

**Minutes**

<u>Topic</u>	<u>Presenters</u>	<u>Purpose</u>
<b>Call to Order</b>	Justin Gullekson	
Justin Gullekson called the meeting to order at 12:09 p.m.		
Financial Update	Ben Stevens	Information

**January Financial Update**

January performance fell notably below budget, driven by underperformance in several service lines. Gross patient revenue was approximately \$1.2M under budget. Expenses were \$131,000 over budget, primarily due to a one-time \$300,000 ERC consulting payment. Net patient revenue was down approximately \$400K for the month. Overall operating income reflected a \$420K monthly loss, contributing to a \$1.5M year-to-date operating loss.

**Cash Position & Revenue Cycle Dynamics**

Cash decreased from \$32M (July 2025) to \$27M (January 2026). The decline is primarily the result of timing delay. Major factors include:

- \$2.5M in Medicare payments on hold due to reassignment-of-benefits processing delays and radiology/pathology denials happening as a result of CMS errors. Both of these are in process of correction on their end.
- \$1M Medicare cost report settlement payment made in January.
- ERC funds received but unrecognized as income, held in liability accounts.

Ben presented cash flow projections, assuming revenue targets are met and capital expenditures are reduced, projecting a recovery to 105 days cash on hand by fiscal year-end. The group acknowledged that while timing issues are the main driver, negative net income remains a concern for long-term sustainability.

**Service Line Performance Insights**

Ben reviewed service line trends and staffing changes with the group, highlighting the impact of physician turnover, new hires, and the need for increased volumes in key areas such as urology, general surgery, and primary care. Endoscopy volumes remain below budget, partly due to construction disruptions. Plans for improvement in endoscopy were noted for future discussion.

**Strategic & Capital Considerations**

Capital spending will be significantly restricted for the remainder of FY26. Ben explained that \$1.2 million in interest expenses paid from routine cash during the construction project could be reimbursed by drawing from USDA loan funds, which would bolster the cash position. Foundation holds over \$2M in unrestricted funds that may be used for debt reduction. Long-term modeling shows modest cash rebuilding but not enough without operational improvements.

**Next Steps**

- Management Committee will hold a working session to identify and prioritize financial improvement opportunities.
  - Plans to ramp up new service lines and address underperforming areas, such as endoscopy and OBGYN, were noted as key components of the financial improvement strategy.
  - Steve will share the improvement plan with the board and Finance Committee when it is complete.
- Steve will create a presentation to include in the board packet regarding this information that also highlights the loan closing dates and foundation fund requests.
- Continue to expand service line profitability analysis, including direct and overhead costs.
- Review and provide details on prepayment clauses for local bank loans at the next meeting.

**Adjournment**

The meeting was adjourned at 1:20 p.m.

Members: X = Present O = Absent

Justin Gullekson, Chair	X	Ben Stevens	X	Dave Rooney	O
Mark Jensen	X	Steve Slessor	X	Kathy Moritz	O
Dr. Thomas Marquardt	O	Andrew Bailey	X	Kelly Brickley	X
Shelly Giddings	X	Carmen Krivachek	O		

*Recording: BreAnna Sovereign, Executive Assistant*