

DRAFT

LAKE SHORE HOSPITAL AUTHORITY
BOARD OF TRUSTEES

Regular Meeting – November 13, 2024, 5:15 p.m.

This meeting was conducted as a public meeting and a virtual meeting.

Present: Stephen Douglas, Chair
Brandon Beil, Vice-Chair
Jerry Bullard, Trustee

Lory Chancy – Secretary/Treasurer
Don Kennedy, Trustee

Absent:

Also

Present: Dale Williams, Executive Director
Todd Kennon, Attorney
Lauren Cohn, Meridian
Shawn Holmgren
Susan Phillips
Dee Johnson, City of Lake City
Seth Thomason
Cindy Thomas

Sonja Markham, LSHA Staff
Karl Plenge, NOC
Ashley Tozier, Meridian
Barbara Lemley
Philip Fowler
Bryan Thomas
Debra Griffin
Jamie Wachter, Reporter

6 participants participated in the LSHA Virtual Regular Board Meeting.

CALL TO ORDER

Chairman Douglas called the in person/virtual November 13, 2024, Regular Meeting to order at 5:15 P.M. Chairman Douglas called for additions/deletions to the agenda. There were none.

Motion by Mrs. Lory Chancy to approve adoption of the Agenda. **Second** by Mr. Don Kennedy. All in favor. **Motion carried.**

INDIVIDUAL APPEARANCES

Public Comments by Mr. Shawn Holmgren, Mr. Stew Lilker, Ms. Susan Phillips and Ms. Barbara Lemley.

CONSENT AGENDA

Chairman Douglas called for a motion to approve the Consent Agenda. **Motion** by Mrs. Lory Chancy to approve adoption of the Consent Agenda. **Second** by Mr. Jerry Bullard. All in favor. **Motion carried.**

NEW BUSINESS

Discussion and Possible Action – Lake Shore Hospital Authority Fee Proposal – Powell and Jones

Powell and Jones is requesting a \$10,000 fee (the year ending September 30, 2023, was \$8,770) for the FY ending September 30, 2024, audit. Future years will be adjusted based on the Consumer Price Index. The Authority can terminate the agreement at any time.

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Public comments by Mr. Shawn Holmgren. Discussion. **Motion** by Mrs. Lory Chancy to retain Powell and Jones and approve updated fee proposal. **Second** by Mr. Jerry Bullard. All in favor. **Motion carried.**

Discussion and Possible Action – Lake Shore Hospital Authority Budget Amendments for the following funds for the year ended September 30, 2024.

Buildings Administrative Fund
Healthcare Services Fund
Operating Funds

Mr. Dale Williams informed the Trustees of the Budget Amendments for the FY ended September 30, 2024. Public comments by Ms. Susan Phillips. Discussion. **Motion** by Mrs. Lory Chancy to approve the Buildings Administrative Fund amendment. Discussion. **Motion withdrew** by Mrs. Lory Chancy. Mr. Williams continued explaining the amendments to the Healthcare Fund and the Operating fund. Public comments by Mr. Shawn Holmgren. **Motion** by Mrs. Lory Chancy to approve all three (3) Budget Amendments for each Authority fund. **Second** by Mr. Jerry Bullard. All in favor. **Motion Carried.**

Discussion and Possible Action – Request to amend Section 8.01 (B) Leave Accounting of the Lake Shore Hospital Authority Personnel Policy Manual

Mr. Dale Williams presented to the Trustees revised language for the Authority's Personnel Policy. Public comments by Mr. Shawn Holmgren. **Motion** by Mr. Brandon Beil to approve the revision for Section 8.01 (B) Leave Accounting of the Lake Shore Hospital Authority Personnel Policy Manual. **Second** by Mrs. Lory Chancy. All in favor. **Motion Carried.**

Discussion and Possible Action – RFP for Community Health Needs Assessment

Mr. Dale Williams updated the Trustees on the RFP for Community Health Needs. Public comments by Mr. Stew Lilker, Mr. Shawn Holmgren, and Ms. Barbara Lemley. Discussion. **Motion** by Mr. Brandon Beil to approve and issue the RFP for the Community Health Needs Assessment. **Second** by Mr. Don Kennedy. Roll call vote – Mrs. Lory Chancy – yes, Mr. Don Kennedy – yes, Mr. Jerry Bullard – yes, Mr. Brandon Beil – yes. All in favor. **Motion Carried.**

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Discussion and Update regarding Notice of Not-For-Profit entity Directors and Officers Liability and Employment Practices Liability

Mr. Dale Williams reported the Not-For-Profit Entity Directors and Officers Liability and Employment Practices Liability insurance was renewed at the rate of \$45,000, the same as last year.

UNFINISHED BUSINESS

Discussion and Update – Zoom costs

Mr. Dale Williams advised the Trustees there will not be a savings if the Trustees decided to discontinue call in comments on Zoom during the Board meetings. The cost to the Authority would remain the same with or without “call ins”.

Discussion and Possible Approval – Efforts to Provide Medical Services and/or utilize Buildings on the Lake Shore Hospital Campus including the establishment of an Authority owned Primary Care Clinic operated by a third party

Mr. Dale Williams reported to the Trustees there are two (2) changes to the update. A Primary Care Clinic has been added as a possible use for the Physical Therapy Building. One entity attended the mandatory pre-proposal meeting. The deadline for proposal submission is Monday, November 25, 2024. Public comments by Mr. Shawn Holmgren, and Ms. Barbara Lemley. Discussion. Mr. Williams also informed the Trustees a letter has been received from the City of Lake City advising the Authority hospital campus buildings are presently nonconforming as to prior uses as per the city’s Land Development Regulations.

Unfinished Business – Todd Kennon – LSHA attorney

Discussion and possible action – Disposition of real property owned by the Lake Shore Hospital Authority to third parties, including but not limited to the Lake Shore Hospital Building pursuant to the “Agreement for the Purchase and Sale of Real Property” from the Lake Shore Hospital Authority to Meridian Behavioral Healthcare.

Mr. Todd Kennon updated the Trustees on the red-line version of the updated Agreement for the Conveyance of Real Property. The letter received from the City of Lake City regarding the possible nonconforming status of the hospital building affects the proposed agreement with Meridian. Due to this, Mr. Todd Kennon is now working with Mr. Terrell Arline, Land Use Attorney out of Tallahassee, on a draft response to the City of Lake City. Negotiations will continue with Meridian once the nonconforming status has been resolved. Public comments from Ms. Debra Griffin, Ms. Susan Phillips, Mr. Shawn Holmgren, Mr. Stew Lilker, and Ms. Barbara Lemley.

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Recess at 6:35 pm to change the recording tape. Chairman Douglas called the meeting back to order after changing the tape.

Public Comments by Ms. Joy Stevens (zoom)

Discussion and comments by the Trustees. The Trustees would like to invite the City of Lake City to come to an Authority meeting regarding the lots they are requesting.

STAFF REPORT

The staff report is in the Trustee packets.

BOARD MEMBER COMMENTS

Comments by Mr. Brandon Beil to have speaker cards prior to the meetings for the call in participation for Zoom calls. Comments by Mrs. Lory Chancy.

Meeting adjourned.

Respectfully submitted,

Donald R. Kennedy, Secretary/Treasurer

Date of Approval

December 6, 2024

TO: LSHA Trustees

FR: Dale Williams

RE: Supplemental Information – December 9, 2024, Agenda

Please find attached additional information relative to items on the December 9, 2024, agenda. If additional information or clarification is needed, please feel free to call.

1.) RFP 2024-002 (Palms Medical Response)

An analysis of the Palms Proposal has been prepared and is attached.

2.) Proposal to Approve Annual Inspection of Chillers at Lake Shore Hospital -

A recommendation from Dwayne Cunningham, Facilities Director is attached.

3.) Agreement for Purchase and Sale of Lake Shore Hospital to Meridian Behavioral Healthcare –

A “Follow-Up” letter from Attorney Terrell Arline to the City of Lake City requesting a response to his letter dated November 13, 2024, is attached. Re: Lake Shore Hospital zoning non-compliance.

4.) Florida Gateway College –

This is not related to a December 9, 2024, agenda item; however, Florida Gateway College (FGC) has submitted a letter of interest regarding Lake Shore Hospital Authority owned properties. The letter is attached.

**LAKE SHORE HOSPITAL AUTHORITY
ANALYSIS OF PALMS MEDICAL GROUP PROPOSAL
TO DEVELOP AND OPERATE HEALTH CENTER**

RFP CRITERIA

PALMS PROPOSAL

<p>Experience in developing, construction/renovation of community health centers</p>	<p>Palms Medical Group (Palms) began operating one federally qualified health center (FQHC) in Trenton, Florida in 1971, and has expanded to 14 health centers in North Florida. All locations are either new construction or were extensively renovated commercial buildings.</p>
<p>Experience in operating community health centers</p>	<p>Palms is a 501(c) (3) not-for-profit organization that operates 14 delivery sites in Alachua, Bradford, Clay, Columbia, Gilchrist, Levy, and Suwannee Counties. Palms currently cares for approximately 65,000 patients and offers a wide range of primary care services. As a FQHC, Palms receives some direct federal funding, and accepts most public and private insurances, including Medicare and Medicaid. For uninsured patients, Palms provides a sliding fee scale based on income. No one is denied medical care due to lack of insurance or income.</p>

<p>Estimated timeframe to design, construct, and make operational the LSHA community health center</p>	<p>Design of building, preparation of necessary documents for bidding, solicitation of bids, and award of construction contract- 90 days</p> <p>Construction of facility- 360 days</p> <p>Preparation for opening Health Center- 2 days</p> <p>Total – 15 months</p>
<p>List of services to be provided</p>	<p>See attached Schedule A</p>
<p>Maximum subsidies for operating losses</p>	<p>Year 1: \$850,000</p> <p>Year 2: \$850,000</p> <p>Year 3: \$200,000</p> <p>Thereafter \$0</p>
<p>Financial information on Palms as documented by audit. Minimum requirement of net assets in excess of \$5 million and net working capital of \$2 million</p>	<p>From Palms audit for fiscal year ended May 31,2024:</p> <p>Net assets \$74,641,660</p> <p>Net working capital \$45,805,063</p>
<p>LSHA financial outlays- first five fiscal years</p>	<p>See attached Schedule B</p>

Penalty for termination by Palms during first 3 years of operation

Palms will repay LSHA 50% of fees and subsidies paid for the termination year. Palms will give 1 year notice of leaving.

EXHIBIT A

SCOPE OF WORK – HEALTH CARE SERVICES

PALMS will provide the following services as the LSHA Facility to eligible LSHA Patients:

- Complete primary Health Care for both Adults and children**
- Pediatrics**
- Well Baby Exams**
- Vaccinations for Children**
- Immunizations**
- Specialty Care Referral and Follow up**
- 24-hour Provider availability**
- Chronic Disease Management**
- Preventive Health Care**
- Referral Pharmacy**
- Hearing/Vision Testing**
- Family Planning (not including abortions)**
- Physical Exams**
- HIV Testing**
- X-ray Services**
- Telehealth**
- Workers Comp**
- Pharmacy Services onsite by the end of Year 2**

- **Dental services will be provided through referrals to Palms Medical East located at 173 NW Albritton Avenue in Lake City.**

LAKE SHORE HOSPITAL AUTHORITY
 PROJECTED CLINIC PROJECT BUDGET
 FIRST FIVE FISCAL YEARS
 EXHIBIT B

OUTLAY TYPE	FYE 9/30/2025	FYE 9/30/2026	FYE 9/30/2027	FYE 9/30/2028	FYE 9/30/2029	TOTAL
A. PREPARATION OF BID READY DOCUMENTS (FIXED)	\$ 52,000	\$ -	\$ -	\$ -	\$ -	\$ 52,000
B. CONSTRUCTION OF CLINICAL FACILITY	1,500,000.00	1,500,000.00	-	-	-	3,000,000.00
C. PALMS CONSTRUCTION SUPERVISION (FIXED)	20,000.00	20,000.00	-	-	-	40,000.00
D. PURCHASE OF EQUIPMENT AND FURNISHINGS	-	426,500.00	-	-	-	426,500.00
E. OPERATING SUBSIDY - MAXIMUM	-	425,000.00	850,000.00	625,000.00	-	1,900,000.00
	<u>1,572,000.00</u>	<u>2,371,500.00</u>	<u>850,000.00</u>	<u>625,000.00</u>	<u>-</u>	<u>5,418,500.00</u>
ESTIMATED REVENUES						
INTEREST @ 4%	300,000	250,000	170,000	140,000	150,000	1,010,000
ESTIMATED ENDING RESERVES- PATIENT CARE FUND	<u>\$ 7,200,000</u>	<u>\$ 5,000,000</u>	<u>\$ 4,300,000</u>	<u>\$ 3,800,000</u>	<u>4,000,000</u>	<u>\$ 4,000,000</u>

NOTE: IN ADDITION TO THESE OUTLAYS, LSHA WILL PAY PALMS FOR PATIENT FEES FOR AUTHORITY PATIENTS
 IN ACCORDANCE WITH LSHA POLICY

Sonja Markham

From: Dwayne Cunningham
Sent: Friday, December 6, 2024 11:50 AM
To: Dale Williams
Cc: Sonja Markham
Subject: Chiller Annuals
Attachments: Commercial HVAC _ Chiller System Maintenance.pdf

Dale,

For the past six years, we've relied on Johnson Controls for chiller annuals, prioritizing technicians familiar with our equipment.

Last week, I learned that two of those technicians have moved to Chiller Medic. I promptly requested a quote from them, and their pricing is comparable to Johnson Controls'.

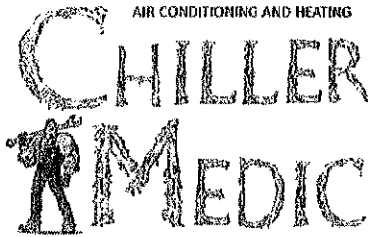
Given the technicians' expertise with our chillers, I recommend switching to Chiller Medic for this year's service.

Best regards,
Dwayne

Dwayne Cunningham
Director of Facilities Operations
T: (386) 365-8621
E: Dwayne@lakeshoreha.org

*Lake Shore Hospital Building
250 NE Franklin Street suite 102
Lake City, FL 32055*





RESIDENTIAL AND COMMERCIAL UC: CAC1818565
 Email: david@chillermedic.com Phone #: 904-814-9677

Billing Address
 Lakeshore Hospital
 368 Northeast Franklin Street
 Lake City, FL 32055 USA

Chiller Medic Inc
 8933 Western Way Suite 18
 Jacksonville, FL 32256

Estimate 37329996
 Estimate Date 12/6/2024

Job Address
 Lakeshore Hospital
 368 Northeast Franklin Street
 Lake City, FL 32055 USA

Service #	Description	Quantity	Your Price	Total
01 Commercial Labor per Hour	Labor to ProForm annuals on 2 York yk chillers. this includes removing evaporator and condenser heads brushing all tubes. remove and replace oil filters, Change drive coolant, replace entering and leaving water temp sensors. run chiller and test for proper operation and report back any service needed. York M# YKEPEQQ4-EJGS S#SNBM119530 York M# YKEPEQQ4-EJS S# SNBM125810	44.00	\$110.00	\$4,840.00
02 Service Parts	02 Service Parts Part Descriptions: Sensors, Drive Coolant, oil filters and orings. Tube brushes.	1.00	\$5,385.00	\$5,385.00
15 Mark Up Parts 15% St John	15% on all parts	1.00	\$807.75	\$807.75

Sub-Total	\$11,032.75
Tax	\$0.00
Total Due	<u>\$11,032.75</u>
Deposit/Downpayment	\$0.00

Thank you for choosing Chiller Medic.

Estimates are good for 30 days.

ANSBACHER LAW

CONDOMINIUMS • HOMEOWNER ASSOCIATIONS
REAL ESTATE • CONSTRUCTION • PERSONAL INJURY

8818 Goodbys Executive Drive
Jacksonville, FL 32217
(Primary mailing address)

3509 US Highway 17
Fleming Island, FL 32003

1650 US Hwy 1 South, Ste 201
St. Augustine, FL 32084

500 3rd Street South
Jacksonville Beach, FL 32250

111 North Orange Avenue,
8th Floor
Orlando, FL 32801

December 6, 2024

Mr. Don Rosenthal
City Manager
City of Lake City
205 North Marion Avenue
Lake City, FL 32055
(Via electronic mail to rosenthald@lcfla.com)

Re: Lake Shore Hospital Authority

Dear Mr. Rosenthal:

On November 15, 2024, I corresponded with you on behalf of the Lake Shore Hospital Authority regarding the allegations in your letter dated October 24, 2024, to Mr. Dale Williams, Executive Director of the Authority that the Lake Shore Hospital is a “nonconforming use,” and therefore, must conform to the zoning district regulations for Residential Single Family.

In my correspondence, I discussed in detail several established principles of land use law which demonstrate that the existing hospital is ***not*** a nonconforming use. Moreover, I also noted that every month the Authority spends upwards to \$50,000.00 to maintain and protect the premises. So it is that every month the City prevents the Authority from transferring the hospital to another entity, such as Meridian Behavioral Healthcare, Inc., my client continues to suffer this expense and other monetary damages.

Mr. Rosenthal, time is of the essence. Therefore, on behalf of the Lake Shore Hospital Authority, I ask that the City expedite its review of my correspondence and provide a written response as soon as possible so that all parties will be better advised as to how to proceed.

Sincerely yours,



Terrell K. Arline

Copies by email: Dale Williams, Executive Director
Thomas J. Kennon, III, Esquire
Scott Walker, Esquire
Clay Martin, Esquire

DRAFT



December 2, 2024

Lake Shore Hospital Authority
259 NE Franklin St.
Lake City, FL 32055

Lake Shore Hospital Board,

Three years ago, Florida Gateway College proposed that the Hospital Authority donate the Shand's Lake Shore Hospital to the college for a regional educational training college for health-care in the region. Unfortunately, the Hospital Authority and the college could not come to an agreement and both parties moved on. During the discussions with the Hospital Authority some Lake Shore Hospital Authority Board members indicated that down the road the Hospital Authority would donate real estate to FGC for educational purposes.

The college would like to know if that is still the Authority's intention and desire to do so. The timing of this request is because the college has begun to explore additional Allied Health Programs that will require specialized training and lead to good health care jobs. There is no greater workforce need in our area than healthcare. As we explore additional degrees in Sonography, X-Ray Technician, Massage Therapy and other potential careers, the buildings of the Women's Health Care and the Physical Therapy would be an ideal location and small campus to offer those degrees. Current buildings at the Lake Shore property would likely be an ideal and affordable way to implement these programs. If this is not of interest to the Authority, we would also be interested in the donation of some tracks of land in this location to build brand new complexes for these programs. Both are options we are willing to discuss with the current buildings being a short term and less expensive option and the land being a longer term but perhaps a more desired approach by some.

In January I will be speaking with the Board of Trustees (BOT) at FGC to seek their thoughts and moving forward with any of these initiatives with the Authority. I would love to discuss these further at a Lake Shore Hospital Authority meeting in January or February once I receive direction from my BOT.

Sincerely,

Dr. Barrett, Ed.D.
President

RECEIVED
12/6/24

SWORN STATEMENT PURSUANT TO SECTION 287.133(3)(a),
FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC
OR OTHER OFFICIAL AUTHORIZED TO AND MINISTER OATHS.

1. This sworn statement is submitted to Lake Shore Hospital Authority
by Anita Rembert, CEO
for Tionton Medical Center, Inc.

whose business address is

23343 NW CR 236
High Springs, FL 32643

and (if applicable) its Federal Employer Identification Number (FEIN) is 59-2871302

(If the entity has no FEIN, include the Social Security Number of the individual signing this sworn statement: _____)

2. I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.
3. I understand that "convicted" or "conviction" as defined in Paragraph 287.133(1)(b), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.
4. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), Florida Statutes, means:
1. A predecessor or successor of a person convicted of a public entity crime; or
 2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.
5. I understand that a "person" as defined in Paragraph 287.133(1)(e), Florida Statutes, means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. [Indicate which statement applies]

Neither the entity submitting this sworn statement, nor any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. (attach a copy of the final order)

I UNDERSTAND THAT THE SUBMISSION OF THE FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH 1 (ONE) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES FOR CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

A. M. Reubens

[signature]

Sworn to and subscribed before me this 18th day of November, 2024.

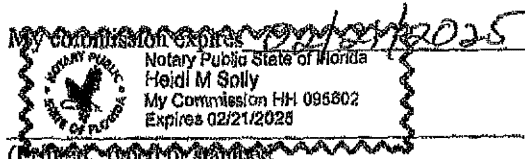
Personally known yes - employer

Heidi M. Solly

Or Produced identification _____

Notary Public - State of Florida

(Type of Identification)



(Printed, typed or stamped commission name of notary public)

BACKGROUND

Trenton Medical Center, Inc. dba PMG Medical Group (PMG), established in 1971, is a private not-for-profit Community Health Center (CHC) located in High Springs, Florida. PMG, through fourteen service delivery sites, serves the residents of Gilchrist, Levy, Suwannee, Bradford, Columbia, Alachua, and Clay County, Florida. In calendar year 2023, PMG cared for 65,111 patients with a payor mix of approximately 50% public insurance, 30% private insurance and 20% uninsured.

PMG offers same day scheduling, flexible hours, and bilingual staff. In addition to primary care, PMG offers pediatric care, behavioral health, and dental services, as well as complementary alternative medicine such as chiropractic care. Several PMG locations have labs, x-ray equipment, and a pharmacy under one roof.

As a Federally Qualified Health Center (FQHC), PMG accepts most public and private insurance including Medicare and Medicaid. For uninsured patients, PMG offers a sliding fee scale based on income. No one is denied medical care because of a lack of insurance or income.

PMG offers a Patient Centered Medical Home (PCMH). The PCMH is a care delivery model whereby patient treatment is coordinated through their primary care provider to ensure that they receive the necessary care when and where they need it, in a manner they can understand.

PMG operates two delivery sites in Lake City, 173 NW Albritton Lane and 4784 West US Hwy 90. The proposed location for this new site will be located approximately 2 and 5 miles, respectively, from the existing PMG Lake City service delivery sites. The Satellite service delivery site will serve Lake City and the 3 ZCTA (32055, 32025, 32024) that make up the greater Lake City area. There are more than 21,000 low-income individuals residing in the three ZCTA that make up the greater Lake City area.

Lake City, located in Columbia County, is defined, by the Rural Health Information Hub, as a non-urbanized area and is, as such, considered rural (as defined by the US Census Bureau). Columbia County is a Federally Designated Rural County. Lake City has, despite its rurality, experienced unprecedented growth in the last several years. And has, according to USA.com, grown more than 20% since 2000. The local health care delivery system and infrastructure, in Lake City and in Columbia County, is not sufficient to accommodate the growing need for affordable and quality health care resources – as illustrated by the assortment of Health Professional Shortage Area (HPSA) and Medically Underserved Area (MUA) Designations. Columbia County has a Low-Income/Migrant Farmworker Primary Care HPSA; a Low-Income Population Group Dental HPSA; a Low-Income Population Group Mental Health HPSA; and an MUA Designation.

The lack of public transportation services, particularly in the very rural areas of Lake City, presents a significant barrier to care and exacerbates the provider/health

care services shortage. PMG is the only FQHC and/or FQHC-LA in Columbia County and is, as such, the foundation of the health care safety net in the area.

PMG has a tacit understanding of the unique and complex health care needs of the target population living in and around the rural service area. All programs and services have been developed in response to identified needs in the community.

The objective is to have a facility that will provide comprehensive primary and acute care services to the community located in and around the existing Lake Shore Hospital area. The onsite health clinic will be developed and staffed based on historical data and anecdotal evidence gleaned by PMG in the organization's more than 50 years of service to the residents of North Florida. The clinic will be designed to meet the unique and evolving needs of the community. The clinic will be staffed with dedicated PMG providers who are experienced in healthcare delivery and familiar with the PCMH model of creating, establishing, and maintaining relationships with patients and families. Based on the PCMH model, clinic providers and staff will have the capacity and wherewithal to create genuine relationships with patients and provide diagnosis, treatment, prevention, and education onsite and in one place.

The clinic will, ultimately, become part of the PMG health care delivery system and network of care and will afford "Palms at Lake Shore" patients with access to all PMG services and the organization's vast and diverse community partners and referral network. The clinic will fundamentally and exponentially increase access to primary care services; provide a system that supports the healthy maintenance of chronic conditions; and encourage early and routine care/services rather than costly and unwarranted emergency and urgent care. Participation in the establishment of the clinic aligns closely with the mission, vision, and values of the Health Center Program to deliver affordable, accessible, quality, and value-based primary health care services regardless of the ability to pay. The clinic will provide high quality primary health care services that support public health priorities.

SCOPE OF WORK – HEALTH CARE SERVICES

1. PMG will offer the following services:

- Complete primary Health Care for both Adults and children
- Pediatrics
- Well Baby Exams
- Vaccinations for Children
- Immunizations
- Specialty Care Referral and Follow up
- 24-hour Provider availability
- Chronic Disease Management
- Preventive Health Care
- Referral Pharmacy
- Hearing/Vision Testing

Family Planning (not including abortions)
Physical Exams
HIV Testing
X-ray Services upon successful hire of x-ray technician
Telehealth
Workers Comp
Pharmacy Services onsite by the end of Year 2

2.- 3. PMG will ensure that all staff providing services at the new location are appropriately licensed to practice in Florida and are practicing within their scope of practice. PMG has formal policies for the initial granting and renewal of privileges for clinical staff members (licensed independent practitioners (LIP), other licensed or certified practitioners (OLCPs), and other clinical staff providing services on behalf of the health center) who are PMG employees, individual contractors, or volunteers.

PMG maintains secure records, for clinical staff, that contain documentation of licensure, credentialing verification, and applicable privileges, consistent with established formal policies. All staff are required to complete a Level II background check prior to hire.

PMG is dedicated to assessing and verifying the credentials of all licensed or certified health care practitioners it employs and/or contracts. Credentialing/Re-Credentialing is completed at the time of hire and every two years thereafter, in accordance with PIN 2001-16 and 2002-22. Credentialing of LIP requires primary source verification of the following:

- Current Licensure
- Relevant education, training, or experience
- Current competence
- Health fitness, or the ability to perform the requested privileges, can be determined by a statement from the individual that is confirmed by the director of a training program, chief of staff/services at a hospital where privileges exist, or a licensed physician designated by the organization
- Board Certification Status (as applicable)
- Drug Enforcement Administration registration (as applicable)
- National Practitioner Data Bank (NPDB)
- Office of the Inspector General and for Excluded Provider Listing (OIG)
- Background screening

Credentialing of LIP also requires secondary verification of the following:

- Diploma from undergraduate and professional schools
- Certificates for Internships, Residencies, and Fellowships
- Credentialing Application

- Current Curriculum Vitae (CV)
- Government issued picture identification
- Hospital admitting privileges
- Immunization and PPD status
- Life support training
- Current medical liability coverage

The determination that a LIP meets the credentialing requirements is temporarily determined by the CMO and the CEO. The documentation required for temporary credentialing is:

- Current licensure
- Verification of relevant education, training, and experience
- NPDB with acceptable results
- OIG
- Drug Enforcement Administration registration (as applicable)
- Completed credentialing application

All LIP complete a Delineation of Privileges form identifying what procedures they are requesting to be approved. The CMO reviews the initial documentation and the credentialing application and requests that the CEO grant temporary credentialing status until the process is completed and the LIP is granted privileges by the Credentialing Committee and ultimately the PMG Board of Directors. The new provider's competency to perform duties is based on the Core Training from the medical school they attended or documentation from a preceptor. Temporary status is effective for up to 120 calendar days. This period allows PMG to complete the credentialing process.

Once the information and the forms have been gathered from the list of credentialing requirements, the packet and forms go to the Credentialing Committee for review and verification that there are no known clinical issues. The Committee reviews all documentation along with the provider's request for privileges. If the Committee, CMO, and CEO agree with the packet and the requested privileges, the Credentialing form is signed. The provider's Credentialing form is then presented, to the Board, for approval. The Board Chair signs the Credentialing form.

PMG, through its documented credentialing and re-credentialing processes, endeavors to credential providers who meet uniform standards established to ensure the selection of appropriately trained other clinical staff in accordance with the applicable standards and guidelines.

4. PMG will designate an employee to serve as the primary liaison to the LSHA and coordinate the exchange of information. PMG will host (at minimum)

quarterly meetings with LSHA administrators to review processes, progress, and overall performance of the Clinic and Clinic programs and services.

5. All PMG employees are required to complete a Level II background check prior to hire.

6. PMG will provide the LSHA with monthly reports that include de-identified data. De-Identified Data means information that has all Personally Identifiable Information, including direct and indirect identifiers removed or obscured, such that the remaining information does not reasonably identify an individual. Any patient that requests records, with a valid consent, will be provided them at no cost to the patient.

7. The hours of operation will be at least 40 hours per week. The office will be open Monday – Friday from 8:00am to 5:00pm. The hours of operation may increase due to patient demand.

COMPENSATION

Please reference the attached proposed agreement for Professional Services.

1. PMG will invoice LSHA monthly for any losses within 10 days of invoicing by PMG or three days after the LSHA Trustees meeting authorizing payment.
2. All losses will be reconciled at PMG's fiscal year end.
3. PMG a detailed budget is included in this proposal to include all expenses and revenue. The maximum subsidy request for Year 1 and 2 is \$850,000 and \$200,000 for Year 3.
4. If PMG terminates the contract with LSHA without cause in the first three years, PMG will agree to repay LSHA 50% of the fees collected for all LSHA patients for the year in which PMG terminates the contract.
5. PMG will be paid at PMG Medicaid PPS rate as determined by AHCA for each LSHA patient visit, minus the nominal fee paid by the patient. Patient visits for LSHA patients will be billed monthly. This rate is calculated annually in October and will be shared with LSHA.
6. PMG will be responsible for the cost of all supplies purchased.
7. PMG and the LSHA will determine a feasible formulary for prescriptions to be available to LSHA patients. PMG will collect a fee from each LSHA patient receiving a prescription. PMG will bill LSHA the remaining balance of the prescription. This will be invoiced monthly.

8. LSHA will compensate PMG within the latter 10 days of invoicing by PMG, or five days after the LSHA Trustees meeting authorizing the payment.

FORMAT OF RESPONSE

1. PMG has a vast amount of experience in developing plans for construction and renovation for community health centers. The Project Team will include Anita Rembert, CEO, Bruce Thomas, CMO, Andrew Jones, CFO and Jim Miller, VP of Business Continuity. The Project Team will, additionally, include the PMG Executive Committee.
2. Anita Hurst Rembert, the PMG CEO, joined PMG in 2001. Ms. Rembert became the CEO in 2010 and has led PMG, in the last 14 years, through tremendous growth. Ms. Rembert has expanded the service area, enhanced services, increased access, implemented new programs, and reduced the organization's debt.

Dr. Bruce Thomas, the PMG CMO (Chief Medical Officer), joined PMG in 2002. Dr. Thomas is responsible for all aspects of PMG clinical operations.

Andrew Jones, the PMG CFO, joined PMG in 2023. Mr. Jones is responsible for all aspects of PMG financial operations.

Jim Miller, the PMG VP of Business Continuity, joined PMG in 2002, overseeing the Facilities Department and Performance Improvement Team.

The Project Team has a successful history of completing infrastructure investment projects.

In 2002, PMG opened a newly constructed and designed facility in Bell.

In 2004, PMG purchased a facility in Trenton, renovated the facility and moved Trenton Pediatrics and Administration.

In 2007, PMG renovated a leased clinic in Branford and opened a Pharmacy in the Trenton location.

In 2009, PMG renovated and expanded to the Chiefland, Williston, and Gainesville service delivery sites. In 2009, PMG added additional space to the service delivery site in Bell.

In 2010, PMG opened a renovated and expanded to the service delivery site in Starke.

In 2011, PMG expanded the Branford and Trenton service delivery sites.

In 2013, PMG purchased, remodeled, and opened a new service delivery site in Chiefland.

In 2014, PMG opened and renovated a leased facility in High Springs. In 2014, PMG assumed primary care duties for the Suwannee County Health Department and expanded to Live Oak, all while merging with Family Health Centers of Columbia County.

In 2015, PMG opened a new dental facility and remodeled the administrative office building in Trenton. In 2015, PMG renovated an existing facility and moved Administration to a more centralized office in High Springs. In 2015, PMG opened a newly renovated service delivery site, with over 12,000 square feet, in Gainesville and a new delivery site in Orange Park. In August 2015, PMG renovated and expanded a service delivery site in Branford.

In 2016, PMG renovated a facility to add dental services in Williston.

In 2017, PMG purchased land and built a new facility in Live Oak.

In 2018, PMG completed a grant funded project in Bell and expanded the facility by more than 6,000 square feet.

In 2019, PMG purchased the adjacent building and remodeled the existing Chiefland office with a pharmacy.

In 2020, PMG remodeled a facility in Lake City (Lake City West) with a pharmacy. In 2020, renovated 1,000 square feet at the Branford service delivery site and renovated the Trenton service delivery site pharmacy to include a pneumatic tubing system that allows the pharmacy to provide drive-thru dispensing services.

In 2021, PMG joined the Trenton and Trenton Pediatric facilities into one building, with expansion for exam rooms, dental, and pharmacy. In 2021, PMG renovated a new facility in Gainesville and relocated the existing facility.

In 2022, PMG expanded the Live Oak office to include a pharmacy and additional exam rooms and joined the Lake City East and Lake City Dental buildings together to create one facility.

In 2023, PMG renovated a facility and relocated our High Springs office to a much larger facility with additional exam rooms, x-ray, and pharmacy.

PMG now has over 160,000 square feet of space, 288 exam rooms, 14 procedure rooms, and 25 dental operatories to care for our patients. This project team, led by Anita Rembert, has continued to have success in expanding services, sites and new locations.

3, 4, 5, 6. PMG has reviewed the potential floor plans and has met with contractors to discuss this project. PMG anticipates this project to take no more than 12 months to complete. PMG will also provide oversight for the bid documents, contractor selection, construction management and work to ensure deadlines are met for a fee of \$40,000. However, PMG cannot guarantee work

to be completed by a contractor. PMG will work with the LSHA to identify all equipment and furnishings needed to operate the facility and will assist in obtaining pricing for such items for purchase. At the time the Certificate of Occupancy is delivered, PMG will be prepared to assume occupancy and open for business within 30 days.

7. PMG will offer the following services:

- Complete primary Health Care for both Adults and children
- Pediatrics
- Well Baby Exams
- Vaccinations for Children
- Immunizations
- Specialty Care Referral and Follow up
- 24-hour Provider availability
- Chronic Disease Management
- Preventive Health Care
- Referral Pharmacy
- Hearing/Vision Testing
- Family Planning (not including abortions)
- Physical Exams
- HIV Testing
- X-ray Services upon successful hire of x-ray technician
- Telehealth
- Workers Comp
- Pharmacy Services onsite by the end of Year 2

8. PMG a detailed budget is included in this proposal to include all expenses and revenue. The maximum subsidy request for Year 1 and 2 is \$850,000 and \$200,000 for Year 3.

9. Please see the attached audited financial statements for FYE 2024.

PROFESSIONAL SERVICES

This Agreement (the "Agreement") is entered into on the ____ day of _____, 2024 by and between the Lake Shore Hospital Authority (hereinafter referred to as "LSHA") and Trenton Medical Center, Inc., a Florida not for profit corporation d/b/a Palms Medical Group (hereinafter referred to as "PALMS").

RECITALS

The Lake Shore Hospital Authority is an independent special district of Florida, currently operating under Chapter 2005-315, of the Laws of Florida.

PALMS is a Florida not for profit organization and 501(c)(3) organization that has been designated as a Federally Qualified Health Center that specializes in the delivery of primary health care services to individuals in its approved service area.

LSHA desires to make primary care health services available to LSHA enrollees as well as other individuals in underserved areas of Columbia County, which includes the PALMS service area;

As allowed by its enabling legislation, LSHA intends to establish a primary healthcare center by renovating one of its vacant buildings on the former Lake Shore Hospital campus, and utilizing the services of PALMS to operate this renovated facility on a contractual basis.

The Parties Agree as follows:

1. Term.

This Agreement shall govern the relationship of the parties for an initial five (5) year periods and shall take effect on _____. It is anticipated that the Agreement shall continue beyond the initial term and therefore shall automatically renew for successive two (2) year terms thereafter, unless otherwise terminated or amended, as provided herein.

2. Obligations of PALMS.

- a. PALMS will apply to the Health Resources and Services Administration ("HRSA"), to open a new site at the LSHA location set forth herein and more fully described in Exhibit B to this Agreement. Once approved the new site will be included in PALMS approved scope of project thereby allowing the provision of services under this Agreement.
- b. PALMS will utilize its specialized expertise and experience in establishing health clinics to develop plans, probable cost and "bid ready" documents for the renovation of the LSHA- owned "P.T. Building" into a first-class health care facility. A floorplan schematic

of the proposed facility is attached to this Agreement. LSHA will exercise overall responsibility and owner supervision for this project phase. PALMS will be paid a fixed fee and work with LSHA and the contractor to determine the set timeframe for this project phase.

- c. PALMS will assist in the bidding, contractor selection, and contract management of the construction phase of the project. LSHA will maintain overall responsibility for this project phase, including selection of contractor and making payments to the contractor and engineers. PALMS will be paid a \$40,000 fee for this project phase.
- d. PALMS will identify the equipment and furnishings needed to initially operate the health clinical facility and prepare appropriate procurement documents in compliance with the LSHA purchasing policies. LSHA will transact the purchasing function and directly pay for the equipment and furnishings purchased.
- e. PALMS will provide the primary care health services set forth in Exhibit A to this Agreement. The primary care health services shall be provided by PALMS employees and/or independent contractors.

3. Obligations of LSHA.

- a. LSHA shall collaborate with PALMS to coordinate the provision of services set forth in Exhibit A. LSHA agrees that PALMS shall be the exclusive provider for primary health care services for LSHA.
- b. LSHA shall provide PALMS with access to a facility to provide primary care health services, as well as appropriate equipment and furnishings to operate a primary health care facility. The facility, the equipment and furnishings are more fully described in Exhibit B.

4. Patient Billing and Services for Compensation.

LSHA provides its authorized patients with health care coverage in accordance with LSHA's health care plan. LSHA seeks to make available to LSHA Patients and other individuals in Columbia County a facility to give underserved and other patients access to quality primary health care. LSHA shall agree to compensate PALMS for the services provided under this Agreement pursuant to the compensation methodology set forth in Exhibit C to this Agreement. LSHA agrees and acknowledges PALMS may bill applicable third-party payors for patient care services for any individual that is not covered by LSHA's health plan. Individuals that do not have third-party coverage and who are not covered by LSHA's health plan shall be treated as self-pay patients. All self-pay patients shall be afforded the opportunity to apply for PALMS sliding-fee discount if eligible.

5. Independent Contractor.

The parties intend to create an independent contractor relationship, and it is of the essence of this Agreement that PALMS is an independent contractor for all purposes, including tax purposes. Any contrary final determination by a board, administrative proceeding, or court of competent jurisdiction shall entitle the parties to amend this Agreement in any way necessary to establish and maintain an independent contractor relationship. In the event such amendment is not possible, this Agreement may be terminated by either party. Neither party to this Agreement has any authority to employ or retain any person on behalf of the other. Each shall have the exclusive right to select, engage, and fix the compensation of, discharge and to otherwise manage, supervise and control any persons hired by them, and shall be responsible for all obligations and discharge all liabilities imposed under labor, wage hour, workers' compensation, unemployment compensation or insurance, Social Security and other federal, state and municipal laws and regulations. PALMS agrees that it will not be treated by LSHA as an employee, and that it is solely responsible for any tax liability relating to its business, including payment of federal income taxes, self-employment taxes and payroll taxes, as required.

6. Professional Services.

PALMS expressly warrants, represents and acknowledges that its employees and contractors providing services under this Agreement are duly licensed, as may be required, in the State of Florida to provide the services contemplated in this Agreement. PALMS further warrants, represents and acknowledges that its employees shall perform all professional medical services provided to employees of LSHA consistent with the requirements of their respective license and shall perform all services with respect to the diagnoses and treatment of patients in such manner as they, in the independent exercise of medical judgment, deem to be in the best interest of the patients.

7. Liability and Insurance.

- a. PALMS has been "deemed" as an employee of the Federal Government pursuant to the Federally Supported Health Centers Assistance Act of 1995 (Pub. L. 104-73). As such, all of the PALMS's employees, as well as PALMS itself, has been afforded protection under the Federal Tort Claims Act for all claims relating to personal injury, including death, resulting from the performance of medical treatment to the patients under the terms of this Agreement. Such coverage may not be extended to the LSHA. In the event that Federal Tort Claims Act coverage is not available for the services provided under this Agreement, PALMS maintains and shall maintain professional liability coverage in at least the minimum amounts required by law to supplement any Federal Tort Claims Act coverage denials.
- b. The parties agree to maintain all appropriate insurance or other form of financial responsibility coverage as may be required by law. The parties agree to accept and to be responsible for their own acts or omissions as well as those of its employees, and

nothing in this agreement should be interpreted or construed to place any such responsibility onto the other parties.

8. Termination.

8.1 Termination without Cause.

Either party may terminate this Agreement, without cause, upon 360 (360) days written notice, at any time during this Agreement,

8.2 Termination for Cause.

- a. The Agreement may be terminated in the event that either party fails to observe, perform or otherwise defaults or breaches any material covenants, agreements or obligations under this Agreement and such failure continues for a period of thirty (30) days after receipt by the other party of notice thereof.
- b. The Agreement may be terminated should legal counsel for either party reasonably conclude that any portion of or provision in this Agreement is or may be in violation of any federal, state or local law, regulation or ordinance, unless that parties are able to agree to such modifications of the Agreement as may be necessary to establish compliance with such law, regulation or ordinance.

9. Waiver.

The waiver by either party of the breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such party.

10. Notices.

Any notices permitted or required under this Agreement shall be deemed given upon the date of personal delivery or two business days after the date of deposit in the United States mail, postage fully prepaid, return receipt requested, addressed to LSHA at:

addressed to the PALMS at:

Palms Medical Group
 c/o Anita H. Rembert, CEO
 23343 NW County Rd. 236
 High Springs, FL 32643

or at any other address as any party may, from time to time, designate by notice given in compliance with this Section.

11. Law Governing.

This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

12. Entire Agreement.

This Agreement contains the entire understanding between and among the parties and supersedes any prior understandings and agreements among them respecting the subject matter of this or any prior Agreement between the parties. This Agreement may be subsequently modified only by a writing signed by the parties to this Agreement, except as may be otherwise expressly provided in this Agreement.

13. Agreement Binding.

This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

14. Attorney Fees.

In the event an arbitration, suit or action is brought by any party under this Agreement to enforce any of its terms, or in any appeal therefrom, it is agreed that the prevailing party shall be entitled to reasonable attorney's fees to be fixed by the arbitrator, trial court, and/or appellate court.

15. Presumption.

This Agreement or any section thereof shall not be construed against any party due to the fact that said Agreement or any section thereof was drafted by said party.

16. Fraud and Abuse Compliance.

It is not the intent of either party to this Agreement that any remuneration, benefit or privilege provided for under this Agreement shall influence or in any way be based on the referral or recommended referral by either party of patients to the other party or its affiliated providers, if any, or the purchasing, leasing or ordering of any services other than the specific services described in this Agreement. By entering into this Agreement, the parties specifically intend to comply with all applicable laws, rules and regulations, including (i) the federal anti-kickback statute (42 U.S.C. 1320a-7(b)) and the related safe harbor regulations; and (ii) the Limitation on Certain Physician Referrals, also referred to as the "Stark Law" (42 U.S.C. 1395nn). Accordingly, no part of any consideration paid hereunder is a prohibited payment for the recommending or arranging for the referral of business or the ordering of items or services; nor are the payments intended to induce illegal referrals of business. In the event that any part of this Agreement is determined to violate federal, state, or local laws, rules, or regulations, the parties agree to negotiate in good faith revisions to the provision or provisions which are in violation. In the event the parties are unable to agree to new or modified terms as required to bring the entire

Agreement into compliance, either party may terminate this Agreement on thirty (30) days written notice to the other party.

17. Warranties by PALMS.

PALMS has warranted that; (a) None of its employees' license to practice as a licensed professional in the State of Florida, or in any other State, has ever been suspended or revoked at any time, unless and except as disclosed to LSHA in writing prior to executing this Agreement; and (b) PALMS has never taken any acts in violation of 42 U.S.C. section 1395nn (the Stark Law), Chapter 456.053, Florida Statutes (The Patient Self Referral Act), Chapter 456.054, Florida Statutes (anti-kickback prohibition), Chapter 817.505, Florida Statutes (prohibition against patient brokering), or the Federal anti-kickback statute, 42 U.S.C. 1320a-7(b) nor does PALMS know of any threatened or pending administrative or legal action by any governmental agency involving PALMS, unless and except as disclosed to the LSHA in writing prior to the execution of this Agreement. (c) PALMS and its licensed professionals have not been debarred, excluded, suspended or otherwise determined to be ineligible to participate in any Federal or state health care programs.

18. Public Records

PALMS acknowledges that all records not otherwise protected from disclosure by HIPAA, FERPA or other state or federal law, are public records pursuant to Chapter 119, Florida Statutes. In accordance with Section 119.0701, Florida Statutes, PALMS is required to comply with the Florida Public Records Law, Chapter 119, Florida Statutes, in the performance of its duties under this contract and will specifically:

- Keep and maintain public records required by LSHA to perform the services.
- Upon request from LSHA's custodian of public records, provide LSHA with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in the Chapter 119, Florida Statutes or as otherwise provided by law.
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the Agreement if the PALMS does not transfer the records to the LSHA.
- Upon completion of the contract, transfer, at no cost, to LSHA all public records in possession of PALMS or keep and maintain public records required by LSHA to perform the service. If PALMS transfers all public records to LSHA upon completion of the contract, PALMS shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If PALMS keeps and maintains public records upon completion of the contract, PALMS shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the School Board, upon request of the School Board's custodian of public records, in a format that is compatible with the information technology systems of the School Board.
- The failure of the PALMS to comply with the provisions set forth herein shall constitute a default and material breach of this Agreement, which may result in immediate termination, with no penalty to the School Board.

IF PALMS HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA
STATUTES, TO THE PALMS'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THE
AGREEMENT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT
_____, or _____

LSHA

PALMS

By: _____

By: _____

As its: _____

As its: _____

Date: _____

Date: _____

EXHIBIT A

SCOPE OF WORK – HEALTH CARE SERVICES

1. PALMS will provide the following services as the LSHA Facility to eligible LSHA Patients:
 - Complete primary Health Care for both Adults and children
 - Pediatrics
 - Well Baby Exams
 - Vaccinations for Children
 - Immunizations
 - Specialty Care Referral and Follow up
 - 24-hour Provider availability
 - Chronic Disease Management
 - Preventive Health Care
 - Referral Pharmacy
 - Hearing/Vision Testing
 - Family Planning (not including abortions)
 - Physical Exams
 - HIV Testing
 - X-ray Services upon successful hire of x-ray technician
 - Telehealth
 - Workers Comp
 - Pharmacy Services onsite by the end of Year 2
2. PALMS will ensure that clinical providers providing services to LSHA Patients are appropriately licensed to practice in Florida and are practicing within their approved scope of practice.
3. PALMS will ensure compliance with all applicable federal and state laws and regulations related to the provision of services under this Agreement.
4. PALMS will designate an individual who will serve as a primary liaison to the LSHA and coordinate the appropriate exchange of information between the parties.
5. PALMS will require its employees to undergo criminal background checks.
6. The ownership and right to control of all clinical records, test results and supporting documents prepared in connection with the delivery of services under this Agreement will vest exclusively in PALMS. However, PALMS agrees that copies of such clinical records will be released to a patient, parent or legal guardian, as applicable, pursuant to a valid consent or to a third-party as provided by applicable federal or

state law. The parties expressly agree that such clinical records will not be released to LSHA nor will LSHA have access to any of the contents of such clinical records.

7. The hours of operation of the office shall be established by PALMS, in consultation with LSHA, to meet the needs of LSHA Patients. The office will be open no less than 40 hours per week.

EXHIBIT B

Location of Services and Usage of Space

1. The primary care health services provided by PALMS under this Agreement shall be provided at the LSHA facility located at _____ and more specifically described in the clinical space diagram attached to this Exhibit B as Appendix 1 herein after referred to as "Clinical Office Space".
2. LSHA agrees at its own cost and expense, shall maintain and keep in good repair the exterior and the structural portions of the Clinical Office Space including, but not limited to, the heating and air conditioning equipment. PALMS shall furnish its own sharps, chemical, medical, and biomedical waste disposal, as well as provide for any cleaning of the Clinical Office Space during PALMS' use thereof. Upon the termination of this Agreement PALMS will vacate the Clinical Office Space leaving it in as good condition, reasonable wear and tear or acts of God excepted. In no event shall PALMS be responsible for repairs and expenses to the Clinical Office Space.
3. LSHA agrees to provide PALMS with the ability for 24/7 access to the Clinical Office Space during the term of this Agreement. LSHA shall allow PALMS to install its own computer and telecommunications related equipment in the Clinical Office Space.
4. Insurance (Place holder). PALMS will not be required to carry general premises liability but may carry coverage for its personal property.
5. All personal property of PALMS used in the Clinical Office Space shall remain the sole property of PALMS and LSHA shall have no interest, secured or unsecured, such property.
6. LSHA shall provide to PALMS the equipment and furniture as mutually agreed to by the parties. LSHA agrees to reasonably provide the equipment and furniture request by PALMS to be used for the provision of services under this Agreement. All equipment and furniture provided by LSHA shall remain the property of LSHA.

EXHIBIT C

COMPENSATION

PALMS will be reimbursed monthly for losses, to be reconciled at PALMS' fiscal year end (May 31), up to \$850,000 for the first two years of service.

PALMS will be reimbursed monthly for losses, to be reconciled at PALMS' fiscal year end (May 31) up to \$200,000 in year three.

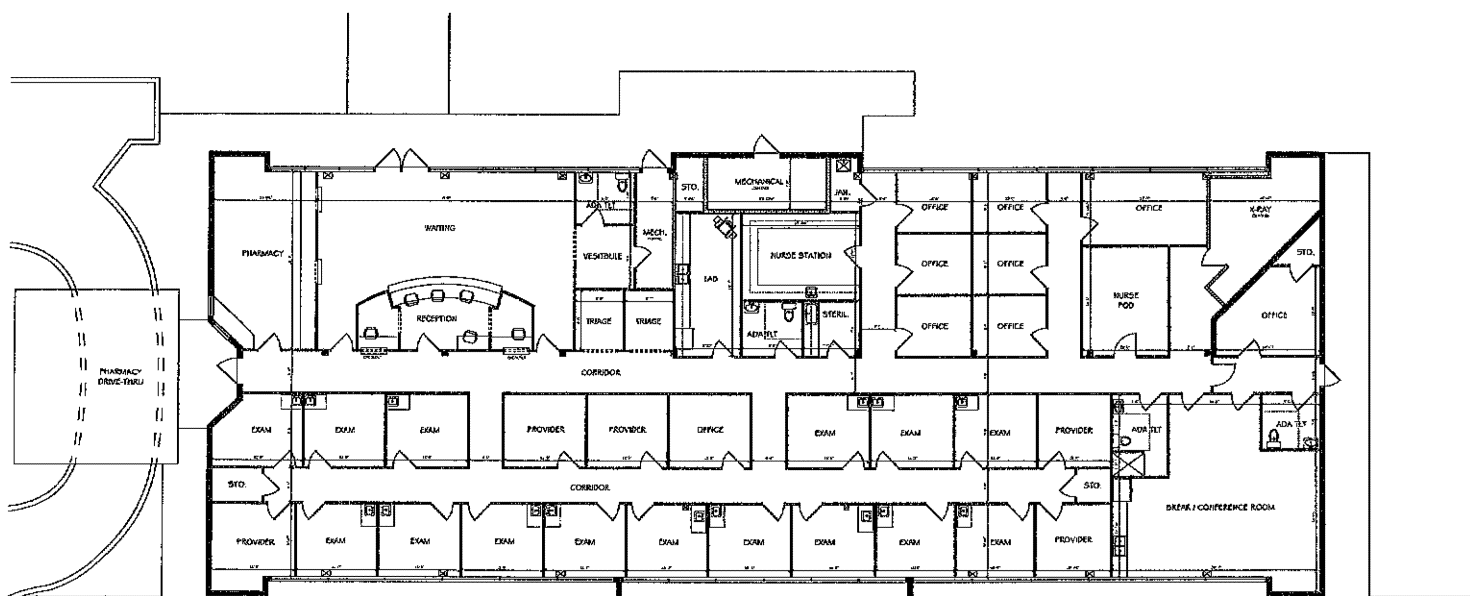
PALMS will be paid at PALMS PPS rate as determined by AHCA for each LSHA patient visit, minus the nominal fee paid by the patient. Patient visits for LSHA patients will be billed monthly. This rate is calculated annually in October and will be shared with LSHA.

PALMS will be responsible for the cost of all supplies purchased and costs associated with the facility, except those noted in the Space Use Agreement.

PALMS and the LSHA will determine a feasible formulary for prescriptions to be available to LSHA patients. PALMS will collect a fee from each LSHA patient receiving a prescription. PALMS will bill LSHA the remaining balance of the prescription. This will be invoiced monthly.

LSHA will compensate PALMS within the latter 10 days of invoicing by PALMS, or five days after the LSHA Trustees meeting authorizing the payment.

If PALMS terminates the contract with LSHA without cause in the first three years, PALMS will agree to repay LSHA 50% of the fees collected for all LSHA patients for the year in which PALMS terminates the contract.



PROPOSED FLOOR PLAN
 SCALE: 1/4" = 1'-0"
 8,590 S.F.



Palms Medical Group
Your home for health, wellness, life

Budget Proposal - Palms Medical at Lake Shore

	Year 1	Year 2	Year 3
Medical Revenue (6500) (10000) (12000)	\$ 780,000	\$ 1,236,000	\$ 1,527,696
Pharmacy Revenue (0) (9500) (20,000)	\$ -	\$ 684,000	\$ 1,440,000
Total Revenue	\$ 780,000	\$ 1,920,000	\$ 2,967,696
Personnel:			
Medical Staff (6.1 FTE)(9.1 FTE) (10.1)	\$ 570,000	\$ 830,500	\$ 919,625
Xray Staff (1.0 FTE)	\$ 55,000	\$ 57,750	\$ 60,638
Pharmacy Staff (0.0 FTE) (2.0 FTE)	\$ -	\$ 194,250	\$ 203,963
Admin Staff (5.0 FTE)	\$ 210,000	\$ 220,500	\$ 335,023
	\$ 835,000	\$ 1,303,000	\$ 1,519,249
Fringe Benefits	\$ 208,750	\$ 325,750	\$ 379,812
Total Personnel Cost	\$ 1,043,750	\$ 1,628,750	\$ 1,899,061
Occupancy			
Utilities	\$ 24,000	\$ 24,720	\$ 25,956
Cleaning	\$ 57,000	\$ 58,710	\$ 60,471
Insurance	\$ 15,000	\$ 15,750	\$ 16,538
Equipment Repair	\$ 30,000	\$ 30,900	\$ 31,827
Telephone	\$ 30,000	\$ 30,900	\$ 31,827
Building Grounds/Maintenance	\$ 24,000	\$ 24,720	\$ 25,462
Total Occupancy	\$ 180,000	\$ 185,700	\$ 192,080
Professional Services			
Contracted Billing	\$ 39,000	\$ 61,800	\$ 76,385
Referral Services	\$ 6,500	\$ 10,000	\$ 12,000
Patient Services Check-In	\$ 28,000	\$ 28,840	\$ 29,705
X-Ray Interpretation	\$ 10,000	\$ 15,000	\$ 20,000
Credentialing	\$ 4,000	\$ 6,500	\$ 9,000
Payroll Services	\$ 4,500	\$ 6,515	\$ 7,596
Accounting/Audit	\$ 3,500	\$ 3,850	\$ 4,043
Contracted MR Services	\$ 15,000	\$ 15,750	\$ 16,538
Lab Services	\$ 5,000	\$ 9,500	\$ 15,000
Next Gen	\$ 96,000	\$ 98,880	\$ 101,846
Annual Wellness Program	\$ 11,200	\$ 17,200	\$ 21,500
Total Professional Services	\$ 222,700	\$ 273,835	\$ 313,613

Staff Training						
Staff Training	\$	6,500	\$	7,150	\$	7,508
Staff Travel Mileage	\$	8,000	\$	8,800	\$	10,120
Staff Recruiting/Retention	\$	25,000	\$	27,500	\$	15,000
Memberships/Certification	\$	3,500	\$	3,850	\$	6,000
Meals/Lodging	\$	3,500	\$	3,850	\$	4,043
Total Staff Training	\$	46,500	\$	51,150	\$	42,670
Supplies						
Medical	\$	65,000	\$	110,000	\$	126,000
Lab	\$	39,000	\$	70,000	\$	73,500
Xray	\$	1,000	\$	1,500	\$	2,000
Computers/Printers/etc	\$	25,000	\$	7,500	\$	7,500
Medical Record Supplies	\$	7,700	\$	9,000	\$	11,000
Facility Supplies	\$	5,000	\$	6,500	\$	7,800
Pharmacy Supplies	\$	-	\$	161,500	\$	360,000
Total Supplies	\$	142,700	\$	366,000	\$	587,800
Center Development						
Preventive Services/Supplies	\$	12,000	\$	12,000	\$	12,000
Advertising	\$	35,000	\$	35,000	\$	25,000
Total Center Development	\$	47,000	\$	47,000	\$	37,000
Other						
Uniform Cost	\$	5,000	\$	5,500	\$	6,500
Postage	\$	12,000	\$	13,500	\$	15,000
Bank Charges	\$	10,000	\$	13,000	\$	15,000
Cyber Liability Insurance	\$	1,000	\$	1,100	\$	1,200
Malpractice Insurance	\$	3,000	\$	3,300	\$	3,500
Equipment Lease	\$	2,000	\$	2,200	\$	2,266
Total Other	\$	33,000	\$	38,600	\$	43,466
Total Expense	\$	1,715,650	\$	2,591,035	\$	3,115,690
Net Income (Loss)	\$	(935,650)	\$	(671,035)	\$	(147,994)

End of Year Three

** Total Staff of 19.1 FTEs with an average of \$79,070 annual salary.

2024

Trenton Medical Center, Inc. d/b/a
Palms Medical Group

Financial Statements and
Independent Auditor's Report

May 31, 2024

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**TRENTON MEDICAL CENTER, INC.
D/B/A PALMS MEDICAL GROUP
TRENTON, FLORIDA**

MAY 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Trenton Medical Center, Inc.
d/b/a Palms Medical Group
Trenton, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Trenton Medical Center, Inc. d/b/a Palms Medical Group (the Organization), which comprise the statement of financial position as of May 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of May 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing

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To the Board of Directors of
Trenton Medical Center, Inc.
d/b/a Palms Medical Group
Trenton, Florida

INDEPENDENT AUDITOR'S REPORT

standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

To the Board of Directors of
Trenton Medical Center, Inc.
d/b/a Palms Medical Group
Trenton, Florida

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The financial statements of the Organization as of May 31, 2023, were audited by other auditors whose report dated September 12, 2023, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



September 6, 2024
Gainesville, Florida

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
TRENTON MEDICAL CENTER, INC. D/B/A PALMS MEDICAL GROUP
MAY 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION AS OF MAY 31, 2023

ASSETS

	2024	2023
Current Assets		
Cash and Cash Equivalents	\$ 38,528,038	\$ 29,993,482
Investments	4,946,201	13,209,440
Patients Account Receivable, Net	3,559,765	3,296,603
Contractual Accounts Receivable	531,600	1,076,612
Prepaid Expenses	440,423	425,889
Inventory of Supplies and Drugs	1,316,466	968,215
Total Current Assets	49,322,493	48,970,241
Long-Term Assets		
Property and Equipment:		
Land	2,921,630	2,921,630
Buildings and Improvements	28,368,118	21,779,263
Leasehold Improvements	1,562,683	1,512,740
Furniture and Equipment	3,197,844	2,584,951
Software	744,875	744,875
Construction in Progress	5,793,413	5,407,074
Accumulated Depreciation	(9,505,591)	(8,201,411)
Net Property and Equipment	33,082,972	26,749,122
Right-of-Use Assets, Net	768,828	1,460,207
Total Assets	83,174,293	77,179,570
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	1,479,382	896,856
Accrued Payroll Expenses	737,132	599,812
Accrued Vacation Leave, Current Portion	699,930	379,518
Lease Liability, Current Portion	219,908	350,976
Notes Payable, Current Portion	381,078	365,979
Total Current Liabilities	3,517,430	2,593,141
Long-Term Liabilities		
Notes Payable	3,978,827	4,358,735
Lease Liability	577,488	1,144,064
Accrued Vacation Leave	458,888	533,148
Total Long-Term Liabilities	5,015,203	6,035,947
Total Liabilities	8,532,633	8,629,088
Net Assets		
Without Donor Restrictions	74,641,660	68,550,482
Total Net Assets	74,641,660	68,550,482
Total Liabilities and Net Assets	\$ 83,174,293	\$ 77,179,570

See accompanying notes.

STATEMENT OF ACTIVITIES
TRENTON MEDICAL CENTER, INC. D/B/A PALMS MEDICAL GROUP
FOR THE YEAR ENDED MAY 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED MAY 31, 2023

	2024	2023
Net Assets Without Donor Restrictions		
Support and Revenues		
Support:		
Federal Grant Revenue	\$ 6,709,641	\$ 9,596,239
Total Support	6,709,641	9,596,239
Program Revenues:		
Net Patient Revenue	45,692,261	37,610,955
Contractual Services	11,115,879	8,799,650
Other Program Income	526,307	301,957
Total Program Revenues	57,334,447	46,712,562
Other Revenue:		
Miscellaneous Revenue	524,290	2,563,365
Investment Income	1,033,907	373,071
Total Other Revenue	1,558,197	2,936,436
Total Revenues	58,892,644	49,648,998
Total Support and Revenues	65,602,285	59,245,237
Expenses		
Program Services:		
Health Care:		
Medical	23,602,627	19,858,550
Medical Records	6,638,473	5,945,610
Laboratory	1,343,893	494,278
Pharmacy	12,525,904	7,411,458
X-Ray	68,652	48,453
Dental	2,437,477	2,103,764
Chiropractor	225,013	166,403
Mental Health	296,470	63,439
Total Program Services	47,138,509	36,091,955
Support Services:		
Management and General:		
Administration	7,999,178	6,840,291
Facilities	4,373,420	3,840,131
Total Support Services	12,372,598	10,680,422
Total Expenses	59,511,107	46,772,377
Change in Net Assets	6,091,178	12,472,860
Net Assets, Beginning of Year	68,550,482	56,077,622
Net Assets, End of Year	\$ 74,641,660	\$ 68,550,482

See accompanying notes.

STATEMENT OF FUNCTIONAL EXPENSES
TRENTON MEDICAL CENTER, INC. D/B/A PALMS MEDICAL GROUP
FOR THE YEAR ENDED MAY 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED MAY 31, 2023

	Medical	Records	Laboratory	Pharmacy	X-Ray	Dental	Chiropractic	Mental Health	Administration	Facility	2024	2023
Salaries	\$ 16,352,194	\$ 3,488,378	\$ -	\$ 2,694,272	\$ -	\$ 1,784,772	\$ 177,787	\$ 253,110	\$ 2,547,731	\$ 946,387	\$ 27,644,631	\$ 22,878,266
Payroll Taxes	1,126,612	251,932	-	200,957	-	122,177	13,027	19,076	154,635	23,605	1,912,021	1,563,122
Employee Benefits	2,608,275	526,317	-	125,647	-	74,753	33,053	24,284	784,080	92,375	4,268,784	3,379,315
Professional Services	649,037	727,188	65,671	11,902	-	-	-	-	2,891,383	-	4,345,181	2,938,554
Bank Fees	-	-	-	-	-	8,744	-	-	124,679	-	133,423	149,940
Postage	26	84,680	-	-	-	-	-	-	-	-	84,706	80,157
Membership and Certifications	56,014	105	1,851	4,648	200	2,347	1,146	-	35,659	75	102,045	105,675
Insurance	-	-	-	6,984	-	5,576	-	-	147,617	121,909	282,086	182,910
Occupancy	-	-	-	-	-	-	-	-	-	461,502	461,502	429,159
Rentals and Leases	-	60,578	-	-	-	-	-	-	16,004	-	76,582	73,176
Repairs and Maintenance	143	146,769	-	1,749	-	1,511	-	-	362,391	1,358,797	1,871,360	2,075,707
Training and Recruitment	128,329	61,663	-	890	-	18,125	-	-	937,668	-	546,675	371,404
Supplies	1,918,519	1,065,267	1,276,371	9,464,996	68,452	391,086	-	-	14,725	185,676	14,385,092	9,624,057
Telephone	370,294	178,327	-	-	-	6,700	-	-	105,539	-	660,860	650,918
Travel/Lodging	105,911	38,298	-	10,006	-	17,897	-	-	164,452	27,451	364,015	281,862
Uniforms	30,284	8,971	-	3,748	-	2,751	-	-	-	-	45,754	53,241
Utilities	-	-	-	-	-	-	-	-	-	386,572	386,572	396,205
Depreciation	-	-	-	-	-	-	-	-	-	1,356,898	1,356,898	1,013,145
Interest	-	-	-	-	-	-	-	-	170,310	-	170,310	241,307
Outreach	-	-	-	-	-	-	-	-	19,890	-	19,890	32,858
Board Meetings	-	-	-	-	-	-	-	-	107,399	-	107,399	69,354
Insurance Program and Patient Refunds	256,989	-	-	105	-	1,038	-	-	-	-	258,132	14,207
Other	-	-	-	-	-	-	-	-	15,016	12,173	27,189	167,838
Total Expenses	\$ 23,602,627	\$ 6,638,473	\$ 1,343,893	\$ 12,525,904	\$ 68,652	\$ 2,437,477	\$ 225,013	\$ 296,470	\$ 7,999,178	\$ 4,373,420	\$ 59,511,107	\$ 46,772,377

See accompanying notes.

STATEMENT OF CASH FLOWS
TRENTON MEDICAL CENTER, INC. D/B/A PALMS MEDICAL GROUP
FOR THE YEAR ENDED MAY 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED MAY 31, 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 59,174,494	\$ 48,754,667
Cash Received from Granting Agencies	6,709,641	9,596,240
Cash Paid to Vendors and Others	(23,541,458)	(18,441,967)
Cash Paid for Compensation and Related Expenses	(34,009,538)	(27,717,250)
Net Cash and Cash Equivalents Provided by (Used in)		
Operating Activities	<u>8,333,139</u>	<u>12,191,690</u>
Cash Flows from Capital Financing Activities		
Purchase of Property and Equipment	(7,697,013)	(5,579,976)
Principal Payments	(364,809)	(322,550)
Net Cash and Cash Equivalents Provided by (Used in)		
Capital Financing Activities	<u>(8,061,822)</u>	<u>(5,902,526)</u>
Cash Flows from Investing Activities		
Purchase of Investments	(4,946,201)	-
Sale of Investments	13,209,440	-
Net Cash and Cash Equivalents Provided by (Used in)		
Investing Activities	<u>8,263,239</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	8,534,556	6,289,164
Cash and Cash Equivalents, Beginning of Year	29,993,482	23,704,318
Cash and Cash Equivalents, End of Year	<u>\$ 38,528,038</u>	<u>\$ 29,993,482</u>
Reconciliation of Increase in Net Assets to Net Cash		
and Cash Equivalents Provided by Operating Activities		
Increase in Net Assets	6,091,178	12,472,860
Adjustments to Reconcile Net Cash and Cash Equivalents		
Provided by Operating Activities		
Depreciation	1,356,898	1,013,145
Changes in Net Assets Decrease (Increase) and		
Liabilities (Decrease) Increase:		
Accounts Receivable	281,850	(894,330)
Inventory	(348,251)	(375,925)
Prepaid Expenses	(14,534)	(191,172)
Accounts Payable	582,526	63,659
Accrued Liabilities	137,320	86,821
Compensated Absences	246,152	16,632
Total Adjustments	<u>2,241,961</u>	<u>(281,170)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 8,333,139</u>	<u>\$ 12,191,690</u>

See accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
TRENTON MEDICAL CENTER, INC.
D/B/A PALMS MEDICAL GROUP

Note 1 - Summary of Significant Accounting Policies

Organization and Purpose

Trenton Medical Center, Inc. d/b/a Palms Medical Group (the Organization) is a non-profit organization which was incorporated in 1988 for the purpose of providing primary health care services to indigent and other patients in this medically underserved North Florida area of the state. The Organization has been funded as a Community Health Center by the Federal Department of Health and Human Services during its existence. The Organization currently conducts its operations through one program office and 13 primary care health clinics.

Basis of Accounting

The Organization follows standards of accounting and financial reporting prescribed for non-profit organizations. It uses the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred. Federal, state and local government, and other public grants are recorded as support when performance occurs under the terms of the grant agreement. Assets and all liabilities associated with the operation of the Organization are included on the statement of financial position.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors; net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates the resources be maintained in perpetuity. The Organization has no such restricted net assets at year-end.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its applications for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Expense Allocation

The costs of providing the various programs and other activities have been detailed in the statement of functional expenses and summarized on a functional basis in the statement of activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on the allocation methods as noted in Note 5.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase, without material penalties for early withdrawal.

NOTES TO THE FINANCIAL STATEMENTS
TRENTON MEDICAL CENTER, INC.
D/B/A PALMS MEDICAL GROUP

Inventories

Inventories, consisting of prescription drugs and medical supplies, are stated at the lower of cost or market value determined by the first-in/first-out method.

Compensated Absences

In recognition of funding uncertainties, which could result in substantial layoffs, the Organization has recorded a liability for costs associated with separated employees. The total liability for accrued compensated absences due to employees was \$1,158,819 at May 31, 2024.

Cash and Investments

Unrestricted cash and cash equivalents consists of monies held in checking and savings accounts, money market funds, and short-term U.S. Treasury notes. Investments consist of U.S. Government Bills and Corporate Bonds, and U.S. Equities. Both cash and investments are considered cash equivalents for the statement of cash flows.

Property and Equipment

Property and equipment are recorded at cost, or in the case of donated assets, at fair market value when received. Maintenance and repairs are expensed as they are incurred. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets.

Property and equipment purchased with grant funds are considered to be owned while being utilized for the related programs, and depreciation expense is recorded on these assets. However, certain funding agencies (primarily from federal sources) retain a reversionary interest in the property and equipment and may require the return of the assets upon termination of the grant contract. In computing expenses for grant purposes, the Organization follows the policies described in Note 3.

Net Patient Service Revenue

The Organization uses a sliding fee scale based directly on poverty income guidelines to bill indigent patients for services rendered. This results in significant "discounts", which allow such disadvantaged individuals to afford health care services. Patient fees in the accompanying statement of activities are stated net of these "discounts".

The Organization provides services to certain patients covered by various third-party payors, such as Medicare, Medicaid, and other insurance providers. Charges for these services are included in the accompanying statement of activities and have been shown as net of contractual adjustments.

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.

Revenue Recognition

The Organization's non-patient revenue is primarily derived from federal and state grants. These revenues, which are susceptible to accrual, are recognized as unrestricted revenue when qualified expenses are made and performance occurs. Patient revenues are recognized when the service is performed. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

NOTES TO THE FINANCIAL STATEMENTS
TRENTON MEDICAL CENTER, INC.
D/B/A PALMS MEDICAL GROUP

Patient revenues are recorded on the accrual basis at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Receivables consisting of amounts due under Medicare, Medicaid, other programs, and from individuals are shown at anticipated realizable value. The bad debt allowance is computed using the reserve method. The bad debt allowance was \$3,008,545 at May 31, 2024.

For the year ended May 31, 2024, approximately 33.6% of net patient service revenue was earned under the Medicare program and 31% under the Medicaid program. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near-term.

Fair Value Financial Instruments and Investments

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is feasible to estimate that value:

- **Cash, Accounts Receivable, and Accounts Payable**—Carrying amount approximates fair value due to the short maturity of the financial instruments.
- **Short and Long-Term Debt**—The fair value of the Organization’s short and long-term debt is not estimated to be significantly different than carrying amount based upon anticipated current rates at which the Organization could borrow funds for the remaining maturities.
- **Investments**—The fair value of investments is based on the three-tier hierarchy established by the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* to prioritize the assumptions, referred to as inputs, used in the valuation techniques to measure fair value. See Note 12 for detailed information.

Outreach Costs

The Organization’s general policy is to expense outreach costs as incurred. Outreach costs expensed over the fiscal year ended May 31, 2024, totaled \$170,308.

Note 2 - Investments

The Organization held the following investments on May 31, 2024:

Investments	
Federal Agencies Fixed Income	\$ 247,418
Corporate Bonds	2,672,700
Equities	1,947,240
Accrued Income	78,843
Total Investments	<u><u>\$ 4,946,201</u></u>

Fair Value Measurements – Investments

Investments consist of U.S Government Bills and Notes, Corporate Bonds, Money Markets, and U.S. Equities. Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GAAP require or permit in the statement of financial position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments’ fair value measurements are as follows on May 31, 2024:

NOTES TO THE FINANCIAL STATEMENTS
TRENTON MEDICAL CENTER, INC.
D/B/A PALMS MEDICAL GROUP

Fair Value Measurements at Reporting Date Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Federal Agencies Fixed Income	\$ 247,418	\$ 247,418	\$ -	\$ -
Corporate Bonds	2,672,700	2,672,700	-	-
Equities	1,947,240	1,947,240	-	-
Accrued Income	78,843	-	-	-
Total Investments at Fair Value	\$ 4,946,201	\$ 4,867,358	\$ -	\$ -

Note 3 - Assets and Depreciation

Depreciation of buildings and improvements and furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. In accordance with applicable guidelines, assets costing less than \$5,000 are generally fully expensed in their year of acquisition. A summary of the Organization's adjusted fixed assets at May 31, 2024, follows:

Fixed Assets	Cost
Land	\$ 2,921,630
Buildings and Improvements	29,930,801
Furniture and Equipment	3,942,719
Construction in Progress	5,793,413
	42,588,563
Less Accumulated Depreciation	(9,505,591)
	\$ 33,082,972

Depreciation expense for the year was \$1,356,898.

Note 4 - Accounts Receivable

Patient Accounts Receivable

The Organization participates in the Medicare and Medicaid insurance programs in addition to private coverages and its regular clinical services. At May 31, 2024, patient related receivables consisted of the following:

Medicare	\$ 1,676,524
Medicaid	979,298
Patient Fees	1,820,710
Third Party	1,065,741
Pharmacy	1,026,037
	6,568,310
Less: Allowance for Doubtful Accounts	(3,008,545)
Net Accounts Receivable	\$ 3,559,765

Allowance for Credit Losses – Patient Accounts Receivable

The allowance for credit losses is a valuation account that is deducted from the patient's amortized cost basis to present the net amount expected to be collected on the loans. Patient accounts are charged off against the allowance when management believes the uncollectibility of a balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

NOTES TO THE FINANCIAL STATEMENTS
TRENTON MEDICAL CENTER, INC.
D/B/A PALMS MEDICAL GROUP

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses.

The following table presents the activity in the allowance for credit losses for financing receivables for the year ended May 31, 2024:

Beginning Balance	\$ 3,536,403
Provision of Credit Loss Expense	440,918
Charge Offs	<u>(968,776)</u>
Ending Balance	<u>\$ 3,008,545</u>

Contractual Accounts Receivable

Contractual receivables consisting of contractual revenues and Suwannee County School Board at year-end are as follows:

340B Pharmacy	\$ 423,685
Graduate Medical Education	95,520
Suwannee County School Board	<u>12,395</u>
	<u>\$ 531,600</u>

Management considers these funds to be fully collectible based on historical information.

Note 5 - Expenses by Function

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by the Organization's management.

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Benefits	Time and Effort
Staff Training, Dues, Subscriptions, Insurance, Travel, Communications, Postage, Printing, and Supplies	Charged Directly to the Benefitting Program or Allocated by Relative Total Program Expense
Professional Services (Consultants, Accounting, Advertising, Legal)	Charged Directly to the Benefitting Program or Allocated by Relative Total Program Expense
Facilities Costs and Occupancy	Allocation Based Upon Relative Total Usable Square Footage

Note 6 - Income Taxes

The Organization has been granted an exemption from income taxes under Internal Revenue Code, Section 501(c)(3), as a non-profit corporation. As required by Internal Revenue Service regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax" with the Internal Revenue Service. The Organization is subject to U.S. Federal tax examinations for the previous three years. The Organization believes that it does not have any uncertain tax positions that are material to its financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
TRENTON MEDICAL CENTER, INC.
D/B/A PALMS MEDICAL GROUP**

Note 7 - Long-Term Debt

Capital City Bank

On January 3, 2020, the Organization was granted a loan (the Loan) from Capital City Bank in the aggregate amount of \$2,650,000. The Loan was interest only for 12 months, then principal and interest payments became due monthly over a 10-year period. Interest is 4.00% fixed for the time of the Loan. The Organization is using the funds for an expansion project on an existing facility. If the Organization defaults on the Loan, Capital City Bank has full rights to take possession of the financed property and its adjoining parcels. Based upon funds drawn to date, the future principal payments and interest are as follows:

<u>Year Ending May 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 266,681	\$ 56,180	\$ 322,861
2026	277,546	45,315	322,861
2027	288,854	34,007	322,861
2028	300,622	22,239	322,861
2029	312,870	9,991	322,861
2030	80,427	440	80,867
	<u>\$ 1,527,000</u>	<u>\$ 168,172</u>	<u>\$ 1,695,172</u>

On June 1, 2022, the Organization received a loan (the Loan) from Capital City Bank in the aggregate amount of \$3,040,000 for the purchase of a building to be utilized for clinical and administrative services. The Loan is for 240 months with an interest rate of 3.488%. Payments are due monthly beginning July 2, 2022, including interest and principal in the amount of \$17,694. After 120 payments or 10 years the rate becomes variable with interest calculated on the unpaid principal balances using an interest rate based on the weekly average yield of the United States Treasury Securities, adjusted to a constant maturity of 1 year, plus a margin of 2.750 percentage points, rounded up to the nearest 0.250. If the Organization defaults on the Loan, Capital City Bank has full rights to take possession of the financed property and its adjoining parcels. The lender may make demand for payment from and after the fifth anniversary of the date of this note (June 1, 2027) and every 5 years thereafter. The lender may exercise the call option by giving the borrower 90 days prior written notice of the lender's intention to exercise the call option.

Based upon loan details, the future principal payments and interest are as follows:

<u>Year Ending May 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 114,397	\$ 96,948	\$ 211,345
2026	118,451	92,893	211,344
2027	122,649	88,695	211,344
2028	126,996	84,348	211,344
2029	131,498	79,847	211,345
2030-2034	730,791	325,931	1,056,722
2035-2039	869,810	186,912	1,056,722
2040-2042	618,313	34,667	652,980
	<u>\$ 2,832,905</u>	<u>\$ 990,241</u>	<u>\$ 3,823,146</u>

**NOTES TO THE FINANCIAL STATEMENTS
TRENTON MEDICAL CENTER, INC.
D/B/A PALMS MEDICAL GROUP**

Note 8 - Net Patient Revenue

In the statement of activities, patient revenues are stated at net realizable amounts after deducting adjustments for sliding fee and contractual adjustments and bad debt reductions. The detail of net patient revenue is as follows:

Pharmacy Revenue	\$ 53,547,153
Gross Patient Revenue	77,073,077
Contractual Adjustments	(69,616,916)
Sliding Scale Adjustments	(14,342,277)
Bad Debt Write-Offs	<u>(968,776)</u>
Net Patient Revenue	<u>\$ 45,692,261</u>

Note 9 - Concentration of Credit Risk and Interest Rate Risk

Cash and Cash Equivalents in Bank

At May 31, 2024, the demand deposit bank balances were \$19,649,596. The Organization's bank balances exceed the Federal Deposit Insurance Corporation limit of \$250,000 by \$19,149,596 at May 31, 2024.

The Organization has \$18,984,931 in money market funds, which are collateralized and held by a third-party custodian under a custodial safekeeping agreement.

Investment Credit Risk

The Organization's investments consist of U.S Government Notes, Corporate Bonds, and U.S. Equities (see Note 2), which are uncollateralized and held by a third-party custodian under a custodial safekeeping agreement.

The health clinics are located in Trenton, Branford, Williston, Chiefland, Gainesville, Starke, Orange Park, Live Oak, Lake City, High Springs, and Bell, Florida. The Organization grants credit without collateral to its patients, most of whom are local residents. Some are insured under third-party payor agreements, while others are classified as medically indigent.

Note 10 - Contingencies

There is a contingent liability due to the fact that all possible regulatory audits of the Organization's operations and project closeout procedures have not been completed for the fiscal year ended May 31, 2024. Any eventual expenditures determined to be not in compliance with grant regulations would be subject to repayment by the Organization. The Organization's administration believes that all expenditures were significantly in compliance with appropriate grant regulations.

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition of disclosure through September 6, 2024, the date the financial statements were available to be issued.

**NOTES TO THE FINANCIAL STATEMENTS
TRENTON MEDICAL CENTER, INC.
D/B/A PALMS MEDICAL GROUP**

Note 11 - Comparative Data

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended May 31, 2023, from which the summarized information was derived.

Note 12 - Leases

The Organization has operating leases for certain facilities, office space, and equipment. The Organization assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangements are changed. Most leases include one or more options to renew, with renewal terms that can extend the lease terms from 1 to 5 years. The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Short-term lease cost for the year ended May 31, 2024, was \$165,891. Lease expense is recognized for the leases on a straight-line basis over the lease term. The total operating lease expense included in management and general expenses for the fiscal year ended May 31, 2024, was \$248,063.

The following summarizes the line items in the statement of financial position, which include amounts for operating and finance leases as of May 31:

	2024
Operating Leases	
Operating Lease Right-of-Use Assets	\$ 768,828
Other Current Liabilities	\$ 219,908
Operating Lease Liabilities	577,488
Total Operating Lease Liabilities	\$ 797,396

The following summarizes the weighted average remaining lease term and discount rate as of May 31:

	2024
Weighted Average Remaining Lease Term	
Operating Leases	48 Months
Weighted Average Discount Rate	
Operating Leases	7.65%

The maturities of lease liabilities as of May 31, 2024, were as follows:

Year Ending May 31,	Operating
2025	\$ 272,348
2026	223,731
2027	216,641
2028	203,863
Total Lease Payments	916,583
Less: Interest	(119,187)
Present Value of Lease Liabilities	\$ 797,396

**NOTES TO THE FINANCIAL STATEMENTS
TRENTON MEDICAL CENTER, INC.
D/B/A PALMS MEDICAL GROUP**

Note 13 - Pension Plan

The Organization has adopted a tax-sheltered retirement plan. This plan is a qualified defined contribution 401(k) plan. The Organization contributes 5% of eligible gross employee wages to the plan. In the current year, the Organization contributed \$985,015 toward the employee retirement plan.

Note 14 - Concentration of Revenue Sources

Approximately 10% of the Organization's revenue is derived from federal and state grant contracts, which must be periodically renewed.

Note 15 - Donated Services

The Organization received a significant amount of donated services from unpaid volunteers who serve as officers and board members and assist in special programs. No amounts have been recognized in the statement of activities because the criteria for recognition under professional standards have not been satisfied.

Note 16 - Healthcare Compliance Plan

The healthcare industry in recent years has been subjected to increased scrutiny from governmental agencies at both the federal and state levels with respect to compliance with regulations. Areas of non-compliance identified at the national level include Medicare and Medicaid, Internal Revenue Service, and other regulations governing the healthcare industry. There can be no assurance that the Organization will not be subjected to future regulatory audits with accompanying monetary damages.

Note 17 - Liquidity and Availability of Resources

Financial assets, without donor or other restrictions limiting their use, available for general expenditures within one year of the statement of financial position date comprise the following at May 31, 2024:

Cash	\$ 38,528,038
Investments	4,946,201
Accounts Receivable, Net of Allowance	3,559,765
Grants and Other Receivables	<u>531,600</u>
Total Financial Assets Available Within One Year	<u>\$ 47,565,604</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

SINGLE AUDIT SECTION

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Trenton Medical Center, Inc.
d/b/a Palms Medical Group
Trenton, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Trenton Medical Center, Inc. d/b/a Palms Medical Group's (the Organization) compliance with the types of compliance requirements identified as subject to an audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended May 31, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

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To the Board of Directors of
Trenton Medical Center, Inc.
d/b/a Palms Medical Group
Trenton, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

To the Board of Directors of
Trenton Medical Center, Inc.
d/b/a Palms Medical Group
Trenton, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PURVIS GREAY

September 6, 2024
Gainesville, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
TRENTON MEDICAL CENTER, INC. D/B/A PALMS MEDICAL GROUP**

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Non-compliance material to the financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Type of Auditor's Report Issued on Compliance for Major Programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.518(b) of the Uniform Guidance?	No
Identification of Major Programs:	
United States Department of Health and Human Services Community Health Centers	Assistance Listing No. 93.224
Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program	Assistance Listing No. 93.527
Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
TRENTON MEDICAL CENTER, INC. D/B/A PALMS MEDICAL GROUP**

2024-001 – Significant Deficiency – Uniform Guidance Procurement Standards

Criteria – The Uniform Guidance for Federal Awards 2 CFR 200.320 requires non-federal entities to have and use documented procurement procedures, consistent with the Uniform Guidance. Currently, small purchases defined as the acquisition of property or services exceeding the aggregate dollar amount of \$10,000 should obtain an adequate number of quotes from qualified sources.

Condition – During our testing of the Assistance Listing No. 93.224 and 93.527 programs, we noted several instances where aggregate purchases exceeded \$10,000 without any documentation that quotes were obtained.

Cause – The Organization’s current purchasing policy does not conform to the Uniform Guidance purchasing requirements.

Effect – The Organization did not comply with the small purchases requirement to obtain quotes for several items tested.

Recommendation – We recommend that the Organization create a purchasing policy for federal grants or amend their current purchasing policy to conform to the Uniform Guidance requirements.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2024-001 – Significant Deficiency – Uniform Guidance Procurement Standards

Recommendation – We recommend that the Organization create a purchasing policy for federal grants or amend their current purchasing policy to conform to the Uniform Guidance requirements.

Corrective Action – Palms Medical Group accepts the recommendation of the auditors. Palms Medical Group will review the current purchasing policy and modify it to ensure it conforms to the Universal Guidance Requirements. Palms Medical group when making “small purchases” for services and property in aggregate of \$10,000 or more will obtain adequate number of quotes from qualified sources. This will be done by reviewing our current services and property purchased now and identifying which qualify as “small purchases”. Palms Medical Group will then identify qualified suppliers for each service or property that is deemed “small purchases” in aggregate of the \$10,000 amount. Palms Medical Group will then ask for price sheets, bids, and service quotes from an adequate number of qualified suppliers. The number of adequate quotes will generally be two, unless otherwise determined there are not enough qualified suppliers. If there are not enough qualified suppliers, it will document the reasoning for this determination. For inventory-based supplies, such as medical supplies, vaccines, facility supplies, medical record supplies, and dental supplies, price lists and formulary quotes will be updated and documented every two years. For service purchases that qualify, if recurring, bids and quotes for services provided will be requested and documented every two years. For intermittent purchases related to projects, bids, quotes, and price lists will be documented at project commencement. Documentation of suppliers and their bids, quotes, and price lists will be documented and kept in the company share drive in a folder called “Procurement Documentation”. Within the Procurement Documentation folder there will be subfolders for our identified services and properties purchased. Exceptions to the policy will be documented by the VP of Business Continuity and approved by the CEO. The CFO and VP of Business Continuity will meet quarterly to assure compliance with the policies and procedures.

Person Responsible for Corrective Action: VP of Business Continuity and Chief Financial Officer

Anticipated Completion Date for Corrective Action: The process of reviewing and updating our procurement policy will take place immediately. It will be submitted to the board for review and approval by October of 2024.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
TRENTON MEDICAL CENTER, INC. D/B/A PALMS MEDICAL GROUP
FOR THE YEAR ENDED MAY 31, 2024**

Federal Grantor/Pass-Through Agency Program Title	Assistance Listing No.	Grant Number	Program or Award Amount	Reported in Prior Years	Current Year Revenues	Current Year Expenditures
United States Department of Health and Human Services						
Consolidated Community Health Center Grant	93.224	H80CS00691	\$ 22,868,981	\$ 17,260,455	\$ 5,608,526	\$ 5,608,526
Fiscal Year 2023 Capital Assistance for Hurricane Response and Recovery Efforts (CARE)	93.224	C16CS50454	589,000	-	589,000	589,000
Affordable Care Act for New and Expanded Services Under the Health Center Program	93.527	H8G48007	633,897	314,884	319,013	319,013
Fiscal Year 2023 Bridge Access Program	93.527	H8LC51562	<u>193,102</u>	<u>-</u>	<u>193,102</u>	<u>193,102</u>
Total Federal Awards			<u>\$ 24,284,980</u>	<u>\$ 17,575,339</u>	<u>\$ 6,709,641</u>	<u>\$ 6,709,641</u>

See accompanying note.

**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
TRENTON MEDICAL CENTER, INC. D/B/A PALMS MEDICAL GROUP**

Note 1 - Summary of Significant Accounting Policies

The accounting policies and presentation of the Single Audit Report of Trenton Medical Center, Inc. d/b/a Palms Medical Group (the Organization) have been designed to conform to generally accepted accounting principles as applicable to voluntary health and welfare agencies, including the reporting and compliance requirements of the *Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Reporting Entity

The reporting entity consists of the Organization. The Organization includes a schedule of expenditures of federal awards in the Single Audit and Compliance Section.

Basis of Accounting

The accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards. Under the accrual basis, revenues are recognized when they become earned. Expenses generally are recorded when a liability is incurred.

Subrecipients

The Organization had no subrecipients during the fiscal year.

Program Income

The Organization incurred program income, as described in 42 USC 254b(e)(5)(A)(ii), which totaled \$57,334,447. These funds were used in accordance with 42 USC 254b(e)(5)(D).

Indirect Cost Rates

The Organization did not use the 10 percent de minimis indirect cost rate.

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Trenton Medical Center, Inc.
d/b/a Palms Medical Group
Trenton, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Trenton Medical Center, Inc. d/b/a Palms Medical Group (the Organization), a non-profit organization, which comprise the statement of financial position as of May 31, 2024, and the statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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To the Board of Directors of
Trenton Medical Center, Inc.
d/b/a Palms Medical Group
Trenton, Florida

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Purvis Gray".

September 6, 2024
Gainesville, Florida

PURVIS GRAY

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**LAKE SHORE HOSPITAL AUTHORITY
MEETING RULES AND PROCEDURES**

1. **AGENDAS:**

- a. Agendas shall be prepared by Authority staff subject to the review and edification of the Chair of the Authority.
- b. Citizens desiring to be placed on the agenda shall request to do so no later than 7 days prior to the meeting agenda on which they desire to be placed. In addition, citizen must provide topic and reason for request. The Chair may waive the 7-day requirement for cause. The Chair will determine whether the requesting citizen shall be placed upon the agenda. This does not apply to matters which require a public hearing by law.
- c. No citizen shall be unreasonably denied the right to address the Authority. Citizens not placed on the agenda shall be given the opportunity to address the Authority at a specified time during the regular scheduled meetings.

2. **MEETINGS AND PUBLIC PARTICIPATION:**

Pursuant to Section 286.0114, Florida Statutes, members of the public shall be given a reasonable opportunity to be heard on any proposition coming before the Lake Shore Hospital Authority Board of Trustees. In order to maintain orderly conduct and proper decorum during Board meetings, the Board adopts the following guidelines to accommodate speakers:

- a. **PRESIDING OFFICER.** The Chair, or Vice-Chair in absence of the Chair, shall preside over all meetings of the Authority.
- b. **SIGN-IN SHEETS.** Any member of the Public who desires to be heard on a proposition coming before the Board, shall complete a form to be provided by the Authority and made available prior to the beginning of the meeting at a location designated for that purpose. The speaker will provide his or her name, the name of any person, group or entity on whose behalf the speaker is speaking and the specific proposition the speaker intends to address.
- c. **PUBLIC COMMENT TIME; ORDER OF SPEAKERS.** A time for public comment during the meeting will be placed on the Board's agenda. The forms submitted by speakers will be collected prior to the beginning of each meeting and be given to the Board Chair or presiding officer. The Board Chair shall have the authority to arrange the order of speakers in any manner deemed appropriate for the orderly conduct of the meeting. Speakers will be limited to the public comment time specified on the Board's agenda (generally three minutes). The Board Chair, at their sole discretion, may allow individuals to address each item scheduled on the agenda prior to the Trustees discussing and taking action on the item. Individuals will be given the opportunity to address the item prior to

discussion and motion by Trustees. A completed speaker card shall still be required. Extemporaneous comments by the public shall not be permitted during the meeting. The completed speaker card must be submitted to the Chair prior to the commencement of the meeting. No speaker cards will be accepted by the Chair after the commencement of the meeting. **Zoom participants must submit a speaker card no later than 12:00 Noon on the day of the meetings.**

d. **MULTIPLE SPEAKERS.** In the event that multiple representatives of a group or faction desire to address the board on the same topic at a meeting, where a large number of individuals wish to be heard, the Board Chair may ask the primary representative of the group or faction to designate a maximum of three individuals to speak on behalf of all members. In the event there is no primary representative and the members of the group or faction cannot agree among themselves who shall be designated speakers, the Board Chair shall select three members at random and limit comment by the members of the group or faction to the three individuals selected.

e. **TIME LIMIT.** Speakers doing the public comment portion of the Board meeting shall be limited to a maximum time of three minutes each, unless extended by the Board Chair. The Board Chair may serve as timekeeper or designate another person to do so.

f. There will be no audience participation during discussion by the Board of Trustees unless the Chair recognizes the individual from the audience.

3. **CONDUCT OF MEETING:**

a. The Chair or other presiding officer shall have the power to conduct meetings in an orderly and civil manner. The Chair has the authority, in order to maintain civility, to recess a meeting, adjourn a meeting or have a person or persons removed from the podium and/or building, when necessary, to maintain an orderly and civil meeting.

4. **EXCEPTIONS:**

The Board may take action without allowing public comment for any matter related to:

a. An emergency situation affecting the public health, welfare, or safety, if allowing public comment would cause an unreasonable delay in the ability of the Board to act;

b. An official act involving no more than a ministerial act, including, but not limited to, approval of minutes and ceremonial proclamations;

c. A meeting that is exempt from Section 286.011, Florida Statutes; or

d. A meeting during which the Board is acting in a quasi-judicial capacity.

5. **RECORDING AND VIDEO:**

The public will be allowed to record the meeting, video or audio, in a manner that will neither disrupt nor interfere with the meeting. Recording equipment must be set up before the meeting is called to order and must be dismantled following adjournment.

6. **PHOTOGRAPHS:**

The public will be allowed to photograph Board Members and staff in a manner that does not interrupt or disturb the meeting.

7. **VOTING BY TRUSTEES:**

a. All Authority Trustees in attendance, except the Chair, shall vote on all issues unless legally abstaining. The Chair, or the Vice-Chair presiding in his or her absence, shall not be entitled to vote upon any matter before the Authority except when the votes cast shall be evenly divided.

b. All official actions of the Authority Trustees shall be by motion and second, and vote on the motion, except for meeting and workshop adjournments which may be declared by the Chair.

ADOPTED at the regular meeting of the Lake Shore Hospital Authority Board of Trustees on the 9th day of December 2024.

LAKE SHORE HOSPITAL AUTHORITY

By: _____
Stephen Douglas, Chairman

ATTEST: _____
Donald R. Kennedy, Secretary

APPROVAL AS TO FORM

Thomas J. Kennon, III, Board Attorney

Amended February 10, 2020
Amended August 8, 2022
Amended April 8, 2024
Amended December 9, 2024

Memo**To:** Dale Williams**From:** Dwayne Cunningham**Date:** 12/02/24**Subject:** Request for Annual Chiller Maintenance and Sensor Replacement

Overview

To maintain the efficiency and reliability of our chillers, it is crucial that we proceed with the scheduled annual maintenance this year. Additionally, a few sensors have been identified as faulty and require immediate replacement to ensure the chillers function optimally.

Justification for Maintenance and Repairs**1. Preventative Maintenance:**

Regular servicing prevents unexpected downtime, and inefficiencies while extending equipment life.

2. Sensor Replacement:

The broken sensors cause constant monitoring, and limited runtime and performance.

Vendor Recommendation

I recommend we retain our existing vendor for this year's maintenance and sensor replacement.

1 Technician Familiarity:

Our current vendor's technicians know our equipment well, they have consistently delivered reliable results for six consecutive years..

Action Requested

Approval to proceed with the following:

1. Annual maintenance of both chillers.
2. Replacement of the broken sensors.
3. Retaining our existing technicians for the services.

Please let me know if additional information or justification is required. I look forward to your approval to ensure continued optimal performance of our chiller systems.

Best regards,
Dwayne



Lakeshore Chiller Annuals
Quote Prepared by Jeremy Swilley
11/20/2024



PROPOSAL

Account Information

Bill To: SHANDS LAKESHORE HOSPITAL
PO BOX 2939
LAKE CITY FL
USA 32056-2939
Quote Reference Number: 1-1PA362D1
Project Name: Lakeshore Chiller Annuals
Site: SHANDS LAKESHORE MEDICAL CENTER
368 NE FRANKLIN ST
LAKE CITY FL 32055-3088
Branch Info: JOHNSON CNTRL JACKSONVILLE GAINESVILLE CB - 0N90
Attn: Dwayne Cunningham

Customer Information

Name: Dwayne Cunningham

This proposal is hereby accepted and Johnson Controls is authorized to proceed with the work, subject to credit approval By Johnson Controls, Inc. Milwaukee, WI.
We propose to furnish the materials and/or perform the work below

Customer to please select one of the three pricing and payment options provided:

- For the net price of \$11,480.00 (plus applicable taxes) Customer agrees to pay Johnson Controls an upfront deposit of \$3,444.00 (30% of the above net price), due Net 30 from date of Invoice. Remainder to be invoiced upon completion of the work. (Net Price includes precalculated 2% discount.)
- For the net price of \$11,480.00 (plus applicable taxes) Customer agrees to pay Johnson Controls upfront in full \$11,480.00 (100% of the above net price which includes a precalculated 2% discount), due NET 10 from date of Invoice in exchange for an additional immediate 2% discount on the net price above.
- For the net price of \$11,725.67 (plus applicable taxes) Customer agrees to pay Johnson Controls in full upon completion \$11,725.67 plus applicable taxes according to standard payment terms from date of Invoice.

This proposal is valid through: 12/18/2024

SHANDS LAKESHORE HOSPITAL

Johnson Controls Inc.

Signature: _____
Name: _____
Title: _____
Date: _____
PO: _____

Signature: _____
Name: _____
Title: _____
Date: _____

Proposal Overview

Benefits/Scope of Work:

JCI will provide labor and annual materials to perform annual maintenance for the YK chillers. JCI will lock out tag out power, isolate condenser water and drain, remove head to brush tubes, replace oil filter, refrigerant filter, starter coolant, check electrical connections for starter and chiller panels, leak check system and give a report of chiller performance and any suggested repairs or upgrades.

Exclusions:

- 1.Labor or material not specifically described above is excluded from this proposal.
- 2.Unless otherwise stated, any and all overtime labor is excluded from this proposal.
- 3.Applicable taxes or special freight charges are excluded from this proposal

CUSTOMER ACCEPTANCE:

In accepting this Agreement, Customer agrees to the terms and conditions contained herein including those on the following page(s) of this Agreement and any attachments or riders attached hereto that contain additional terms and conditions. It is understood that these terms and conditions shall prevail over any variation in terms and conditions on any purchase order or other document that Customer may issue. Any changes requested by Customer after the execution of this Agreement shall be paid for by the Customer and such changes shall be authorized in writing. **ATTENTION IS DIRECTED TO THE LIMITATION OF LIABILITY, WARRANTY, INDEMNITY AND OTHER CONDITIONS CONTAINED IN THIS AGREEMENT.**

Total sell price is contingent upon the following billing and payment terms: For most Agreements where the proposal amount exceeds \$5,000 (USD or CAD as applicable), Customer agrees to pay Johnson Controls an upfront deposit of 30% or more due NET 30 from date of invoice. Alternatively, for Agreements where the proposal price exceeds \$5,000 Customer may pay Johnson Controls in full NET 10 from date of invoice in exchange for an immediate 2% discount on the total sale price. Johnson Controls is not required to commence work until any agreed to advance payments are received. If Customer is unwilling to agree to either option above for proposals exceeding \$5,000 (if presented), please advise your Johnson Controls representative immediately and a new, repriced proposal will need to be issued to Customer. All invoices will be delivered via email and paid via ACH/EFT bank transfer, with payment due NET 30 (unless Customer has made full payment NET 10 in exchange for a 2% discount). Johnson Controls' ACH/EFT bank transfer details will be forth coming upon contractual agreement.

This offer shall be void if not accepted in writing within thirty (30) days from the date first set forth above.

To ensure that Seller is compliant with your company's billing requirements, please provide the following information:

PO is required to facilitate billing: NO: This signed contract satisfies requirement

YES: Please reference this PO Number: _____

AR Invoices are accepted via e-mail: YES: E-mail address to be used: _____

NO: Please submit invoices via mail NO: Please submit via _____

(IMPORTANT): "JCI" or "Johnson Controls" shall mean Johnson Controls, Inc. for work performed in the U.S.A. and Johnson Controls Canada LP for work performed in Canada. These terms and conditions are an integral part of JCI's offer and form the basis of any agreement (the "Agreement") resulting from JCI's proposal for the goods and/or services described. All work is to be performed Monday through Friday during normal JCI business hours unless otherwise noted, and JCI is authorized to proceed with the work; subject, however, to credit approval by JCI.

TERMS AND CONDITIONS

By accepting this proposal, Customer agrees to be bound by the following terms and conditions:

1. **SCOPE OF WORK.** This proposal is based upon the use of straight time labor only. Plastering, patching, and painting are excluded. Disinfecting of chiller

condenser and cooling tower water systems and components for biohazards, such as but not limited to Legionella, are excluded unless otherwise specifically stated in this Agreement. In-line duct and piping devices, including, but not limited to valves, dampers, humidifiers, wells, taps, flow meters, orifices, etc., if required hereunder to be furnished by JCI, shall be distributed and installed by others under JCI's supervision but at no additional cost to JCI. Customer agrees to provide JCI with required field utilities (electricity, toilets, drinking water, project hoist, elevator service, etc.) without charge. JCI agrees to keep the job site clean of debris arising out of its own operations. Customer shall not back charge JCI for any costs or expenses without JCI's written consent. Unless specifically noted in the statement of the scope of work or services undertaken by JCI under this Agreement, JCI's obligations under this Agreement expressly exclude any language or provision of the Agreement elsewhere contained which may authorize or empower the Customer to change, modify, or alter the scope of work or services to be performed by JCI and shall not operate to compel JCI to perform any work relating to Hazards or Biohazards, such as but not limited to Legionella, without JCI's express written consent.

2. INVOICE AND PAYMENTS. JCI may invoice Customer monthly for all materials delivered to the job site or to an off-site storage facility and for all work performed on-site and off-site. As set forth in JCI's proposal, Customer shall pay JCI an advance payment which shall be credited against the final payment (but not any progress payment) due hereunder. Unless otherwise agreed to by the parties in writing, payments are due within (30) days of invoice. Such payment is a condition precedent to JCI's obligation to perform any work under this Agreement. Invoices shall be paid by Customer via electronic delivery via EFT/ACH. If JCI consents to payment by credit card in lieu of EFT/ACH, JCI may charge additional fees. Invoicing disputes must be identified by Customer in writing within 21 days of the date of the invoice. Payment of any disputed amounts are due and payable upon resolution of such dispute. Customer acknowledges and agrees that timely payments of the full amounts listed on invoices is an essential term of this Agreement and Customer's failure to make payment in full when due is a material breach of this Agreement. Customer further acknowledges that if there is any amount outstanding on an invoice; it is material to JCI and will give JCI, without prejudice to any other right or remedy, the right to, without notice: (i) suspend, discontinue or terminate performing any services and/or withhold further deliveries of equipment and other materials, terminate or suspend any unpaid software licenses, and/or suspend JCI's obligations under or terminate this Agreement; and (ii) charge Customer interest on the amounts unpaid at a rate equal to the lesser of one and one half (1.5) percent per month or the maximum rate permitted under applicable law, until payment is made in full. JCI's election to continue providing future services does not, in any way diminish JCI's right to terminate or suspend services or exercise any or all rights or remedies under this Agreement. JCI shall not be liable for any damages, claims, expenses, or liabilities arising from or relating to suspension of services for non-payment. In the event that there are exigent circumstances requiring services or the JCI otherwise performs services at the premises following suspension, those services shall be governed by the terms of this Agreement unless a separate contract is executed. If Customer disputes any late payment notice or JCI's efforts to collect payment. Customer shall immediately notify JCI in writing and explain the basis of the dispute. Customer will pay all of JCI's reasonable collection costs (including legal fees and expenses). In the event of Customer's default, the balance of any outstanding amounts will be immediately due and payable. Lien waivers will be furnished upon request, as the work progresses, to the extent payments are received.

3. MATERIALS. If the materials or equipment included in this proposal become temporarily or permanently unavailable for reasons beyond the control and without the fault of JCI, then in the case of such temporary unavailability, the time for performance of the work shall be extended to the extent thereof, and in the case of permanent unavailability, JCI shall (a) be excused from furnishing said materials or equipment, and (b) be reimbursed for the difference between the cost of the materials or equipment permanently unavailable and the cost of a reasonably available substitute therefore.

4. EQUIPMENT WARRANTY. JCI warrants that equipment manufactured or labeled by JCI shall be free from defects in material and workmanship arising from normal usage for a period of one year. No warranty is provided for third-party products and equipment installed or furnished by JCI. Such products and equipment are provided with the third party manufacturer's warranty to the extent available, and JCI will transfer the benefits, together with all limitations, of that manufacturer's warranty to Customer. All transportation charges incurred in connection with the warranty for equipment and/or materials not installed by JCI shall be borne by Customer. These warranties shall not extend to any equipment that has been abused, altered, misused or repaired by Customer or third parties without the supervision of and prior written approval of JCI, or if JCI serial numbers or warranty date decals have been removed or altered. Customer must promptly report any failure of the equipment to JCI in writing. Unless agreed to in writing by the parties, any technical support, assistance, or advice ("Technical Support") provided by JCI, such as suggestions as to design use and suitability of the equipment and products for the Customer's application, is provided in good faith, but Customer acknowledges and agrees that JCI is not the designer, engineer, or installer of record. Any Technical Support is provided for informational purposes only and shall not be construed as a representation or warranty, express or implied, concerning the proper selection, use, and/or application of the equipment and products. Customer assumes exclusive responsibility for determining if the equipment and products supplied by JCI are suitable for its intended application and all risk and liability, whether based in contract, tort or otherwise, in connection with its application and use of the equipment and products.

5. LIMITED WARRANTY. JCI warrants its workmanship or that of its agents (Technicians) in relation to installation of equipment for a period of ninety (90) days from date of installation. Customer shall bear all labor costs associated with replacement of failed equipment still under JCI's equipment warranty or the original manufacturer's warranty, but outside the terms of this express labor warranty. All warranty labor shall be executed on normal business days during JCI normal business hours. These warranties do not extend to any equipment which has been repaired by others, abused, altered, or misused in any way, or which has not been properly and reasonably maintained. THESE WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO THOSE OF MERCHANTABILITY AND FITNESS FOR A SPECIFIC PURPOSE. UNDER NO CIRCUMSTANCES SHALL JCI BE LIABLE FOR ANY SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES ARISING FROM OR RELATING TO ANY DEFECT IN MATERIAL OR WORKMANSHIP OF

EQUIPMENT OR THE PERFORMANCE OF SERVICES. JCI makes no and specifically disclaims all representations or warranties that the services, products, software or third party product or software will be secure from cyber threats, hacking or other similar malicious activity, or will detect the presence of, or eliminate, treat, or mitigate the spread, transmission, or outbreak of any pathogen, disease, virus or other contagion, including but not limited to COVID 19.

6. LIABILITY. To the maximum extent permitted by law, in no event shall JCI and its affiliates and their respective personnel, suppliers and vendors ("JCI Parties") be liable to you or any third party under any cause of action or theory of liability even if advised of the possibility of such damages, for any: (a) special, incidental, consequential, punitive, or indirect damages; (b) lost profits, revenues, data, customer opportunities, business, anticipated savings, or goodwill; (c) business interruption; or (d) data loss or other losses arising from viruses, ransomware, cyber-attacks or failures or interruptions to network systems. In any case, the entire aggregate liability of the JCI Parties under this proposal for all damages, losses, and causes of action (whether in contract, tort (including negligence), or otherwise) shall be limited to the amounts payable to JCI hereunder.

7. FAR. JCI supplies "commercial items" within the meaning of the Federal Acquisition Regulations (FAR), 48 CFR Parts 1-53. As to any customer order for a U.S. Government contract, JCI will comply only with those mandatory flow-downs for commercial item and commercial services subcontracts listed either at FAR 52.244-6, or 52.212-5(e)(1), as applicable.

8. TAXES. The price of this proposal does not include duties, sales, use, excise, or other taxes, unless required by federal, state, or local law. Customer shall pay, in addition to the stated price, all taxes not legally required to be paid by JCI or, alternatively, shall provide JCI with acceptable tax exemption certificates. JCI shall provide Customer with any tax payment certificate upon request and after completion and acceptance of the work.

9. DELAYS. JCI shall not be liable for any delay in the performance of the work resulting from or attributed to acts of circumstance beyond JCI's control, including but not limited to; acts of God, fire, riots, labor disputes, conditions of the premises, acts or omissions of the Customer, Owner, or other Contractors or delays caused by suppliers or subcontractors of JCI, etc.

10. COMPLIANCE WITH LAWS. JCI shall comply with all applicable federal, state, and local laws and regulations, and shall obtain all temporary licenses and permits required for the prosecution of the work. Licenses and permits a permanent nature shall be procured and paid for by the Customer.

11. PRICING. JCI may increase prices upon notice to the Customer to reflect increases in material and labor costs. Prices for products covered by this Agreement may be adjusted by JCI, upon notice to Customer at any time prior to shipment and regardless of Customer's acceptance of JCI's proposal or quotation, to reflect any increase in JCI's cost of raw materials (e.g., steel, aluminum) inability to secure Products, changes or increases in law, labor, taxes, duties, tariffs or quotas, acts of government, any similar charges, or to cover any extra, unforeseen and unusual cost elements. This Agreement is entered into with the understanding that the services to be provided by JCI are not subject to any local, state, or federal prevailing wage statute. If it is later determined that local, state, or federal prevailing wage rates apply to the services to be provided by JCI, JCI reserves the right to issue a modification or change order to adjust the wage rates to the required prevailing wage rate. Customer agrees to pay for the applicable prevailing wage rates.

12. DISPUTES. JCI shall have the sole and exclusive right to determine whether any dispute, controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be submitted to a court of law or arbitrated. For Customers located in the United States, the laws of Delaware shall govern the validity, enforceability, and interpretation of this Agreement, without regard to conflicts of law principles thereof, and the exclusive venue for any such litigation or arbitration shall be in Milwaukee, Wisconsin. For Customers located in Canada, the laws of Ontario shall govern the validity, enforceability, and interpretation of this Agreement, without regard to conflicts of law principles thereof, and the exclusive venue for any such litigation or arbitration shall be in Ontario, Canada. The parties waive any objection to the exclusive jurisdiction of the specified forums, including any objection based on forum non conveniens. In the event the matter is submitted to a court, JCI and Customer hereby agree to waive their right to trial by jury. In the event the matter is submitted to arbitration by JCI, the costs of arbitration shall be borne equally by the parties, and the arbitrator's award may be confirmed and reduced to judgment in any court of competent jurisdiction. If JCI prevails in any collection action. Buyer will pay all of JCI's reasonable collection costs (including legal fees and expenses). Except as provided below, no claim or cause of action, whether known or unknown, shall be brought by either party against the other more than one year after the claim first arose. Claims not subject to the one-year limitation include claims for unpaid: (1) contract amounts, (2) change order amounts (approved or requested) and (3) delays and/or work inefficiencies.

13. INSURANCE. Insurance coverage in excess of JCI's standard limits will be furnished when requested and required. No credit will be given or premium paid by JCI for insurance afforded by others.

14. INDEMNITY. The Parties hereto agree to indemnify each other from any and all liabilities, claims, expenses, losses or damages, including attorney's fees which may arise in connection with the execution of the work herein specified and which are caused, by the negligent act or omission of the indemnifying Party.

15. CUSTOMER RESPONSIBILITIES. Customer is solely responsible for the establishment, operation, maintenance, access, security and other aspects of its computer network ("Network") and shall supply JCI secure Network access for providing its services. Products networked, connected to the internet, or otherwise connected to computers or other devices must be appropriately protected by Customer and/or end user against unauthorized access. Customer is responsible to take appropriate measures, including performing back-ups, to protect information, including without limit data, software, or files (collectively "Data") prior to receiving the service or products.

16. FORCE MAJUERE: JCI shall not be liable, nor in breach or default of its obligations under this Agreement, for delays, interruption, failure to render services, or any other failure by JCI to perform an obligation under this Agreement, where such delay, interruption or failure is caused, in whole or in part, directly or indirectly, by a Force Majeure Event. A "Force Majeure Event" is a condition or event that is beyond the reasonable control of JCI, whether foreseeable or unforeseeable, including, without limitation, acts of God, severe weather (including but not limited to hurricanes, tornados, severe snowstorms or severe rainstorms), wildfires, floods, earthquakes, seismic disturbances, or other natural disasters, acts or omissions of any governmental authority (including change of any applicable law or regulation), epidemics, pandemics, disease, viruses, quarantines, or other public health risks and/or responses thereto, condemnation, strikes, lock-outs, labor disputes, an increase of 5% or more in tariffs or other excise taxes for materials to be used on the project, fires, explosions or other casualties, thefts, vandalism, civil disturbances, insurrection, mob violence, riots, war or other armed conflict (or the serious threat of same), acts of terrorism, electrical power outages, interruptions or degradations in telecommunications, computer, network, or electronic communications systems, data breach, cyber-attacks, ransomware, unavailability or shortage of parts, materials, supplies, or transportation, or any other cause or casualty beyond the reasonable control of JCI. If JCI's performance of the work is delayed, impacted, or prevented by a Force Majeure Event or its continued effects, JCI shall be excused from performance under the Agreement. Without limiting the generality of the foregoing, if JCI is delayed in achieving one or more of the scheduled milestones set forth in the Agreement due to a Force Majeure Event, JCI will be entitled to extend the relevant completion date by the amount of time that JCI was delayed as a result of the Force Majeure Event, plus such additional time as may be reasonably necessary to overcome the effect of the delay. To the extent that the Force Majeure Event directly or indirectly increases JCI's cost to perform the services, Customer is obligated to reimburse JCI for such increased costs, including, without limitation, costs incurred by JCI for additional labor, inventory storage, expedited shipping fees, trailer and equipment rental fees, subcontractor fees, compliance with vaccination requirements or other costs and expenses incurred by JCI in connection with the Force Majeure Event.

17. SAFETY, HEALTH AND HAZARDOUS MATERIALS. The Parties hereto agree to notify each other immediately upon becoming aware of an inspection under, or any alleged violation of the, Occupational Safety and Health Act or similar Canadian laws relating in any way to the project or project site. ACM /Hazardous Materials: Customer shall supply JCI with any information in its possession relating to the presence of asbestos-containing materials ("ACM") or hazardous materials at any of its facilities where JCI's undertakes any Work or Services that may result in the disturbance of ACM or hazardous materials. JCI shall not be responsible for abatement and/or removal and disposal of hazardous materials or ACM. If either Customer or JCI becomes aware of or suspects the presence of ACM or hazardous materials that may be disturbed by JCI's Work or Services, JCI shall immediately stop all work until such ACM or hazardous or unsafe condition is rectified by Owner and Owner so notifies JCI in writing that work can safely be resumed, based on test conducted by a licensed testing organization. Timetables for delivery of JCI's products or services and the contract price shall be adjusted appropriately for any associated delay.

18. ONE-YEAR CLAIMS LIMITATION. No claim or cause of action, whether known or unknown, shall be brought against JCI more than one year after the claim first arose. Except as provided for herein, JCI's claims must also be brought within one year. Claims for unpaid contract amounts are not subject to the one-year limitation.

19. DIGITAL ENABLED SERVICES.; DATA. If JCI provides Digital Enabled Services under this Agreement, these Digital Enabled Services require the collection, transfer and ingestion of building, equipment, system time series, and other data to JCI's cloud-hosted software applications. Customer consents to and grants JCI right to collect, ingest and use such data to enable JCI and its affiliates and agents to provide, maintain, protect, develop and improve the Digital Enabled Services and JCI products and services. Customer acknowledges that, while Digital Enabled Services generally improve equipment performance and services, Digital Enabled Services do not prevent all potential malfunction, insure against all loss, or guarantee a certain level of performance. Customer shall be solely responsible for the establishment, operation, maintenance, access, security and other aspects of its computer network ("Network"), shall appropriately protect hardware and products connected to the Network and will supply JCI secure Network access for providing its Digital Enabled Services. As used herein, "Digital Enabled Services" mean services provided hereunder that employ JCI software and related equipment installed at Customer facilities and JCI cloud-hosted software offerings and tools to improve, develop, and enable such services. Digital Enabled Service may include, but are not limited to, (a) remote servicing and inspection, (b) advanced equipment fault detection and diagnostics, and (c) data dashboarding and health reporting. If Customer accesses and uses Software that is used to

provide the Digital Enabled Services, the Software Terms (defined below) will govern such access and use.

20. JCI DIGITAL SOLUTIONS. Use, implementation, and deployment of the software and hosted software products ("Software") offered under these terms shall be subject to, and governed by, JCI's standard terms for such Software and Software related professional services in effect from time to time at www.johnsoncontrols.com/techterms (collectively, the "Software Terms"). Specifically, the JCI General EULA set forth at www.johnsoncontrols.com/buildings/legal/digital/generaleula governs access to and use of software installed on Customer's premises or systems and the JCI Terms of Service set forth at www.johnsoncontrols.com/buildings/legal/digital/generaltos govern access to and use of hosted software products. The applicable Software Terms are incorporated herein by this reference. Other than the right to use the Software as set forth in the Software Terms, JCI and its licensors reserve all right, title, and interest (including all intellectual property rights) in and to the Software and improvements to the Software. The Software that is licensed hereunder is licensed subject to the Software Terms and not sold. If there is a conflict between the other terms herein and the Software Terms, the Software Terms shall take precedence and govern with respect to rights and responsibilities relating to the Software, its implementation and deployment and any improvements thereto. Notwithstanding any other provisions of this Agreement, unless otherwise agreed, the following terms apply to Software that is provided to Customer on a subscription basis (i.e., a time limited license or use right), (each a "Software Subscription"): Each Software Subscription provided hereunder will commence on the date the initial credentials for the Software are made available (the "Subscription Start Date") and will continue in effect until the expiration of the subscription term noted in the applicable statement of work, order or other applicable ordering document. At the expiration of the Software Subscription, such Software Subscription will automatically renew for consecutive one (1) year terms (each a "Renewal Subscription Term"), unless either party provides the other party with a notice of non-renewal at least ninety (90) days prior to the expiration of the then-current term. To the extent permitted by applicable law, Software Subscriptions purchases are non-cancelable, and the sums paid nonrefundable. Fees for Software Subscriptions shall be paid annually in advance, invoiced on the Subscription Start Date and each subsequent anniversary thereof. Customer shall pay all invoiced amounts within thirty calendar days after the date of invoice. Payments not made within such time period shall be subject to late charges as set forth in the Software Terms. Unless otherwise agreed by the parties in writing, the subscription fee for each Renewal Subscription Term will be priced at JCI's then-applicable list price for that Software offering. Any use of Software that exceeds the scope, metrics or volume set forth in this Agreement and applicable SOW will be subject to additional fees based on the date such excess use began.

21. Privacy. JCI as Processor: Where JCI factually acts as Processor of Personal Data on behalf of Customer (as such terms are defined in the DPA) the terms at www.johnsoncontrols.com/dpa ("DPA") shall apply. **JCI as Controller:** JCI will collect, process and transfer certain personal data of Customer and its personnel related to the business relationship between it and Customer (for example names, email addresses, telephone numbers) as controller and in accordance with JCI's Privacy Notice at <https://www.johnsoncontrols.com/privacy>. Customer acknowledges JCI's Privacy Notice and strictly to the extent consent is mandatorily required under applicable law, Customer consents to such collection, processing and transfer. To the extent consent to such collection, processing and transfer by JCI is mandatorily required from Customer's personnel under applicable law, Customer warrants and represents that it has obtained such consent.

22. ASSIGNMENT. This Agreement is not assignable by the Customer except upon written consent of JCI first being obtained. JCI shall have the right to assign this Agreement, in whole or in part, or to subcontract any of its obligations under this Agreement without notice to Customer.

23. TERMINATION. If JCI's performance of its obligations becomes impracticable due to obsolescence or unavailability of systems, equipment, or products (including component parts and/or materials) or because the JCI or its supplier(s) has discontinued the manufacture or the sale of the equipment and/or products or is no longer in the business of providing the services, JCI may terminate this Agreement, or the affected portions, at its sole discretion upon notice to Customer. JCI may terminate this Agreement, or the affected portions, at its sole discretion upon notice to the Customer if JCI's performance of its obligations are prohibited because of changes in applicable laws, regulations or codes.

24. ENTIRE AGREEMENT. This proposal, upon acceptance, shall constitute the entire agreement between the parties and supersedes any prior representations or understandings. Customer acknowledges and agrees that any purchase order issued by Customer in connection with this Agreement is intended only to establish payment authority for Customer's internal accounting purposes and shall not be considered to be a counteroffer, amendment, modification, or other revision to the terms of this Agreement. No term or condition included or referenced in Customer's purchase order will have any force or effect and these terms and conditions shall control. Customer's acceptance of any Services shall constitute an acceptance of these terms and conditions. Any proposal for additional or different terms, whether in Customer's purchase order or any other document, unless expressly accepted in writing by JCI, is hereby objected to and rejected.

25. CHANGES. No change or modification of any of the terms and conditions stated herein shall be binding upon JCI unless accepted by JCI in writing.

Staff Report
December 9, 2024 Regular Meeting

NEW	1
RENEW	3
INELIGIBLE (INCOME OR OTHER)	0
TOTAL CLIENTS SEEN IN OFFICE IN NOVEMBER	4
ACTIVE MEMBERS	18
PUBLIC VISITS	10
PRIMARY CARE VISITS -- 2 LOCATIONS	
October, 2024	10
YTD (Fiscal year October – Sept)	10
PHARMACY USAGE	
October 2024	
PATIENTS SERVED	2
RX'S FILLED	10