BOARD OF DIRECTORS
REGULAR MEETING

6:00 p.m. meeting
Tuesday, April 4, 2017

Dinner provided for Board members & invited guests

I. CALL TO ORDER

II. PUBLIC COMMENTS

5 minutes allowed per speaker, with a cumulative total of 15 minutes per group
For further details and policy see Request for Public Comments notices available in the meeting room

III. INFORMATION ITEMS
*A. New Grants, Palomar Health Development and the Palomar Health Foundation Diane Hansen 10 — 6:25

IV. OLD BUSINESS
A. Prior Meeting Action Items – NONE

V. NEW BUSINESS (taken out of order to accommodate guests)

VI. MINUTES
*A. Tuesday, October 25, 2016 (Addendum B – Pp26-32) 5 4 6:40

VII. PRESENTATIONS
A. Update on Grants & Contracts Inventory (Addendum C – Pp33-38) Aimee Ebner 10 5 6:50

VIII. NEW BUSINESS (Continued)
*B. New Branding Diane Hansen 10 6 7:00
*C. Resolution No. 04.04.17(02)-2 – Acknowledging Appointment of the New Board, Ratifying Appointment of the Chairperson, and Confirming Election of Officers for Calendar Year 2017 10 7-8 7:10
*D. Resolution No. 04.04.17(03)-3 – Confirming Appointment of Corporate Officers for Calendar Year 2017 10 9-10 7:20
*E. Resolution No. 04.04.17(04)-4 – Setting the Date, Time & Location for the Remaining Meeting for Calendar Year 2017 5 11-12 7:25
*G. Administrative Oversight for Palomar Health Development Diane Hansen 10 14 7:45

IX. BOARD MEMBER COMMENTS/FUTURE AGENDA ITEMS

X. FINAL ADJOURNMENT

Next Regular Meeting: TBD

If you have a disability, please contact us 72 hours prior to scheduled meeting time by calling 760-740-6383 to arrange reasonable accommodations
TO: Palomar Health Development Board of Directors  
MEETING DATE: Tuesday, April 4, 2017  
FROM: Diane Hansen, Chief Financial Officer  

Background: Palomar Health Development, Inc. (“Palomar Health Development”), in accordance with Article VII Section 7.09 of its Bylaws, is required to make available an Annual Report within 120 days after the close of the Corporation’s fiscal year. The Annual Report is to be accompanied by either the accountant’s certification if audited, or the certificate of an authorized officer of the Corporation if unaudited. The Annual Audited Financial Report for Fiscal Year End 2016 – which will serve as the Annual Report – has been delayed for good and purposeful reasons.

The Annual Financial Report for Fiscal Year End 2016 (Audited) was prepared by Aldrich CPAs + Advisors, LLC (formerly known as AKT, LLP), of San Diego, California, and is hereby presented to the Board of Palomar Health Development for consideration and acceptance as the Annual Report (Addendum A).

Budget Impact: N/A

STAFF RECOMMENDATION: Staff recommends adoption of Resolution No. 04.04.17(01)-1 authorizing acceptance of the Independent Audit of Palomar Health Development, Inc., for Fiscal Year End 2016 as the Annual Report.

Motion:  
Individual Action: X  
Information:  
Required Time:
RESOLUTION OF THE BOARD OF DIRECTORS OF
PALOMAR HEALTH DEVELOPMENT, INC.
AUTHORIZING ACCEPTANCE OF THE INDEPENDENT AUDIT
OF THE ANNUAL FINANCIAL REPORT OF
PALOMAR HEALTH DEVELOPMENT, INC., FOR FISCAL YEAR END 2016
AS THE ANNUAL REPORT
(in accordance with Article VII, Section 7.09 of the Bylaws of Palomar Health Development, Inc.)

WHEREAS, Palomar Health Development, Inc. [Palomar Health Development] is required, pursuant to Section 54954 of the California Government Code and Article VII, Section 7.09 of the Palomar Health Development Bylaws, to pass a resolution accepting the Annual Report; and,

WHEREAS, no later than one hundred twenty (120) days after the close of the Corporation’s fiscal year, the Corporation shall make available to each director an Annual Report in accordance with Section 6321 of the Law, which shall be accompanied by any report of independent accountants or, if there is no such accountant’s report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the books and records of the Corporation; and,

WHEREAS, it is understood that the Fiscal Year End 2016 Audit was delayed for good and purposeful reasons and, therefore, not completed within 120 days;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of Palomar Health Development that the Annual Financial Report for Fiscal Year End 2016 (Audited) of Palomar Health Development, Inc., a California Nonprofit Public Benefit Corporation, as augmented by the report of independent accountants of Aldrich CPAs + Advisors, LLC (formerly known as AKT, LLP), of San Diego, California, dated March 27, 2017, and adopted in the form attached hereto, is hereby accepted as the Annual Report of Palomar Health Development.

PASSED AND ADOPTED at the meeting of the Board of Directors of Palomar Health Development, held on April 4, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

DATED: April 4, 2017

APPROVED: ATTESTED:

Hans Christian Sison, Chairperson
Board of Directors
Palomar Health Development, Inc.

, Secretary
Board of Directors
Palomar Health Development, Inc.
TO: Palomar Health Development Board

MEETING DATE: Tuesday, April 4, 2017

FROM: Tanya Howell, Corporate Secretary

Background: The minutes of the Regular Meeting held on Tuesday, October 25, 2016, are respectfully submitted for approval (Addendum B).

Budget Impact: N/A

STAFF RECOMMENDATION: Approval of the Tuesday, October 25, 2016, Regular Meeting minutes.

Motion: X

Individual Action:

Information:

Required Time:
TO: Palomar Health Development Board

MEETING DATE: Tuesday, April 4, 2017

FROM: Diane Hansen, Chief Financial Officer

Background: Aimee Ebner will update the Board on grants managed by Health Development (Addendum C).

Budget Impact: None.

STAFF RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:
Palomar Health Development, Inc.
New Branding Recommendations

TO: Palomar Health Development Board
MEETING DATE: Tuesday, April 4, 2017
FROM: Diane Hansen, Chief Financial Officer

Background: In late 2016, Palomar Health changed the branding guidelines and logo of the District, noting that, “Our logo is an element of our brand that helps communicate who we are and what we do”. As Palomar Health is the sole member of the Corporation Palomar Health Development, Inc. (“PHD”)—whose primary purpose is to support, perform the functions of, and carry out the charitable, scientific, and educational purposes of Palomar Health—Management is requesting the Board’s consideration of an update to PHD’s corporate logo to correspond with the new branding guidelines of Palomar Health. Two options for a new logo are embedded below for the Board’s consideration.

Budget Impact: Minimal

STAFF RECOMMENDATION: Staff recommends that the Board adopt one of the logos drafted for its consideration.

Motion: X
Individual Action:
Information: X
Required Time:
Resolution No. 04.04.17(02)-2 Acknowledging Appointment of the New Board, Ratifying Appointment of the Chairperson, and Confirming Election of Officers for Calendar Year 2017

TO: Palomar Health Development Board

MEETING DATE: Tuesday, April 4, 2017

FROM: Diane Hansen, Chief Financial Officer

Background: The Bylaws of Palomar Health Development, Inc. (“Palomar Health Development”) {ARTICLE IV, Section 4.03(a) as amended February 3, 2014} require that the Board’s Annual Meeting be held in January or February. For good cause, that meeting is being held in the month of April.

ARTICLE IV, Section 4.07 also requires that the Board elect officers at its Annual Organizational Meeting: “One member shall be elected as Chairperson, one as Vice-Chairperson and one as Secretary. The Board may also appoint the Treasurer at the Annual Organizational Meeting.”

- The officers for Calendar Year 2016 were:
  - Dara Czerwonka, MSW, Chairperson
  - Jeff Griffith, EMT-P, Vice-Chairperson
  - Hans Christian Sison, LVN, Secretary
  - Diane Hansen, Treasurer

When the Board of Directors of Palomar Health appointed members to the Palomar Health Development Board of Directors, that body named Hans Christian Sison, LVN, as Chairperson for Calendar Year 2017. That appointment requires ratification by this Board.

Budget Impact: N/A

STAFF RECOMMENDATION: Staff recommends that the Board ratify Hans Christian Sison, LVN, as Chairperson, elect a Vice-Chairperson, a Secretary and a Treasurer, and adopt Resolution No. 04.04.17(02)-2 after it is amended to include the names of all officers.

Motion:

Individual Action: X

Information:

Required Time:
RESOLUTION NO. 04.04.17(02)-2

Acknowledging Appointment of the New Board, Ratifying Appointment of the Chairperson, and Confirming Election of Officers for Calendar Year 2017

WHEREAS, the Directors of Palomar Health Development, Inc. ("Palomar Health Development"), shall be elected by the Member—Palomar Health—pursuant to Section 3.03 of the Palomar Health Development Bylaws; and,

WHEREAS, the Member has duly appointed the following to serve as the directors of the Palomar Health Development Board: Hans Christian Sison, LVN; Jeffrey Griffith, EMT-P; Joy Gorzeman, RN; Robert A. Hemker; and Diane Hansen; and,

WHEREAS, the Member has duly appointed the following to serve as the Chairperson: Hans Christian Sison, LVN; and,

WHEREAS, the Palomar Health Development Board shall elect officers at its annual meeting, pursuant to Section 4.07 of the Palomar Health Development Bylaws;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of Palomar Health Development that the appointment of the new Board of Directors by the Member is hereby acknowledged and that the following slate of officers is hereby ratified and/or elected for Calendar Year 2017:

<table>
<thead>
<tr>
<th>Chairperson</th>
<th>Vice-Chairperson</th>
<th>Secretary</th>
<th>Treasurer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hans Christian Sison, LVN</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PASSED AND ADOPTED at the meeting of the Board of Directors of Palomar Health Development held on April 4, 2017, by the following vote:

AYES: 

NOES: 

ABSENT: 

ABSTAINING: 

DATED: April 4, 2017

APPROVED: 

Hans Christian Sison, LVN, Chairperson
Board of Directors
Palomar Health Development, Inc.

ATTESTED: 

Secretary
Board of Directors
Palomar Health Development, Inc.
TO: Palomar Health Development Board

MEETING DATE: Tuesday, April 4, 2017

FROM: Diane Hansen, Chief Financial Officer

Background: The Bylaws of Palomar Health Development, Inc. {ARTICLE IV, Sections 5.01-5.02} state the officers of the Corporation shall be a President, a Secretary, and a Chief Financial Officer. Further, the officers of the Corporation shall be chosen annually by, and shall serve at the pleasure of, the Board.

- The current slate of Corporate Officers was appointed at the March 1, 2016, meeting, “to remain in those offices until the Annual Organizational Meeting for 2017”. Those officers are:
  - Bob Hemker, President
  - Diane Hansen, Chief Financial Officer
  - Tanya Howell, Secretary

Budget Impact: N/A

STAFF RECOMMENDATION: Staff recommends that the Board re-appoint the current slate of officers to serve as officers of the Corporation as President, Chief Financial Officer and Secretary; and further recommends that the Board adopt Resolution No. 04.04.17(03)-3 Confirming Appointment of the Officers of the Corporation, as amended to include the names of those officers appointed at this evening’s meeting.

Motion:

Individual Action: X

Information:

Required Time:
RESOLUTION NO. 04.04.17(03)-3

RESOLUTION OF THE BOARD OF DIRECTORS OF
PALOMAR HEALTH DEVELOPMENT, INC.
CONFIRMING APPOINTMENT OF THE OFFICERS OF THE CORPORATION

WHEREAS, the Officers of the Corporation Palomar Health Development, Inc. [Palomar Health Development] shall be a President, a Chief Financial Officer, and a Secretary – pursuant to Section 5.01 of the Palomar Health Development Bylaws; and,

WHEREAS, the Officers of the Corporation Palomar Health Development shall be chosen annually by, and shall serve at the pleasure of, the Board – pursuant to Section 5.02 of the Palomar Health Development Bylaws;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of Palomar Health Development that the following slate is hereby appointed Officers of the Corporation Palomar Health Development, to remain in those offices until the Annual Meeting for 2018:

President
________________________

Chief Financial Officer
________________________

Secretary
________________________

PASSED AND ADOPTED at the meeting of the Board of Directors of Palomar Health Development held on April 4, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

DATED: April 4, 2017

APPROVED: __________________________

Hans Christian Sison, LVN, Chairperson
Board of Directors
Palomar Health Development, Inc.

ATTESTED: __________________________

, Secretary
Board of Directors
Palomar Health Development, Inc.
TO: Palomar Health Development Board

MEETING DATE: Tuesday, April 4, 2017

FROM: Tanya Howell, Corporate Secretary

Background: The Bylaws of Palomar Health Development, Inc. {ARTICLE IV, Section 4.03(a), amended January 7, 2015} require that the Board pass a Resolution stating the date, time and location of the Board’s second regular meeting for the calendar year.

As this is the Annual Meeting of the Board, the attached Resolution stating the date, time and place of the Board’s remaining regular meeting for the calendar year has been drafted. The Board is requested to choose between the two following dates, with a start time of 6:00 p.m.

<table>
<thead>
<tr>
<th>DATE</th>
<th>PURPOSE OF MEETING</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday</td>
<td>Second Regular Meeting Fiscal Year 2017</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; Floor Conference Room</td>
</tr>
<tr>
<td>October 23, 2017</td>
<td></td>
<td>Palomar Health Administration 456 E. Grand Avenue, Escondido</td>
</tr>
<tr>
<td>OR</td>
<td></td>
<td>OR</td>
</tr>
<tr>
<td>Monday</td>
<td>Second Regular Meeting Fiscal Year 2017</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; Floor Conference Room</td>
</tr>
<tr>
<td>October 30, 2017</td>
<td></td>
<td>Palomar Health Administration 456 E. Grand Avenue, Escondido</td>
</tr>
</tbody>
</table>

Budget Impact: N/A

STAFF RECOMMENDATION: Staff recommends that the Board set the date, time and place for the Board’s second regular meeting for Calendar Year 2017, and that the Board adopt Resolution No. 04.04.17(03)-3 after it has been amended to reflect the date, time and location chosen.

Motion:

Individual Action: X

Information:

Required Time:
RESOLUTION NO. 04.04.17(04)-4

RESOLUTION OF THE BOARD OF DIRECTORS OF
PALOMAR HEALTH DEVELOPMENT, INC.
ESTABLISHING REGULAR BOARD MEETINGS
FOR CALENDAR YEAR 2017

WHEREAS, Palomar Health Development, Inc. [Palomar Health Development] is required, pursuant to Section 54954 of the California Government Code and Section 4.03(b) of the Palomar Health Development Bylaws, to pass a resolution adopting the time, place and location of the regular board meetings;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of Palomar Health Development that the following is the date of the remaining regular meeting for Calendar Year 2017 (January – December):

CALENDARYEAR 2017 BOARD MEETING SCHEDULE

<table>
<thead>
<tr>
<th>DATE</th>
<th>PURPOSE OF MEETING</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regular Meeting</td>
<td>1st Floor Conference Room</td>
</tr>
<tr>
<td></td>
<td>Fiscal Year 2017</td>
<td>Palomar Health Administration</td>
</tr>
<tr>
<td></td>
<td></td>
<td>456 E. Grand Avenue, Escondido</td>
</tr>
</tbody>
</table>

PASSED AND ADOPTED at the meeting of the Board of Directors of Palomar Health Development, held on April 4, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

DATED: April 4, 2017

APPROVED: Hans Christian Sison, LVN, Chairperson
Board of Directors
Palomar Health Development, Inc.

ATTESTED: , Secretary
Board of Directors
Palomar Health Development, Inc.
TO: Palomar Health Development Board

MEETING DATE: Tuesday, April 4, 2017

FROM: Diane Hansen, Chief Financial Officer

Background: At each regularly scheduled meeting of the Board of Directors of Health Development, the staff members provide the most recent financial report. Aimee Ebner will present the February 2017 and YTD FY2017 Health Development/Research Institute Financial Reports for the Board’s approval (Addendum D).

Budget Impact: None.

STAFF RECOMMENDATION: Staff recommends approval of the February 2017 and YTD FY2017 Health Development/Research Institute Financials Reports.

Motion: X

Individual Action:

Information:

Required Time:
TO: Palomar Health Development Board
MEETING DATE: Tuesday, April 4, 2017
FROM: Diane Hansen, Chief Financial Officer

Background: At the regularly scheduled meeting of the Health Development Board in October 2011, the Board approved the creation of a Financial and Accounting Services Agreement between Palomar Health Development (PHD) and Palomar Health (PH) for reimbursement of the time spent by the PH Finance Department to provide administrative oversight both for the grants being managed through PHD and the studies being conducted through the Research Institute (RI). That agreement authorized compensation in the total amount of $2,000 per month. Also at that meeting, Director Krider requested that the topic be revisited at the January Board meeting to discuss a potential increase in the amount paid, to reflect actual costs incurred.

This item was tabled at the January 2012 meeting as two Board members were unable to attend. It was again brought forward at the August 2012 meeting, at which time the Board approved a $48,000 charge back for administrative oversight provided by the PH Finance Department Staff for the grants being managed through PH (an increase to the contractual amount of $1,000 per month).

In July 2013, the term of the agreement was extended through July 2014, and the compensation was reduced to $3,000 per month.

Changes in Amendment #3:

- Extended the term of the agreement through July 31, 2015 (retroactive to the July 1, 2014 expiration date);
- In order to avoid future retroactive approvals, an automatic renewal clause was added to the agreement’s term;
- The compensation remained in the total amount of $3,000 per month ($2,000 paid for administrative services on behalf of PHD and $1,000 for administrative services on behalf of RI).

Since 2013, the agreement has been administratively reviewed on an annual basis to ensure that compensation is being paid at an appropriate level, and any recommended changes to compensation have been presented to the Board for approval prior to implementation.

Budget Impact: N/A – budgeted expense

STAFF RECOMMENDATION: Staff recommends that the automatic renewal clause in the Financial & Accounting Services Agreement between Palomar Health and Palomar Health Development, Inc.– scheduled to occur on July 31, 2017—be allowed to take effect at that time for another year. Staff further recommends that the compensation in the total amount of $3,000 per month remain the same.

Motion: X

Individual Action:

Information:

Required Time:
ADDENDUM A

PALOMAR HEALTH DEVELOPMENT, INC.

Financial Statements

Years Ended June 30, 2016 and 2015
Table of Contents

Independent Auditors’ Report 1

Financial Statements:

Statements of Financial Position 2
Statements of Activities 3
Statements of Cash Flows 5
Notes to Financial Statements 6
INDEPENDENT AUDITORS’ REPORT

To the Board of Directors
Palomar Health Development, Inc.
Escondido, California

We have audited the accompanying financial statements of Palomar Health Development, Inc., which comprise the financial position as of June 30, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Palomar Health Development, Inc. as of June 30, 2016 and 2015, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding Economic Dependency

Palomar Health Development is economically dependent on Palomar Health (PH). Our opinion is not modified with respect to that matter.

AKT LLP
Carlsbad, California
March 27, 2017
## PALOMAR HEALTH DEVELOPMENT, INC.

**Statements of Financial Position**  
**June 30, 2016 and 2015**

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$1,096,691</td>
<td>$1,239,237</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>$775,308</td>
<td>$852,562</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>$2,303</td>
<td>$2,190</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$1,874,302</td>
<td>$2,093,989</td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET DEFICIT

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion of line of credit - Palomar Health</td>
<td>$120,000</td>
<td>$120,000</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$664,097</td>
<td>$933,324</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>$10,600</td>
<td>$31,200</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>$6,013</td>
<td>$6,013</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>$800,710</td>
<td>$1,090,537</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line of Credit, net of current portion - Palomar Health</td>
<td>$2,219,244</td>
<td>$2,692,169</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$3,019,954</td>
<td>$3,782,706</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Deficit:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(1,603,542)</td>
<td>(1,785,067)</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>$457,890</td>
<td>$96,350</td>
</tr>
<tr>
<td><strong>Total Net Deficit</strong></td>
<td>(1,145,652)</td>
<td>(1,688,717)</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Deficit</strong></td>
<td>$1,874,302</td>
<td>$2,093,989</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## PALOMAR HEALTH DEVELOPMENT, INC.

### Statement of Activities

Year Ended June 30, 2016

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue and Support:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract revenue</td>
<td>$3,447,264</td>
<td>$8,565</td>
<td>$3,455,829</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>444,714</td>
<td>444,714</td>
</tr>
<tr>
<td>Other income</td>
<td>580</td>
<td>-</td>
<td>580</td>
</tr>
<tr>
<td>Net assets released from restrictions, satisfaction of program restrictions</td>
<td>91,739</td>
<td>(91,739)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenue and Support</strong></td>
<td>$3,539,583</td>
<td>361,540</td>
<td>$3,901,123</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>2,907,239</td>
<td>-</td>
<td>2,907,239</td>
</tr>
<tr>
<td>General and administrative</td>
<td>450,819</td>
<td>-</td>
<td>450,819</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>3,358,058</td>
<td>-</td>
<td>3,358,058</td>
</tr>
<tr>
<td><strong>Changes in Net Assets</strong></td>
<td>181,525</td>
<td>361,540</td>
<td>543,065</td>
</tr>
<tr>
<td><strong>Net Assets (Deficit), beginning</strong></td>
<td>(1,785,067)</td>
<td>96,350</td>
<td>(1,688,717)</td>
</tr>
<tr>
<td><strong>Net Assets (Deficit), ending</strong></td>
<td>$1,603,542</td>
<td>$457,890</td>
<td>$(1,145,652)</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## Statement of Activities

**Year Ended June 30, 2015**

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue and Support:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract revenue</td>
<td>$4,468,730</td>
<td>$-</td>
<td>$4,468,730</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>24,214</td>
<td>24,214</td>
</tr>
<tr>
<td>Other income</td>
<td>47</td>
<td>-</td>
<td>47</td>
</tr>
<tr>
<td>Net assets released from restrictions, satisfaction of program restrictions</td>
<td>169,205</td>
<td>(169,205)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenue and Support</strong></td>
<td>4,637,982</td>
<td>(144,991)</td>
<td>4,492,991</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>3,499,199</td>
<td>-</td>
<td>3,499,199</td>
</tr>
<tr>
<td>General and administrative</td>
<td>881,889</td>
<td>-</td>
<td>881,889</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>4,381,088</td>
<td>-</td>
<td>4,381,088</td>
</tr>
<tr>
<td><strong>Changes in Net Assets</strong></td>
<td>256,894</td>
<td>(144,991)</td>
<td>111,903</td>
</tr>
<tr>
<td><strong>Net Assets (Deficit), beginning</strong></td>
<td>(2,041,961)</td>
<td>241,341</td>
<td>(1,800,620)</td>
</tr>
<tr>
<td><strong>Net Assets (Deficit), ending</strong></td>
<td>$ (1,785,067)</td>
<td>$ 96,350</td>
<td>$ (1,688,717)</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## PALOMAR HEALTH DEVELOPMENT, INC.
### Statements of Cash Flows
#### Years Ended June 30, 2016 and 2015

See accompanying notes to financial statements.
Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities
Palomar Health Development, Inc. (Organization) is a California charitable nonprofit public benefit corporation organized in January 2005 to support Palomar Health (PH), a California local health care district, by acquiring grant funding.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation
The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

The Organization had no permanently restricted net assets during the years ended June 30, 2016 and 2015.

Grants Receivable
Grants receivable arise in the normal course of business. It is the policy of management to review the outstanding receivables at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. Management believes all receivables are fully collectible. Therefore, no allowance for doubtful accounts is considered necessary.

Revenue Recognition
Revenue from grants/contracts is recognized to the extent of eligible costs incurred up to an amount not to exceed the total grant/contract authorized. Deferred revenue results from grant awards received that are applicable to the subsequent period.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributed Materials and Services
Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate.

The Organization receives services donated by volunteers in carrying out its program services. No amounts have been recorded for those services, as they do not meet the requirements for recognition as contributions in the financial statements.
Note 1 - Organization and Summary of Significant Accounting Policies, continued

Fair Value Measurements
The Organization defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The carrying value of cash, receivables, and payables approximate fair values as of June 30, 2016 and 2015, due to the relative short maturities of these instruments.

Income Taxes
The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Organization may be subject to tax on income which is not related to its exempt purpose. For the years ended June 30, 2016 and 2015, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The Organization has considered the tax positions taken in its tax returns and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely-than not to be sustained upon examination.

Subsequent Events
The Organization has evaluated subsequent events through March 27, 2017, which is the date the financial statements were available to be issued.

Note 2 - Concentrations of Credit Risk

Cash
The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 per depositor, per financial institution. At June 30, 2016 and 2015, the Organization’s total uninsured cash balance was $582,706 and $682,811, respectively.

The Organization maintains its cash in an account with a brokerage firm that is insured by the Securities Investor Protection Corporation (SIPC) up to a limit of $500,000, which includes a $250,000 limit for cash. At June 30, 2016 and 2015, the Organization’s total uninsured securities cash balance was $57,006 and $56,427, respectively.

Contract Revenue
In May 2010, the Organization and the First 5 Commission of San Diego (Commission) entered into an agreement to provide health development services for children birth through five years of age. The initial agreement was for a one year term, from July 1, 2010 to June 30, 2011, with the option to extend in four increments of one year. The Healthy Development Services Program (Program), funded by the Commission, provided 54% and 48% of the Organization’s contract revenue for the years ended June 30, 2016 and 2015, and 47% and 47% of the Organization’s grants receivable at June 30, 2016 and 2015, respectively. The agreement has been amended for a term beginning July 1, 2015 and ending June 30, 2016, with an additional five option years.

In June 2013, the Organization and the First 5 Commission of San Diego (Commission) entered into an agreement to provide targeted home visiting initiative services. The First Five First Steps (Program), funded by the Commission, provided 37% and 32% of the Organization’s contract revenue for the years ended June 30, 2016 and 2015, and 38% and 42% of the Organization’s grants receivable at June 30, 2016 and 2015. The Program has been amended to add five option years and the Organization has acted on one option, extending the contract through June 30, 2016, with four option years remaining.
Note 2 - Concentrations of Credit Risk, continued

Economic Dependency
The Organization is economically dependent on PH.

Note 3 - Net Assets

Temporarily restricted net assets are available for the following purposes at August 31:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on note payable to Palomar Health</td>
<td>$ 406,705</td>
<td>$ 53,730</td>
</tr>
<tr>
<td>CareFusion Grant</td>
<td>37,621</td>
<td>37,621</td>
</tr>
<tr>
<td>Marjorie Mosher</td>
<td>13,564</td>
<td>4,999</td>
</tr>
<tr>
<td></td>
<td>$ 457,890</td>
<td>$ 96,350</td>
</tr>
</tbody>
</table>

During the years ended June 30, 2016 and 2015, net assets were released from donor restrictions by incurring expenditures satisfying the restrictions as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on note payable to Palomar Health</td>
<td>$ 91,739</td>
<td>$ 92,612</td>
</tr>
<tr>
<td>ASHP Foundation Grant</td>
<td>-</td>
<td>40,000</td>
</tr>
<tr>
<td>Neighborhood Reinvestment Project (NRP) II</td>
<td>-</td>
<td>13,500</td>
</tr>
<tr>
<td>CareFusion Grant</td>
<td>-</td>
<td>12,379</td>
</tr>
<tr>
<td>Neighborhood Reinvestment Project (NRP) I</td>
<td>-</td>
<td>10,714</td>
</tr>
<tr>
<td></td>
<td>$ 91,739</td>
<td>$ 169,205</td>
</tr>
</tbody>
</table>

Note 4 - Related Party Transactions

Purchases
The Organization reimburses PH for all payroll services provided as well as other expenses. At June 30, 2016 and 2015, the amount due to PH included in accounts payable was $544,766 and $712,950, respectively.

The organization had a note payable from PPH that expired on January 24, 2016. In March 2016, PH’s Board of Directors approved a request from the Organization to amend the note payable as a line of credit. Under the new terms, the line of credit is interest-free, 60 payments of $10,000 are due monthly, and a balloon payment is due on January 24, 2021. At June 30, 2016 and 2015, the amount due to PH was $2,339,244 and $2,812,169, respectively. The Organization recorded a contribution and a discount for the imputed interest using the rate of 3.28% (line of credit rate at expiration). Imputed interest expense of $91,739 and $92,612 is reported in the statement of activities for the year ended June 30, 2016 and 2015, respectively.

The line of credit is secured by substantially all the Organization’s assets.


Note 4 - Related Party Transactions, continued

Scheduled maturities of the line of credit are as follows:

<table>
<thead>
<tr>
<th>Year ending June 30</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$120,000</td>
</tr>
<tr>
<td>2018</td>
<td>120,000</td>
</tr>
<tr>
<td>2019</td>
<td>120,000</td>
</tr>
<tr>
<td>2020</td>
<td>120,000</td>
</tr>
<tr>
<td>2021</td>
<td>2,265,950</td>
</tr>
<tr>
<td>Less unamortized discount</td>
<td>(406,706)</td>
</tr>
<tr>
<td>Less current portion</td>
<td>(120,000)</td>
</tr>
<tr>
<td>$</td>
<td>2,219,244</td>
</tr>
</tbody>
</table>

Operating Lease

The Organization leases office space and clinical support services on the Palomar Health Campus and rents the office space from PH (a related party) for the Healthy Development Services Program. The initial lease terms with Palomar Health were from July 1, 2012 to June 30, 2013. The lease has been amended to extend the agreement for an additional year, expiring on June 30, 2017. Effective July 1, 2013, the Organization also receives donated space for the First Five Steps Program from Palomar Health in return for maintenance upkeep. Rent expense was $25,428 and $145,259 for the years ended June 30, 2016 and 2015, respectively.
2016 ATTENDANCE ROSTER

BOARD OF DIRECTORS

<table>
<thead>
<tr>
<th>MEMBERS</th>
<th>MEETING DATES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3/1/16</td>
</tr>
<tr>
<td>Dara Czerwonka, MSW – Chair</td>
<td>P</td>
</tr>
<tr>
<td>Jeff Griffith, EMT-P</td>
<td>P</td>
</tr>
<tr>
<td>Hans Sison, LVN</td>
<td>E</td>
</tr>
<tr>
<td>Bob Hemker</td>
<td>P</td>
</tr>
<tr>
<td>Diane Hansen, CPA</td>
<td>E</td>
</tr>
</tbody>
</table>

**Guest Presenters**

P = Present  E = Excused  A = Absent  C = Chair

---

1 See text of minutes for names of invited guests/presenters
**BOARD OF DIRECTORS MEETING MINUTES**

**Tuesday, October 25, 2016**

6:00 p.m.

**I.A) AGENDA ITEM**

<table>
<thead>
<tr>
<th>DISCUSSION</th>
<th>CONCLUSIONS/ACTION</th>
<th>FOLLOW-UP/RESP PARTY</th>
</tr>
</thead>
</table>

**I. CALL TO ORDER**

- Chairperson Dara Czerwonka called the meeting to order at 6:00 p.m.
- Following roll call, a quorum comprised of Directors Czerwonka, Griffith, Hemker and Sison was established. Director Hansen was excused.
- **Notice of Meeting and Full Agenda Packet** were posted at PH’s Administrative Offices and on the Palomar Health Development, Inc. (PHD) home page on the PH web site on Wednesday, October 19, 2016, which is consistent with legal requirements. Notice of that posting was also made via email to the Board and staff members.

**II. PUBLIC COMMENTS**

- There were no public comments

**III. INFORMATION ITEMS**

- None

**IV. OLD BUSINESS**

**A. PRIOR MEETING ACTION ITEMS**

- Secretary Howell stated that all items requiring follow-up action had been handled

**V. MINUTES – Meeting, Tuesday, March 1, 2016**

**MOTION:** By Director Griffith, seconded by Director Sison and carried to approve the minutes of the Meeting of Tuesday, March 1, 2016. All in favor. None opposed.

- No discussion

**VI. PRESENTATIONS**

**A. First 5 Commission Funded Programs at Palomar Health**

- Healthy Development Services (HDS)
- **First Steps**

Utilizing the presentation included in the agenda packet as Addendum B, Cindy Linder, Regional Coordinator HDS North Inland, and Shirin Strauss, Program Director North Region First Steps, provided an update on both programs *(only discussion not in the packet was captured in the minutes)*.
• HEALTHY DEVELOPMENT SERVICES
  o Page 25 – Why the Early Years Matter
    – Ms. Linder stated that we now have the science to support first statement, a quote with which a highly regarded expert in the field usually begins his speeches
    – There was a link (https://www.youtube.com/watch?v=LmVWOe1ky8s) within the photograph to the following YouTube video: “How Brains Are Built: The Core Story of Brain Development”
  o The First 5 Commission—which provides funding for both HDS and First Steps—was funded in 1998 by Prop 10, the Tobacco Tax initiative
  o Page 27 – San Diego Community Partners
    – Listing of all our community partners
      1) FASD = Fetal Alcohol Spectrum Disorders
      2) DSEP = Developmental Screening & Enhancement Program
    – We look for children with mild to moderate needs and are often best the first referral
      1) 20% of our initial referrals are referred to other agencies with which we partner
      2) Last quarter we retained up to 98% of our connections, and only had one child who didn’t qualify to remain in our program
    – We also provide a great deal of coaching to help parents with the screening process at the school systems, which can be difficult to navigate
      1) Parents who have been through our screening process usually bypass the schools’ screening
  o Page 28 – North County Demographic Snapshot
    – There are no income requirements for referrals to HDS
    – In the first years of the program, the age bracket was flipped, but we now know it is better to see the children younger, and have changed our outreach model to ensure that we see a larger percentage at an earlier age
  o Page 29 – HDS North Inland Services
    – Level 1 are core foundation services
      1) Care Coordination is our gateway into services, helping families navigate through the system through case management support, connecting families to services outside HDS
    – Level 3 are assessment and treatment services for treating the mild to moderate children who either don’t qualify anywhere else as well as those that are uninsured, underinsured or have exhausted all of the insurance options
      1) Behavioral Services were provided by the District in 2013 – utilizes an evidence-based 10-week curriculum for typically developing children with typical behavior issues (e.g., not listening, tantrums, potty training, etc.), as well as one-on-one parental coaching
  o In response to a question by a Board member, Ms. Linder stated that HDS does use our Pathmakers in their program, and she has found them to be an invaluable resource
• FIRST STEPS
  o We are currently affiliated with Healthy Families America (HFA), but have almost completed their accreditation process
This is the only Palomar Health program that operates within and outside the District’s boundaries, as North Coastal San Diego County is also under its designated jurisdiction.

There are currently 10 home visitors, who can work with up to 25 families each.

Low-income or poverty level are criteria for First Steps program qualification.

They share a van with HDS for family transport to appointments and functions.

Children are enrolled prenatally, as early in the pregnancy as possible, and they see the children/families until the children are 3 years of age.

- Generally, mothers are visited every other week during pregnancy, every week until the child is about 6 months, every 2 weeks through age 2, then monthly up until the child turns 3 years old.

- Page 43 – First Steps – FY17
  - Mental Health Services are being rolled out the end of this fiscal year
    1) In response to a query by Chair Czerwonka, Ms. Strauss also stated that their new mental health worker will either have an MFT or be a Licensed Clinical Social Worker
      a) The new staff will need to be bilingual, which is difficult to find for patients with depression
      b) There is also the possibility of utilizing graduate level MSW interns
    - Palomar Health North County First Steps conceptualized, coordinates and facilitates the North County Home Visiting Collaborative, a partnership with public health nursing and community agencies that is being replicated across the county in other regions
    - Collaborative consists of those who perform or support home visiting (approximately 40 community and county agencies)
    - Collaboration prevents duplication of services, as each program knows about the other's services, so referrals ensure that families end up in the right programs

Ms. Strauss passed around a copy of the American Academy of Pediatrics countywide annual report, noting that both families highlighted in the report are ours, and the staff profile is one of our staff members, as well.

Ms. Strauss also passed around our internal Year 2 Milestones book.

Director Griffith asked about the age and condition of the van being utilized by both programs.

Ms. Linder stated that the 16-18 passenger van has 80K+ miles and is currently out of service for repairs and she doesn't think it will be a viable means of transportation for much longer.

- As she still needed a van, Ms. Linder had leased a smaller van and realized that they don't need a van as large as the current one
- She will be reaching out to the Foundation for assistance in getting a free van from one of the local dealers

1) Jean Larsen indicated that she might have a contact for that request.

Jeremy Lee, Director of Pharmacy Services, commented that employees need to also be made aware of the services, as he was impressed with the presentation on services of which he had previously been unaware.

Chair Czerwonka suggested that the ladies contact Chris Saunders, Manager Public Relations, and/or Nina Kim, Manager Internal Communications, to review options for notifying our employees of the services provided by these two programs.

Both ladies expressed gratitude to the finance team, who were present, for having provided amazing fiscal reporting for both their programs.
**BOARD OF DIRECTORS – MEETING MINUTES – TUESDAY, OCTOBER 25, 2016**

<table>
<thead>
<tr>
<th>AGENDA ITEM</th>
<th>CONCLUSIONS/ACTION</th>
<th>FOLLOW-UP/RESP PARTY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B. Update on Grants &amp; Contracts Inventory</strong></td>
<td><strong>Information Only</strong></td>
<td></td>
</tr>
</tbody>
</table>

Utilizing the presentations included in the agenda packet as Addenda C & D, staff member Aimee Ebner, Staff Accountant I, provided an update on current grants, with the assistance of Jeremy Lee, Director of Pharmacy Services, regarding the grants awarded to the pharmacy *(only discussion not in the packet was captured in the minutes)*

- **CURRENT GRANTS**
  - Schwartz Rounds funding is mainly to provide refreshments for the meetings
  - The Green Oaks Ranch grant is in the process of being renewed, and the agreement is being reviewed by Michelle Shores and the legal team

- **PHARMACY GRANTS**
  - The Keck Resident is a Palomar Health employee, full-time for 1 year
    - The teachers are the Resident’s staff
    - The students are theirs on a 6-week rotation
  - **SLIDE 7/PAGE 51 – IMPACT OF KGI FACULTY**
    - The Pharmacists worked directly with hypertension patients, reviewing their medications, dosages, etc., and in just over one year had 87% of the patients’ blood pressure at goal
  - UCSD will have faculty at Villa POM
    - PGY1 and PGY2 – practicing Pharmacists in their 1st or 2nd year of residency
      1) 2nd year Residents are specialty
  - MUE = Medication Use Evaluation
  - For the most part, we identify the projects for the Residents, providing them with a small menu from which to choose
    - The projects are in alignment with the pharmacy’s strategic plan, usually powerful projects that are focused and meaningful and can be parlayed into real outcomes

**VII. NEW BUSINESS**

- **A. Updated Physician Agreement Procedure**
  
  **MOTION:** By Director Griffith, seconded by Director Sison and carried to approve the amendment to the Physician Agreement Procedure. All in favor, none opposed

  - Secretary Howell stated that the procedure, which was instituted in 2012, was out of date. The original procedure had been developed to mirror the procedure utilized by the Palomar Health Board, with an informational review of physician agreements following their execution. The Palomar Health Board’s procedure has since been modified to require approval of physician agreements following their execution, and this proposed update to the Health Development Board’s procedure now mirrors that new approval requirement.

- **B. Medical Director Agreement for First 5 First Steps – Byron Chow, MD**
  
  **MOTION:** By Director Griffith, seconded by Director Sison and carried to approve the Medical Director Agreement for First 5 First Steps with Byron Chow, MD, with FMV assessment specified as having been done. All in favor, none opposed.

  - Secretary Howell is to ensure that the PHD template is updated to add a FMV section
After Director Griffith made the motion, Chair Czerwonka asked if there had been a Fair Market Value (FMV) assessment on the agreement

- As Ms. Strauss had already left the meeting, Secretary Howell spoke on her behalf, noting that both this agreement and the one that is next on the agenda had FMVs performed before they were presented for signature
- Chair Czerwonka requested that the Abstract Table template be updated to add a FMV section, a request that had previously verbalized to but not yet acted upon by the Palomar Health Board

**C. Medical Director Agreement for First 5 Healthy Development Services – Byron Chow, MD**

**MOTION:** By Director Griffith, seconded by Director Sison and carried to approve the Medical Director Agreement for First 5 Healthy Development Services with Byron Chow, MD, with FMV assessment specified as having been done. All in favor, none opposed.

**D. YTD Financial Report**

**MOTION:** By Director Griffith, seconded by Director Sison and carried to approve the September 2016 and YTD FY2016 unaudited Financial Report as presented. All in favor. None opposed.

Utilizing the presentation included in the agenda packet as Addendum F, Aimee Ebner presented the unaudited June 2016 and YTD FY17 financial report, noting that the unaudited June numbers were currently being audited by AKT and would be presented at the next meeting

**PALOMAR HEALTH DEVELOPMENT**
- **REVENUE (YTD)**
  - $294,216 vs. a budget of $305,962, a negative variance of $11,746
    1) This income is for the salaries and benefits for the HDS and First Steps Programs
- **EXPENSES**
  - $125,878 vs. a budget of $129,745, a positive variance of $3,867
    1) Our audit fees were decreased as we learned after the budget was created that we are no longer required to do a separate audit for the First 5 HDS program
- **NET INCOME/LOSS**
  - $168,338 vs. a budget of $176,205, a negative variance of $7,867
- Chair Czerwonka asked if there was a place in the Palomar Health financials that shows the PHD budget shortfall and a reflection of how it affects Palomar Health, including what PHD is paying back
  - Director Hemker stated that we could create a separate slide for this presentation, similar to the one on Page 74 of the packet, which tracks the improved financial trends for PHD and the Research Institute beginning in FY2010, following the reorganization of PHD at the beginning of that fiscal year
    1) An appropriate starting point for the chart would likely, therefore, be FY2010
- The remaining slides in the financial presentation were not reviewed at the meeting
## Operating Budgets – Palomar Health Development & the Research Institute

**MOTION:** By Director Griffith, seconded by Director Sison and carried to ratify the FY2017 Operating Budgets for Palomar Development and the Research Institute. All in favor. None opposed.

Secretary Howell stated that the budgets are developed as part of the Palomar Health budgeting process, and they are then ratified by this Board.

## Resolution No. 10.25.16(05)-1 – Setting the Date, Time & Location for the Organizational Meeting for Calendar Year 2017

**MOTION:** By Director Griffith, seconded by Director Sison to approve Resolution No. 10.25.16(05)-1 – Setting the Date, Time & Location for the Organizational Meeting for Calendar Year 2017, after it has been edited to include the date, time and location of Tuesday, April 4, 2017, at 6:00 p.m., in the 1st Floor Conference Room at the PH Administration Building, 456 E. Grand Avenue Escondido, California. Carried by the following vote, taken by roll call: .Directors Czerwonka, Griffith, Hemker and Sison; Absent: Director Hansen

Secretary Howell is to insert the appropriate date and time into the Resolution, then will post the final, signed Resolution on the PHD page of the PH website (Done)

Referencing Page 15, Secretary Howell stated there were two potential dates for the meeting that do not conflict with currently scheduled Palomar Health Board/Board Committee meetings: Wednesday, March 29, 2017, or Tuesday, April 4, 2017, with a recommended meeting start time on either date of 6:00 p.m., to be held in the 1st Floor Conference Room at the PH Administration Building, 456 E. Grand Avenue Escondido, California

- After reviewing their respective calendars—with Director Griffith noting that should he be re-elected, he could not attend a meeting on a Wednesday—the members of the Board concluded that Tuesday, April 4, 2017, worked in all their calendars

## Board Member Comments/Future Agenda Items

Chair Czerwonka noted that, at the last meeting, she had requested an update at this meeting on the possibility of moving PHD under the umbrella of the Palomar Health Foundation

- Jean Larsen, President & Chief Philanthropy Officer for the Foundation indicated that the Foundation would be ready to entertain discussions the first quarter of calendar year 2017, which would be perfect timing for a report-out at the next meeting
  - Secretary Howell will place it on the agenda

## Adjournment

The meeting was adjourned by Chairperson Czerwonka at 7:23 p.m.

**SIGNATURES:**

<table>
<thead>
<tr>
<th>PHD Board Chair</th>
<th>Board Assistant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dara Czerwonka, MSW</td>
<td>Tanya Howell</td>
</tr>
</tbody>
</table>

**Next Meeting:** Organizational Meeting – Tuesday, April 4, 2017, 6:00 p.m., in the 1st Floor Conference Room, 456 E. Grand Avenue, Escondido, CA
ADDENDUM C

Grant Update

April 4, 2017
## Current Grants

<table>
<thead>
<tr>
<th>TITLE</th>
<th>GRANTOR</th>
<th>Purpose</th>
<th>Awarded</th>
<th>FY17 Funds Receivable</th>
<th>Beg/End Date</th>
<th>Updates</th>
</tr>
</thead>
</table>
| First 5 First Steps                        | First 5 Commission   | To provide a comprehensive, community-based Targeted at Risk Home Visiting project for the North Inland/North Coastal region using the Healthy Families America (HFA) and Parents As Teachers (PAT) models. Palomar Health will lead this project and provide direct home visiting services. | $1,278,323 | $528,351              | 07/01/15-06/30/20 | *$66,868 overhead received FYTD  
*Overhead budget of $117,766 for FY17  
*$749,972 invoiced through February 2017 |
| Healthy Development Services (HDS)         | First 5 Commission   | To serve as lead agency for the North Inland Region to provide integrated care and treatment services that address the health, developmental and behavioral needs of children ages birth through 5 years | $1,943,540 | $807,869              | 07/01/15-06/30/20 | *$124,491 overhead received FYTD  
*Overhead budget of $212,108 for FY17  
*$1,135,671 invoiced through February 2017 |
<table>
<thead>
<tr>
<th>TITLE</th>
<th>GRANTOR</th>
<th>Purpose</th>
<th>Awarded</th>
<th>FY17 Funds Receivable</th>
<th>Beg/End Date</th>
<th>Updates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schwartz Center Rounds</td>
<td>The Schwartz Center for Compassionate Healthcare</td>
<td>To promote compassionate healthcare through the conduction of Schwartz Center Rounds educational forums and programs.</td>
<td>$5,000</td>
<td>0</td>
<td>7/1/2013 – N/A</td>
<td>*funds were fully spent in December 2016</td>
</tr>
<tr>
<td>Green Oaks Ranch</td>
<td>New Alternatives, Inc.</td>
<td>Provides an intake center for assessment and placement of abused, neglected, and/or abandoned children taken into immediate protective custody by Law Enforcement Officers and/or Health &amp; Human Services Agency Social Workers.</td>
<td>$863,500 ($157,000 annually for up to 5.5 years)</td>
<td>$131,892</td>
<td>1/1/17-12/31/17 with option to extend for .5 years, not to exceed 6/30/18.</td>
<td>*$157,000 received in 2016 *$25,108 invoiced through February 2017 *contract is based on calendar year</td>
</tr>
<tr>
<td>Bioterrorism/Emergency Preparedness</td>
<td>County of San Diego, Health &amp; Human Agency</td>
<td>To enhance San Diego’s Emergency Preparedness by utilizing HPP funding to purchase priority equipment and supplies including evacuation equipment, interoperable communications equipment, and surge capacity for pandemic influenza and fatality mgmt.</td>
<td>$1,578,613 Total over 12 years.</td>
<td>$69,406</td>
<td>5/25/05-6/30/18</td>
<td>*$69,406 receivable in FY17 *$29,007 spent through February 2017 *$206,241 currently remains in fund</td>
</tr>
<tr>
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</tr>
<tr>
<td>National Children's Alliance (NCA)</td>
<td>National Children's Alliance (NCA)</td>
<td>Having met standards set for Child Advocacy Centers, PH is an accredited member of the NCA. As a member of the NCA, PH receives a grant of $9,000 annually to provide continued support for the cost of a bilingual interviewer in PH's Child Abuse Program.</td>
<td>$9,000</td>
<td>$9,000</td>
<td>1/1/04-N/A</td>
<td>*Payment of FY17 award is pending</td>
</tr>
<tr>
<td>Marjorie Mosher Schmidt Foundation - Child Abuse Program</td>
<td>Marjorie Mosher Schmidt Foundation</td>
<td>To provide funds for Nurse education as well as forensic imaging equipment.</td>
<td>$27,000</td>
<td>$0</td>
<td>12/14/09-N/A</td>
<td>*$6,157 remains in fund *Additional funding is not expected at this time</td>
</tr>
<tr>
<td>In-n-Out - Child Abuse Program</td>
<td>In-N-Out Child Abuse Foundation</td>
<td>To provide funding for SART/Child Abuse Program community education and bilingual interviewing at the center. Funds to be used to provide follow-up with families and children who have been through counseling.</td>
<td>$46,500</td>
<td>TBD</td>
<td>N/A</td>
<td>*Received $7,500 in December 2016 *Anticipate another $7,500 award in December 2017</td>
</tr>
</tbody>
</table>
## Current Grants

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Keck Pharmacy Resident grant</td>
<td>Keck Graduate Institute of Pharmacy</td>
<td>To provide the opportunity for Palomar Health Residents to participate in teaching Pharmacy students.</td>
<td>$55,000 per year</td>
<td>$24,950</td>
<td>4/1/14-8/31/18</td>
<td>*Program began 7/1/14 and will be invoiced on a quarterly basis</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*$30,050 invoiced and received in FY17</td>
</tr>
<tr>
<td>UCSD Pharmacy Resident grant</td>
<td>UCSD Skaggs Schools of Pharmacy and Pharmaceutical Sciences</td>
<td>To appoint one PGY2 Palomar Health Resident to provide instruction for pharmacy students to oversee their clinical experience at Palomar Health.</td>
<td>$55,000 per year</td>
<td>$31,818</td>
<td>8/1/16-7/31/20</td>
<td>*Program began 8/1/16 and will be invoiced on a quarterly basis</td>
</tr>
<tr>
<td></td>
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<td>*$23,182 invoiced and received in FY17</td>
</tr>
</tbody>
</table>
## New Grants

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</tr>
</thead>
<tbody>
<tr>
<td>Emergency Medical Services</td>
<td>County of San Diego</td>
<td>To provide forensic medical exams on an on-call basis for victims in San Diego County.</td>
<td>$49,950</td>
<td>$49,950</td>
<td>2/1/17-6/30/18</td>
<td>*Reimbursement rate of $450 per exam for up to 111 exams.</td>
</tr>
</tbody>
</table>
ADDENDUM D

Financial Review
FY17

APRIL 4, 2017
<table>
<thead>
<tr>
<th></th>
<th>Health Development</th>
<th>Research Institute</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YTD Actual</td>
<td>YTD Budget</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>193,138</td>
<td>203,714</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>87,921</td>
<td>89,353</td>
</tr>
<tr>
<td><strong>Net Income/Loss</strong></td>
<td>105,217</td>
<td>114,361</td>
</tr>
</tbody>
</table>
Health Development
FY 2017 Indirect Revenue Sources

HD Indirect Revenue

First Steps
HDS