was established.

Accountability
All committees are a subsidiary of the board, and must be accountable to the full board. They should report their work to the full board on a regular basis. Each committee should make recommendations to the board for action. Such recommendations shall be made by a member of the committee in the form of a motion at a full board meeting.

Guidelines for the Committee Chair

The committee chair is usually appointed by the board chair, and is expected to lead the committee just as the board chair leads the board. The chair is accountable to ensure the productivity of the committee, and to ensure that the committee is accountable to the full board for whatever task is assigned to the committee.

Authority
The committee chair normally has no more power than any other committee member other than to call meetings of the committee, to convene a meeting and to lead the committee through the meeting.

Guidelines for the Committee Chair

- Ensure that all committee members have appropriate materials:
  - list of committee members, with phone numbers and e-mail addresses;
  - instructions from the board to the committee - the committee charge or job; description;
  - a statement of the powers and limitations of the committee;
  - background and support material pertinent to the subject to be discussed;
  - minutes of past committee meetings.
- Ensure that all members of the committee are notified of committee meetings.
- Work with employees to plan the agenda for the committee meetings.
- Convene committee meetings, and keep meetings on track.
- Encourage the committee to come to conclusions and form recommendations to the full board.
- Appoint a member of the committee to keep a written record of committee actions.
- Ensure that committee reports and recommendations for action are presented to the full board.
President/CEO

In the conduct of the ongoing business of SFHS and the subsidiary corporations, the President/CEO is delegated the administrative authority, responsibility, and accountability necessary to oversee the leadership, management and control of all aspects of St. Francis Health Services in accordance with current federal, state, and local standards, guidelines and regulations that govern all services provided and assures that the highest degree of quality care is provided to our residents/tenants & consumers through the corporate compliance & ethics program. The President/CEO has supervisory authority over all other officers of the corporation; the Vice-President of Senior Services, the Vice-President of Behavioral & Developmental Services and the Vice-President of Finance (aka Chief Financial Officer) and other SFHS leadership staff; the Vice-President of Human Resources, the Director of Information Systems and the Director of Quality & Compliance.

Administrative communication/counsel to the board

The President/CEO serves in the capacity of president of SFHS. In this role he/she will provide information and counsel to the board. Accordingly, he/she will:

- Make the board aware of special events, relevant trends, material external and internal changes and the assumptions upon which any board policy has previously been established.
- Submit required monitoring data in a timely, accurate and understandable fashion, directly addressing provisions of the board policies being monitored.
- Marshal as many employees and external points of view, issues and options as needed for fully informed board choices.
- Present information in a form that is understandable and of reasonable length.

Delegation to the President/CEO

The board’s job is generally confined to establishing topmost policies, leaving implementation of board policy to the President/CEO. All board authority delegated to SFHS employees is delegated through the President/CEO.

The President/CEO is authorized to establish all further policies, make all decisions, take all actions and develop all activities which are true to the board's policies. This does not prevent the board from obtaining information about activities in the delegated areas.

No individual board member, officer or committee has any authority over the President/CEO. Information may be requested by such parties, but if such request, in the President/CEO’s judgment, requires a material amount of employee time, it may be refused.

Acting with the authority granted above, the President/CEO may not perform, allow or cause to be performed any act which is unlawful, insufficient to meet commonly accepted business and professional ethics for the "prudent person" test, in violation of funding source requirements or
regulatory bodies, or contrary to explicit board constraints on the President/CEO’s authority.

Should a situation arise wherein the President/CEO deems it unwise to comply with a board policy, he/she will inform the board. Informing is simply to guarantee no violation may be intentionally kept from the board. It is not for the purpose of receiving approval. Board response at that time does not exempt the President/CEO from SFHS or the subsidiary corporations’ subsequent board judgment of his/her action.

**Areas of responsibility delegated to the President/CEO**

See President/CEO Job Description in this section.

**Monitoring President/CEO’s performance**

Monitoring the President/CEO’s performance is synonymous with monitoring organizational performance. The board delegates management of SFHS to the President/CEO who in turn delegates management of various aspects to the officers of the corporation; Vice-President of Senior Services, the Vice-President of Behavioral & Developmental Services and the Vice-President of Finance (CFO). The President/CEO must also have a process for ongoing monitoring of the Vice-Presidents’ performance of delegated duties. The purpose of monitoring is to determine the degree to which board policies are being fulfilled.

The SFHS Board Governance Committee (made up of the Chair, and no less than five members appointed by the board) will annually evaluate the President/CEO along with compensation recommendations and report to the full Board of Directors in executive session. Committee members will not solicit information regarding the President/CEO’s performance from SFHS subordinate staff. The board recognizes that including staff in the governance process can seriously erode the relationship which must exist between the CEO and staff.

**Board & President/CEO relationship**

The board of directors recognizes and maintains the following guidelines in the board's relationship with the President/CEO:

- Good management is recognized as one of the key factors in the success of the organization. The board reserves the authority to establish policies, approve plans and programs and delegate authority to the President/CEO.
- Board members will refrain from individually discussing management and personnel issues with corporate personnel other than the President/CEO. The board, in consultation with the President/CEO, may confer with key personnel at regular or special meetings of the board.
- Authority for management of the corporation will be through the governance board to the President/CEO. The board will require full and timely information from the President/CEO concerning pertinent matters that relate to the management of the corporation.
- The board recognizes that efficient management of SFHS can exist only through mutual understanding and cooperation between the board and the President/CEO. The board also recognizes that the President/CEO is accountable to the board to show results, but the President/CEO cannot perform well and show good results if not given latitude to exercise independent judgment in executing board policy. Therefore, the board grants that latitude of judgment and discretion and expects full accounting of performance from the
President/CEO.
• The board may recommend that the President/CEO of the corporation be removed for cause by written notice to SFHS.
Vice-Presidents

The Vice-Presidents (VP) shall be appointed by the President/CEO with the approval of the Board of Directors/Directors. The VPs, subject to the supervising authority of the President/CEO, is delegated by the subsidiary governance board the administrative authority, responsibility, and accountability necessary to oversee the leadership, management and control of all aspects of St. Francis Health Services’ subsidiary services in accordance with current federal, state, and local standards, guidelines and regulations that govern those services. The VPs assure that the highest degree of quality care is provided to our residents/consumers and tenants through direction of the corporate compliance & ethics program.

Communication/counsel to the President/CEO & the Board

The respective Vice-President, subject to the supervising authority of the President/CEO, also serves in the capacity of president of each of their respective subsidiary corporations. In this role he/she will provide information and counsel to the President/CEO and the governing board(s).

Accordingly, he/she will:

• Make the President/CEO and board(s) aware of special events, relevant trends, material external and internal changes and the assumptions upon which any board policy has previously been established.
• Submit required monitoring data in a timely, accurate and understandable fashion, directly addressing provisions of the board policies being monitored.
• Marshal as many employees and external points of view, issues and options as needed for fully informed board choices.
• Present information in a form that is understandable and of reasonable length.
• Submit recommendations from the subsidiary corporation’s community advisory committee of nominees for vacant advisory committee positions.

Delegation to the Vice-Presidents

The subsidiary governance board member’s job is generally confined to establishing topmost policies, leaving implementation of board policy to the respective Vice-President. All board authority delegated to employees is delegated through the Vice-President.

The VP is authorized to establish all further operational policies, make all decisions, take all actions and develop all activities which are true to the board's policies. This does not prevent the President/CEO or board of directors from obtaining information about activities in the delegated areas.

No individual governance board member, board officer or committee has any authority over the VP. Information may be requested by such parties, but if such request, in the VP's judgment, requires a material amount of employee time, it may be refused.

Acting with the authority granted above, the VP may not perform, allow or cause to be performed any act which is unlawful, insufficient to meet commonly accepted business and professional ethics for the "prudent person" test, in violation of funding source requirements or regulatory bodies, or contrary to explicit board constraints on the VP’s authority.

Should a situation arise wherein the VP deems it unwise to comply with a board policy, he/she will
inform the President/CEO and the governance board members. Informing is simply to guarantee no violation may be intentionally kept from the board. It is not for the purpose of receiving approval. Board response at that time does not exempt the VP from the SFHS President/CEO or the governance board member’s subsequent board judgment of his/her action.

**Areas of responsibility delegated to the VP**

See Vice President of Senior Services and Vice President of Behavioral & Developmental Services job descriptions in this section.

**Monitoring Vice President’s performance**

Monitoring the VP’s performance is synonymous with monitoring subsidiary organizational performance. The board delegates management of the subsidiary corporations through supervision by the President/CEO to the VP who must have a process for ongoing monitoring of the administrator’s performance of the delegated duties. The purpose of monitoring is to determine the degree to which board policies are being fulfilled.

The Vice Presidents are employees of the St. Francis Health Services’ corporation, and as such are under the direct supervision of the President/CEO who reports to the governance board. The board will monitor the VPs performance by awareness of the VPs’ job descriptions and careful attention to all reports delivered to the board through the VPs’ written reports.

**Board/VP relationship**

The board of directors recognizes and maintains the following guidelines in the board's relationship with the VP:

- Good management is recognized as one of the key factors in the success of the organization. The board reserves the authority to establish policies, approve plans and programs and delegate authority to the VP through the supervising authority of the President/CEO.
- The VP will be responsible for hiring the LTC Administrator of the subsidiary corporation within the limitations and budget constraints of board policy. The VP shall determine the appropriate compensation, training, supervising, disciplining and terminating of personnel. The LTC Administrator will report to the governance board through the VP. This may occur directly to the VP or through the Regional Director.
- Board members will refrain from individually discussing management and personnel issues with subsidiary corporate personnel other than the President/CEO and VP. The board, in consultation with the VP, may confer with key personnel at regular or special meetings of the board.
- Authority for management of the subsidiary corporation will be through the governance board of the subsidiary corporations and supervising authority of the President/CEO to the VP. The board will require full and timely information from the VP concerning pertinent matters that relate to the management of the subsidiary corporations.
- The board recognizes that efficient management of the subsidiary corporations can exist only through mutual understanding and cooperation between the board, the President/CEO and the VP. The board also recognizes that the VP is accountable to the President/CEO and the board to show results, but the VP cannot perform well and show good results if not given latitude to exercise independent judgment in executing board policy. Therefore, the board grants that latitude of judgment and discretion and expects full accounting of performance
• The board and/or President/CEO may recommend that the VP of the subsidiary corporation be removed for cause by written notice to SFHS.
Vice President of Finance/CFO

The Vice President of Finance, also referred to as Chief Financial Officer (CFO), shall be appointed by the President/CEO with the approval of the Board of Directors/Directors. The CFO, subject to the supervising authority of the President/CEO is delegated by the governing boards the administrative authority, responsibility, and accountability necessary to oversee the financial management of St. Francis Health Services and subsidiaries in accordance with current federal, state, and local standards, guidelines and regulations that govern those services. The CFOs assures that financial functions are performed with the highest degree of accuracy and stewardship.

Communication/counsel to the President/CEO & the Board

The CFO, in his/her role will provide information and counsel to the President/CEO and the governing board(s) relative to finances. Accordingly, he/she will:

- Make the President/CEO and board(s) aware of special events, relevant trends, material external and internal changes and the assumptions upon which any board policy has previously been established.
- Submit required monitoring data in a timely, accurate and understandable fashion, directly addressing provisions of the board policies being monitored.
- Marshal as many employees and external points of view, issues and options as needed for fully informed board choices.
- Submit recommendations from auditors, bank organizations & state agencies.
- Present information in a form that is understandable and of reasonable length.

Delegation to the Vice-President of Finance/CFO

The CFO is authorized to establish all further financial operational policies, make all decisions, take all actions and develop all activities which are true to the board's policies. This does not prevent the President/CEO or governance board members from obtaining information about activities in the delegated areas.

No individual governance board member, board officer or committee has any authority over the CFO. Information may be requested by such parties, but if such request, in the CFO's judgment, requires a material amount of employee time, it may be refused.

Acting with the authority granted above, the CFO may not perform, allow or cause to be performed any act which is unlawful, insufficient to meet commonly accepted business and professional ethics for the "prudent person" test, in violation of funding source requirements or regulatory bodies, or contrary to explicit board constraints on the CFO’s authority.

Should a situation arise wherein the CFO deems it unwise to comply with a board policy, he/she will inform the President/CEO and the governance board. Informing is simply to guarantee no violation may be intentionally kept from the board. It is not for the purpose of receiving approval. Board response at that time does not exempt the CFO from the SFHS President/CEO or the governance board’s subsequent board judgment of his/her action.
Areas of responsibility delegated to the CFO

See the Vice President of Finance/CFO job description in this section.

Monitoring Vice President of Finance/CFO’s performance

The CFO is an employee of SFHS, and as such is under the direct supervision of the President/CEO. The board will monitor the CFO’s performance by awareness of the CFO’s job description and careful attention to all reports delivered to the board through the CFOs’ written reports.

Board/ Vice-President of Finance/CFO relationship

The governance board members recognize and maintain the following guidelines in the board's relationship with the CFO:

- Good management is recognized as one of the key factors in the success of the organization. The board reserves the authority to establish policies, approve plans and programs and delegate authority to the CFO through the supervising authority of the President/CEO.
- The CFO has the responsibility for hiring the SFHS Controller I, Controller II and SFHS Accounting staff. The CFO shall determine the appropriate compensation, training, supervising, disciplining and terminating of personnel. The subsidiary corporation accounting staff will be of shared supervisory responsibility with the administrator of the subsidiary corporation.
- Board members will refrain from individually discussing management and personnel issues with subsidiary corporate personnel other than the President/CEO and CFO. The board, in consultation with the CFO, may confer with key personnel at regular or special meetings of the board.
- Authority for financial management of the subsidiary corporation will be through the governance board of directors and supervising authority of the President/CEO. The board will require full and timely information from the CFO concerning pertinent matters that relate to the financial management of the subsidiary corporations.
- The board recognizes that efficient financial management of the corporations can exist only through mutual understanding and cooperation between the board, the President/CEO and the CFO. The board also recognizes that the CFO is accountable to the President/CEO and the board to show results, but the CFO cannot perform well and show good results if not given latitude to exercise independent judgment in executing board policy. Therefore, the board grants that latitude of judgment and discretion and expects full accounting of performance from the CFO.
- The board and/or President/CEO may recommend that the CFO of the subsidiary corporation be removed for cause by written notice to SFHS.
Administrator

In the conduct of the ongoing business of the SFHS subsidiaries, the Administrator is responsible for all business operations, including management of corporate assets of SFHS; hiring, training, promotion, discipline and termination of employees; and for establishing and maintaining the business organization and structure to efficiently conduct the management functions of the respective care center.

The Administrator plans for and administers a program providing service in accordance with SFHS' stated purpose and in such a manner that optimum results are achieved in relation to the resources of the agency, and operates under the general direction of the SFHS' governance board.

Administrative communication/counsel to the board

The Administrator will provide information and counsel to the Vice President of Senior Services through the Regional Directors. The PCS Regional Directors will provide information and counsel to the Vice President of Behavioral and Developmental Services. Accordingly, he/she will:

• Make the VP aware of special events, relevant trends, material external and internal changes and the assumptions upon which any board policy has previously been established.
• Submit required monitoring data in a timely, accurate and understandable fashion, directly addressing provisions of the board policies being monitored.
• Marshal as many staff and external points of view, issues and options to the VP through the Regional Directors as needed for fully informed board choices.
• Present information in a form that is understandable and of reasonable length.

Delegation to the Administrator

The governance board’s job is generally confined to establishing topmost policies, leaving implementation of board policy on a care center level to the administrator through supervision of the respective Regional Director who is supervised by the Vice President. All board authority delegated to the Administrator is delegated through the Vice President.

The administrator in coordination with the Regional Director and Vice President is authorized to establish all further policies, make all decisions, take all actions and develop all activities which are true to the board's policies. This does not prevent the board from obtaining information about activities in the delegated areas.

No individual board member, board officer or committee has any authority over the Administrator. Information may be requested by such parties, but if such request, in the Administrator's judgment, requires a material amount of staff time, it may be refused.

Acting with the authority granted above, the Administrator may not perform, allow or cause to be performed any act which is unlawful, insufficient to meet commonly accepted business and professional ethics for the "prudent person" test, in violation of funding source requirements or regulatory bodies, or contrary to explicit board constraints on administrator authority.

Should a situation arise wherein the Administrator deems it unwise to comply with a board policy, he/she will inform the governance board through the Regional Director/VP. Informing is simply to
GOVERNANCE BOARD POLICY

guarantee no violation may be intentionally kept from the board. It is not for the purpose of receiving approval. Board response at that time does not exempt the Administrator from Regional Director/VP or board judgment of his/her action.

Areas of responsibility delegated to the Administrator

See Administrator Job Description in this section.

Monitoring administrative performance

Monitoring administrative performance is synonymous with monitoring subsidiary organizational performance. The board delegates management on a community or care center level to the Administrator and the VP through supervisory authority to the Regional Director who must have a process for ongoing monitoring of the Administrator's performance of the delegated duties. The purpose of monitoring is to determine the degree to which board policies are being fulfilled.

The board will monitor Administrator performance by awareness of the Administrator's job description, careful attention to all reports delivered to the board.

Administrator performance evaluation

The Administrator is an employee of the subsidiary corporation, and as such the Administrator is under the direct supervision of the respective Regional Director who is under the direct supervision of the Vice President. A performance evaluation based upon the job description will be completed annually on or before the anniversary date of the administrator using the Performance Appraisal Tool (CCP.WCEP.036-F1). The subsidiary community advisory committee members will be asked to respond to formal evaluation inquiries by the Regional Director related to the administrator's performance using the Advisory committee Administrator Evaluation (CCP.AFD.017 F3). At an advisory committee meeting during an executive session and without the Administrator present, the checklist will be discussed and the comments and suggestions made by the board members will be taken into consideration in the evaluation process.

Advisory committee members will not solicit information regarding the Administrator’s performance from facility subordinate staff. The committee recognizes that including staff in the evaluation process can seriously erode the relationship which must exist between the Administrator and staff.
Board/Administrator relationship

The governance board recognizes and maintains the following guidelines in the board's relationship with the Administrator:

• Good management is recognized as one of the key factors in the success of the organization. The board reserves the authority to establish & approve policies, approve long range plans and programs and delegate authority to the administrator through the supervision of the Vice President & Regional Directors to execute and carry out the policies, plans and programs.

• The Administrator will be responsible for hiring capable personnel within the limitations and budget constraints of board policy. The Administrator shall determine the appropriate compensation, training, supervising, disciplining and terminating of personnel. Board members will refrain from individually discussing management and personnel issues with facility personnel other than the Vice President, Regional Director or Administrator.

• Authority for management of facility will be through the subsidiary corporation governance board to the Vice President, then Regional Director, then Administrator, then to other personnel. The board will require ample and timely information from the Vice President concerning pertinent matters that relate to the management of the subsidiary organization.

• The board recognizes that efficient management of subsidiary organization can exist only through mutual understanding and cooperation between the board, the Vice President, Regional Directors and the Administrator. The board also recognizes that the Administrator is accountable to the Regional Director & Vice President to show results, but the Administrator cannot perform well and show good results if not given latitude to exercise independent judgment in executing board policy. Therefore, the board grants that latitude of judgment and discretion and expects full accounting of performance from the Administrator to the Regional Director & Vice President.

• The subsidiary governance board may recommend that the Administrator of the care center be removed for cause by written notice to SFHS.

Job descriptions for the President/CEO, VP-SS, VP-BDS, VP-Finance/CFO and Administrator to be inserted here as addendums:

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\sfhs.local\facilities\Saint Francis Health Services\Corporate Administration\VP Human Resources\Job Descriptions\CEO.pdf

\sfhs.local\facilities\Saint Francis Health Services\Corporate Administration\VP Human Resources\Job Descriptions\VP Senior Services Job Description.doc

\sfhs.local\facilities\Saint Francis Health Services\Corporate Administration\VP Human Resources\Job Descriptions\VP of Behavioral & Developmental Services.docx

\sfhs.local\facilities\Saint Francis Health Services\Corporate Administration\VP Human Resources\Job Descriptions\VP of Finance.doc

\sfhs.local\facilities\Saint Francis Health Services\Corporate Administration\VP Human Resources\Job Descriptions\Nursing Home Administrator.doc

Section 9
Organizational Finance
Fiscal year

SFHS’ fiscal year will be the first day of October to the last day of September.

Financial management

The financial resources of SFHS are the responsibility of the governance board of directors. The board will:

- have a clear plan for acquisition of financial resources to pay for the programs and services provided by SFHS and each of the subsidiary corporations.
- provide guidelines for management and allocation of financial resources which will produce optimum benefit for those we serve.
- monitor and evaluate the financial plans and guidelines of SFHS to ensure the financial integrity of SFHS.

Budgeting

The President/CEO is responsible for preparation of an annual SFHS consolidated operating and capital budget consistent with the fiscal objectives of SFHS. The budget will then be presented to the governance board for review optimally prior to the beginning of the next budget year. The budget will reflect the cost of carrying out the programs and services of SFHS and each of the subsidiary corporations for the next budget year. This budget will also reflect the anticipated revenues of SFHS and each of the subsidiary corporations.

The SFHS consolidated budget will be viewed by the board as their financial plan for SFHS, and each of the subsidiary corporations and approval of the budget by the board will be authority for the Vice-Presidents of Senior Services and Behavioral & Developmental Services in delegation to the administrators to manage SFHS’ and each of the subsidiary corporations finances according to the plan without seeking further approval of the board. However, the President/CEO and Vice-Presidents of Senior Services and Behavioral & Developmental Services will keep the board well informed of the ongoing status of the financial plan, and will not make expenditures outside of the budget plan without seeking board approval.

Accounting

The accounting system used by SFHS will utilize generally accepted accounting practices that are required and/or recommended by regulatory or lending agencies.

The accounting practices and procedures used by SFHS will allow for adequate management of SFHS’ revenues and expenses, and will provide adequate systems of monitoring by the board of directors as well as outside auditors.

Financial reports and audits

Reports reflecting the financial condition of SFHS will be presented to the board at the regular meetings. These current financial reports will include:
• a monthly statement of cash flow
• a consolidated balance sheet with comparison to previous year
• a consolidated revenue and expense statement for the year-to-date with comparison to previous year expenditures.
• facility census statistics
• financial performance ratios

An annual audit of SFHS’ finances will be conducted by an independent auditor appointed by the SFHS’ board. The scope of those audits will be determined from time to time by the SFHS’ board.

**Signing checks**

Authorized signatories for all general fund accounts must include one or two of the following: SFHS’ President/CEO, VP-Senior Services, VP-Behavioral & Developmental Services, VP-Finance (CFO) or Administrator per CCO.AFD.007 Check Signing dependent on the amount of the check. All checks issued in an amount less than $10,000 will require the signature of one of the above. All checks issued in an amount of $10,000 or greater will require co-signatures of any two of the above.

It is the responsibility of the President/CEO in coordination with the VP-Finance (CFO) to ensure that signatures can be gained from appropriate signatories so that payment can be made on obligations of SFHS. It is also the responsibility of the President/CEO to ensure that adequate controls and safeguards have been established to ensure disbursement of funds only for proper purposes.

It is the responsibility of all check signers to ensure that there is adequate documentation, consistent with good internal controls, for valid payment of checks they sign.

**Use of credit cards/credit purchases**

The President/CEO will recommend which employees are authorized to use credit cards. The President/CEO and Vice Presidents will approve and maintain a list of authorized individual(s) for use of credit cards and/or credit accounts according to policy (CCP.AFD.022 Corporate Credit Debit Cards).

SFHS credit cards will only be used for appropriate SFHS business, and all uses will be appropriately documented. The SFHS credit card will not be used for personal expenditures.

**Administrative limitation**

The President/CEO, Vice Presidents and Administrators will not subject SFHS and each of the subsidiary corporations to undue financial risk. To ensure against risk, each individual will:

- ensure against embezzlement or other fraudulent acts.
- ensure that all personnel with access to significant amounts of SFHS money are appropriately bonded.
- ensure that facilities and equipment are properly maintained.
- limit exposure of SFHS, the board or employees to claims of liability.
- disburse funds only under controls sufficient to meet generally accepted accounting practices.
- ensure off-site backup of all computer and other financial records necessary for
uninterrupted operation of SFHS.

**Purchases**

Employee purchases of supplies and materials will be made only with proper authorization of the President/CEO, Vice Presidents, Regional Directors or Administrator and according to management policy.

**Spending authorizations**

A list of anticipated major capital expenditures should be included with the annual budget that is submitted to the board for approval.

New programs or services requiring the use of cash or capital assets are limited by the bylaws. When the costs of implementing a new program/service exceeds the amount stated in this policy, a recommendation shall be made to SFHS for approval.

The SFHS’ President/CEO has authority to spend or authorize single corporation capital expenditures or sells of assets of up to $50,000 in the absence of board approval. In addition, Major Addition or Moratorium Exception Projects which exceed original approval by less than 10% will not require secondary approval. The SFHS Vice Presidents, Regional Directors and Administrators have the authority, within limits as established by the SFHS’ President/CEO, to spend or authorize capital expenditures.

Unbudgeted emergency repairs to the physical plant or equipment which exceed the authorized expense limits that must be completed immediately, and cannot be practically submitted to the board for approval, may be authorized by the SFHS’ President/CEO. The SFHS President/CEO will inform the board of directors of the expenditures as soon as possible.

**Charitable donations**

Because of the nature of the mission of this organization, neither SFHS nor any of the subsidiary corporations will make charitable contributions to other organizations. All donations received by SFHS shall be accepted, recognized and recorded according to SFHS policy CCP.AFD.001 Charitable Donations.

**Bad debts owed to St. Francis Health Services of Morris**

See CCP.AFD.006 Bad Debt Write Off if the total receivable from any one individual or organization is $100 or less, the Administrator may authorize the debt to be written off if he/she believes the debt is uncollectible.

If the amount to be written off exceeds the CEO spending limit SFHS Board approval is needed prior to any adjustment of balances of the residents account. A summary of all Bad Debt written off during a fiscal year will be provided to the SFHS Board at each board meeting regardless the amount of Bad Debt.

Delinquent accounts may be assigned for collection to either legal counsel or a collection agency, or taken to small claims court as the Administrator, Regional Directors and Vice Presidents deem...
appropriate. Collection efforts will continue even after write-off until actually collected or the
attorney, collection agency or small claims court deems further efforts will be futile or not cost-
effective.
The SFHS governance board believes strongly in the chain of command:

**Organization Structure**

- **Membership Board**
- **Board of Directors**
- **President/CEO**
- **Vice-President(s)**
- **Regional Director**
- **Administrator**
- **Department Supervisors**
- **Front Line Employees**

**Membership Board**
The members of SFHS shall consist of the Bishop of the Diocese of St. Cloud, the Pastor of Assumption Church at Morris, Minnesota, and two lay trustees selected and designated by the previously referred to Bishop, Vicar General, and Pastor, which the Roman Catholic Church and at and reside in the Assumption Parish Morris, Minnesota.

This Corporation shall have no stock Directors, in accordance with the also transact such other business of come before them.

**Board of Directors also known**
The Board of Directors, also known have all the powers and duties administration of the affairs of the board is concerned about the needs the subsidiary corporations’ through the chain of command to and subsidiary employees.

The board expects all employees to respect and follow the chain of command when registering complaints, making suggestions and in any other way communicating with the board about the business of the organization.

The board expects all board members to respect and follow the chain of command when communicating with employees about the business of the organization.

**Personnel Policies**
Appropriate and complete personnel policies will be reviewed yearly to assure accuracy, completeness and compliance with the SFHS Corporate Compliance & Ethics Workplace Conduct and Employment Practices policies. Implementation and administration of all personnel policies are
the responsibility of management. These policies can be accessed on the SFHS local network; sfhs.local/policies.

All employees and board members will be given a copy of the most recent and updated Employee Handbook. Employees will sign acknowledgment of such receipt. The SFHS Employee Handbook shall include all corporate compliance & ethics policies pertinent to Workplace Conduct and Employment Practices: Employee Formal Problem Solving, Employment of Relatives, Equal Employment Opportunity/Affirmative Action, Objectionable Behavior, Drug Free Workplace and AWAIR (personal safety and health of staff, residents, volunteers and visitors) are found below and as an addendum in Section 10.

**Employee Formal Problem Solving**
The objective of this policy, found in the SFHS Employee Handbook, is to promptly and harmoniously resolve grievances and to facilitate communication among SFHS employees. Board members are not involved in the formal problem solving procedure but can refer employees to the policy. Where a collective bargaining agreement (CBA) is in place, the CBA employee grievance policy supersedes the employee handbook.

**Employment of Relatives**
SFHS conducts business predominately in rural communities of low populations where employment of relatives is a common reality. All employment decisions and personnel actions will be administered with the purpose of promoting and ensuring that the most qualified person is employed and that favoritism does not exist. Please refer to CCP.WCEP.029 Employment of Relatives complete policy found as an addendum in Section 10.

**Equal Employment Opportunity/Affirmative Action**
SFHS is an Equal Opportunity Employer abiding by the applicable Equal Employment Opportunity/Affirmative Action/Americans with Disabilities Act laws, directives and regulations of Federal, State and Local governing bodies or agencies thereof, specifically Minnesota Statute 363. Please refer to CCP.WCEP.020 Equal Employment Opportunity/Discrimination complete policy found as an addendum in Section 10.

**Objectionable Behavior**
It is the policy of St. Francis Health Services to maintain a working environment free from offensive or degrading remarks or conduct. Please refer to CCP.WCEP.004 Objectionable Behavior complete policy found as an addendum in Section 10.

**Drug-free Workplace**
SFHS is committed to provide a safe work environment and to foster the well-being and health of its employees and anyone who may come into contact with its workplace and property. That commitment is jeopardized when any SFHS’ employee illegally uses drugs on the job, comes to work under the influence, or possesses, distributes or sells drugs in the workplace. Please refer to CCP.WCEP.002 Drug Free Workplace complete policy found as an addendum in Section 10.

**Safety and Loss Control (AWAIR)**
The personal safety and health of staff, residents, volunteers, and visitors is the ultimate goal of our AWAIR Program. Only through a cooperative effort can a desirable safety record be established and continuous safety awareness maintained. Please refer to CCP.WCEP.007 AWAIR Program & Goals complete policy found as an addendum in Section 10.

**References for Employees**
It is the policy of St. Francis Health Services to only give dates of employment and position held when asked for a reference relative to employment for a non-related organization. Board members will refer all requests for references to the President/CEO or Vice-Presidents. Please refer to CCP.WCEP.023 Employment References complete policy found as an addendum in Section 10.

Insert SFHS’ Organizational Chart as Addendum
### Glossary

<table>
<thead>
<tr>
<th>TITLE/POSITIONS</th>
<th>EXPLANATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>General term for any board, be it membership or governance.</td>
</tr>
<tr>
<td>Members/Membership Board</td>
<td>Representative(s) of the sponsoring organization of SFHS.</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>Representatives of SFHS’ (parent) board or Subsidiary board - governed by Bylaws; governing body of parent or subsidiary corporations respectively. Also referred to as Directors.</td>
</tr>
<tr>
<td>Corporation</td>
<td>General term for a body formed and authorized by law to act as a single person although constituted by one or more persons and legally endowed with various rights and duties including the capacity of succession.</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>SFHS’ employee/Top official. Also known as President/CEO.</td>
</tr>
<tr>
<td>Vice President of Financial Services</td>
<td>SFHS’ employee, advises/oversees fiscal systems of SFHS and all subsidiaries. Also referred to as Chief Financial Officer (CFO)</td>
</tr>
<tr>
<td>Vice President of Senior Services</td>
<td>SFHS’ employee/advises and oversees senior services of SFHS and all subsidiary corporations related to those services</td>
</tr>
<tr>
<td>Vice President of Behavioral and Developmental Services</td>
<td>SFHS’ employee/advises and oversees PCS and all subsidiary corporations related to behavioral and developmental services.</td>
</tr>
<tr>
<td>Regional Directors (RD)</td>
<td>SFHS’ employee, oversees nursing home and housing administration and PCS employee for those overseeing group home administration.</td>
</tr>
<tr>
<td>Administrator</td>
<td>Subsidiary corporation employee/manager of skilled nursing facility (LTC)</td>
</tr>
<tr>
<td>Legal Session</td>
<td>The “board” is in legal session (meeting) when the rules put forth in the By-laws, and SFHS Governance Board Policy is followed.</td>
</tr>
<tr>
<td>Self-Dealing</td>
<td>Financial dealing (decisions) that is not at arm’s length; borrowing or lending to a company by a controlling individual primarily to person’s own advantage.</td>
</tr>
</tbody>
</table>

*Insert Acronyms in this section.*
Insert Employee Handbook in this section
GOVERNANCE COMMITTEE

POLICY: The SFHS Governance Board Chair will annually appoint a five (5) member Governance Committee accountable to the board to evaluate the President/CEO, make recommendations to the board of nominees to fill vacant board seats, and other subjects as delegated by the chair.

PURPOSE: To assist the board to govern more efficiently but not designed to do employee work. Committees are used to investigate, deliberate and analyze special issues on behalf of the board.

PROCEDURE:
The governance committee of the board has only the powers specifically delegated by the board and is accountable to the governance board, reporting outcomes of their work to the board. The committee should make recommendations (by a member of the committee in the form of a motion) at a board meeting for full board action. (See CCP.Governance Board Policy.001)

A. Committee Appointment
The chair of the board appoints members of the committee annually and serves in the capacity of chair of the committee. If appropriate the chair may appoint persons other than board members to the governance committee if special expertise is required beyond what is available from board members. Appointing persons from outside the board allows the board to tap special skills, develops new connections between the organization and members of the community, and cultivates future board members.

B. Duties
Duties of the members of the committee may vary, but certain basic committee member responsibilities remain the same for all committees. Those responsibilities include:
   a. Attend all meetings of the committee to which the board member is assigned.
   b. Prepare for committee meetings by studying the agenda and researching the issues.
   c. Actively participate in discussions at committee meetings.
   d. Follow through promptly on any assignments from the committee.
   e. Ensure committee recommendations come before the full board.

C. Meetings
The committee chair convenes all meetings of the governance committee or assigns a delegate in absence of the board chair. Meeting dates are coordinated with the President/CEO to avoid conflict and to ensure completion of employee support and research. Minutes are kept of committee meetings. Committees will submit a written summary of committee actions and recommendations to the board.
D. Topics that may come in front of the governance committee include, but are not limited to:

a. Board Member Vacancies
   Filling vacancies of the Board of Directors and Board of Trustees shall be conducted in an appropriate and timely manner achieving a balance of community representation (see Governance Board Member Profile) and shall consider such factors as age, gender, ethnicity, religion, expertise & career, skillset and desire to serve when reviewing candidates. The committee will ensure that a majority of the members on the Board of Directors shall represent the Roman Catholic faith. Nominees for the SFHS governance board must be approved by both the Board of Directors and the Membership Board. Board member candidates under consideration shall complete the CCP.GOV.002 F-1 Board Member Candidate Application.

b. Evaluation of the President/Chief Executive Officer (CEO)
   The committee will determine if procedures established to evaluate the President/CEO are sufficient. The evaluation and compensation negotiations shall be concluded prior to the first of each fiscal year. The committee shall conduct an evaluation of and make compensation recommendations for the CEO and report to the full Board of Directors.

c. Self-Evaluation of the Board Process
   The board annually completes an evaluation of the board performance and determines needs for improvement. If needed, processes for improvement may be brought to the governance committee.

d. Financial Management
   The board may delegate to the governance committee work to monitor or further evaluate the financial plans and guidelines of SFHS to ensure the financial integrity of SFHS. Specific areas for review and further discussion may include the annual operating or capital budgets, call for bids for the fiscal yearend audit, the annual pension audit, General & Professional Liability Insurance, Errors and Omissions Insurance and Property coverages, etc., financial impact relating to personnel benefits and to set investment objectives and review performance.
Application of Board Member Candidate

Name: ____________________________ DOB: ____________
Address: ____________________________ Religion: _________
Home/Phone __________________________ Fax: ____________
Work/Phone __________________________ Fax: ____________
E-mail ________________________________

SUMMARIZE YOUR EXPERIENCE WITH AND/OR INTEREST IN OUR ORGANIZATION

WHAT SKILLS AND KNOWLEDGE ARE YOU WILLING TO BRING TO OUR BOARD? PLEASE INDICATE YOUR EXPERIENCE IN THE FOLLOWING AREAS.

<table>
<thead>
<tr>
<th>Skill/Expertise</th>
<th>Very Experienced</th>
<th>Some Experience</th>
<th>Little or no Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic planning</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Fund raising</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Board development (recruitment, training, evaluation)</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Program planning and evaluation</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Recruiting, hiring and evaluating personnel</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Financial management and control (budgeting, accounting)</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Communication, public and media relations</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Participation in interagency committees</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Public speaking</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Organizational development</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Information technology</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Writing, journalism</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Special events (planning and implementing)</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Board or committee member (Organization: ____________)</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

List other skills, knowledge you believe helpful as a governance board member:

For the items you checked as "very experienced", please provide details.
Who may we contact as reference for these positions? -If you have a resume, please attach it.
Please return the completed application and resume (if applicable) in the attached SASE or by email to craw@sfhs.org.
St. Francis Health Services of Morris

STRATEGIC PLANNING COMMITTEE

POLICY: The SFHS Governance Board Chair will annually appoint a five (5) board members, senior leaders and important stakeholders to the Strategic Planning Committee (SPC).

PURPOSE: To review the outcomes of the current SFHS Strategic Plan, conduct a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis, introduce any new long-term strategic goals (LTSG) or Additional Annual Short-Term Strategic Objectives (STSO) and define SFHS’ future direction.

DEFINITIONS:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission</td>
<td>The purpose of an organization. “Expressing Christ’s love by providing care that values every human life.”</td>
</tr>
<tr>
<td>Vision</td>
<td>An aspirational description of what an organization would like to achieve or accomplish in the future.</td>
</tr>
<tr>
<td>Core Values</td>
<td>Beliefs and attitudes guiding behavior and relations. Respect • Integrity • Commitment • Excellence • Service • Stewardship</td>
</tr>
<tr>
<td>Long Term Strategic Goal (LTSG)</td>
<td>A broad, primary outcome; something to achieve using structured tools, such as SMART methodology (goals are measurable, attainable, realistic, and have a timeframe).</td>
</tr>
<tr>
<td>Short-Term Strategic Objectives (STSO)</td>
<td>A measurable step to achieve a goal or strategy using a consistent action plan template outlining actions, timelines, and accountabilities.</td>
</tr>
<tr>
<td>Action Plan</td>
<td>Specific actions taken to reach short- and longer-term strategic objectives specifying the resources committed and the timelines for accomplishing the plans. Action Plans will have relevant short-term timeframes.</td>
</tr>
</tbody>
</table>

PROCEDURE:
The SPC, made up of board members, senior leadership staff and other important stakeholders will gather data and information from a broader group of stakeholders across the organization and industry leaders to assist in making informed decisions.

The SPC will review a summary of performance and trends (financial, customer, product, service, people/processes, benchmarks and comparison), risk assessment and past & future relevant information. The Committee shall prioritize programs and services based on the data reviewed.
Discussion shall occur to reach consensus of risk and gaps, identifying root issues, options and alternatives. LTSG will be determined based on the above discussions with proposed STSO created. STSO will be given time frames and assigned resources (labor and fiscal). Strategic planning efforts will incorporate all subsidiaries modifying STSO to relevance and maturity of the LTSG.

The SPC will meet at least annually preferably prior to the fiscal year end (to align resources with operational and capital budgets) and review prior year outcomes/progress. A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis may be performed as necessary to assist in introducing any new long-term strategic goals (LTSG) and Additional Annual Short-Term Strategic Objectives (STSO).

The CEO/President will assign Action plans to senior leadership and assure communication to all stakeholders. Action Plans may be modified based on monthly Executive Leadership review or industry circumstances.
St. Francis Health Services of Morris

SUBSIDIARY GOVERANCE BOARD
OPERATIONS COMMITTEE

POLICY: The Governance Board of each of the subsidiary corporations shall utilize an ad-hoc Operations Committee for a particular purpose as necessary to review and discuss specific subsidiary corporation issues requiring more time than allowed during regular Governance Board meetings.

PURPOSE: To review and/or act on issues to include but not limited to financial, personnel and legal issues for a specific subsidiary.

PROCEDURE:
The Operations Committee shall be comprised of at least five members of the Subsidiary Governance Board appointed as needed by the Chair of the Subsidiary Governance Board. The President of the Subsidiary Corporation, or the President's designee, shall be an ex officio member.

A simple majority of members shall constitute a quorum for the transaction of business, and the acts of the members present at a meeting at which a quorum is present shall be the acts of the Operations Committee. The Operations Committee shall take action only by the affirmative vote of a majority of the trustees present at a duly held meeting. The Operations Committee shall be delegated general governance authority of the Corporation, including the power to contractually bind the Corporation on all matters, exclusive only of:

A) Incurrence of debt in an original principal amount in excess of a sum as from time to time established by the Board of Directors of SFHS.

B) The sale or other disposition of substantially all of the assets of the corporation.

C) Entry into a merger or divisive reorganization.
Sample text from the document...
## Population by Age

<table>
<thead>
<tr>
<th>Population</th>
<th>2010</th>
<th>2021</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4</td>
<td>641</td>
<td>571</td>
<td>570</td>
</tr>
<tr>
<td>5-9</td>
<td>513</td>
<td>580</td>
<td>582</td>
</tr>
<tr>
<td>10-14</td>
<td>503</td>
<td>551</td>
<td>504</td>
</tr>
<tr>
<td>15-19</td>
<td>511</td>
<td>447</td>
<td>547</td>
</tr>
<tr>
<td>20-24</td>
<td>529</td>
<td>424</td>
<td>423</td>
</tr>
<tr>
<td>25-29</td>
<td>634</td>
<td>538</td>
<td>443</td>
</tr>
<tr>
<td>30-34</td>
<td>525</td>
<td>620</td>
<td>500</td>
</tr>
<tr>
<td>35-39</td>
<td>421</td>
<td>599</td>
<td>614</td>
</tr>
<tr>
<td>40-44</td>
<td>466</td>
<td>482</td>
<td>508</td>
</tr>
<tr>
<td>45-49</td>
<td>600</td>
<td>442</td>
<td>502</td>
</tr>
<tr>
<td>50-54</td>
<td>839</td>
<td>513</td>
<td>451</td>
</tr>
<tr>
<td>55-59</td>
<td>507</td>
<td>618</td>
<td>511</td>
</tr>
<tr>
<td>60-64</td>
<td>439</td>
<td>610</td>
<td>617</td>
</tr>
<tr>
<td>65-69</td>
<td>388</td>
<td>564</td>
<td>593</td>
</tr>
<tr>
<td>70-74</td>
<td>309</td>
<td>484</td>
<td>523</td>
</tr>
<tr>
<td>75-79</td>
<td>374</td>
<td>348</td>
<td>426</td>
</tr>
<tr>
<td>80-84</td>
<td>335</td>
<td>300</td>
<td>289</td>
</tr>
<tr>
<td>85+</td>
<td>404</td>
<td>424</td>
<td>402</td>
</tr>
<tr>
<td>18+</td>
<td>6,887</td>
<td>7,125</td>
<td>7,120</td>
</tr>
<tr>
<td>Median Age</td>
<td>41</td>
<td>42</td>
<td>45</td>
</tr>
</tbody>
</table>
Governance Committee
Alyssa Thooft (Chair)
Fr. Todd Schneider
Dan Dripps
Paul Rentz
Jennifer Seales
Lori Wiese
Paul Letendre

Strategic Planning Committee
Alyssa Thooft (Chair)
John Luetmer
Joan Reicosky
Tamela Sperr
Jennifer Goodnough
Patrick Nelson

Corporate Compliance Committee
Elizabeth Meischsner
November 29, 2021

ST FRANCIS HEALTH SERVICES OF MORRIS INC
801 NEVADA AVE. STE. 100
MORRIS, MN 56267

G62161

We value your business and the trust you have placed in OneAmerica® over the years. Your participants have enjoyed the benefits of the American United Life Insurance Company® (AUL) Fixed Interest Account in your group annuity contract for many years. In addition to guaranteed principal, they have received a guaranteed interest rate that is above current market interest rates.

Since we issued your group annuity contract, interest rates have materially declined and recently reached historic lows. As a result, we will stop accepting new contributions and transfers into the AUL Fixed Interest Account as permitted by your group annuity contract. The enclosed materials include information about the steps you must take to make corresponding changes to your plan.

Next Steps
As a plan sponsor, you have a responsibility to make decisions on behalf of the plan regarding products and features available to your participants. Because new contributions and transfers to the AUL Fixed Interest Account will not be permitted, you must provide us with directions regarding the investment options available to your plan participants as described on the following Explanation of Options. Please complete and submit the enclosed Option Election Form to provide us with your directions by February 28, 2022.

If you do not complete and submit the Option Elections Form within ninety (90) days, we will: 1) stop accepting new contributions and transfers to the AUL Fixed Interest Account; 2) amend your group annuity contract to add the AUL Stable Value Account as an investment option available to your plan participants; and 3) direct future contributions that would have been directed to the AUL Fixed Interest Account to the AUL Stable Value Account. Contributions include, but are not limited to, payroll contributions, rollovers and transfers.

Please refer to the Additional Information enclosed at the end of this packet for more information. If you have additional questions, please contact any member of your OneAmerica service team.

Thank you for the opportunity to serve you and your participants. We look forward to our continued relationship for many years to come.

Sincerely,

Sandy McCarthy
President, Retirement Services
Companies of OneAmerica
Explanation of Options

Please review and consider the following options and make your selection on the enclosed Option Election Form.

Option 1: Stop all contributions and investment transfers to the AUL Fixed Interest Account and redirect future investment elections to another investment option available under your group annuity contract

You agree to amend your group annuity contract to incorporate the following changes:

- All existing participant account balances invested in the AUL Fixed Interest Account will remain invested in the AUL Fixed Interest Account at the current guaranteed interest rate; however, balances thereafter transferred from the AUL Fixed Interest Account to another investment option may not be re-directed to AUL Fixed Interest Account.
- All future contributions and transfers that would have previously been directed to the AUL Fixed Interest Account will be directed to another investment option. Other available investment options include:
  - The AUL Stable Value Account
    - Your plan will receive a minimum credited interest rate lock on the AUL Stable Value Account following the below schedule.

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>1.50%</td>
<td>1.50%</td>
<td>SVA Market Rate¹</td>
</tr>
</tbody>
</table>

- Your plan’s Qualified Default Investment Account (QDIA)
- Another investment option available under your group annuity contract
  - Please work directly with your relationship manager to discuss other available investment options.
- Add the AUL Stable Value Account to your plan as the investment option used for forfeitures, loans, contributions returned and annuity valuation to prepare for purchasing a repetitive payment annuity product.

Option 2: Liquidate the AUL Fixed Interest Account and transfer participant account balances invested in the AUL Fixed Interest Account to the AUL Stable Value Account

You agree to amend your group annuity contract to incorporate the following changes:

- Add the AUL Stable Value Account to your plan as an investment option.
- All existing participant account balances invested in the AUL Fixed Interest Account will transfer to the AUL Stable Value Account.
- All future contributions and transfers that would have previously been directed to the AUL Fixed Interest Account will be directed to the AUL Stable Value Account. The AUL Stable Value Account will be the investment option used for forfeitures, loans, contributions returned and annuity valuation to prepare for purchasing a repetitive payment annuity product.
- The AUL Stable Value Account will have a minimum interest rate glidepath following the below schedule. Years five (5) and beyond will earn the AUL Stable Value Account market rate then in effect.

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>3%</td>
<td>2.5%</td>
<td>2.25%</td>
<td>2.0%</td>
<td>SVA Market Rate¹</td>
</tr>
</tbody>
</table>

Note: If you select Option 1 or Option 2, the AUL Stable Value Account will be added to your plan’s investment options. If you select Option 1 or 2, we will send a notice to your participants at least 30 days prior to the changes taking effect, prompting them to adjust their allocations if they do not wish to have future contributions directed to the investment option you selected.

1. The Stable Value Market Rate is set annually based on current market conditions.
**Option 3: Decline Options 1 and 2 and terminate your group annuity contract**

If you do not wish to select either option described above, then you may notify AUL of your decision to terminate your group annuity contract using the Option Election Form we have provided. If you do so, AUL will pay out the balance of the AUL Fixed Interest Account in a single lump sum as soon as practicable and will not apply any market value adjustment to the detriment of your plan.

If you do not complete and submit this Option Elections Form within ninety (90) days, AUL will: 1) stop accepting new contributions and transfers to the AUL Fixed Interest Account; 2) amend your group annuity contract to add the AUL Stable Value Account as an investment option available to your plan participants; and 3) direct future contributions that would have been directed to the AUL Fixed Interest Account to the AUL Stable Value Account. Contributions include, but are not limited to, payroll contributions, rollovers and transfers.

Please refer to the Additional Information document for information about how your directions will be implemented.
Option Election Form

Plan Name: ST FRANCIS HEALTH SERVICESOF MORRIS INC
Contract Number: G62161

Please indicate your direction below and electronically sign this form by February 28, 2022. Select the “Review Document” button within this email to begin the electronic signature process. Review the documents carefully before finalizing your electronic signature.

[  ] Option 1: Stop all contributions and investment transfers to the AUL Fixed Interest Account and redirect future investment elections to another investment option available under your group annuity contract as described in the Explanation of Options.

All future contributions and transfers that would have previously been directed to the AUL Fixed Interest Account will be directed to:

☒ 1a. The AUL Stable Value Account
☐ 1b. Your Plan’s Qualified Default Investment Account (QDIA)
☐ 1c. Another Investment Option. I will contact my Relationship Manager.

[  ] Option 2: Liquidate the AUL Fixed Interest Account and transfer participant account balances invested in the AUL Fixed Interest Account to the AUL Stable Value Account as described in the Explanation of Options.

[  ] Option 3: Terminate your group annuity contract as described in the Explanation of Options

By signing above, I certify that I have the authority to act on behalf of the Plan and that I have fully reviewed the information provided to me.

If you do not complete and submit this Option Elections Form within ninety (90) days, AUL will: 1) stop accepting new contributions and transfers to the AUL Fixed Interest Account; 2) amend your group annuity contract to add the AUL Stable Value Account as an investment option available to your plan participants; and 3) direct future contributions that would have been directed to the AUL Fixed Interest Account to the AUL Stable Value Account. Contributions include, but are not limited to, payroll contributions, rollovers and transfers.
**What action do I need to take now?**
You have received a DocuSign packet. It includes the Explanation of Options, an Option Election Form and other materials. You must provide us with directions regarding the investment options available to your plan participants as described on the Explanation of Options. Please complete and submit the Option Election Form to provide us with your directions by 2/28/2022.

After doing so, and unless you choose to terminate your group annuity contract, you will receive a second DocuSign packet. It will include the AUL Stable Value Election Form and a group annuity contract amendment to effect the option you selected. The AUL Stable Value Election Form will be populated based on your selection.

Please carefully read and then electronically sign the AUL Stable Value Election Form and group annuity contract amendment. Upon receiving the signed AUL Stable Value Election Form and group annuity contract amendment, we will send a letter to your participants explaining what is changing. If they choose, participants will have 30 days to change their investment option elections prior to us implementing your selection.

**What differences should my employees/participants expect to see?**
The AUL Stable Value Account will appear as an investment option on the Account Services website and on participant statements, alongside the other investment options available in the plan. As with any investment option change, participants will continue to have access to historical activity, as well as access to all the same tools and resources.

**Does this change my Default Investment Option?**
If the AUL Fixed Interest Account is currently your default investment option, then you must choose a new default investment option. You may choose the AUL Stable Value Account or another investment option as the default investment option. You always have the choice to elect a different default investment option.

Please note neither the AUL Stable Value Account nor the AUL Fixed Interest Account is a Qualified Default Investment Account (QDIA) under ERISA.

**If I chose Option 1 and directed future contributions to an investment option other than the AUL Stable Value Account, why am I amending my group annuity contract to add the AUL Stable Value Account as an investment option?**
AUL’s recordkeeping system requires that either the AUL Fixed Interest Account or the AUL Stable Value Account be used as the investment option for forfeitures, participant loans, contributions returned and annuity valuation to prepare for purchasing a repetitive payment annuity product. Prior to your contract amendment, the AUL Fixed Interest Account was used for these purposes. Upon amendment, the AUL Stable Value Account will be used for them.

**What actions do my employees/participants need to take now?**
No action is required on the part of individuals participating in your plan. Participants will receive a 30-day notice explaining that the AUL Stable Value Account or the investment option you selected will replace the AUL Fixed Interest Account for current and future allocations if no action is taken. As with any investment option change, participants may redirect their existing or future allocations at any time.

**When will this change occur?**
The AUL Stable Value Account is made available as a future investment option effective 45 days after you sign and return the contract amendment.
What are the differences between the AUL Fixed Interest Account and the AUL Stable Value Account?
Both the AUL Fixed Interest Account and AUL Stable Value Account are fixed rate investment options. Both accounts guarantee preservation of principal and invested monies will never go down in value.

The AUL Fixed Interest Account credits different interest rates based on when the money is allocated to the account. The AUL Stable Value Account credits a single interest rate, reset annually, for all monies allocated to the account.

In the event of contract termination, the AUL Fixed Interest Account pays out in installments over a five-year period or less a market value adjustment (if applicable); however, if you choose to terminate your group annuity contract on the Option Election Form, AUL will pay out the balance of the AUL Fixed Interest Account in a single lump sum as soon as practicable and will not apply any market value adjustment to the detriment of your plan. The AUL Stable Value Account pays out within a one-year period with no market value adjustment.

The AUL Fixed Interest Account permits competing investments with either a 90-day equity wash or a 20 percent transfer restriction (refer to your contract for the specific language applicable to you). The AUL Stable Value Account permits competing investments with a 90-day equity wash.

The AUL Fixed Interest Account has a minimum guaranteed interest rate that will never be less than the percent stated in your contract. The AUL Stable Value Account has a minimum guaranteed interest rate that will never be less than 0 percent with no upper limit.

My company has other plan contracts with AUL. Is that plan affected?
If your other plan contracts contain the AUL Fixed Interest Account, you will receive information on them separately.

How will I know what the crediting rate on this investment is?
The AUL Stable Value Account crediting rate is established annually in advance of January 1. Plan specific crediting rates are included in Explanation of Options and in the future can be requested from your OneAmerica representative.

Will the crediting change every quarter like the AUL Fixed Interest Account does?
No, the AUL Stable Value Account crediting rate is established annually and is guaranteed for that year.

What if my plan has competing investments?
There is a transfer restriction related to the AUL Stable Value Account. A participant may transfer up to 100 percent of the Stable Value Account balance at any time; however, that amount may not be transferred to a competing investment option. After a transfer from the Stable Value Account to a non-competing investment option, a participant must wait 90 days before he/she may transfer any money to the Stable Value Account or a competing investment option.

Examples of competing investment options include a money market investment account, an investment account with an average effective duration of three years or less, a stable value investment option that is not the AUL Stable Value Account, or any other investment option deemed competing by American United Life Insurance Company®, a OneAmerica company.

How will this be communicated to my participants?
We will send a written notice to all participants informing them of the changes based on the option you selected at least 30 days prior to the change.

For more information, please contact a member of your OneAmerica service team.

Note: Group annuity contracts are issued by American United Life Insurance Company® (AUL) and registered variable annuity products are distributed by OneAmerica Securities, Inc., a Registered Investment Advisor, Member, FINRA, SIPC, One American Square, Indianapolis, IN 46282, 1-877-285-3863.
Provided content is for overview and informational purposes only and is not intended and should not be relied upon as individualized tax, legal, fiduciary, or investment advice. Investing involves risk including potential loss of principal. The AUL Stable Value Account (SVA) is a group fixed annuity, issued by American United Life Insurance Company® (AUL), One American Square, P.O. Box 368, Indianapolis, IN 46206-0368, 1-800-249-6269. The Stable Value Account is provided through an AUL Group Annuity Contract and is supported by the general account of AUL. It is not a separate account, and plan participants do not own units, any portion of, or any entitlement to the AUL general account.
Note:

While a "yes" or "no" could answer some of these questions, we believe it is important to ascertain the feeling of the board on these subjects. Therefore, we ask that you use the scale provided. Please provide comments for better clarification of responses where needed.

The Board's Fiduciary Role

1. Board members are expected to attend board meetings in order to conduct business and make informed decisions.

2. Board members receive meeting notices, written agendas, reports, minutes and other appropriate materials with ample time to review materials in advance.

3. The roles, responsibilities and authorities of the board members and officers and the CEO are stated in written documents.

4. Per board procedure, board members are required to disclose possible conflicts of interest.

5. The legal responsibilities and the potential liabilities of governance are clearly communicated to board members.

6. Board members are protected against the potential liabilities of governance through indemnity arrangements, insurance and other measures.

The board oversees a compliance plan that ensures policies/procedures are in place in the following areas:

7. Governance (e.g., operating in accordance with the organization’s purpose, conflict of interest disclosures, code of conduct including confidentiality).
8. Human Resources (e.g., nondiscrimination, harassment, ADA, FMLA).

9. Fraud and Abuse (e.g., False Claims Act, Anti-kickback Statute).

10. Tax-exempt status (e.g., audit procedures, review of 990, review of executive compensation).

### Mission, Strategy & Stakeholders

11. The board effectively fulfills its responsibility for establishing and maintaining the organization’s long-range or strategic plan.

12. The board regularly reviews, and revises as appropriate, the organization's direction and role (i.e., mission, vision, values statements).

13. Board membership is reflective of the community being served with needed professional skills/talents/life experiences and reflective of service-area demographics (race/ethnicity, gender and age mix).

14. The board understands the importance of the local advisory committee's opportunities to communicate with the community regarding the organization's services and programs and to inform and seek input to determine unmet needs which are then communicated to the board.

15. Board members understand their role and the role of the community advisory committees in advocating with elected officials.

16. The board actively supports the fundraising and development programs of the organization.
### Governance & Leadership Effectiveness

17. The board periodically assesses the size and structure of the board and the need and the role of the committees of the board in regard to composition, goals, responsibilities and performance in order to govern effectively and carry out the work of the organization.

18. Board members are appointed for a specified period of time with provision for reappointment and with a limit on the number of terms.

19. Prospective board members and board leadership are identified through an organized succession planning process.

20. The board has a written set of bylaws that are reviewed annually.

21. The board annually evaluates the effectiveness of its board meetings, including frequency, length and content.

22. Standing and ad hoc committees report as needed to the full board.

23. The board chair effectively and efficiently leads the board meetings, including working with the CEO to develop the agenda.

24. Board members are encouraged to ask questions and deliberate in a thoughtful and objective manner.

25. Board members receive opportunities to fulfill education needs.

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### The Board Provides Opportunities for Development through:

26. A formally established program to orient new board members.
27. Continuing education sessions for all board members, including discussions of local, state and national issues and trends (invited to attend Leading Age MN Institute yearly).

28. Reimbursement of expenses for relevant local, state and national conferences and seminar attendance.

29. Resources on good governance practices and best practices in service provision.

### The Board's Role in Finance

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30. The board annually approves a budget and ensures an audit is performed.

31. The board reviews the organization’s financial position on a regular basis, including financial statements and performance metrics.

32. The board has established spending guidelines for the CEO.

### The Board’s Role in Quality

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33. The board effectively monitors and evaluates all areas of performance, including quality of care and services.

34. The board reviews quality performance metrics and benchmarks.

35. The board periodically reviews resident/client satisfaction data.
36. The board and its committees dedicate the necessary time to have meaningful discussion of quality issues.

37. The CEO, in conjunction with the board, sets specific aims each year to improve quality.

### The Board-CEO Relationship

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38. A performance evaluation of the CEO is done annually and is aligned with organization performance goals.

39. The board refrains from making decisions related to the implementation of policy that should be made by the CEO and management staff.

40. The board assesses succession planning every three years for the CEO position to ensure continuity for the organization.
December 1, 2020

To Whom It May Concern:

St. Francis Health Services of Morris, Inc. (and affiliated organizations) are required to provide information regarding relationships between certain individuals and other organizations related to the organization. We are asking you to complete this questionnaire as you are currently included as one of the individuals for which we need to report potential relationships you may have had with other individuals/organizations in calendar year 2020.

Did you or a family member have a direct business relationship through ownership of more than 35% in another entity that does business with the organization? _______ Yes _______ No
If yes, please explain the relationship:

Did you have a family member who had a direct or indirect business or employment relationship with the organization? _______ Yes _______ No  If yes, please explain the relationship:

Did you or a family member serve as an officer, director, trustee, key employee, partner or member of an entity doing business with the organization? _______ Yes _______ No  If yes, please explain the relationship:

The answers to the foregoing questions are correctly stated to the best of my knowledge and belief.

_________________ ________________________________  ________________________________
Date   Print Name     Signature

A family or business relationship is defined as follows:
• "Family Relationships" are defined to include an individual's spouse, ancestors, children, grandchildren, great-grandchildren, siblings (whether by whole or half blood), and the spouses of children, grandchildren, great-grandchildren, and siblings).
• "Business relationships" are referred to as employment and contractual relationships, and common ownership of a business where any officers, directors, or trustees, individually or together, possess more than a 35% ownership interest in common. Ownership means voting power in a corporation, profits interest in a partnership, or beneficial interest in a trust.

In order to properly respond to this requirement, please furnish answers, sign your name, and return the questionnaire to Jeannie Michaelson, Executive Assistant, SFHS, 801 Nevada Avenue, Morris, MN 56267, by January 31, 2021.

We appreciate your assistance in this process.

Sincerely,

Will Moncrief, Chief Financial Officer

Conflict of Int2020
St. Francis Health Services of Morris

Conflict of Interest

POLICY: St. Francis Health Services of Morris’ (SFHS) members of the board of directors, advisory committee members, principle officers, or any employee who is in a position to influence the actions of SFHS’, including having the power to make such decisions as purchasing, participation in management or the possession of proprietary information will avoid all Conflict of Interest.

PURPOSE: The purpose of the Conflict of Interest policy is to protect SFHS’ interest when it is contemplating entering into a transaction or an arrangement that might benefit the private interest of an officer, board member or employee of SFHS. This policy is intended to supplement but not replace any applicable state laws governing Conflict of Interest applicable to nonprofit and charitable organizations.

DEFINITIONS

A. Interested Person

Any members of the board of directors or advisory committee, principal officer, or any employee who is in a position to influence the actions of SFHS, including having the power to make such decisions as purchasing, participation in management or the possession of proprietary information who has a direct or indirect financial interest (as defined below) is an interested person. Family members of all these individuals would also be included. If a person is an interested person with respect to any entity in which SFHS is a part he or she is an interested person with respect to all entities of SFHS.

B. Financial Interest

a. A person has a financial interest if the person has, directly or indirectly, through business, investment or family:
   i. an ownership or investment interest in an entity with which SFHS has a transaction or arrangement, or
   ii. a compensation arrangement with SFHS or with any entity or individual with which SFHS has a transaction or arrangement, or
   iii. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which SFHS is negotiating a transaction or arrangement.

Compensation includes direct or indirect remuneration as well as gifts or favors that are substantial in nature.

A financial interest is not necessarily a conflict of interest. Under Procedures, Item 2, a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.
PROCEDURES:

A. Duty to Disclose

In connection with any actual or possible Conflict of Interest, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the directors and/or staff with board delegated powers considering the proposed transaction or arrangement.

B. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she will leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board, committee or staff members will decide if a conflict of interest exists.

C. Procedures for Addressing the Conflict of Interest
   a. An interested person may make a presentation at the board or committee meeting but after such presentation, he/she will leave the meeting during the discussion of and the vote on, the transaction or arrangement that results in the conflict of interest.
   b. The chairperson of the board or committee will, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
   c. After exercising due diligence, the board or committee will determine whether SFHS can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
   d. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee will determine by a majority vote of the disinterested directors whether the transaction or arrangement is in SFHS’ best interest and for its own benefit and whether the transaction is fair and reasonable to SFHS and will make its decision as whether to enter into the transaction or arrangement in conformity with such determination.

D. Violations of the Conflict of Interest Policy
   a. If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible Conflict of Interest, it will inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
   b. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it will take appropriate disciplinary and corrective action.
**Records of Proceedings**

A. The minutes of the board and all committees with board-delegated powers will contain:
   a. the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the board’s or committee’s decision as to whether a conflict of interest in fact existed.
   b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

**Compensation**

A. A voting member of the board of directors who receives compensation, directly or indirectly, from SFHS for services is precluded from voting on matters pertaining to that member’s compensation.

B. A physician who is a voting member of the board of directors and receives compensation, directly or indirectly, from SFHS for service is precluded from discussing and voting on matters pertaining to that member’s and other physician’s compensation. No physician or physician director, either individually or collectively, is prohibited from providing information to the board of directors regarding physician compensation.

C. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from SFHS for service is precluded from voting on matters pertaining to that member’s compensation.

D. Physicians who receive compensation, directly or indirectly, from SFHS, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

**Conflict of Interest Statements**

A. Each governance board director, advisory board committee, principal officer and member of a committee with board delegated powers will, during orientation and by each calendar year end, sign a statement which affirms that such person–
   a. has received a copy of the Conflict of Interest policy,
   b. has read and understands the policy,
   c. has agreed to comply with the policy, and
   d. understands that SFHS is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
Periodic Reviews

A. To ensure that SFHS operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews will be conducted. The periodic reviews will, at a minimum, include the following subjects:
   a. Whether compensation arrangements and benefits are reasonable and are the result of arms’ length bargaining.
   b. Whether acquisitions and other provider services result in inurement or impermissible private benefit.
   c. Whether partnership and joint venture arrangements and arrangements with management services organizations and physician hospital organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further SFHS’ charitable purposes and do not result in inurement or impermissible private benefit.
   d. Whether agreements to provide health care and agreements with other health care providers, employees, and third party payors further SFHS’ charitable purposes and do not result in inurement or impermissible private benefit.

B. In conducting the periodic reviews provided for above, SFHS may, but need not, use outside advisors. If outside experts are used, their use will not relieve the board of its responsibility for ensuring that periodic reviews are conducted.
St. Francis Health Services of Morris
Conflict of Interest Statement

I, ________________________________, a member of the St. Francis Health Services’ (SFHS) Board of Directors or Advisory Committee, principal officer or director or employee, affirm that I have:

a. received a copy of the Conflict of Interest policy,
b. read and understand the policy,
c. agreed to comply with the policy,
d. affirm that I did not have any proceedings or charges brought against me that would disbar me from the Medicare program, and
e. understand that SFHS is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

__________________________________________
Signature

__________________________________________
Date
EMPLOYMENT PRACTICES CLAIMS SURVEY

Please indicate whether you are aware of any potential claims against St. Francis Health Services of Morris, Inc., or any of its subsidiary/member corporations in any of the following areas:

1. Discrimination on the basis of sex, age, race, disability, creed, national origin, including hiring, dismissal and promotion.  
   YES ___  NO ___

2. Retaliation for reporting business practices to legal authorities.  
   YES ___  NO ___

3. Retaliation for Worker’s Compensation Claims.   
   YES ___  NO ___

4. Violation of employment contracts.  
   YES ___  NO ___

5. Sexual harassment.  
   YES ___  NO ___

6. Violations of Family Medical Leave Act, wages and hours laws, or Soldiers and Sailors Relief Act.  
   YES ___  NO ___

If you answered "YES" to any of the foregoing, please describe the potential claim and the name of the claimant below:

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

Date ___________________  Signature ___________________
Governance Board  
Code of Ethics

All board members upon taking their initial board term will be given a copy of the code of ethics, and will be expected to adhere to the provisions of that code. The board will annually review the code of ethics for board members.

As a member of the Board, I will...

• recognize that the board member's job is to ensure that SFHS and each of the subsidiary corporations are well managed, not to manage SFHS or each of the subsidiary corporations.
• vote to hire the best possible person to manage SFHS and its subsidiaries.
• recognize that all authority is vested in the board when it meets in legal session and not with individual board members.
• listen carefully to my fellow board members, and those served by SFHS and each of the subsidiary corporations.
• respect the opinion of other board members.
• respect and support the majority decisions of the board.
• keep well-informed of developments that are relevant to issues that may come before the board.
• participate actively in board meetings and actions.
• call to the attention of the board any issues that I believe will have an adverse effect on SFHS and each of the subsidiary corporations, or those we serve.
• attempt to interpret the needs of constituents to SFHS and each of the subsidiary corporations and interpret the action of SFHS and each of the subsidiary corporations to its constituents.
• refer constituent or employee complaints to the proper level on the organizational chart.
• represent all constituents of SFHS and each of the subsidiary corporations and not a particular geographic area or special interest groups.
• consider myself a "trustee" of SFHS and each of the subsidiary corporations respectively and do my best to ensure that SFHS and each of the subsidiary corporations are well maintained, financially secure, and always operating in the best interests of constituents.
• always work to learn more about the board member’s job and how to do it better.
• declare any conflict of interests between my personal life and my position on the SFHS board or each of the subsidiary corporations, and avoid voting on issues that appear to be a conflict of interests.

As a member of the Governance Board I will not...

• interfere with duties of the President/CEO, Vice Presidents, Regional Directors or Administrators or undermine their authority.
• be disrespectful, in or outside of the board meeting, of other board members or their opinions.
• use SFHS and/or any of the subsidiary corporations or any part of SFHS and/or any part of the subsidiary corporations for my personal advantage or the personal advantage of my friends or relatives.
• discuss the confidential proceedings of the boards outside of the board meetings.
• promise prior to a meeting how I will vote on any issue in the meeting.
COVID-19 Updates

COVID vaccinations, testing, and illness management continues to be in the forefront of our work in the care centers. We have had recent resident outbreaks in Aitkin Health Services, Chisholm Health Center, Farmington Health Services, Koochiching Health Services, and Renville Health Services all opened up their COVID units to manage the outbreak.

Below is an updated COVID positive status as of November 29th, 2021. Also included is the updated vaccination rates of residents and staff within the care centers.

*(Previous rates as of 10/19/21)*

AHS: One resident; five staff members.

Vaccination rates: Residents: 89.2% (87.2%) Staff: 69.4% (63.6%)

BVHC: No residents; one staff member.

Vaccination rates: Residents: 100% (100%) Staff: 90.3% (87.8%)

CHC: 13 residents with three deaths; 13 staff members.

Vaccination rates: Residents: 95.1% (95.9%) Staff: 67.3% (68%)

DHS: No residents; five staff members.

Vaccination rates for all: Residents: 100% (98.6%) Staff: 91.3% (91.4%) *Viewcrest staff 94.4% (94.6 %)

FHC: No residents; No staff members.

Vaccination rates: Residents: 97.6% (97.8%) Staff: 82.1% (79.3%)

FHS: Three residents with one death; one staff member.

Vaccination rates for all: Residents: 90.1% total; TCC 97.3% (92.6%) Staff: 74.8% (72.6%) *TCC staff 78.1% (78.1%)

GAHRC: No residents; one staff member.

Vaccination rates: Residents: 96.6% (94.8%) Staff: 78.9% (76.8%)

KHS: Seven residents; nine staff members.

Vaccination rates for all: Residents: 82.7%; CC 85.4% (88.9%) Staff: 52.2% (50.8%) * Care center staff 61.5% (58.7%)

LFHS: One additional resident (from previous report closed unit); five staff members.

Vaccination rates: Residents: 90.4%; CC 80.7% (92.8%) Staff: 50.4% (50.8%) LFCC Staff: 55.2% (56.1%)

MHS: One Skyview residents; five staff members.

Vaccination rates for all: Residents: 95.8%; WWV 100% (96.9%) Staff: 65.5% (60.9%)
WWV Staff: 70.9% (61.8%)

PHS: No residents; three staff members.
**Vaccination rates:** Residents: 97.6% (91.1%) Staff: 67.7% (66.7%)

RHS: One resident; five staff members
**Vaccination rates for all:** Residents: 94.3%; Renvilla 94% (95.3%) Staff: 65.5% (66.5%); Renvilla staff 65.8% (64.4%)

ZHS: No new cases
**Vaccination rates:** Residents: 94.9%; ZCC 89.7% (96.8%) Staff: 66.6% (64.6%) ZCC Staff: 70.7% (66.7%)

PCS: 11 persons served; 21 staff members.
**Vaccination rates:** Residents: 87% (87%) Staff: 42.3% (42.3%)

SFHS Corp.: One new case.
**Vaccination Rates:** 56.8% (50%)

**Overall Care Center (include AL) Vaccination Rates:** Resident *: 95.1% (95.3 %)
Staff *: 73.1% (71.4%)

*Total Vaccination Rates do not include PCS or Corporate Office

**Vaccination hesitancy continues to be in the forefront of the CDC and CMS, we received the CMS Vaccine Mandate in November; policies have been developed with required exemption information.**

**Vaccine booster clinics have begun in the care centers with good resident participation. We are awaiting data for staff booster vaccination percentages.**

**We continue to follow CMS and CDC guidelines for nursing homes on Routine Testing of unvaccinated staff.**

In November CMS opened up visitation within the care centers at all times (even when in an outbreak). The requirement is to continue to follow good infection control practices. This includes visiting in rooms, masking, and social distancing. If a resident is vaccinated they can choose to have their visitor unmask while in the room. Education to visitors includes good infection control measures and recommendations for vaccinations. Quarantine guidelines continue if any resident is symptomatic they must quarantine. If an unvaccinated resident leaves the care center for over 24 hours or has a high risk exposure, they need to quarantine. Travel guidelines have been updated to include unvaccinated residents and staff to quarantine for 7 days post travel out of state or country.

**We continue to have administrative support of COVID through:**
- Hosting bi-weekly update meetings with ADM, DON, ELC, and QI nurses
  - We encompass leadership information and not only COVID.
- Bi-weekly (decreased from weekly for most) phone meetings 1:1 with ADM
Quarterly onsite care center visits continue with the goal of monitoring projects, problem-solving, brain-storming, and offering support to the care center leadership.

Performance Excellence

We have begun our work on our Level 3 Performance Excellence application with the plan to submit in spring of 2022. The Executive Leadership Team will be reviewing and beginning the application in January.

SafeCare for Seniors

We are updating policies and procedures to incorporate Safe Care for Seniors into our falls program.

MN Department of Human Services Performance-based Incentive Payment Grant (PIPP)

We are close to concluding our final quarter of the grant. We have seen some decreases in falls but continue to work diligently on fall reduction. SafeBeing continues to be used in several care centers but is challenging; we have begun individual work groups to include SafeBeing experts to address the issues with the technology. The Pioneer Network’s Artifacts of Culture Change implementation is slow; primarily due to staffing and COVID challenges. Our Grant Coordinator continues to problem solve and adjust the training and support based on the care center needs. We continue to monitor progress and support care centers that are struggling with the process.

Just Culture training

With new leadership in some of the care centers, training in Just Culture has not been a priority for them. Goals have been set to continue implementation of Just Culture in their care centers as many of the care centers have other leaders previously trained. This will be monitored during onsite visits and bi-weekly meetings with the Administrators. The creation of a video will also assist in integrating the process into the culture of each care center.

Development of Home Care Services

Our assisted living communities have slowly been transitioning to Yardi (EHR) system to document cares and assessments. The financial interface is now available with November billing using the assessment to complete the billing. Use of the iPads has been a challenge and we continue to work through those challenges. Many of the ALs are not using the iPads at this time. Our implementation plan is to fully transition all information and full use by Q1 of 2022. Our Home Care Services Director is continuing to work with Yardi on the Medicare product. The development of this is due for completion by spring of 2022. In the meantime, the Director is working on AL Yardi implementation, policies and evaluating where home care services would best be implemented; given the current status of staffing.

Electronic Health Records (EHR)

We began the SNF EHR implementation on Nov. 15th several challenges occurred and the implementation “Live” date was postponed to 11/30/21. The Yardi EHR uses iPads for direct care staff to document in real time information. The Quality Improvement team has worked diligently with Yardi to integrate a system that will be most useful for all users. Due to the delays with implementation, future care center implementation dates may need to be changed.
The SFHS Corporate Compliance & Ethics Committee held a meeting on October 18, 2021 in the conference room. Cami Peterson-DeVries, CCO called the meeting to order with a prayer at 10:00 a.m.

PRESENT
Cami Peterson-DeVries, Stephen Saffa, Lucas Koehntop, Scot Allen, Jeannie Michaelson, and Elizabeth Meichsner, Christine Bakke, Chad Meyer, Priscilla Schilling, Stacy Bernard, Pam Leach, Geoff Ryan, Ben Ryan were virtual.

ABSENT
Carol Raw, Mary Matthys, and Kim Holland.

AGENDA
Allen moved to approve the agenda with additions, motion seconded and carried.

MINUTES
Koehntop moved to approve the July 19, 2021 meeting minutes, motion seconded and carried.

CCO REPORT
Peterson-DeVries provided and reviewed the October 18, 2021 Corporate Compliance Officer’s report calling on committee members to address areas relevant to their oversight; information related to COVID Vaccination rates, COVID related information, CMS Updates, MDH Survey Updates, MDH MDS Update, CMS Enforcement Infection Control, History of SFHS Care Centers with IC Deficiencies, Skilled Nursing Facility staffing updates, Assisted Living staffing updates, Construction updates, COVID Testing, Legal Activity, Federal Minimum Wage, Workforce, Mental Health Uniform Service Standards Updates, Multifactor Authentication Update.

Potential areas of Compliance Vulnerability and Risk:

- Infection Control Audit concerns
  - PPE – eye protection, in & out of isolated room
  - Logs not kept up to date real time
  - Screening process not clear

Compliance Issues/Concerns reported/investigations/resolutions:

- Emergency Preparedness
  - AL’s if don’t have a generator in place, an Emergency Preparedness plant needs to be in place.

Review and Approve Policies:

CCP.WCEP.027
The Service Recognition policy was reviewed and discussed.

MOTION
Peterson-DeVries moved to approve CCP.WCEP.027 Service Recognition policy with committee changes as discussed and agreed to; motion seconded and carried.

CCP.QC.061
The Competencies policy was reviewed and discussed.

MOTION
Schilling moved to approve CCP.QC.061 Competencies policy with committee changes as discussed and agreed to; motion seconded and carried.

CCP.WCEP.SNF.025-F1
The SNF Initial Hiring Training Record form was reviewed and discussed.
MOTION Schilling moved to approve CCP.WCEP.SNF.025-F1 form with committee changes as discussed and agreed to; motion seconded and carried.

CCP.WCEP.SNF.025-F4 The On Hire EduCare Training Checklist was reviewed and discussed.

MOTION Schilling moved to approve CCP.WCEP.SNF.025-F4 On Hire EduCare Training Checklist form with committee changes as discussed and agreed to; motion seconded and carried.

CCP.WCEP.SNF.025-F5 The Annual EduCare Training Checklist policy was reviewed and discussed.

MOTION Schilling moved to approve CCP.WCEP.SNF.025-F5 Annual EduCare Training Checklist form with committee changes as discussed and agreed to; motion seconded and carried.

CCP.MP.001 & The Maltreatment Prohibition policy, Maltreatment Definitions and Emergency Call List MP.001-F1, forms, were reviewed and discussed.

MOTION Allen moved to approve CCP.MP.001 Maltreatment Prohibition policy, CCP.MP.001-F1 Maltreatment Definitions and CCP.MP.001-F3 Emergency Call List forms with committee changes as discussed and agreed to; motion seconded and carried.

CCP.MP.002 & The Maltreatment Reporting Guidelines policy and Immediate VA Reporting Checklist, MP.002-F1, 5 Day VA Reporting Checklist, Examples of Reportable Maltreatment and VA Statement MP.002-F11, forms were reviewed and discussed.

MOTION Koehntop moved to approve CCP.MP.002 Maltreatment Reporting Guidelines policy, CCP.MP.002-F1 Immediate VA Reporting Checklist, CCP.MP.002-F11 5 Day VA Reporting Checklist, CCP.MP.002-F8 Examples of Reportable Maltreatment and CCP.MP.002-F9 VA Statement forms with committee changes as discussed and agreed to; motion seconded and carried.

CCP.AD.AL.001 The AL Move In policy was reviewed and discussed.

MOTION Bernard moved to approve CCP.AD.AL.001 AL Move In policy with committee changes as discussed and agreed to; motion seconded and carried.

CCP.AD.AL.007 The Clinical Admitting Procedures policy was reviewed and discussed.

MOTION Allen moved to approve CCP.AD.AL.007 Clinical Admitting Procedure policy with committee changes as discussed and agreed to; motion seconded and carried.

CCP.AD.AL.100 The Determination of Scope of Services was reviewed and discussed.

MOTION Koehntop moved to approve CCP.AD.AL.100 Determination of Scope of Services policy with committee changes as discussed and agreed to; motion seconded and carried.

CCP.AD.AL.101 The Information Concerning ALF policy was reviewed and discussed.

MOTION Allen moved to approve CCP.AD.AL.101 Information Concerning ALF policy with committee changes as discussed and agreed to; motion seconded and carried.

CCP.WCEP.055 & The Traveling Nurse policy and Travel Nurse Identified Criteria form was reviewed and discussed.

CCP.WCEP.055-F1
MOTION
Allen moved to approve CCP.WCEP.055 Traveling Nurse policy and CCP.WCEP.055-F1 Travel Nurse Identified Criteria form with committee changes as discussed and agreed to; motion seconded and carried.

FUTURE MTGS.
The committee discussed and set 2022 meeting dates – January 17, 2022, April 18, 2022, July 18, 2022 and October 17, 2022. The next SFHS Corporate Compliance & Ethics Committee meeting will be January 17, 2022.

ADJOURNMENT
Allen motioned to adjourn the meeting, motion seconded and carried. The meeting adjourned at 1:45 p.m.

Recording Secretary,

Jeannie Michaelson

Jeannie Michaelson
## Corporate Compliance & Ethics Policies and Forms
Revised 2021

<table>
<thead>
<tr>
<th>Policy/Form #</th>
<th>Policy/Form Name</th>
<th>Date Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCP.QC.080</td>
<td>SFHS Weight Monitoring Program</td>
<td>1/18/21</td>
</tr>
<tr>
<td>CCP.QC.IPCP.034CV</td>
<td>COVID Vaccination</td>
<td>1/18/21</td>
</tr>
<tr>
<td>CCP.QC.IPCP.034CV-F1</td>
<td>Vaccine Consent form</td>
<td>1/18/21</td>
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<tr>
<td>CCP.WCEP.052</td>
<td>Separation from Employment</td>
<td>1/18/21</td>
</tr>
<tr>
<td>CCP.WCEP.025</td>
<td>Employee Recruitment Selection Hiring and Retention Process</td>
<td>04/19/21</td>
</tr>
<tr>
<td>CCP.WCEP.052</td>
<td>Separation from Employment</td>
<td>04/19/21</td>
</tr>
<tr>
<td>CCP.WCEP.054</td>
<td>Just Culture</td>
<td>04/19/21</td>
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<tr>
<td>CCP.AFD.050</td>
<td>Annual Insurance Review Process</td>
<td>04/19/21</td>
</tr>
<tr>
<td>CCP.QC.001</td>
<td>MDS 3.0 Assessment</td>
<td>04/19/21</td>
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<tr>
<td>CCP.CCP.101</td>
<td>Statement Principles</td>
<td>04/19/21</td>
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<tr>
<td>CCP.CCP.102</td>
<td>Code of Conduct</td>
<td>04/19/21</td>
</tr>
<tr>
<td>CCP.CCP.103</td>
<td>Misconduct Reporting Free of Retaliation and Retribution</td>
<td>04/19/21</td>
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<tr>
<td>CCP.CCP.107</td>
<td>Corporate Compliance &amp; Ethics Program</td>
<td>04/19/21</td>
</tr>
<tr>
<td>CCP.CCP.Core Values</td>
<td>Core Values</td>
<td>04/19/21</td>
</tr>
<tr>
<td>CCP.CCP.Mission</td>
<td>Mission</td>
<td>04/19/21</td>
</tr>
<tr>
<td>CCP.ENV.009</td>
<td>10 Hour Fire Sprinkler Out of Service</td>
<td>04/19/21</td>
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<tr>
<td>CCP.ENV.009-F1</td>
<td>Fire Watch Log</td>
<td>04/19/21</td>
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<tr>
<td>CCP.EPLS.043</td>
<td>Fire Plan</td>
<td>04/19/21</td>
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<tr>
<td>CCP.EPLS.043-F1</td>
<td>Monthly/Quarterly/Shift/DACT Drill Record</td>
<td>04/19/21</td>
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<tr>
<td>CCP.WCEP.036</td>
<td>Nursing Home Administrator for Evaluation – Will be removed from CCP Policies and relocated to SFHS Administrative Policies</td>
<td>4/19/21</td>
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<tr>
<td>CCP.WCEP.036-F1</td>
<td>Performance Appraisal Tool – Will be removed from CCP Policies and relocated to SFHS Administrative Policies</td>
<td>4/19/21</td>
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<tr>
<td>AWAIR Main Policy</td>
<td>Will be removed from WCEP category and have it’s own category</td>
<td>4/19/21</td>
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<tr>
<td>CCP.AFD.051</td>
<td>Construction Review Process</td>
<td>7/19/21</td>
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<tr>
<td>CCP.CCP.Risk Management</td>
<td>Risk Management Administration</td>
<td>7/19/21</td>
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</tbody>
</table>

Assisted Living (AL) policies were conditionally approved from the Corporate Compliance & Ethics Committee on 7/19/21 with being brought back to the Corporate Compliance Meeting for final approval. AL conditional approved policies are located `\sfhs.local\policies\Draft Policies\Assisted Living\CCC Conditionally Approved Policies 7.19.21`

<table>
<thead>
<tr>
<th>Policy/Form #</th>
<th>Policy/Form Name</th>
<th>Date Revised</th>
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</thead>
<tbody>
<tr>
<td>CCP.WCEP.027</td>
<td>Service Recognition</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.QC.061</td>
<td>Competencies</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.WCEP.SNF.025-F1</td>
<td>SNF Initial Hiring Training Record</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.WCEP.SNF.025-F4</td>
<td>On Hire EduCare Training Checklist</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.WCEP.SNF.025-F5</td>
<td>Annual EduCare Training Checklist</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.MP.001</td>
<td>Maltreatment Prohibition</td>
<td>10/18/21</td>
</tr>
<tr>
<td>Document Code</td>
<td>Document Title</td>
<td>Date</td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>CCP.MP.001-F1</td>
<td>Maltreatment Definitions</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.MP.001-F2</td>
<td>Vulnerable Adult Assessment - Renumbered</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.MP.001-F3</td>
<td>Emergency Call List</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.MP.002</td>
<td>Maltreatment Reporting Guidelines</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.MP.002-F1</td>
<td>Immediate VA Reporting Checklist</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.MP.002-F11</td>
<td>5 Day VA Reporting Checklist</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.MP.002-F9</td>
<td>VA Statement</td>
<td>10/18/21</td>
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<tr>
<td>CCP.MP.002-F8</td>
<td>Examples of Reportable Maltreatment</td>
<td>10/18/21</td>
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<tr>
<td>CCP.AD.AL.001</td>
<td>AL Move In</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.AD.AL.007</td>
<td>Clinical Admitting Procedures</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.AD.AL.100</td>
<td>Determination of Scope of Services</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.AD.AL.101</td>
<td>Information Concerning the Assisted Living</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.WCEP.055</td>
<td>Traveling Nurse</td>
<td>10/18/21</td>
</tr>
<tr>
<td>CCP.WCEP.055-F1</td>
<td>Travel Nurse Identified Criteria</td>
<td>10/18/21</td>
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### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Current Liabilities (TMH)</th>
<th>Total Current Liabilities (RH)</th>
<th>Total Current Liabilities (RHS)</th>
<th>Total Current Liabilities (ZHS)</th>
<th>Total Current Liabilities (SFHS)</th>
<th>Total Current Liabilities (Aitkin Health)</th>
<th>Total Current Liabilities (Browns Valley)</th>
<th>Total Current Liabilities (Center)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>5,621,257.00</td>
<td>3,979,224.00</td>
<td>4,371,299.00</td>
<td>-392,075.00</td>
<td>-9.0%</td>
<td>398,603.00</td>
<td>377,541.00</td>
<td>71,099.00</td>
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<tr>
<td>Restricted Cash</td>
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<tr>
<td>Receivables</td>
<td>2,063.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>2,208,956.00</td>
<td>4,381,694.00</td>
<td>4,100,060.00</td>
<td>1,273,849.00</td>
<td>-2.6%</td>
<td>32,418,092.00</td>
<td>39,008,742.00</td>
<td>(19,903,824.00)</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>2,307,811.00</strong></td>
<td><strong>8,368,002.00</strong></td>
<td><strong>7,180,124.00</strong></td>
<td><strong>2,199,010.00</strong></td>
<td><strong>-2.6%</strong></td>
<td><strong>134,315,557.00</strong></td>
<td><strong>144,991,369.00</strong></td>
<td><strong>(45,414,220.00)</strong></td>
</tr>
<tr>
<td><strong>OTHER ASSETS</strong></td>
<td><strong>28,707,684.00</strong></td>
<td><strong>25,607.00</strong></td>
<td><strong>4,197.00</strong></td>
<td><strong>25,619.00</strong></td>
<td><strong>-4.5%</strong></td>
<td><strong>-69,341.00</strong></td>
<td><strong>409,394.00</strong></td>
<td><strong>29,142,685.00</strong></td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>57,927,265.00</strong></td>
<td><strong>11,824,233.00</strong></td>
<td><strong>7,612,798.00</strong></td>
<td><strong>2,137,988.00</strong></td>
<td><strong>-10.4%</strong></td>
<td><strong>7,459,736.00</strong></td>
<td><strong>147,779,709.00</strong></td>
<td><strong>217,531,207.00</strong></td>
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</table>

### INCOME STATEMENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Revenue (TMH)</th>
<th>Total Revenue (RH)</th>
<th>Total Revenue (RHS)</th>
<th>Total Revenue (ZHS)</th>
<th>Total Revenue (SFHS)</th>
<th>Total Revenue (Aitkin Health)</th>
<th>Total Revenue (Browns Valley)</th>
<th>Total Revenue (Center)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td><strong>129,723,000.00</strong></td>
<td><strong>125,000,000.00</strong></td>
<td><strong>125,000,000.00</strong></td>
<td><strong>125,000,000.00</strong></td>
<td><strong>125,000,000.00</strong></td>
<td><strong>125,000,000.00</strong></td>
<td><strong>125,000,000.00</strong></td>
<td><strong>125,000,000.00</strong></td>
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</table>

### NET INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Net Income (TMH)</th>
<th>Total Net Income (RH)</th>
<th>Total Net Income (RHS)</th>
<th>Total Net Income (ZHS)</th>
<th>Total Net Income (SFHS)</th>
<th>Total Net Income (Aitkin Health)</th>
<th>Total Net Income (Browns Valley)</th>
<th>Total Net Income (Center)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL NET INCOME</strong></td>
<td><strong>4,577,431.00</strong></td>
<td><strong>12,075,000.00</strong></td>
<td><strong>12,075,000.00</strong></td>
<td><strong>12,075,000.00</strong></td>
<td><strong>12,075,000.00</strong></td>
<td><strong>12,075,000.00</strong></td>
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### COMPARISON

<table>
<thead>
<tr>
<th>Description</th>
<th>Previous YTD Consolidated</th>
<th>2021 Estimated Eliminations</th>
<th>Variance ($)</th>
<th>Variance (%)</th>
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</thead>
<tbody>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td><strong>125,000,000.00</strong></td>
<td><strong>125,000,000.00</strong></td>
<td><strong>0.0%</strong></td>
<td><strong>0.0%</strong></td>
</tr>
<tr>
<td><strong>TOTAL NET INCOME</strong></td>
<td><strong>12,075,000.00</strong></td>
<td><strong>12,075,000.00</strong></td>
<td><strong>0.0%</strong></td>
<td><strong>0.0%</strong></td>
</tr>
</tbody>
</table>
### ST. FRANCIS HEALTH SERVICES OF MORRIS, INC. AND SUBSIDIARIES

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**September 30, 2021**

<table>
<thead>
<tr>
<th>Operating Activities</th>
<th>调整s to reconcile change in Net Assets to Net Cash from Operating Activities</th>
<th>Changes in Assets and Liabilities</th>
<th>Financing Activities</th>
<th>Investing Activities</th>
<th>Net Cash used for Investing Activities</th>
<th>Net Cash from Financing Activities</th>
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<tbody>
<tr>
<td>Change in Net Assets</td>
<td>1,037,049 (1,018,780) 201,145 639,918 521,928 (621,764) (109,293) 1,199,245 392,788 719,567 (427,037) 455,903 (574,359) 127,575 (255,148) 2,269,469 2,278,738</td>
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<tr>
<td>Receivables - Trade</td>
<td>(71,220) 224,787 (117,529) (63,955) 100,072 110,290 (104,078) (101,984) 204,467 (69,875) (273,501) 109,995 (32,800) (147,545) 103,447 (243,096) (189,528)</td>
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<tr>
<td>Receivables - Related</td>
<td>(10,357,645)</td>
<td>-</td>
<td>1,000,000</td>
<td>-</td>
<td>(1,200,000)</td>
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<tr>
<td>Accounts Payable - Related</td>
<td>1,144,356 (4,165) 4,570</td>
<td>1,584</td>
<td>2,144</td>
<td>781</td>
<td>18,187</td>
<td>3,071</td>
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<td>Accounts Payable - Related SFL</td>
<td>-</td>
<td>-</td>
<td>2,226,667 (50,000) 3,270,000 235,000 1,210,000</td>
<td>-</td>
<td>(222,844) 1,235,000 250,000 650,000 935,000 10,282,820 10,282,820</td>
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<tr>
<td>Notes Payable - Construction &amp; Purchase of Fixed Assets</td>
<td>- 329,583</td>
<td>-</td>
<td>329,583</td>
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<tr>
<td>Notes Payable - Construction &amp; Purchase of Fixed Assets</td>
<td>-</td>
<td>(2,350,332)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Accrued Expenses - Compensation</td>
<td>(124,627) 193,233 (19,358) 8,770 12,996 54,310 72,120 40,350 (37,594) (3,023) 53,134 (146,343) (4,737) (67,042) (38,109) (69,981) (1,374)</td>
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<tr>
<td>Accrued Expenses - Other</td>
<td>(21,783) 50,302 (15,350) 7,379 23,354 (4,316) (105,058) 14,845 (23,342) 71,147 (18,825) 105,866 (25) (46,481) 9,090 19,105 47,624</td>
<td></td>
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</tr>
<tr>
<td>Change in Self Funded Insurance</td>
<td>1,276,760 (1,003) (3,033) (3,033) (3,033) (3,033) (3,033) (3,033) (3,033) (3,033) (3,033) (3,033) (3,033) (3,033) (3,033) (3,033) (3,033)</td>
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<tr>
<td>Change in Notes Receivable Related Party</td>
<td>(2,350,332)</td>
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<tr>
<td>Equity Distribution from MHCA</td>
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<tr>
<td>Total</td>
<td>(1,058,674)</td>
<td>(19,511)</td>
<td>(1,480,819) (51,502) (4,530,959) (31,667) 184,292 (46,480) (38,543) (35,528) (58,599) (502,195) (45,910) (78,633) 190,809 (6,525,134) (7,603,315)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Proceeds from Sale/Purchase of Property &amp; Equipment</td>
<td>(82,549) (48,644,50) (1,477,721) (47,847) (4,536,144) (34,912) 159,672 (47,371) (47,166) (39,124) (71,563) (622,793) (34,193) (75,135) 191,465 (6,877,441) (6,888,635)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Decrease/(increase) in Pledged Assets</td>
<td>77,446</td>
<td>-</td>
<td>(23) 4,083</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Change in Self funded Insurance</td>
<td>1,276,760</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in Notes Receivable Related Party</td>
<td>(2,350,332)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>(1,058,674)</td>
<td>(19,511)</td>
<td>(1,480,819) (51,502) (4,530,959) (31,667) 184,292 (46,480) (38,543) (35,528) (58,599) (502,195) (45,910) (78,633) 190,809 (6,525,134) (7,603,315)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Unaudited Ratios:

**Quick Ratio:** (must be less than 3.0:1)

<table>
<thead>
<tr>
<th>Ratio</th>
<th>FYE 09/21</th>
<th>FYE 09/20</th>
<th>FYE 09/19</th>
<th>FYE 09/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to Capitalization</td>
<td>0.27%</td>
<td>57.91%</td>
<td>88.68%</td>
<td>105.63%</td>
</tr>
<tr>
<td>Days Cash on Hand: (Measures how long that cash on hand will cover avg exp)</td>
<td>10.01</td>
<td>15.39</td>
<td>14.03</td>
<td>27.74</td>
</tr>
<tr>
<td>Days in A/R: (Measures the avg length of time required to collect revenue)</td>
<td>184</td>
<td>57</td>
<td>59</td>
<td>66</td>
</tr>
<tr>
<td>Industry Average for MN Nursing Homes = 44.0 per CliftonLarsonAllen 2019</td>
<td>88</td>
<td>55</td>
<td>66</td>
<td>59</td>
</tr>
<tr>
<td>Industry Average for MN Nursing Homes = 10.0 per CliftonLarsonAllen 2019</td>
<td>111</td>
<td>59</td>
<td>79</td>
<td>66</td>
</tr>
<tr>
<td>Industry Average for MN Nursing Homes = 1.1% per CLA 2019</td>
<td>131</td>
<td>48</td>
<td>56</td>
<td>49</td>
</tr>
<tr>
<td>Industry Average for MN Nursing Homes = 1.6 per CliftonLarsonAllen 2018</td>
<td>184</td>
<td>51</td>
<td>49</td>
<td>50</td>
</tr>
<tr>
<td>Industry Average for MN Nursing Homes = 44.0 per CliftonLarsonAllen 2019</td>
<td>945</td>
<td>33</td>
<td>88</td>
<td>81</td>
</tr>
<tr>
<td>Industry Average for MN Nursing Homes = 44.0 per CliftonLarsonAllen 2019</td>
<td>2,163</td>
<td>43</td>
<td>36</td>
<td>59</td>
</tr>
<tr>
<td>Industry Average for MN Nursing Homes = 1.6 per CliftonLarsonAllen 2018</td>
<td>334</td>
<td>35</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Industry Average for MN Nursing Homes = 44.0 per CliftonLarsonAllen 2019</td>
<td>8.77</td>
<td>14.44</td>
<td>13.24</td>
<td>20.70</td>
</tr>
<tr>
<td>National Median = 12.7 per CLA 2019</td>
<td>8.80</td>
<td>52</td>
<td>56</td>
<td>50</td>
</tr>
<tr>
<td>National Median = 11.1% per CLA 2019</td>
<td>10.06</td>
<td>11.38</td>
<td>11.57</td>
<td>12.22</td>
</tr>
<tr>
<td>National Median = 11.1% per CLA 2019</td>
<td>10.01</td>
<td>11.38</td>
<td>11.77</td>
<td>12.57</td>
</tr>
<tr>
<td>Debt Service Coverage: (FYE 09/21)</td>
<td>0.73</td>
<td>57.91</td>
<td>88.68</td>
<td>105.63</td>
</tr>
<tr>
<td>Debt Service Coverage: (FYE 09/20)</td>
<td>0.00</td>
<td>1.24</td>
<td>7.83</td>
<td>-18.76</td>
</tr>
<tr>
<td>Debt Service Coverage: (FYE 09/19) *</td>
<td>0.00</td>
<td>1.35</td>
<td>73.10</td>
<td>-2.51</td>
</tr>
<tr>
<td>Debt Service Coverage: (FYE 09/18)</td>
<td>0.00</td>
<td>1.71</td>
<td>27.14</td>
<td>-27.21</td>
</tr>
<tr>
<td>Debt Service Coverage: (FYE 09/19)</td>
<td>19.64</td>
<td>1.21</td>
<td>1.30</td>
<td>0.71</td>
</tr>
<tr>
<td>Debt Service Coverage: (FYE 09/18)</td>
<td>17.00</td>
<td>1.38</td>
<td>1.56</td>
<td>0.15</td>
</tr>
<tr>
<td>Debt Service Coverage: (FYE 09/19)</td>
<td>15.64</td>
<td>2.10</td>
<td>1.30</td>
<td>0.71</td>
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<tr>
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<td>17.00</td>
<td>1.38</td>
<td>1.56</td>
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<td>15.64</td>
<td>2.10</td>
<td>1.30</td>
<td>0.71</td>
</tr>
</tbody>
</table>

### Capital Spending Ratio

**Capital Spending Ratio:**

<table>
<thead>
<tr>
<th>Ratio</th>
<th>FYE 09/21</th>
<th>FYE 09/20</th>
<th>FYE 09/19</th>
<th>FYE 09/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Spending Ratio:</td>
<td>1.38%</td>
<td>0.58%</td>
<td>27.95%</td>
<td>1.16%</td>
</tr>
<tr>
<td>Capital Spending Ratio:</td>
<td>2.02%</td>
<td>-0.27%</td>
<td>1.05%</td>
<td>2.10%</td>
</tr>
<tr>
<td>Capital Spending Ratio:</td>
<td>0.20%</td>
<td>2.02%</td>
<td>0.87%</td>
<td>18.62%</td>
</tr>
<tr>
<td>Capital Spending Ratio:</td>
<td>1.38%</td>
<td>-0.58%</td>
<td>27.95%</td>
<td>1.16%</td>
</tr>
</tbody>
</table>

### Debt to Capitalization Ratio

<table>
<thead>
<tr>
<th>Ratio</th>
<th>FYE 09/21</th>
<th>FYE 09/20</th>
<th>FYE 09/19</th>
<th>FYE 09/18</th>
</tr>
</thead>
<tbody>
<tr>
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<td>0.27%</td>
<td>57.91%</td>
<td>88.68%</td>
<td>105.63%</td>
</tr>
<tr>
<td>Debt to Capitalization Ratio:</td>
<td>0.31%</td>
<td>56.97%</td>
<td>95.39%</td>
<td>229.76%</td>
</tr>
<tr>
<td>Debt to Capitalization Ratio:</td>
<td>0.31%</td>
<td>56.97%</td>
<td>95.39%</td>
<td>229.76%</td>
</tr>
</tbody>
</table>

### Debt to Equity Ratio

<table>
<thead>
<tr>
<th>Ratio</th>
<th>FYE 09/21</th>
<th>FYE 09/20</th>
<th>FYE 09/19</th>
<th>FYE 09/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to Equity Ratio:</td>
<td>0.00</td>
<td>1.24</td>
<td>7.83</td>
<td>-18.76</td>
</tr>
<tr>
<td>Debt to Equity Ratio:</td>
<td>0.00</td>
<td>1.35</td>
<td>73.10</td>
<td>-2.51</td>
</tr>
<tr>
<td>Debt to Equity Ratio:</td>
<td>0.00</td>
<td>1.71</td>
<td>27.14</td>
<td>-27.21</td>
</tr>
<tr>
<td>Debt to Equity Ratio:</td>
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<td>1.35</td>
<td>73.10</td>
<td>-2.51</td>
</tr>
<tr>
<td>Debt to Equity Ratio:</td>
<td>0.00</td>
<td>1.71</td>
<td>27.14</td>
<td>-27.21</td>
</tr>
<tr>
<td>Debt to Equity Ratio:</td>
<td>0.00</td>
<td>1.35</td>
<td>73.10</td>
<td>-2.51</td>
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<td>Debt to Equity Ratio:</td>
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<td>0.00</td>
<td>1.71</td>
<td>27.14</td>
<td>-27.21</td>
</tr>
</tbody>
</table>

### Debt Service Coverage

<table>
<thead>
<tr>
<th>Ratio</th>
<th>FYE 09/21</th>
<th>FYE 09/20</th>
<th>FYE 09/19</th>
<th>FYE 09/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service Coverage:</td>
<td>(19.10)</td>
<td>0.73</td>
<td>1.43</td>
<td>3.47</td>
</tr>
<tr>
<td>Debt Service Coverage:</td>
<td>(19.10)</td>
<td>0.73</td>
<td>1.43</td>
<td>3.47</td>
</tr>
<tr>
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<tr>
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<td>(19.10)</td>
<td>0.73</td>
<td>1.43</td>
<td>3.47</td>
</tr>
</tbody>
</table>

### Industry Average for MN Nursing Homes = 1.6 per CliftonLarsonAllen 2018

<table>
<thead>
<tr>
<th>Ratio</th>
<th>FYE 09/21</th>
<th>FYE 09/20</th>
<th>FYE 09/19</th>
<th>FYE 09/18</th>
</tr>
</thead>
<tbody>
<tr>
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<td>59</td>
<td>66</td>
</tr>
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<td>59</td>
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<td>15</td>
<td>10</td>
</tr>
<tr>
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<td>8.77</td>
<td>14.44</td>
<td>13.24</td>
<td>20.70</td>
</tr>
</tbody>
</table>

**V:**Saint Francis Health Services/Corporate Administration/Consolidated Internal Financials/FYE 2021/12 September 2021 Consolidated Financials with PPP Moved
### St. Francis Health Services of Morris, Inc. and Subsidiaries

#### Skilled Nursing Facilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>2020 Estimated Earnings</th>
<th>Variance ($)</th>
<th>Variance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicaid</td>
<td>3,064,989</td>
<td>27,870,241</td>
<td>4,380,076</td>
<td>4,157,766</td>
</tr>
<tr>
<td>Medicare</td>
<td>5,549,735</td>
<td>15,137,210</td>
<td>7,121,402</td>
<td>1,617,302</td>
</tr>
<tr>
<td>Health Insurance Premiums</td>
<td>13,597,904</td>
<td>38,522,200</td>
<td>13,146,092</td>
<td>12,613,092</td>
</tr>
<tr>
<td>State Health Fund Taxes</td>
<td>240,000</td>
<td>630,000</td>
<td>390,000</td>
<td>123.4%</td>
</tr>
<tr>
<td>Other</td>
<td>298,215</td>
<td>884,963</td>
<td>586,748</td>
<td>65.1%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>56,984,766</td>
<td>87,984,766</td>
<td>30,999,997</td>
<td>45.4%</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>3,846,999</td>
<td>27,870,267</td>
<td>21,023,268</td>
<td>75.6%</td>
</tr>
<tr>
<td>Benefits</td>
<td>1,276,179</td>
<td>3,485,855</td>
<td>2,209,676</td>
<td>63.0%</td>
</tr>
<tr>
<td>Amortization</td>
<td>6,477,746</td>
<td>10,354,567</td>
<td>3,876,821</td>
<td>37.6%</td>
</tr>
<tr>
<td>Other</td>
<td>10,779,753</td>
<td>10,779,753</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>15,482</td>
<td>13,705,466</td>
<td>13,705,466</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>34,148,590</td>
<td>44,375,856</td>
<td>10,227,266</td>
<td>23.1%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>22,836,176</td>
<td>53,608,910</td>
<td>30,772,734</td>
<td>58.2%</td>
</tr>
<tr>
<td><strong>Interests</strong></td>
<td>66,000</td>
<td>70,000</td>
<td>-8,000</td>
<td>-11.4%</td>
</tr>
<tr>
<td><strong>UnRest Rev, Gains &amp; Other Supp</strong></td>
<td>1,000</td>
<td>1,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Other Income</strong></td>
<td>864,957</td>
<td>98,237</td>
<td>766,720</td>
<td>803.3%</td>
</tr>
<tr>
<td><strong>Operating Income/Net Loss</strong></td>
<td>23,791,133</td>
<td>54,717,147</td>
<td>31,926,014</td>
<td>587.6%</td>
</tr>
<tr>
<td><strong>UnRest Rev, Gains &amp; Other Supp</strong></td>
<td>1,000</td>
<td>1,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Other Income</strong></td>
<td>864,957</td>
<td>98,237</td>
<td>766,720</td>
<td>803.3%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>24,656,090</td>
<td>55,715,384</td>
<td>31,059,294</td>
<td>557.4%</td>
</tr>
</tbody>
</table>

*Notes:*
- **Total Revenue:** 56,984,766
- **Total Expenses:** 34,148,590
- **Net Income:** 22,836,176
- **Operating Income:** 23,791,133
- **Net Income:** 24,656,090

---

### Other Information

- **Services:**
  - **Health Services (SFHS)**
  - **Services (PCS)**
  - **Services (AHS)**
  - **Health Center (BVHC)**
  - **Health Services (DHS)**

- **Nonfinancial Events:**
  - **Operating Income:** 173,082
  - **Net Income:** 173,346

- **Pension Plan:**
  - **Net Assets:** 168,857,195

- **Dietary:**
  - **Revenue:** 832

- **Fiscal Year:**
  - **Operating Income:** 2021

---

### St. Francis Health Services of Morris, Inc. Consolidated

#### FYE YTD

<table>
<thead>
<tr>
<th>Description</th>
<th>January 1, 2021</th>
<th>Operating Income/Net Loss</th>
<th>Variance ($)</th>
<th>Variance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenues</strong></td>
<td>86,076,359</td>
<td>22,836,176</td>
<td>30,772,734</td>
<td>587.6%</td>
</tr>
<tr>
<td><strong>Operating Income/Net Loss</strong></td>
<td>23,791,133</td>
<td>24,656,090</td>
<td>864,957</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

*Notes:*
- **Total Revenue:** 86,076,359
- **Operating Income:** 23,791,133
- **Net Income:** 24,656,090

---

### Financial Statements

- **St. Francis Health Services of Morris, Inc. Consolidated**
- **FYE:** 2021
- **Consolidated:** Yes
- **Financial Statements:** Yes
- **Predecessor FYE:** 2020
- **Variable ($)**
- **Variable (%):**
<table>
<thead>
<tr>
<th>ST. FRANCIS HEALTH SERVICES OF MORRIS, INC. AND SUBSIDIARIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME STATEMENT RATIOS</strong></td>
</tr>
<tr>
<td>FOR THE PERIOD ENDING...</td>
</tr>
<tr>
<td>September 30, 2021</td>
</tr>
</tbody>
</table>

| St. Francis Health Services of Morris (SFHS) | Prairie Community Services (PCS) | Altkin Health Services (AHS) | Browns Valley Health Center (BVHCC) | Chisholm Health Center (CHC) | Duluth Health Services (DHS) | Farmington Health Services (FHS) | Francisco Health Center (FHC) | Guardian Angels Health & Rehab Center (GAHAR) | Koociching Health Services (KHS) | Little Falls Health Services (LFHS) | Morris Health Services (MHS) | Pennington Health Services (RHS) | Rentville Health Services (RHS) | Zumbrota Health Services (ZHS) | SUBTOTAL SNF/Campus |
|---------------------------------------------|---------------------------------|-----------------------------|-------------------------------------|----------------------------|-----------------------------|-------------------------------|-------------------------------|-----------------------------------------------|-------------------------------|---------------------------------|-----------------|-----------------------------|--------------|-----------------------------|------------------|--------------------------|
| Operating Margin (FYE 09/21)                | 3.81%                           | -3.95%                      | 3.64%                               | 15.50%                      | 6.64%                       | -5.22%                        | -1.16%                        | 19.80%                                        | 4.68%                          | 12.35%                         | -3.36%                      | 4.99%                         | -9.69%                     | 1.61%                      | -10.89%                   | 1.76%                        | 0.61%                        | 1.38%                        |
| Operating Margin (FYE 09/20)                | -12.11%                         | -0.03%                      | 3.41%                               | -2.48%                      | 5.16%                       | -3.22%                        | -14.08%                       | 12.35%                                        | 6.00%                          | -0.44%                         | -6.58%                      | 2.86%                         | 1.05%                       | 2.52%                      | -3.17%                     | -0.36%                        | -0.61%                        | 0.19%                        |
| Operating Margin (FYE 09/19)*               | 1.38%                           | -0.48%                      | 3.68%                               | -7.70%                      | 3.90%                       | -2.69%                        | -7.79%                        | 8.21%                                         | 5.47%                          | -7.78%                         | -9.26%                      | -5.62%                        | -1.01%                      | 3.36%                      | -5.78%                     | -1.57%                        | -1.23%                        | -0.43%                        |
| Operating Margin (FYE 06/18)                | -15.53%                         | -5.45%                      | -4.20%                              | 8.17%                       | 5.50%                       | 5.62%                         | 3.24%                         | 5.66%                                        | 9.50%                          | -3.00%                         | -18.52%                     | 0.11%                         | 7.94%                       | 5.53%                      | 0.83%                       | 3.14%                        | 0.29%                        | 1.31%                        |
| Operating Margin (FYE 06/17)                | -2.62%                          | -1.11%                      | -16.88%                             | 0.55%                       | 5.62%                       | 7.37%                         | 0.27%                         | 8.29%                                        | 4.16%                          | -4.66%                         | -9.19%                      | 0.90%                         | 2.03%                       | 2.32%                      | -4.36%                     | 1.51%                        | 0.61%                        | 1.46%                        |

**Operating Margin:** (Measures the profitability of an organization w/o contributions & investment earnings)

FYE 09/21 YTD Consolidated before Eliminations
FYE 09/21 YTD Consolidated with Estimated Eliminations

**Total Margin:** (Measures the profitability of an organization)

Industry Average for MN Nursing Homes = 2.31% per CliftonLarsonAllen 2019
Industry Average for MN Nursing Homes = 1.15% per CliftonLarsonAllen 2018

<table>
<thead>
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<th>EBITDA: (FYE 09/21)</th>
<th>6.12%</th>
<th>0.00%</th>
<th>11.09%</th>
<th>20.51%</th>
<th>11.73%</th>
<th>7.47%</th>
<th>11.56%</th>
<th>24.76%</th>
<th>15.40%</th>
<th>16.44%</th>
<th>12.77%</th>
<th>12.55%</th>
<th>0.51%</th>
<th>11.31%</th>
<th>0.19%</th>
<th>11.66%</th>
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<tbody>
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<td>EBITDA: (FYE 09/20)</td>
<td>5.69%</td>
<td>4.12%</td>
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<td>5.31%</td>
<td>10.38%</td>
<td>8.83%</td>
<td>14.44%</td>
<td>18.26%</td>
<td>17.43%</td>
<td>5.27%</td>
<td>13.97%</td>
<td>10.35%</td>
<td>9.68%</td>
<td>11.62%</td>
<td>7.18%</td>
<td>10.07%</td>
<td>8.19%</td>
<td>8.62%</td>
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<tr>
<td>EBITDA: (FYE 09/19)</td>
<td>4.62%</td>
<td>3.71%</td>
<td>10.16%</td>
<td>0.65%</td>
<td>10.03%</td>
<td>7.47%</td>
<td>2.60%</td>
<td>14.82%</td>
<td>17.78%</td>
<td>-1.75%</td>
<td>14.39%</td>
<td>3.42%</td>
<td>8.52%</td>
<td>13.19%</td>
<td>5.48%</td>
<td>8.71%</td>
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<td>7.84%</td>
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<tr>
<td>EBITDA: (FYE 06/18)</td>
<td>-6.95%</td>
<td>-1.26%</td>
<td>16.40%</td>
<td>12.02%</td>
<td>14.22%</td>
<td>12.35%</td>
<td>12.95%</td>
<td>22.04%</td>
<td>9.79%</td>
<td>-1.73%</td>
<td>8.91%</td>
<td>17.43%</td>
<td>16.12%</td>
<td>11.78%</td>
<td>13.32%</td>
<td>8.87%</td>
<td>9.43%</td>
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<tr>
<td>EBITDA: (FYE 06/17)</td>
<td>5.04%</td>
<td>3.45%</td>
<td>3.81%</td>
<td>10.33%</td>
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<td>15.91%</td>
<td>16.36%</td>
<td>1.31%</td>
<td>13.32%</td>
<td>10.22%</td>
<td>12.34%</td>
<td>12.72%</td>
<td>10.57%</td>
<td>11.67%</td>
<td>9.11%</td>
<td>9.63%</td>
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**EBITDA:** (Measures the profitability of an organization) Industry Average for MN Nursing Homes = 2.31% per CliftonLarsonAllen 2019
Industry Average for MN Nursing Homes = 1.15% per CliftonLarsonAllen 2018

**Bad Debts (FYE 09/21):**

**Bad Debt Cost per Resident Day (FYE 09/21):**
$0.78 $1.78 $0.38 $3.22 $4.04 $0.19 $4.08 $2.16 $5.84 $2.26 $2.17 $2.16 $1.75 $5.38 $3.87 $2.99 $2.38

**Bad Debt Cost per Resident Day (FYE 09/20):**
$1.58 $3.42 $0.68 $0.19 $7.74 $6.10 $0.47 $1.91 $1.07 $7.59 $1.68 $2.13 $3.10 $2.73 $3.21 $2.35

**Bad Debt Cost per Resident Day (FYE 06/19):**
$1.77 $0.12 $0.15 $1.27 $3.48 $0.82 $0.47 $1.05 $0.15 $4.65 $1.11 $2.75 $1.90 $0.65 $1.50 $1.61

**Bad Debt Cost per Resident Day (FYE 06/18):**
$0.63 $0.96 $0.00 $1.04 $0.15 $0.80 $0.88 $1.35 $0.10 $3.04 $0.07 $0.17 $1.29 $0.10 $0.69 $0.07

**Bad Debt Cost per Resident Day (FYE 06/17):**
$0.44 $0.10 $0.80 $0.44 $0.62 $0.02 $1.78 $0.00 $0.00 $0.16 $0.38 $0.02 $1.22 $0.51 $0.42 $0.43

**Industry Average for MN Nursing Homes:**
7.68% per CliftonLarsonAllen 2019
Industry Average for MN Nursing Homes = 7.32% per CliftonLarsonAllen 2018
<table>
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<th>Overall Nursing Casemix Current Month</th>
<th>0.97</th>
<th>0.84</th>
<th>0.96</th>
<th>0.96</th>
<th>0.98</th>
<th>0.99</th>
<th>0.91</th>
<th>0.99</th>
<th>0.99</th>
<th>0.99</th>
<th>0.91</th>
<th>0.96</th>
<th>1.05</th>
<th>0.94</th>
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<td>0.91</td>
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<td>1.04</td>
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<td>0.98</td>
<td>0.91</td>
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<td>1.01</td>
<td>0.98</td>
<td>1.10</td>
<td>0.84</td>
<td>0.93</td>
<td>1.03</td>
<td>1.01</td>
<td>0.98</td>
<td>1.02</td>
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<td>0.98</td>
<td>0.95</td>
<td>0.97</td>
<td>1.03</td>
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<td>0.91</td>
<td>1.04</td>
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<td>1.03</td>
<td>1.11</td>
<td>1.05</td>
<td>0.92</td>
<td>1.09</td>
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<td>1.09</td>
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<tr>
<td>Skilled Casemix Current Month</td>
<td>1.40</td>
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<td>1.11</td>
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<td>1.33</td>
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<td>1.38</td>
<td>1.09</td>
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<td>Non Skilled Casemix Current Month</td>
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<td>0.93</td>
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<td>0.90</td>
<td>0.87</td>
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<td>0.96</td>
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<td>1.01</td>
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<td>0.97</td>
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<td>0.87</td>
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<td>0.94</td>
<td>0.98</td>
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<td>0.95</td>
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<tr>
<td>Skilled Nursing Occupancy Current Month</td>
<td>87.58%</td>
<td>96.76%</td>
<td>68.10%</td>
<td>77.83%</td>
<td>81.35%</td>
<td>96.10%</td>
<td>63.78%</td>
<td>77.35%</td>
<td>89.64%</td>
<td>87.50%</td>
<td>62.67%</td>
<td>74.59%</td>
<td>71.58%</td>
<td>79.60%</td>
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<tr>
<td>Occupancy: (FYE 09/21)</td>
<td>82.66%</td>
<td>90.36%</td>
<td>71.37%</td>
<td>76.65%</td>
<td>80.13%</td>
<td>96.75%</td>
<td>66.18%</td>
<td>86.56%</td>
<td>80.98%</td>
<td>83.65%</td>
<td>61.18%</td>
<td>73.06%</td>
<td>70.17%</td>
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<td>Occupancy: (FYE 09/20)</td>
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<td>90.49%</td>
<td>83.99%</td>
<td>75.57%</td>
<td>93.43%</td>
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<td>81.08%</td>
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<td>84.39%</td>
<td>78.33%</td>
<td>78.91%</td>
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<td>Occupancy: (Oct18-Sept19)</td>
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<td>89.85%</td>
<td>91.06%</td>
<td>90.86%</td>
<td>97.41%</td>
<td>97.63%</td>
<td>93.96%</td>
<td>89.87%</td>
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<td>84.42%</td>
<td>91.90%</td>
<td>84.25%</td>
<td>89.16%</td>
<td>89.23%</td>
</tr>
<tr>
<td>Occupancy: (FYE 09/19)*</td>
<td>98.06%</td>
<td>90.91%</td>
<td>92.15%</td>
<td>91.01%</td>
<td>87.47%</td>
<td>97.82%</td>
<td>93.16%</td>
<td>88.29%</td>
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<td>95.95%</td>
<td>94.44%</td>
<td>86.69%</td>
<td>89.52%</td>
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<tr>
<td>Occupancy: (FYE 09/18)</td>
<td>90.63%</td>
<td>96.06%</td>
<td>91.21%</td>
<td>93.24%</td>
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<td>95.85%</td>
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<td>62.03%</td>
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<td>77.26%</td>
<td>90.94%</td>
<td>89.89%</td>
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<td>Occupancy: (FYE 09/17)</td>
<td>82.41%</td>
<td>98.34%</td>
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<td>95.78%</td>
<td>90.56%</td>
<td>85.76%</td>
<td>90.53%</td>
<td>92.36%</td>
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<td>Industry Average for MN Nursing Homes = 88.1% per CliftonLarsonAllen 2019</td>
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<tr>
<td>Group Home/Housing with Services (HWS) Occupancy</td>
<td>Multiple Homes</td>
<td>Single</td>
<td>Terrace/_suite</td>
<td>Jack Rosse cheese</td>
<td>Bridgeport estates</td>
<td>Skyline Court &amp; Place/Walnut</td>
<td>Bridgeport on steep/Finale View</td>
<td>Bridges on Gravenhurst View</td>
<td>Subtotal HWS ONLY</td>
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<tr>
<td>Current Month</td>
<td>85.89%</td>
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<td>50.00%</td>
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<td>85.62%</td>
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<td>86.51%</td>
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<td>Occupancy: (FYE 09/19)*</td>
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**SNF Average**

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<th>314</th>
<th>170</th>
<th>45</th>
<th>455</th>
<th>400</th>
<th>176</th>
<th>152</th>
<th>104</th>
<th>583</th>
<th>216</th>
<th>592</th>
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<td>36</td>
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<td>115</td>
<td>29</td>
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<td>43</td>
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<tr>
<td>FYE 09/21 Avg LOS - Other Skilled stays only</td>
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<td>38</td>
<td>47</td>
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<td>St. Francis Health Services of Morris (SFHS)</td>
<td>Prairie Community Services (PCS)</td>
<td>Aitkin Health Services (AHS)</td>
<td>Browns Valley Health Center (BVHC)</td>
<td>Chisholm Health Center (CHC)</td>
<td>Duluth Health Services (DHS)</td>
<td>Farmington Health Services (FHS)</td>
<td>Franciscan Health Center (FHC)</td>
<td>Guardian Angels Health &amp; Rehab Center (GAHR)</td>
<td>Koochiching Health Services (KHS)</td>
<td>Little Falls Health Services (LFHS)</td>
<td>Morris Health Services (MHS)</td>
<td>Pennington Health Services (PHS)</td>
<td>Renoville Health Services (RHS)</td>
<td>Zumbrota Health Services (ZHS)</td>
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*FYE Ending 09/30/2019 was 15 months - July 2018 - September 2019
### FYTD Occupancy by Payer

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### Days Variance to Prior FYTD

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### Grand Total

- Medicare A: 13896
- Veterans: 12335
- MSHO Skilled/MCR: 6252
- MSHO Unskilled: 5330
- Medicaid: 22129
- Hospice: 8610
- Private: 45870
- Insurance: 865
- Total: 227399

### % Change

- Medicare A: 6%
- Veterans: 4%
- MSHO Skilled/MCR: 2%
- MSHO Unskilled: 5%
- Medicaid: 15%
- Hospice: 0%
- Private: 19%
- Insurance: 0%
- Total: 0%

### PCS

- 86888
- 86888

### Grand Total

- Medicare A: 13896
- Veterans: 12335
- MSHO Skilled/MCR: 6252
- MSHO Unskilled: 5330
- Medicaid: 22129
- Hospice: 8610
- Private: 45870
- Insurance: 865
- Total: 227399

### % Change

- Medicare A: 6%
- Veterans: 4%
- MSHO Skilled/MCR: 2%
- MSHO Unskilled: 5%
- Medicaid: 15%
- Hospice: 0%
- Private: 19%
- Insurance: 0%
- Total: 0%
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<td>$23,324</td>
<td>$9,650</td>
<td>$9,650</td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$33,277</td>
</tr>
<tr>
<td>SFHS</td>
<td>212937</td>
<td>Vehicle for SFHS</td>
<td>T</td>
<td>NA</td>
<td>7.03%</td>
<td>6/4/2020</td>
<td>6/1/2025</td>
<td>$0</td>
<td>$50,491</td>
<td>$39,883</td>
<td>$39,883</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td>$90,374</td>
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<tr>
<td>SFHS</td>
<td>212937</td>
<td>Vehicle for SFHS</td>
<td>T</td>
<td>NA</td>
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<td>2/19/2020</td>
<td>2/1/2025</td>
<td>$0</td>
<td>$24,563</td>
<td>$18,896</td>
<td>$18,896</td>
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<td>$43,458</td>
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**GRAND TOTAL OF ALL LOANS (INTERNAL/EXTERNAL & VEHICLE)**

<table>
<thead>
<tr>
<th></th>
<th>SFHS</th>
<th>PCS</th>
<th>AHS</th>
<th>BVHC</th>
<th>CHC</th>
<th>DHS</th>
<th>FHS</th>
<th>FHC</th>
<th>GAHR</th>
<th>KHS</th>
<th>LFHS</th>
<th>MHS</th>
<th>PHS</th>
<th>RHS</th>
<th>ZHS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/30/21</td>
<td>$1,891,496</td>
<td>$132,903</td>
<td>$647,254</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$780,157</td>
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**INTERNAL LOANS WITH SFHS**

<table>
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<tr>
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<th>SFHS</th>
<th>PCS</th>
<th>AHS</th>
<th>BVHC</th>
<th>CHC</th>
<th>DHS</th>
<th>FHS</th>
<th>FHC</th>
<th>GAHR</th>
<th>KHS</th>
<th>LFHS</th>
<th>MHS</th>
<th>PHS</th>
<th>RHS</th>
<th>ZHS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/30/21</td>
<td>$842,375</td>
<td>$4,771,558</td>
<td>$4,081,807</td>
<td>$1,581,076</td>
<td>$3,407,476</td>
<td>$18,696,372</td>
<td>$20,877,420</td>
<td>$3,794,267</td>
<td>$11,323,008</td>
<td>$940,015</td>
<td>$19,843,862</td>
<td>$12,853,560</td>
<td>$9,874,732</td>
<td>$6,088,412</td>
<td>$6,578,136</td>
<td>$125,514,071</td>
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**SUBTOTAL VEHICLE DEBT/LEASE (EXTERNAL)**

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<thead>
<tr>
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<th>PCS</th>
<th>AHS</th>
<th>BVHC</th>
<th>CHC</th>
<th>DHS</th>
<th>FHS</th>
<th>FHC</th>
<th>GAHR</th>
<th>KHS</th>
<th>LFHS</th>
<th>MHS</th>
<th>PHS</th>
<th>RHS</th>
<th>ZHS</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>09/30/21</td>
<td>$1,052,933</td>
<td>$647,254</td>
<td>$6</td>
<td>$0</td>
<td>$0</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$780,157</td>
</tr>
</tbody>
</table>

V:Saint Francis Health Services/Corporate Administration/Consolidated Internal Financials/FYE 2021/12 September 2021 Consolidated Financials with PPP Moved
<table>
<thead>
<tr>
<th>ASSETS</th>
<th>St. Francis Health Services of Morris, Inc. and Subsidiaries</th>
<th>St. Francis Health Services of Morris, Inc. Consolidated</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Suffolk Community (FHC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Atlantic Health System Services (BHC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Brownville Health Center (BHC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chisholm Health Center (CHC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dutch Hill Health Center (DHC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Farmington Health Center (FHC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guardian Angels &amp; Rehab (GAR)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kosciusko Health Services (KHS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Little Falls Health Services (LFS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Morris Health Services (MHS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pennington Health Services (PHS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Zumbrota Health Services (ZHS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>SUBTOTAL (SM)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>YEVD (Estimated Earnings)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>PREVIOUS YEVD (Consolidated)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Variance (%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>Cash and cash equivalents</td>
<td>8,064,916</td>
<td>6,198,705</td>
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<tr>
<td></td>
<td>Assets whose use is limited</td>
<td>339,807</td>
<td>339,807</td>
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<tr>
<td></td>
<td>Receivables</td>
<td>7,902</td>
<td>7,902</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
<td>8,404,723</td>
<td>6,539,510</td>
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<tr>
<td></td>
<td><strong>Related Party</strong></td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td></td>
<td><strong>Other</strong></td>
<td>8,404,723</td>
<td>6,539,510</td>
</tr>
<tr>
<td></td>
<td><strong>Prepaid expenses</strong></td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>28,333,999</td>
<td>30,322</td>
</tr>
<tr>
<td></td>
<td><strong>Other</strong></td>
<td>26,626,000</td>
<td>30,322</td>
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<tr>
<td></td>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>2,168,375</td>
<td>3,236,597</td>
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<tr>
<td></td>
<td><strong>related party</strong></td>
<td>1,200,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td></td>
<td><strong>Other</strong></td>
<td>1,268,375</td>
<td>1,236,597</td>
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<tr>
<td></td>
<td><strong>TOTAL OTHER ASSETS</strong></td>
<td>28,066,115</td>
<td>29,052</td>
</tr>
<tr>
<td></td>
<td><strong>Other</strong></td>
<td>28,066,115</td>
<td>29,052</td>
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<tr>
<td></td>
<td><strong>NET TOTAL ASSETS</strong></td>
<td>28,066,115</td>
<td>29,052</td>
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<tr>
<td></td>
<td><strong>Operating Lease - Current</strong></td>
<td>15,194</td>
<td>20,392</td>
</tr>
<tr>
<td></td>
<td><strong>Lease - Current</strong></td>
<td>15,194</td>
<td>20,392</td>
</tr>
<tr>
<td></td>
<td><strong>Accrued expenses</strong></td>
<td>21,583</td>
<td>2,501,236</td>
</tr>
<tr>
<td></td>
<td><strong>Operating Expense</strong></td>
<td>21,583</td>
<td>2,501,236</td>
</tr>
<tr>
<td></td>
<td><strong>Wrap Up Expense</strong></td>
<td>2,501,236</td>
<td>2,501,236</td>
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<tr>
<td></td>
<td><strong>OPERATING EXPENSES</strong></td>
<td>23,084</td>
<td>2,501,236</td>
</tr>
<tr>
<td></td>
<td><strong>Other</strong></td>
<td>23,084</td>
<td>2,501,236</td>
</tr>
</tbody>
</table>

**TOTAL OPERATING EXPENSES**: 23,084

**Total:** 28,066,115

**Prepared:** 28,066,115

**CONSOLIDATING BALANCE SHEETS**: 28,066,115

**CONSOLIDATED**: 28,066,115

**CONSOLIDATED**: 28,066,115

**Variance (%)**: 2.6%

**Related Party**: 1,200,000

**Related Party**: 1,200,000

**Operational Activities**: 28,066,115

**Operational Activities**: 28,066,115

**Other Activities**: 28,066,115

**Other Activities**: 28,066,115

**Total**: 28,066,115

**Total**: 28,066,115

**Current Liabilities**: 2,168,375

**Current Liabilities**: 2,168,375

**Accrued Expenses**: 21,583

**Accrued Expenses**: 21,583

**Operating Expenses**: 21,583

**Operating Expenses**: 21,583

**Net Income**: 28,066,115

**Net Income**: 28,066,115

**CONSOLIDATED**: 28,066,115

**CONSOLIDATED**: 28,066,115

**Variance (%)**: 3.5%

**CONSOLIDATING BALANCE SHEETS**: 28,066,115

**CONSOLIDATED**: 28,066,115

**CONSOLIDATED**: 28,066,115

**LAST YEAR**: 28,066,115

**LAST YEAR**: 28,066,115

**Variance (%)**: -2.6%
### Unaudited Ratios:

- **Debt Service Coverage**: Measures ability to make its debt payments  
- **Quick Ratio**: (Ability to meet current liabilities - Norm 1.2-1.5)
- **Days Cash on Hand**: (Measures how long that cash on hand will cover avg exp)
- **Average Age of Plant**: (FYE 09/20)
- **Ave Pymt Period**: (FYE 09/19)*
- **Debt to Capitalization Ratio**: (FYE 09/22)
- **Capital Spending Ratio**: (FYE 09/21)

### Adjusted Ratios:

- **Debt Service Coverage**: (Measures the avg length of time required to collect revenue)
- **Days in A/R**: (FYE 09/22)
- **Days in A/R**: (Measures the avg length of time required to collect revenue)
- **Days in A/R**: (FYE 09/21)
- **Days in A/R**: (FYE 09/20)
- **Days Cash on Hand**: (FYE 09/22)
- **Days Cash on Hand**: (FYE 09/20)
- **Days Cash on Hand**: (FYE 09/19)*
- **Average Age of Plant**: (FYE 09/22)
- **Average Age of Plant**: (FYE 09/21)
- **Average Age of Plant**: (FYE 09/20)
- **National Median = 12.7 per CliftonLarsonAllen 2019**
- **National Median = 1.1% per CliftonLarsonAllen 2019**
- **Debt to Capitalization Ratio**: (FYE 09/22)
- **Debt to Capitalization Ratio**: (FYE 09/21)
- **Debt to Capitalization Ratio**: (FYE 09/20)
- **Debt to Capitalization Ratio**: (FYE 09/19)
- **Debt Service Coverage**: (FYE 09/22)
- **Debt Service Coverage**: (FYE 09/21)
- **Debt Service Coverage**: (FYE 09/20)
- **Debt Service Coverage**: (FYE 09/19)
- **Debt Service Coverage**: (must be less than 3.0:1)
- **Debt to Equity Ratio**: (FYE 09/22)
- **Debt to Equity Ratio**: (FYE 09/21)
- **Debt to Equity Ratio**: (FYE 09/20)
- **Debt to Equity Ratio**: (FYE 09/19)*
- **Debt to Equity Ratio**: (must be less than 3.0:1)
- **Capital Spending Ratio**: (FYE 09/22)
- **Capital Spending Ratio**: (FYE 09/21)
- **Capital Spending Ratio**: (FYE 09/20)
- **Capital Spending Ratio**: (FYE 09/19)
<table>
<thead>
<tr>
<th>Operating Activities</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td>102,251</td>
</tr>
<tr>
<td>- Receivables - Trade</td>
<td>(39,025)</td>
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<tr>
<td>- Equity Distribution from MHCA</td>
<td>(106,645)</td>
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<tr>
<td>- Accrued Expenses - Other</td>
<td>39,804</td>
</tr>
<tr>
<td>- Contributions for Long-Lived Assets</td>
<td>(55,676)</td>
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<tr>
<td>- Changes in Assets and Liabilities</td>
<td>179,024</td>
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<td>- Receivables - Trade</td>
<td>(146,038)</td>
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<tr>
<td>- Prepaid Expenses</td>
<td>(56,286)</td>
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<td>- Accounts Payable - Related STL</td>
<td>10,400</td>
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<tr>
<td>- Accounts Payable - Related Construction</td>
<td>29,000</td>
</tr>
<tr>
<td>- Notes Payable - Current</td>
<td>-</td>
</tr>
<tr>
<td>- Finance/Opeating Lease</td>
<td>(4,752)</td>
</tr>
<tr>
<td>- Accrued Expenses - Compensation</td>
<td>(1,094)</td>
</tr>
<tr>
<td>- Accrued Expenses - Other</td>
<td>(1,000)</td>
</tr>
<tr>
<td>- Deferred Revenue - COVID</td>
<td>(0)</td>
</tr>
<tr>
<td>- Resident Trust/Security Deposits Liability</td>
<td>(711)</td>
</tr>
<tr>
<td>- Net Cash from Operating Activities</td>
<td>(588,707)</td>
</tr>
<tr>
<td>- Total</td>
<td>10,869,661</td>
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<tr>
<td>- Cash - Beg of Year</td>
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<tr>
<td>- Cash - End of Period</td>
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<tr>
<td>- Total</td>
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<tr>
<td>- Cash used for Investing Activities</td>
<td>34,342</td>
</tr>
<tr>
<td>- Repayment of Long Term Debt</td>
<td>(610,742)</td>
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<tr>
<td>- Change in Self Funded Insurance</td>
<td>(99,443)</td>
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<tr>
<td>- Change in Notes Receivable Related Party</td>
<td>21,356</td>
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<tr>
<td>- Equity Distribution from MHCA</td>
<td>(228,935)</td>
</tr>
<tr>
<td>- Net Cash used for Investing Activities</td>
<td>(8,000)</td>
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<tr>
<td>- Total</td>
<td>258,800</td>
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<td>- Total</td>
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<tr>
<td>- Proceeds from Issuance of Long Term Debt</td>
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<tr>
<td>- Payment of Debt Issuance Costs</td>
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<tr>
<td>- Contribution for Long Lived Assets</td>
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</tr>
<tr>
<td>- Intercompany Transfers</td>
<td>0</td>
</tr>
<tr>
<td>- Total</td>
<td>0</td>
</tr>
</tbody>
</table>

**ST. FRANCIS HEALTH SERVICES OF MORRIS, INC. AND SUBSIDIARIES**

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

October 31, 2021

<table>
<thead>
<tr>
<th>SKILLED NURSING FACILITIES</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Depreciation</td>
<td>12,145</td>
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<tr>
<td>- Amortization</td>
<td>974</td>
</tr>
<tr>
<td>- Loss/(Gain) on Disposal of Property/Equip</td>
<td>1216.3</td>
</tr>
<tr>
<td>- Unrealized Loss/(Gain) on MHCA Investment</td>
<td>-</td>
</tr>
<tr>
<td>- Contributions for Long-Lived Assets</td>
<td>-</td>
</tr>
<tr>
<td>- Changes in Assets and Liabilities</td>
<td>-</td>
</tr>
<tr>
<td>- Receivables - Trade</td>
<td>9,514</td>
</tr>
<tr>
<td>- Prepaid Expenses</td>
<td>(6,108)</td>
</tr>
<tr>
<td>- Accounts Payable - Trade</td>
<td>1,608</td>
</tr>
<tr>
<td>- Accounts Payable - Related STL</td>
<td>-</td>
</tr>
<tr>
<td>- Accounts Payable - Related Construction</td>
<td>-</td>
</tr>
<tr>
<td>- Notes Payable - Current</td>
<td>0</td>
</tr>
<tr>
<td>- Finance/Opeating Lease</td>
<td>(5,146)</td>
</tr>
<tr>
<td>- Accrued Expenses - Compensation</td>
<td>34,342</td>
</tr>
<tr>
<td>- Accrued Expenses - Other</td>
<td>(10,943)</td>
</tr>
<tr>
<td>- Deferred Revenue - COVID</td>
<td>-</td>
</tr>
<tr>
<td>- Resident Trust/Security Deposits Liability</td>
<td>-</td>
</tr>
<tr>
<td>- Net Cash from Operating Activities</td>
<td>(1,145,766)</td>
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<tr>
<td>- Total</td>
<td>141,022</td>
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<tr>
<td>- Operating Lease</td>
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<tr>
<td>- Proceeds from Sale/Purchase of Property &amp; Equipment</td>
<td>(8,000)</td>
</tr>
<tr>
<td>- Increase/(decrease) in Pledged Assets</td>
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<tr>
<td>- Change in Self Funded Insurance</td>
<td>-</td>
</tr>
<tr>
<td>- Change in Notes Receivable Related Party</td>
<td>135,731</td>
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<tr>
<td>- Equity Distribution from MHCA</td>
<td>-</td>
</tr>
<tr>
<td>- Net Cash used for Investing Activities</td>
<td>141,022</td>
</tr>
<tr>
<td>- Total</td>
<td>0</td>
</tr>
<tr>
<td>- Total</td>
<td>1,169,489</td>
</tr>
<tr>
<td>- Total</td>
<td>895,981</td>
</tr>
<tr>
<td>- Total</td>
<td>26,848,459</td>
</tr>
<tr>
<td>Total UnRest Rev, Gains, &amp; Other Supp</td>
<td>Revenues</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td><strong>St. Francis Health Services of Morris (AHS)</strong></td>
</tr>
<tr>
<td>370,583</td>
<td>2,693,246</td>
</tr>
</tbody>
</table>

| Expenses                              | **St. Francis Health Services of Morris (AHS)** | **Prairie Community Services (PCS)** | **Affton Health Services (AHS)** | **Brown Valley Health Center (BVHC)** | **Christian Center (CC)** | **Duluth Health Services (DHS)** | **Farmington Health Services (FHS)** | **Franciscan Center (FC)** | **Gardian Angels Health & Care (GAR)** | **Little Falls Health Services (LFHS)** | **Morris Health Services (MHS)** | **Ponengton Health Services (PHS)** | **Reville Health Services (RHS)** | **Saint Francis Health Services (SFS)** | **SUBTOTAL** | **2022 Estimated Eliminations** | **FYE YTD Consolidated** | **Pretax YTD Consolidated** | **Variable ($)** | **Variable (%)** | |
| 102,251                              | (59,025) | (106,845) | 39,804 | (55,676) | (179,024) | ... | (1,110,746) | 0 | (1,110,746) | (942,605) | (168,141) | 17.8% |
| 370,583                              | 2,262,344 | 360,406 | 313,168 | 521,574 | 915,921 | 695,870 | 410,304 | 505,168 | 466,513 | 632,499 | 754,949 | 446,362 | 469,443 | 392,768 | 7,053,126 | 6,688,894 | **(338,294)** | **9,128,880** | **9,455,655** | **(327,074)** | **-0.3%** |

| **Total Revenue**                     | **St. Francis Health Services of Morris (AHS)** | **Prairie Community Services (PCS)** | **Affton Health Services (AHS)** | **Brown Valley Health Center (BVHC)** | **Christian Center (CC)** | **Duluth Health Services (DHS)** | **Farmington Health Services (FHS)** | **Franciscan Center (FC)** | **Gardian Angels Health & Care (GAR)** | **Little Falls Health Services (LFHS)** | **Morris Health Services (MHS)** | **Ponengton Health Services (PHS)** | **Reville Health Services (RHS)** | **Saint Francis Health Services (SFS)** | **SUBTOTAL** | **2022 Estimated Eliminations** | **FYE YTD Consolidated** | **Pretax YTD Consolidated** | **Variable ($)** | **Variable (%)** | |
| 1,110,746                             | - | - | - | - | - | - | - | - | - | - | - | - | - | - | **0** | **(1,110,746)** | **9,128,880** | **9,455,655** | **(327,074)** | **-0.3%** |
### INCOME STATEMENT RATIOS FOR THE PERIOD ENDING October 31, 2021

| St. Francis Health Services of Morris (SFHS) | Prairie Community Services (PCS) | Atkin Health Services (AHS) | Browns Valley Health Center (BVHC) | Chisholm Health Center (CHC) | Duluth Health Services (DHS) | Farmington Health Services (FHS) | Franciscan Health Center (FHC) | Guardian Angels Health & Rehab Center (GAHR) | Koochiching Health Services (KHS) | Little Falls Health Services (LFHS) | Morris Health Services (MHS) | Pennington Health Services (PHS) | Renville Health Services (RHS) | Zumbrota Health Services (ZHS) | SUBTOTAL SNF/Campus |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating Margin (FYE 09/22) | 4.38% | -1.74% | -20.81% | 12.71% | -10.69% | -19.56% | -16.91% | -13.55% | -23.29% | 1.84% | 17.45% | -23.76% | -28.48% | 12.18% | -22.19% | -16.85% | -12.50% | -12.32% |
| Operating Margin (FYE 09/21) | 3.81% | -3.95% | 3.64% | 15.50% | 6.64% | -2.22% | -1.16% | 19.80% | 4.88% | 12.30% | -3.38% | 4.99% | -9.69% | 1.61% | -10.89% | 1.76% | 0.61% | 1.38% |
| Operating Margin (FYE 09/20) | -12.11% | -0.03% | -3.41% | -2.48% | 5.16% | -3.22% | -12.04% | 12.35% | 6.00% | -0.44% | -8.58% | 2.68% | 1.05% | 2.52% | -3.17% | -0.36% | -0.61% | 0.15% |
| Operating Margin (FYE 09/19)* | 7.38% | -0.48% | 3.95% | 7.50% | 3.90% | -2.66% | -7.75% | 8.21% | 5.47% | -7.26% | -8.20% | -5.22% | -1.01% | 3.36% | -5.16% | -1.57% | -1.23% | -0.43% |
| Operating Margin (FYE 06/18) | -15.83% | -5.45% | -4.29% | 8.17% | 5.55% | 5.62% | 3.24% | 5.64% | 9.59% | 3.00% | -18.52% | 0.11% | 7.94% | 5.53% | 0.83% | 3.14% | 0.29% | 1.31% |

**Total Margin:** (Measures the profitability of an organization) *Measures the profitability of an organization*  
Industry Average for MN Nursing Homes = 2.31% per CliftonLarsonAllen 2019  
Industry Average for MN Nursing Homes = 2.18% per CliftonLarsonAllen 2018

| EBITDA: (FYE 09/22) | 6.39% | 2.39% | -20.84% | 16.42% | -4.39% | -10.30% | 6.40% | -7.54% | -10.30% | 2.47% | -17.45% | -23.67% | -28.47% | -11.97% | -20.58% | -16.69% | -11.49% | -12.17% |
| EBITDA: (FYE 09/21) | 6.12% | 0.00% | 11.06% | 20.51% | 11.73% | 7.47% | 11.56% | 24.76% | 15.40% | 14.64% | 12.77% | 12.55% | 0.61% | 11.31% | 0.19% | 11.66% | 8.96% | 9.48% |
| EBITDA: (FYE 09/20) | -6.69% | 4.12% | 11.33% | 3.51% | 10.38% | 8.33% | 1.44% | 18.26% | 17.43% | 5.27% | 13.97% | 10.35% | 9.68% | 11.62% | 7.18% | 10.07% | 8.19% | 8.62% |
| EBITDA: (FYE 09/19)* | -4.92% | 3.71% | 13.10% | 0.65% | 10.03% | 4.26% | 2.50% | 14.83% | 17.78% | -1.70% | 14.99% | 3.42% | 9.52% | 13.19% | 5.48% | 8.71% | 7.38% | 7.84% |
| EBITDA: (FYE 06/18) | -6.85% | -1.26% | 6.80% | 16.40% | 12.02% | 14.22% | 12.35% | 12.89% | 22.04% | 9.76% | 7.37% | 8.91% | 17.43% | 16.12% | 11.78% | 13.33% | 8.87% | 9.42% |

**EBITDA:** (FYE 09/22)  
Industry Average for MN Nursing Homes = 2.68% per CliftonLarsonAllen 2019  
Industry Average for MN Nursing Homes = 2.32% per CliftonLarsonAllen 2018

| Bad Debts (FYE 09/22) | $ | $50 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $515 | $515 |
| Bad Debt Cost per Resident Day (FYE 09/22) | -$0.01 | $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 | $0.00 | $0.00 | $-0.01 | $-0.01 |
| Bad Debt Cost per Resident Day (FYE 09/21) | $0.78 | $1.78 | $0.38 | $3.03 | $2.48 | $4.09 | $2.19 | $5.84 | $2.26 | $2.17 | $2.62 | $1.73 | $3.38 | $3.87 | $2.59 | $2.38 |
| Bad Debt Cost per Resident Day (FYE 09/20) | $1.58 | $3.42 | $0.88 | $1.10 | $7.74 | $6.10 | $0.41 | $1.31 | $1.07 | $7.59 | $1.90 | $2.13 | $3.10 | $2.73 | $3.31 | $2.85 |
| Bad Debt Cost per Resident Day (FYE 09/19)* | $1.77 | $0.12 | $0.15 | $1.27 | $3.48 | $0.82 | $0.47 | $1.05 | $0.15 | $4.65 | $1.11 | $2.75 | $1.90 | $0.65 | $1.56 | $1.61 |
| Bad Debt Cost per Resident Day (FYE 06/18) | $0.63 | $0.00 | $0.00 | $1.04 | $0.15 | $0.80 | $0.88 | $1.35 | $0.10 | $3.04 | $0.07 | $0.17 | $1.29 | $0.16 | $0.69 | $0.07 |

Industry Average for MN Nursing Homes = 0.11% per CliftonLarsonAllen 2018
### ST. FRANCIS HEALTH SERVICES OF MORRIS, INC. AND SUBSIDIARIES

#### INCOME STATEMENT RATIOS

**FOR THE PERIOD ENDING October 31, 2021**

<table>
<thead>
<tr>
<th>Overall Nursing Casemix Current Month</th>
<th>0.96 0.80 0.99 0.96 0.94 1.16 0.93 0.96 0.94 0.88 0.93 0.93 1.07 0.96</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casemix: (FYE 09/21)</td>
<td>1.03 0.87 1.05 1.04 0.98 0.98 0.91 0.90 0.93 0.98 0.95 1.00 1.11 0.98</td>
</tr>
<tr>
<td>Casemix: (FYE 09/20)</td>
<td>1.01 0.91 1.02 1.01 0.98 1.10 0.94 0.93 1.03 1.01 0.98 1.02 1.01 1.00</td>
</tr>
<tr>
<td>Casemix: (FYE 09/19)*</td>
<td>1.00 0.94 1.00 1.00 1.01 1.04 0.98 0.95 0.97 1.03 1.01 1.00 1.00 1.03</td>
</tr>
<tr>
<td>Casemix: (FYE 06/18)</td>
<td>0.99 0.98 1.05 1.08 1.10 1.07 1.04 0.97 1.00 1.01 1.07 1.01 1.01 1.07</td>
</tr>
<tr>
<td>Casemix: (FYE 09/22)</td>
<td>1.54 1.17 1.32 1.25 1.43 1.65 1.23 1.23 1.42 1.34 1.03 1.08 1.17 1.30</td>
</tr>
<tr>
<td>Casemix: (FYE 09/21)</td>
<td>1.54 1.17 1.32 1.25 1.43 1.65 1.23 1.23 1.42 1.34 1.03 1.08 1.17 1.30</td>
</tr>
<tr>
<td>Casemix: (FYE 09/21)</td>
<td>1.40 1.40 1.24 1.29 1.42 1.56 1.24 1.21 1.42 1.47 1.04 1.30 1.34 1.33</td>
</tr>
<tr>
<td>Casemix: (FYE 09/22)</td>
<td>0.95 0.78 0.93 0.91 0.89 1.14 0.89 0.87 0.86 0.91 0.92 1.07 0.93</td>
</tr>
<tr>
<td>Casemix: (FYE 09/21)</td>
<td>0.99 0.85 1.01 1.01 0.93 0.97 0.89 0.87 0.88 0.95 0.94 0.98 1.00 0.95</td>
</tr>
<tr>
<td>Skilled Nursing Occupancy Current Month</td>
<td>82.18% 94.75% 68.48% 81.28% 81.64% 91.01% 62.69% 82.16% 86.39% 87.23% 66.36% 71.90% 73.55% 79.20%</td>
</tr>
<tr>
<td>Occupancy: (FYE 09/22)</td>
<td>82.18% 94.75% 68.48% 81.28% 81.64% 91.01% 62.69% 82.16% 86.39% 87.23% 66.36% 71.90% 73.55% 79.20%</td>
</tr>
<tr>
<td>Occupancy: (FYE 09/21)</td>
<td>82.66% 90.36% 71.37% 76.65% 80.13% 96.75% 66.17% 86.56% 80.98% 83.65% 61.18% 73.06% 70.17% 78.44%</td>
</tr>
<tr>
<td>Occupancy: (FYE 09/20)</td>
<td>97.53% 80.08% 90.84% 83.99% 75.57% 93.43% 88.61% 81.08% 82.51% 84.39% 87.33% 78.91% 84.07% 85.26%</td>
</tr>
<tr>
<td>Occupancy: (Oct18-Sep19)</td>
<td>97.88% 89.35% 91.09% 90.86% 87.41% 97.63% 93.56% 68.87% 70.95% 84.42% 93.90% 84.25% 89.19% 89.22%</td>
</tr>
<tr>
<td>Occupancy: (FYE 09/19)*</td>
<td>98.06% 90.91% 92.15% 91.01% 87.47% 97.82% 93.16% 88.29% 70.26% 95.95% 94.44% 86.69% 89.52% 0.00%</td>
</tr>
<tr>
<td>Occupancy: (FYE 09/18)</td>
<td>90.63% 96.06% 91.21% 93.24% 88.27% 95.85% 94.75% 92.58% 62.03% 91.41% 94.75% 77.26% 95.94% 89.89%</td>
</tr>
<tr>
<td>Industry Average for MN Nursing Homes = 88.1% per CliftonLarsonAllen 2019</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group Home/Housing with Services (HWS) Occupancy</th>
<th>85.95% 94.85% 78.16% 87.95% 84.42% 93.90% 84.25% 89.19% 89.22%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy: (FYE 09/22)</td>
<td>85.95% 94.85% 78.16% 87.95% 84.42% 93.90% 84.25% 89.19% 89.22%</td>
</tr>
<tr>
<td>Occupancy: (FYE 09/21)</td>
<td>85.43% 85.62% 94.84% 46.21% 93.42% 57.08% 64.08% 71.04% 68.90%</td>
</tr>
<tr>
<td>Occupancy: (FYE 09/20)</td>
<td>87.29% 95.09% 91.20% 78.61% 97.17% 74.54% 82.73% 86.33% 86.51%</td>
</tr>
<tr>
<td>Occupancy: (FYE 09/19)*</td>
<td>86.46% 82.17% 94.55% 87.33% 97.22% 75.17% 83.87% 89.38% 88.71%</td>
</tr>
<tr>
<td>Occupancy: (FYE 09/18)</td>
<td>87.52% 77.79% 91.54% 86.53% 97.87% 94.94% 88.40% 89.23%</td>
</tr>
</tbody>
</table>

### Industry Average for MN Nursing Homes = 86.50% per CliftonLarsonAllen 2018

<table>
<thead>
<tr>
<th>SNF Average</th>
<th>0.96 0.93 0.93 1.07 0.96</th>
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<tbody>
<tr>
<td>FYE 09/22 Avg Length of Stay (LOS)</td>
<td>32 218 413 131 128 1155 595 5452 177 582 33 788 0 746</td>
</tr>
<tr>
<td>FYE 09/22 Avg LOS - Medicare Stays only</td>
<td>32 0 30 0 21 15 0 26 22 34 10 0 16</td>
</tr>
<tr>
<td>FYE 09/22 Avg LOS - Other Skilled Stays only</td>
<td>0 32 0 43 0 68 17 17 28 0 21</td>
</tr>
</tbody>
</table>
### St. Francis Health Services of Morris, Inc. and Subsidiaries

#### Income Statement Ratios

For the Period Ending October 31, 2021

<table>
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<tr>
<th>St. Francis Health Services of Morris (SFHS)</th>
<th>Prairie Community Services (PCS)</th>
<th>Aitkin Health Services (AHS)</th>
<th>Browns Valley Health Center (BVHC)</th>
<th>Chisholm Health Center (CHC)</th>
<th>Duluth Health Services (DHS)</th>
<th>Farmington Health Services (FHS)</th>
<th>Franciscan Health Center (FHC)</th>
<th>Guardian Angels Health &amp; Rehab Center (GAHR)</th>
<th>Koochiching Health Services (KHS)</th>
<th>Little Falls Health Services (LFHS)</th>
<th>Morris Health Services (MHS)</th>
<th>Pennington Health Services (PHS)</th>
<th>Renville Health Services (RHS)</th>
<th>Zumbrota Health Services (ZHS)</th>
<th>SUBTOTAL YTD Consolidated before Eliminations</th>
<th>FYE 09/21 YTD Consolidated with Estimated Eliminations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skilled Nursing Census - 10/01/2021</td>
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*FYE Ending 09/30/2019 was 15 months - July 2018 - September 2019*
For the Period Ending 10/01/2020 through: 10/31/2021

<table>
<thead>
<tr>
<th>Census Days by Pay</th>
<th>FYTD Occupancy</th>
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<tbody>
<tr>
<td>Medicare A</td>
<td>1364 82.18%</td>
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<tr>
<td>Veterans</td>
<td>1334 82.0%</td>
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<tr>
<td>MSHO Skilled/MCR</td>
<td>1085 94.75%</td>
</tr>
<tr>
<td>MSHO Unskilled</td>
<td>2170 68.48%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>2852 81.28%</td>
</tr>
<tr>
<td>Hospice</td>
<td>1457 91.01%</td>
</tr>
<tr>
<td>Private</td>
<td>1386 81.24%</td>
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<tr>
<td>Insurance</td>
<td>2604 81.64%</td>
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<tr>
<td>Total</td>
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For the Period of 10/01/2019 through: 10/31/2021

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<thead>
<tr>
<th>Census Days by Pay</th>
<th>FYTD Occupancy</th>
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<tr>
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<td>159 82.16%</td>
</tr>
<tr>
<td>Veterans</td>
<td>159 82.16%</td>
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<tr>
<td>MSHO Skilled/MCR</td>
<td>74 94.8%</td>
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<tr>
<td>MSHO Unskilled</td>
<td>2170 68.48%</td>
</tr>
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<table>
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<tr>
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For the Period of 10/01/2019 through: 10/31/2021

<table>
<thead>
<tr>
<th># of Days</th>
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<tbody>
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<td>Total</td>
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7% 5% 3% 3% 56% 4% 22% 0% 100% 6% 6% 1% 2% 62% 3% 19% 1% 100%

PCS 7247 7247

Grand Total 1271 954 490 600 10939 762 4331 71 19418 71 26665

7% 5% 4% 2% 2% 68% 3% 16% 0% 100%

PCS 7247 7247

Grand Total 1271 954 490 600 18186 762 4331 71 19418 71 26665

7% 5% 4% 2% 2% 68% 3% 16% 0% 100%

PCS 7247 7247

Grand Total 1271 954 490 600 10939 762 4331 71 19418 71 26665

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PCS 7247 7247

Grand Total 1271 954 490 600 18186 762 4331 71 19418 71 26665

7% 5% 4% 2% 2% 68% 3% 16% 0% 100%
| BANK | LOAN # | LOAN DESCRIPTION | Tr/Tax Exempt | Pre-Pay Penalty | Interest Rate | Maturity Date | Issue Date of Loan | Original Loan Amount | SFRG | PCS | AHG | BVHC | CHC | DSH | FHS | FHC | GAM | RGX | LHS | MHS | PHS | RHS | ZHS | Total |
|------|--------|------------------|---------------|----------------|---------------|---------------|-------------------|----------------------|------|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| 15477 | HCF Rev Note series 2014a TE Yes 2.813% 7/3/2014 7/1/2039 7/1/2024 $80,432 $4,810,000 $3,737,782 $3,737,782 |
| 52897 | HCF Rev Note Series 2014a, Chisholm Major Project 2007 / previous Note 8 50977 TE Yes 2.813% 7/3/2014 7/1/2034 7/1/2024 $29,239 $1,997,000 $1,396,551 $1,396,551 |
| 510977 | HCF Rev Note Series 2012a TE Yes 3.545% 12/17/2003 12/17/2023 12/17/2023 $6,501 $1,326,500 $125,009 $125,009 |
| 177877 | HCF Rev Note Series 2014A TE Yes 2.813% 7/3/2014 7/1/2034 7/1/2024 $6,945 $986,000 $298,800 $298,800 |
| 18088091 | HCF Rev Note Series 2010a, 4.14% 20 month, 4.25%; Refinance Note Series 2015b TE No 2.813% 12/10/2015 12/10/2035 12/10/2020 $26,668 $1,914,128 $1,454,089 $1,454,089 |
| 16180902 | HCF Rev Note Series 2009a; 2.445,000; 240 months; 4.23%; Refinance #21426, Services Project) TE No 2.930% 12/10/2009 12/1/2029 12/10/2024 $44,859 $5,165,000 $2,306,502 $2,306,502 |
| 16180903 | HCF Rev Note Series 2009a; 2.445,000; 240 months; 4.23%; Refinance Existing Loans TE No 2.930% 12/10/2009 12/1/2029 12/10/2024 $30,114 $2,465,000 |
| 177278 | HCF Rev Note 2012 ZHS PRG 4.0% TE Yes 4.000% 11/19/2010 11/19/2030 11/19/2020 $37,739 $1,938,878 $1,072,532 $1,072,532 |
| 81-8 | HCF Rev Note Series 2010a 4.25%, Vertical rate reset on 11/23/2009 to 4% TE No 4.000% 10/22/2004 2/1/2024 10/22/2019 $16,918 $1,158,332 $249,233 |
| 211935 | HCF Rev Note Series 2015A TE Yes 2.131% 7/29/2015 7/29/2035 $41,913 $12,311,880 |
| 211936 | HCF Rev Note Series 2015A TE Yes 2.131% 7/29/2015 7/29/2035 $41,913 $12,311,880 |
| 211937 | HCF Rev Note Series 2015A TE Yes 2.131% 7/29/2015 7/29/2035 $41,913 $12,311,880 |
| 2231392 | HCF Rev Note Series 2015a, First Health Services Project TE Yes 4.166% 11/11/2013 11/11/2033 $78,885 $3,961,690 |
| 2231395 | HCF Rev Note Series 2015a, First Health Services Project TE Yes 4.166% 11/11/2013 11/11/2033 $78,885 $3,961,690 |
| 16482 | Suncrest Purchase 3.60%; Revenue Note 2011 TE Yes 3.600% 6/30/2011 7/1/2036 6/30/2021 $110,725 $4,011,654 |
| 134685 | HCF Rev Note Series 2011a 4.8% $5,070,000 TE NO 4.000% 7/30/2011 7/31/2031 7/29/2021 $103,721 $3,670,890 $1,444,104 |
| 14289 | DSH Project 2020 TE Yes 2.801% 2/15/2020 2/15/2025 2/15/2020 $986,000 $298,800 $298,800 |

**SUBTOTAL PROPERTY DEBT (EXTERNAL LOANS)**

| Bank | Description | Issue Date | Original Amount | Interest Rate | Maturity Date | Pre-Pay Penalty | Amortization Fees Due | SFRG | PCS | AHG | BVHC | CHC | DSH | FHS | FHC | GAM | RGX | LHS | MHS | PHS | RHS | ZHS | Total |
|------|-------------|------------|----------------|---------------|---------------|-------------------|----------------------|------|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| BANK | LOAN # | LOAN DESCRIPTION | InTax Tr/Tax Exempt | Pre-Pay Penalty | Interest Rate | Issue Date or Date of Lease | Maturity Date | Amortization Fees attached as of 09/30/21 | ORIGINAL LOAN AMOUNT | SRVGS | PCS | AVG | BHGC | CHC | DHS | FHS | FHC | GARR | RDS | LFHS | MHS | PHS | RHS | ZHS | Total |
|------|--------|------------------|---------------------|----------------|-------------|---------------------------|--------------|------------------------------------------|----------------------|--------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
|      |                |                  |                     |                |             |                           |              |                                          |                      |        |     |     |     |     |     |     |     |     |     |     |     |     |     |     | $3,234,812 |
|      |                |                  |                     |                |             |                           |              |                                          |                      | $17,748 |     |     |     |     |     |     |     |     |     |     |     |     |     |     | $266,539 |
|      |                |                  |                     |                |             |                           |              |                                          |                      | $448,496 |     |     |     |     |     |     |     |     |     |     |     |     |     |     | $4,329,372 |
|      |                |                  |                     |                |             |                           |              |                                          |                      | $0     |     |     |     |     |     |     |     |     |     |     |     |     |     |     | $121,570 |
|      |                |                  |                     |                |             |                           |              |                                          |                      | $1,247,804 |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     | $1,843,978 |
|      |                |                  |                     |                |             |                           |              |                                          |                      | $0     |     |     |     |     |     |     |     |     |     |     |     |     |     |     | $27,016,695 |

**Vehicle for PCS T NA 7.84% 1/21/2019 1/1/2023**
- Lease Term: $0
- $24,938
- $13,485
- $13,485

**Vehicle for PCS T NA 7.84% 1/21/2019 1/1/2023**
- Lease Term: $0
- $24,938
- $13,485
- $13,485

**Vehicle for SFHS T NA 7.40% 3/2/2018 2/1/2023**
- Lease Term: $0
- $23,324
- $9,331
- $9,331

**Vehicle for PCS T NA 7.53% 3/9/2018 2/1/2023**
- Lease Term: $0
- $23,257
- $9,528
- $9,528

**4 Van loans for PCS T No 3.990% 4/1/2016 4/1/2022**
- Loan Term: $0
- $99,150
- $8,963
- $8,963

**Vehicle for PCS T NA 7.00% 2/11/2020 2/1/2025**
- Lease Term: $0
- $24,563
- $18,528
- $18,528

**Vehicle for PCS T NA 8.12% 1/7/2019 1/1/2023**
- Lease Term: $0
- $24,044
- $13,125
- $13,125

**Vehicle for PCS T NA 6.82% 4/27/2020 4/1/2025**
- Lease Term: $0
- $45,023
- $25,617
- $25,617

**$3,234,812**
- $17,748
- $266,539
- $448,496
- $0
- $868,793
- $312,074
- $4,329,372
- $121,570
- $4,923,870
- $9,401,639
- $1,247,804
- $1,843,978
- $0
- $27,016,695

**Vehicle for PCS T NA 7.33% 4/16/2019 4/1/2024**
- Lease Term: $0
- $25,910
- $14,997
- $14,997

**Vehicle for PCS T NA 6.83% 2/19/2020 2/1/2025**
- Lease Term: $0
- $24,563
- $18,589
- $18,589

**Port Leasing Dishwasher**
- Operating Lease: $174
- $174

**Pitney Bowes Postage Meter**
- Operating Lease: $5,043
- $5,043

**Marco Lease**
- Operating Lease: $1,731
- $1,731

**Subtotal Vehicle Debt/Finance Lease (External)**
- $1,984,877
- $102,041
- $669,270
- $9
- $9
- $9
- $0
- $0
- $1
- $0
- $0
- $0
- $0
- $0
- $0
- $0
- $0
- $0
- $0
- $0
- $797,015

**Equitable Postage meter**
- Operating Lease: $1,719
- $1,719

**Govern Postage meter**
- Operating Lease: $2,424
- $2,424

**Barnes Postage Meter**
- Operating Lease: $274
- $274

**Port Leasing Stihl saws**
- Operating Lease: $3,861
- $1,194
- $1,788
- $6,531

**Laser Stihl saws**
- Operating Lease: $117
- $117

**Subtotal Other Leases**
- $5,123
- $56,520
- $8,883
- $35,874
- $17,986
- $86,962
- $61,307
- $20,996
- $19,166
- $292,830
- $3,239,035
- $10,934
- $61,974
- $48,371
- $494,064

**ST. FRANCIS HEALTH SERVICES OF MORRIS, INC. AND SUBSIDIARIES**

**Debt Summary**

**September 30, 2021**

**GRAND TOTAL OF ALL LOANS (INTERNAL/EXTERNAL & VEHICLE)**
- $101,164
- $4,789,954
- $4,378,817
- $1,146,770
- $2,896,950
- $1,720,333
- $19,443,366
- $3,234,075
- $10,282,928
- $4,353,901
- $58,714
- $48,371
- $494,064

**INTEGRAL LINES WITH SFPN**
- $0
- $0
- $0
- $0
- $0
- $0
- $0
- $0
- $0
- $0
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- $0
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- $0

**$113,695,759**
SFHS American Rescue Plan Rural Distribution Received Nov 2021

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<th>BV</th>
<th>CHC</th>
<th>DHS</th>
<th>FHC</th>
<th>PHS</th>
<th>GA</th>
<th>KHS</th>
<th>LFHS</th>
<th>MHS</th>
<th>PHS</th>
<th>RHS</th>
<th>ZHS</th>
<th>PCS</th>
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<td>$124,280</td>
<td>$78,801</td>
<td>$174,961</td>
<td>$33,323</td>
<td>$12,154</td>
<td>$10,892</td>
<td>$241,794</td>
<td>Not Rec'd</td>
<td>$150,843</td>
<td>$188,677</td>
<td>$190,622</td>
<td>$103,508</td>
<td>$77,184</td>
<td>$277,888</td>
<td>$1,664,939</td>
</tr>
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ARP Rural  
$8.5 Billion

Payments based on amount and type of Medicare, Medicaid, and CHIP services provided to rural patients from Jan. 1, 2019 through Sept. 30, 2020. Eligible providers can receive payments from both PRF Phase 4 and ARP Rural. Payments from both programs can be used for changes in operating revenues and expenses dating back to Jan. 1, 2020.

Who is eligible?  
Providers or suppliers who bill Medicare (Parts A, B, and C), Medicaid (fee-for-service or managed care), and/or CHIP, and operate in or serve patients in a rural area, including:
- Rural health clinics and critical access hospitals
- In-home health, hospice, or long-term services
- And others – see if you're eligible
American Rescue Plan Funds to be Sent to Care Centers to Fund Bonuses

On December 2, 2021 by Jeff Bostic

The Minnesota Department of Human Services (DHS) is developing plans to distribute the $50 million in American Rescue Plan funds to care centers after an announcement from Gov. Walz last week. This funding is to provide recruitment and retention bonuses to staff when staffing shortages are having a significant impact on care centers statewide. The Long-Term Care Imperative is pleased that the Administration has heard our workforce concerns and is taking steps to address that problem.

DHS is planning to send out the funds by mid-December, along with some form of “attestation” that providers will sign indicating that they will use the funds for the intended purpose. It is expected that providers will have 90 days to provide retention and recruitment bonuses to care center staff. It appears that the terms placed on the funding will allow considerable flexibility in how the funds go to employees, including allowing recruitment bonuses to continue to be paid beyond the 90-day period if providers choose to do so. Funds will be distributed based on Medicaid days from the 2020 cost report. While the amount per day is not yet final, it appears likely to be just under $11.

In addition to these emergency funds, the Governor’s announcement also included using the state’s emergency authority under Minnesota Statute 12A.10 to provide additional assistance to care centers in 2022. DHS is looking into possible ways to design something under that statute, and we are working with the Department to shape policies that can address the severe workforce challenges that care centers continue to face.
Occupancy, Admissions & Discharges:
- Program services occupancy is at 89% (243 of 273)
- Billable occupancy October 2021 was 85.95%; FYTD 85.95%; PYTD 85.43%
- Open Beds: 2-ICF/IID, 12-AFC/IID, 9-AFC/MI, 0-CFC, and 6-IRTS
- Admissions: 9/1/21-10/31/21 – 10 (0 ICF/IID, 0 AFC/IID, 0 AFC/MI, 0 CFC, 10 IRTS, 0 APT)
- Discharges: 9/1/21-10/31/21 – 16 (0 ICF/IID, 4 AFC/IID, 4 AFC/MI, 0 CFC, 10 IRTS, 1 APT)

As noted in past reports four properties are not providing services: Ashwood (Alexandria) closed on 12/20/17, Eaglewood (Morris) closed on 8/30/2019, Crosswood (Barrett) has four inactive beds as of 5/12/21 and Parkview (Hancock) has four inactive beds as of 6/28/21. Parkview will be sold with closing to occur Dec 16th. Three of the beds will be moved to the County following the sale of the property and one bed will be moved to Eaglewood.

Countrywood (Osakis) had the fire that started in the garage on September 19th and we have been working very hard to get the repair/construction of the garage and outside completed for the home. This way we can work inside as the weather gets colder. The trusses and roof were just completed this week.

Rollingwood; After our 3rd meeting with Nicollet County on 11/29 we will not start the conversion process from an Intermediate Care Facility to Child Foster Care program. The timeline will be set for May 1st; steps for conversion have started for each of the three people current being served and their team members. This will stabilize the home at a census of three out of three and will grow to four if Nicollet County has a future referral that would be a fit for the Rollingwood home.

CMS just approved the inflationary updates for the Disability Waiver Rate System for the Adult Foster Care programs. They have not posted the new rate setting forms, once these forms are posted we can calculate out the increased revenue for each program/home. These rate changes are effective 1/1/2022.

COVID-19 Positive Test Count
- 49 programs
- 66 people being served at 28 sites.
- 99 staff at 38 sites.

COVID-19 Vaccinations
- 207 people being served received, 81%
- 267 staff received, 44%.
- Arlington
  - 25 total DSP, nursing, maintenance and supervisory staff. Currently has 24 staff vaccinated and 1 staff that is unvaccinated.
- Rollingwood
  - 20 total DSP, nursing, maintenance and supervisory staff. Currently has 15 staff vaccinated and 5 staff that are unvaccinated.

MN Department of Health surveys (none)

MN Department of Human Services (DHS)
- No communication for the potential licensing visit in December 2021.

County Licensing
- County licensing visits were completed at 8 Foster Care Programs and were licensed in November and December 2021. All eight programs had zero corrections/citations.

Respectfully submitted,
Chad Meyer
VP of Behavioral and Developmental Services
### Aitkin Health Services (44) 0 on layaway eff 01/01/18
- Michelle Skillings began DON duties on 11/24/21.
- The MAP has been completed and inspected by MDH engineering.

### Browns Valley Health Center (35) 6 on layaway 07/01/2020
- Sandra Fryer will begin Dietary Director duties on 12/08/21. Danielle Sagissor resigned in November.

### Chisholm Health Center; Heritage Manor (70) 19 on layaway eff 9/1/19 & (6) I/L units
- MDH CS on 10/26/21: not substantiated, no deficiencies.
- USW Negotiations (non-exempt RN’s and LPN’s) and a 3 year CBA completed.
- Chris Lawrence, began his DON duties on 11/01/21.
- Brooke Cunha, stepped down as DON, taking P.M. RN Charge duties. She’s expecting twins shortly.

### Duluth Health Services; View crest Health Center (92) 0 layaway 9/1/19 Suncrest AL (45)

### Franciscan Health Center (47) 0 on layaway
- MDH Annual survey completed on 10/29/21; 5-D & 2-C and 5 Life Safety tags.

### Farmington Health Services; Trinity Care Center (84) 6 layaway 9/1/19 Terrace (54) Memory Suites (10)
- Sarah Banks will begin DON duties on 12/06/21.

### Guardian Angels Health & Rehabilitation Center (90) 12 on layaway effective 9/1/19
- MDH CS on 10/27/21 for infection control was unsubstantiated with no deficiencies.

### Koochiching Health Services; Little fork CC (49) 3 on layaway Jack Pine Chateau (12)
- MDH CS on 11/16/21. Three complaints substantiated but no deficiencies were received.
- Continuing recruitment for a Dietary manager.

### Little Falls Health Services; LF Care Center (64) 0 on layaway Bridgeway Estates (42)
- Austin Ver Steeg began Administrator duties on 11/22/21.
- Sierra Oustad will begin Accountant duties on 12/02/21.

### Morris Health Services; West Wind Village (72) layaway 10-1/1/20: 11-7/1/18 Skyview Court (33); Plaza (39); Walnut Court (8); Rural Rehabilitation Services
- Skyview Court has transitioned all but 1 resident to Skyview Plaza. This resident has submitted an appeal for the termination of services. A hearing will be held on 12/09/21 to determine next steps.
- WWV is in the process of moving residents in preparation for daycare remodeling.

### Pennington Health Services dba Thief River Care Center (70)
- MDH CS on 11/17/21; 1-D.
- Pending legislative site visit in December.

### Renville Health Services; RenVilla (45) layaway 1-2/1/19, 10-1/1/21 Meadows on Main (39); Prairie View (34)
- Meadows On Main, East Ridge Court, RenVilla and Prairie View completed repairs this month from 09/04/20 hail damage. Damages were identified in the Spring 2021.
Zumbrota Care Center began transition to Yardi EHR the end of November.

MDH CS on 11/23/21; unsubstantiated. A lift broke while a resident was transferring. Resident sustained only minor injuries. Unsubstantiated due to the care center completing all required preventative maintenance according to manufacturer recommendations.

Overall:

**CMS Vaccine Mandate:** CMS’ regulation requires non-vaccinated staff response (becoming vaccinated or submitting a request for a medical or religious exemption) by 12/06/21. Staff are working through the policy and impact.

**COVID:** Continue to address COVID issues, opening & closing units and quarantining staff as needed.

**OCCUPANCY:** Recent 2 week Occupancy Tracking Summary:
Chisholm Health Center MEP Pictures 11/23/21:
## SFHS Non-Vaccinated Staff Summary Info

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- **Need for Nat Guard**
  - No
  - Not Now

- **Redcap Submitted**
  - N/A
HR HIGHLIGHTS: DECEMBER, 2021 BOARD MEETING

I. OPEN POSTION UPDATE – Corporate:

- Two (2) Revenue Cycle associate positions filled: Start date of 12/6/2021
- VP Finance, CFO position: 2 qualified and interested candidates interviewed 12/3/2021

II. GLOBAL TALENT ASQUITION: Nursing positions

A. **PRC Corp** (Texas based); focus on international nurse candidates

   - Signed agreement with PRC Corp (Texas based)
   - Cost per Nurse placement: $20K;
   - PRCC has placed one nurse at Aitken (Kenyan national) – excellent performer

B. **Muge Law** (Nairobi, Kenya); focus on international nurse candidates

   - Draft agreement projected to be signed 12/13/2021;
   - Cost per Nurse placement $10K
   - Eight (8) candidates identified; working through nuanced legal and nursing requirements – projected placement date early summer
   - **Labor stability:** Global employees are legally “employer sponsored by SFHS” – therefore cannot jump ship and go to another employer.

   - **NEXT STEPS:** Source two (2) more International vendors: Philippine based; Canadian (TN) based; projected completion date 2/15/2022

III. LABOR MARKET:

   - No domestic clinical labor market – retirees exiting, Nursing schools struggling to find Nurse Professors to augment enrollment
   - Tremendous competition from large Health systems for nurse talent (e.g. Sanford paying $20 referral bonus).
   - Increasing escalation for other hourly wage personnel – dietary, environmental services, etc.