Sequoia Healthcare District

1016 Laurel Street
San Carlos, CA 94070-3919

A G E N D A

SEQUOIA HEALTHCARE DISTRICT
REGULAR BOARD OF DIRECTORS MEETING
12:00 PM, Wednesday, November 4, 2026
San Mateo County Dental Society
939 Laurel Street, Suite #C, San Carlos, CA 94070

This meeting will be held in person at 939 Laurel Street with access available via Zoom teleconference. To join the meeting from your cellphone dial (669) 900-9128 and enter **meeting ID:** 837 5452 9528 or join from a computer at: https://us02web.zoom.us/j/83754529528. Additional information regarding the meeting can be located at our website: www.seqhd.org

1. **Call To Order And Roll Call** 12:00-12:05
2. **Public Comment On Non-Agenda Items***

3. ***ACTION ITEM*:** 12:05-12:45
Adjourn to Closed Session for the Purpose of:
Government Code Sections 54957 and 54957.6 for the following purposes: **PUBLIC EMPLOYEE PERFORMANCE EVALUATION** 954957) process: Title: Chief Executive Officer of Sequoia Healthcare District. CONFERENCE WITH LABOR NEGOTIATOR (54957.6) Agency Designated Representative: Ivan Martinez, Board President and Rosanne Foust, Board Member And Outside Consultant Donna Vaillancourt of RPMG. Unrepresented Employee: Chief Executive Officer, Sequoia Healthcare District.

4. ***ACTION ITEM*:** 12:45-12:50
Reconvene to Open Session: Announce any Reportable Action Taken in Closed Session

5. ***ACTION ITEMS*:** 12:50-12:55
Consent Calendar – President Martinez

a. ***Approve August 5, 2026 Regular Meeting Minutes***
b. ***Approve September 23, 2026 Study Session Minutes***
c. ***Accept July, August and September 2026 Financial Statements***

6. **CEO/Staff Reports: P. Kurtzman, S. Mar** 12:55- 1:05

7. **New Business**

ACTION ITEMS: 1:05- 1:30

a. Approve Resolution to Appoint Dr. Brian Greenberg as Board Member (President Martinez)

b. Approve Final Audit Report 2025-26 (Conducted by Richardson & Associates LLP) (B. Nash)

c. Consider Grant Requests (*presented at August 2026 Board Meeting*)

(i) **Peninsula Volunteers** – grant request for up to $125k to support its RIDE PVI transportation program for older adults residing within the District

(ii) **Vista Center for the Blind** – bridge grant for $200K to help sustain essential vision rehabilitation and support services

d. **Presentation and Discussion of Revised Grants Framework** 1:30-2:00 (P. Kurtzman)

8. ***ACTION ITEM:***
Adjourn: The Next Special Meeting Of The Board Of Directors Of Sequoia Healthcare District Is Scheduled For 12:00pm, Wednesday, December 2, 2026, San Mateo County Dental Society, 939 Laurel Street, Suite #C, San Carlos, CA

**Public comment for each agenda item can be made prior to the board's consideration of that item.*

Any writings or documents provided to a majority of the Board of Directors regarding any item on this agenda will be made available for public inspection at the District office, 1016 Laurel Street, San Carlos, CA, during normal business hours. Please telephone 650-421-2155 ext. 201 to arrange an appointment.

If you are an individual with a disability and need accommodation to participate in this meeting, please contact Sequoia Healthcare District at least 48 hours in advance at 650-421-2155 ext. 201.

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
SEQUOIA HEALTHCARE DISTRICT

August 5, 2026
San Mateo County Dental Society
939 Laurel Street, Suite C
San Carlos, CA 94070

Directors Present	Directors Excused	Also Present
Director Downing Director Fong Director Foust Director Martinez	Director Lock (*joined the meeting during the discussion of 5.e.*)	Ms. Kurtzman, CEO Mr. Hudak, Legal Counsel Ms. Allen, Recorder

1. Call to Order and Roll Call

President Martinez called the meeting to order at 12:00PM. Roll call attendance was taken. A quorum was present.

2. Public Comment/Non-Agenda Items

President Martinez asked if there was any public comment on non-agenda items. I. Martinez spoke on behalf of PAL Center and thanked Sequoia Healthcare District for their early support of the Pal Center's Purposeful Action Creation & Engagement (PACE) Program. The PAL Center will make a presentation to the Board on the PACE Program at a later date. I. Martinez also announced a new Community Power Path program which will receive nearly $1 million over five years from a state grant.

3. Consent Calendar

Motion: T*o approve the consent calendar*
By: Director Fong
Seconded by: Director Foust
All in favor
Motion Passed

4. CEO/Staff Reports

CEO Kurtzman introduced SHD's new Director of Strategy and Operations, Kat Tutty, who joined the team on July 27, 2026.

CEO Kurtzman briefly updated the Board on the move to the new location at 555 Veterans Blvd., Redwood City, which was completed on July 31, 2026. Construction at 1016 Laurel Street will begin on August 12, 2026.

She reminded the Board of the ACHD meeting which will be held in October in Monterey, and if they are interested in attending to contact Frances Allen, Board Clerk.

S. Mar briefed the Board on the FY26 actuals and noted that the numbers will not be changing significantly. The forthcoming audit will compare budget vs. actuals. He mentioned that an email breach at RBK occurred in June 2026, which did not impact SHD personal or personnel

information or operations. RBK initiated a new enrollment for multi-factor authentication and will continue to monitor the situation.

As regards FY26, SHD disbursed $26 million, while receiving $27 million in revenue. There will be an increased effort to disburse more in FY27. $17.5 m approved by the Board at the last meeting. In terms of budget vs. actuals, SHD is better than budget due to higher revenue than budgeted in the past. On the expense side, worse by $0.2 million due to facilities and depreciation. In addition, banking fees were higher as well as professional fees. S. Mar mentioned the forthcoming audit of FY26 for whom Brian Nash is the partner on the engagement. S. Mar clarified a question related to internal controls which has not been identified as a risk, and which will be reviewed as part of the audit. Upon conclusion, the auditors will provide a management letter identifying any deficiencies detected during the audit which will be shared with the Board.

L. Garcia shared that 8 new pages have been added to the website to make it more functional and visually appealing. The communications and engagement work plan is finalized and includes efforts to improve communication and outreach; she would appreciate feedback from the Board.

5.a. Review and discuss draft SHD Annual Report and website

L. Garcia briefed the Board on the proposed new format for the 2026 Annual Report, which will include a video, a link to the website landing page, and a printed postcard. Director Foust suggested a shorter, more impactful video, and providing two QR codes, one linking to the Strategic Plan and the second one to the video. Brief snippets should be considered, focusing not only on the dental clinic but also significant grants, for e.g., Planned Parenthood, Second Harvest, healthy schools, etc.

5b. Report on reimbursements to Directors and employees in excess of $100

S. Mar indicated that the report is a required communication to the Board, provided in August of every year. Director Foust questioned if a policy for staff reimbursements is in place and the frequency for reimbursement. SM clarified receipts are to be reimbursed monthly and staff get reimbursed quickly, and SHD management encourages quick submission of receipts for reimbursement. Director Foust suggested that a guideline be established for mandatory monthly submissions.

5c. Consider Request for additional $245,000 to fully replace roof at 1016 Laurel St.

P. Kurtzman briefed the Board on the background to the issue. While the initial building inspection indicated 1-3 years of remining life for the roof, recent leaks have required immediate attention. Zone 4 (the 1016 contractors) gave options for a (i) patch and repair job and moving a problematic window linked to the leaking, or (ii) a new roof. The Board packet proposal is for the second option in the amount of $245,00 which would finance a new roof and which would solve the problem rather than just offer a short-term solution. Zone 4 prepared the cost estimate, together with EASA Architecture. A buffer of 30% was included to provide EASA Architecture some leeway. The actual cost could be less (based on a time and materials basis). The work would be done as a change order with Zone 4, who would manage the coordination with the roofers. This approach would save time rather than bidding it out as a separate contract.

EASA Architecture shared their opinion that the proposed price was fair and opined that a relationship has been established with Zone 4, based on good coordination and trust. Zone 4 is recognized for being on time and within budget. It would be somewhat complicated to bid this piece out separately to a new contractor.

The Board had a robust discussion on the pros and cons of doing the cheaper and simpler patching option vs the more expensive new roof option and expressed concern that the cost estimate had increased from $49k to $240K, and the need to be mindful of the overall cost. Director Martinez asked for a breakdown of the original cost proposal of $49k for the new roof and to see if any possible recourse was overlooked, possibly by the broker.

After further discussion, the Board agreed that SHD should revert back to Zone 4 and indicate that a lower cost of $200k was approved. SHD needs to closely monitor the contract to ensure costs do not rise without prior approval. M. Hudak requested to see the draft change order.

Amended Motion: to add $200k to the existing tenant improvement order to fully replace the roof at 1016 Laurel St.

By: Director Foust
Seconded by: Director Fong
Vote: Ayes --
Nos --
Abstain --
Absent --
Motion Passed: All

5d. Report on Caring Community Grant Outcomes

J. Bratton briefed the Board on the outcomes of the Caring Community Grants program. She presented data on funding buckets and priority health areas, highlighting a total spend of over $6 million covering the period of July 1, 2025 through June 30, 2026. Data included breakdowns by zip code showing service reach to approximately 102,000 residents SHD residents (out of 248,000).

Board members had several questions related to possible duplication number of residents served, and J. Bratton clarified that grantee organizations try to provide unduplicated numbers.

Overall, the Caring Community Grant program outcomes have been met or even exceeded all performance targets.

J. Bratton updated the Board on grant cycle implementation, including transitioning all grantees to one-year grants and implementing a new grants platform. She outlined upcoming tasks including technical platform work, grant intelligence tools implementation, and interim reporting in December. The Board discussed funding allocation challenges due to federal Medicaid and MediCal cuts and emphasized the need for SHD to remain the focus when reviewing grant requests.

5.e. Presentation by Peninsula Volunteers, Pride Center and Vista Center for the Blind

The three organizations made presentations to the Board, although approval of their proposal grant amounts will not be up for consideration until September 2026. Board members encouraged enforcing a strong focus on SHD district residents only and that funds are reimbursed based on zip codes. P. Kurtzman responded that a robust internal review process by the SHD accounting team is in place which verifies all transactions.

[*Director Lock joined the Board Meeting during the discussion of 5.e.*]

B R E A K

6. Adjourn to Closed Session for Purpose of: Government Code Sections 54957 and 54957.6 for the following purposes: PUBLIC EMPLOYEE PERFORMANCE EVALUATION (54957) Title: Chief Executive Officer of Sequoia Healthcare District. CONFERENCE WITH LABOR NEGOTIATOR (54957.6) Agency Designated Representative: Ivan Martinez, Board President and Rosanne Foust, Board Member and Outside Consultant Donna Vaillancourt of RPMG. Unrepresented Employee: Chief Executive Officer, Sequoia Healthcare District

Motion: To Adjourn to closed session:
By: Director Fong
Seconded by: Faust
All in favor
Motion passed

7. Reconvene to Open Session:

There was no reportable action taken in closed session.

8. Adjourn

Motion: ***To adjourn the meeting at 4.00pm***
By: Director Foust
Seconded by: Director Lock
All in favor
Motion Passed

The next meeting of the Board of Directors of Sequoia Healthcare District is scheduled for 12.00pm, Wednesday, September 2, 2026, at the San Mateo County Dental Society, 939 Laurel Street, Suite C, San Carlos, CA.

Respectfully submitted,

Cama Lock, Secretary

unmet needs. She emphasized the importance of continuously assessing community health needs, policy changes, funding conditions, and gaps in the safety net rather than relying on historical funding patterns. The District gathers information through local data, environmental scanning, discussions with grantees and other partners, and outreach to city leaders. Federal and state policy developments, including H.R. 1, were identified as important factors affecting access to care.

At the June 2026 CEO roundtables, more than 50 CBO representatives identified five recurring themes: growing needs amid financial uncertainty; greater collaboration and resource sharing; barriers to accessing services; workforce and organizational sustainability; and the potential impact of strategic infrastructure investment. Board members encouraged the District to consider effective organizations and approaches both within and beyond its existing grantee pool and to direct limited resources toward measurable, lasting outcomes.

The Board discussed whether maintaining a lean organization remains appropriate as needs increase. Members supported right-sizing staff and organizational capacity to implement the strategic plan, while Ms. Kurtzman emphasized the need to demonstrate a return on public investment. Mr. Mar described ongoing reviews of staffing responsibilities, data needs, and organizational resources.

B. Healthy Schools Initiative (HSI)

While the HSI program has been considered a model by other healthcare districts, particularly the value add of school-based nurses, counselors, and mental health professionals, the needs of the communities have shifted over the years. Following a lengthy and considered discussion, the current HSI program will end June 30, 2027, with the eight participating school districts eligible to apply through the new grants framework on the same basis as other applicants. These changes are a response to the growing challenges and financial pressures facing our local governments, community organizations, and broader economy, which require SHD to reassess traditional approaches, make thoughtful adjustments, and ensure that our resources are being used as effectively and strategically as possible.

No separate school funding allocation was established. The Board discussed equitable treatment of districts, including consideration of state funding relative to approved budgets, and emphasized the need to communicate changes and timelines to school districts by end December 2026. Staff will work with districts on transition, eligibility, and potential operational or funding challenges.

C. Proposed Grants Framework and Funding Priorities

Ms. Kurtzman presented a consolidated grants framework intended to replace separate funding pathways with one portfolio, consistent application and evaluation standards, predictable grant cycles, and stronger impact measurement. Existing grantees, including Caring Community recipients and school districts, would remain eligible to apply but would not automatically receive continued funding. The Board expressed support for the following preliminary priority allocations:

- **Access to Care** (70%): Clinical, behavioral, and dental healthcare and barriers that prevent residents from obtaining care.
- **Food Insecurity** (10%): Food access as a determinant of health and well-being.
- **Prevention and Systemic Conditions** (20%): Upstream prevention, navigation, coordination, systemic barriers, and appropriate workforce and organizational capacity investments. These allocations were considered aspirational; precise definitions, eligible

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MINUTES OF STUDY SESSION MEETING ON NEW GRANTS FRAMEWORK
BOARD OF DIRECTORS

SEQUOIA HEALTHCARE DISTRICT

September 23, 2026
555 Veterans Boulevard Suite 150
Redwood City, CA 94070

Directors Present	**Directors Excused**	**Also Present**
Director Fong	N/A	Ms. Kurtzman, CEO
Director Foust		Mr. Hudak, Legal Counsel
Director Garcia-Lock		Mr. Bailey, Facilitator
Director Martinez		Ms. Allen, Board Clerk

1. Call to Order and Roll Call

President Martinez called the meeting to order at 12:00PM. Roll call attendance was taken. A quorum was present.

2. Public Comment/Non-Agenda Items

President Martinez asked if there was any public comment on non-agenda items. There was none.

3. New Business

3.a. Decide Whether to Reschedule October 7, 2026 Board Meeting

After considered discussion, the Board agreed to cancel the October 7, 2026 meeting. The next Board Meeting will be on November 4, 2026. The meeting will be held at the San Mateo County Dental Society in San Carlos, CA.

Motion: ***To cancel the October 7, 2026 Board Meeting***
By: Director Foust
Seconded by: Director Martinez
All in favor
Motion Passed

Discussion on the Grants Program

Mr. Bailey, the session facilitator, introduced the discussion and invited Ms. Kurtzman to present the proposed grants framework and its relationship to the District's mission and strategic plan.

A. Mission, Vision, Strategic Plan, and Community Needs
Ms. Kurtzman described the District's role as a strategic funder, convener, and catalyst, working through community-based organizations (CBOs) to provide services and identify

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activities, budget mechanics, and distribution across cycles require further development. Board members discussed whether activities outside these priorities, such as playgrounds, could qualify and asked staff to clarify any narrowly defined exceptions.

The Board emphasized the health and resilience of the community-serving workforce, including burnout, staffing shortages, and provider capacity. Members supported considering capacity-building investments that directly strengthen service delivery, while recognizing that CBOs also bear responsibility for supporting their employees. Transportation and service navigation were discussed as access barriers; staff were asked to assess existing transportation resources, gaps, and opportunities for coordination before proposing new investments.

The Board wants SHD to measure impact of grantee organizations funds on an ongoing basis but should still attempt to identify organizations that perform well, produce results, have strong leadership, and simply need financial support. The Board is supportive of both streams, recognizing different sized organizations and varying degrees of capacity.

D. Grant Cycles, Exceptions, and Review

Although staff initially proposed three annual cycles, the Board favored two structured cycles to reduce administrative burden and provide predictable application opportunities. Grants would generally be for one year and could cross fiscal years depending on the application cycle. The initial proposal contemplated a July 1, 2027–June 30, 2028 funding period; a detailed implementation calendar remains to be finalized. The Board emphasized limiting informal requests outside established cycles.

Members acknowledged that genuine emergencies, such as an unexpected interruption in critical healthcare access, may warrant action outside regular cycles. The District has approximately $5 million designated for urgent access-to-care needs in the FY 2026–27 budget. The Board requested narrowly defined eligibility and approval procedures so exceptions remain rare and do not undermine the competitive process.

The Board stressed that changing grant categories alone would not constitute meaningful reform. Staff were directed to define each of the existing ten review criteria, establish clear eligibility and minimum qualifications, develop weighted and consistently applied scoring, and use the same standards for current and new applicants. The Board requested that staff test a small sample of existing applications against the proposed criteria and report the findings.

The Board supported maintaining a community-based grants review committee with relevant expertise and appropriate geographic representation. Discussion included conflict-of-interest safeguards, possible stipends, and representation across the five Board zones; these questions remain open. Mr. Hudak advised that the committee's future structure may warrant treatment as a standing Board committee subject to Brown Act requirements. He will prepare a policy paper for Board consideration.

E. Data, Evaluation, and Community Impact

The Board called for moving beyond activity counts and grantee-reported outputs to evaluate who was served, what changed, whether investments were efficient, and what should be done next. Members discussed cost-effectiveness and return on investment while acknowledging that the cost per participant varies substantially among services. Evaluation should recognize

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both established high-performing organizations and smaller organizations with strong leadership and promising results.

Ms. Kurtzman described plans to add internal data and evaluation capacity and explore independent external evaluation support, including the Gardner Center or another qualified firm. Early external involvement could help establish outcome measures, cost-per-client methods, and an objective evaluation framework. The Board also suggested consulting healthcare partners about appropriate uses of artificial intelligence in data management. Staff will define reporting expectations, collection methods, and how findings will inform future awards.

F. Communications, Implementation, and Next Steps
Board members emphasized clear, timely communication to grantees, school districts, and the community, explaining the redesign as a response to changing needs and the District's strategic priorities. Staff will refine funding definitions and allocations; application and scoring materials; the two-cycle calendar; committee governance; school transition arrangements; workforce and transportation eligibility; emergency funding procedures; and data and evaluation capacity.

Staff were asked to provide a progress report and implementation plan at the November 4, 2026 Board meeting and complete the final grants framework and supporting materials by December 31, 2026. The intent is to implement the redesign for the next feasible grant cycle rather than postpone changes for an additional year. These discussions provided policy direction; unresolved operational details will return to the Board for consideration.

4. Adjourn

Motion: ***To adjourn the meeting at 2.58pm***
By: Director Martinez
Seconded by: Director Garcia-Lock
All in favor
Motion Passed

The next meeting of the Board of Directors of Sequoia Healthcare District is scheduled for 12.00pm, Wednesday, November 4, 2026, at the San Mateo County Dental Society, 939 Laurel Street, Suite C, San Carlos, CA.

Respectfully submitted,
Cama Lock, Secretary

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Sequoia Healthcare District
Balance Sheet
As of July 31, 2026

	Jul 31, 26	
ASSETS		
Current Assets		
Checking/~~Savings~~		
10190.1 · Heritage Checking #6398 Total		
10190-1 · Heritage Checking #6398	-1,097,781.87	
10191-1 · Heritage Checking Sweep #6398	2,213,873.90	
Total 10190.1 · Heritage Checking #6398 Total		1,116,092.03
10196.5 · Heritage COLLAB #6455 Total		
10195-5 · Heritage COLLAB Checking #6455	10,000.00	
10196-5 · Heritage COLLAB Sweep #6455	950,725.16	
Total 10196.5 · Heritage COLLAB #6455 Total		960,725.16
10201-1 · Schwab Cash		310,004.88
10300-1 · Schwab Acct #6621		12,342,306.37
10350-1 · Schwab Acct #2739		28,913,352.56
10490-1 · HFSA funding & deductions		
10491-1 · FSA Savings	38,861.53	
10492-1 · FSA Pretax Deductions	-38,592.91	
Total 10490-1 · HFSA funding & deductions		268.62
Total Checking/Savings		43,642,749.62
Other Current Assets		
10400-3 · Pension - Vanguard		53,020,157.30
10410-3 · Pension - PFG		2,533,151.08
10430-3 · Pension - Vanguard MMF		122,535.30
10440-3 · Pension -PCS		636,299.04
10500-4 · Pension Contribution Rcvble		16,991,523.00
10501-1 · Prepaid Expenses		137,360.61
10503-1 · Unused Grants Recoverable		14,713.50
10551-1 · DH Settlement Receivable		6,285,423.34
10555-1 · DH Settlement - Interest Rec.		136,184.16
12010-1 · Lease 525 Veterans - ST		3,195.35
Total Other Current Assets		79,880,542.68
Total Current Assets		123,523,292.30
Fixed Assets		
12410-4 · Furniture - GW		94,595.50
12405-4 · Medical Equipment - GW		1,165,495.06
12330-4 · 525 Leasehold Improvements GW		4,940,749.97
12320-4 · 1016 Leasehold Improvements GW		17,092.14
12100-4 · Land GW		1,766,109.00
12300-4 · 1016 Laurel Bldg GW		3,082,702.56
12310-4 · 525 Veterans Bldg GW		1,249,382.30
12360-1 · CIP		600.00
12360-4 · 1016 Laurel CIP - GW		192,059.80
12400-4 · Equipment GW		158,347.72
12420-4 · Right-of-Use Asset - GW		179,544.80
12500-4 · Accum Depr - GW		-1,653,726.62

Sequoia Healthcare District
Balance Sheet
As of July 31, 2026

	Jul 31, 26
12510-4 · Accum Amort -GW	-27,550.65
Total Fixed Assets	11,165,401.58
Other Assets	
13000-1 · Suspense	-0.06
19010-1 · Lease Rec 525 Veterans - LT	1,856,198.77
Total Other Assets	1,856,198.71
TOTAL ASSETS	**136,544,892.59**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
22220-4 · SBITA ST Liability	25,380.09
20205-5 · Collab Grant Obligations-Cust	460,000.00
20001-1 · Accrued Liabilities	1,161,774.08
20001-3 · Accrued Liabilities - Pension	8,393.77
20101-1 · Deferred Tax Revenue	471,616.01
21000-1 · Accrued Payroll	48,667.05
22210-4 · Capital Lease - ST	7,172.53
23100-4 · Compensated Balances (PTO) - ST	47,452.01
Total Other Current Liabilities	2,230,455.54
Total Current Liabilities	2,230,455.54
Long Term Liabilities	
25120-4 · SBITA LT Liability	97,809.30
22000-4 · Pension Contribution Payable	11,018,305.00
23200-4 · Compensated Balances (PTO) - LT	46,047.76
25010-4 · Deferred inflows - pension	5,973,218.00
25020-1 · Unavailable Revenue	6,404,583.07
25030-4 · Unavailable Revenue Offset	-6,404,583.07
25040-1 · Deferred Inflows - 525 V Lease	1,612,186.61
25110-4 · Capital Lease - LT	9,377.99
25210-1 · Deposit Payable - Gen Fund	25,000.00
Total Long Term Liabilities	18,781,944.66
Total Liabilities	21,012,400.20
Equity	
32000-5 · Custodial Fund Balance	903,874.00
31010-1 · Unspendable - General	377,449.92
31510-4 · Unspendable - GW	-377,449.92
32000-1 · Retained Earnings-General	52,421,666.98
32000-4 · Retained Earnings-GW	1,809,129.81
39003-4 · Invested in Captial Assets - GW	11,018,323.50
39004-3 · Fiduciary Fund Balance	54,305,183.00
Net Income	-4,925,684.90
Total Equity	115,532,492.39

Sequoia Healthcare District
Balance Sheet
As of July 31, 2026

	Jul 31, 26
TOTAL LIABILITIES & EQUITY	**136,544,892.59**

Sequoia Healthcare District
Balance Sheet
As of August 31, 2026

	Aug 31, 26
ASSETS	
Current Assets	
Checking/Savings	
10190.1 · Heritage Checking #6398 Total	
10190-1 · Heritage Checking #6398	116,813.57
10191-1 · Heritage Checking Sweep #6398	507,702.81
Total 10190.1 · Heritage Checking #6398 Total	624,516.38
10196.5 · Heritage COLLAB #6455 Total	
10195-5 · Heritage COLLAB Checking #6455	-90,000.00
10196-5 · Heritage COLLAB Sweep #6455	951,461.03
Total 10196.5 · Heritage COLLAB #6455 Total	861,461.03
10201-1 · Schwab Cash	167,484.29
10300-1 · Schwab Acct #6621	12,350,795.57
10350-1 · Schwab Acct #2739	28,595,573.17
10490-1 · HFSA funding & deductions	
10491-1 · FSA Savings	39,801.94
10492-1 · FSA Pretax Deductions	-39,815.95
Total 10490-1 · HFSA funding & deductions	-14.01
Total Checking/Savings	42,599,816.43
Other Current Assets	
10400-3 · Pension - Vanguard	53,164,539.56
10410-3 · Pension - PFG	2,547,305.54
10430-3 · Pension - Vanguard MMF	119,561.03
10440-3 · Pension -PCS	696,007.02
10500-4 · Pension Contribution Rcvble	16,991,523.00
10501-1 · Prepaid Expenses	121,272.83
10503-1 · Unused Grants Recoverable	14,713.50
10551-1 · DH Settlement Receivable	6,285,423.34
10555-1 · DH Settlement - Interest Rec.	153,207.18
12010-1 · Lease 525 Veterans - ST	3,591.65
Total Other Current Assets	80,097,144.65
Total Current Assets	122,696,961.08
Fixed Assets	
12410-4 · Furniture - GW	94,595.50
12405-4 · Medical Equipment - GW	1,165,495.06
12330-4 · 525 Leasehold Improvements GW	4,940,749.97
12320-4 · 1016 Leasehold Improvements GW	17,092.14
12100-4 · Land GW	1,766,109.00
12300-4 · 1016 Laurel Bldg GW	3,082,702.56
12310-4 · 525 Veterans Bldg GW	1,249,382.30
12360-4 · 1016 Laurel CIP - GW	212,027.34
12400-4 · Equipment GW	158,347.72
12420-4 · Right-of-Use Asset - GW	179,544.80
12500-4 · Accum Depr - GW	-1,710,717.72
12510-4 · Accum Amort -GW	-30,661.54

Sequoia Healthcare District
Balance Sheet
As of August 31, 2026

	Aug 31, 26
Total Fixed Assets	11,124,667.13
Other Assets	
13000-1 · Suspense	-0.06
19010-1 · Lease Rec 525 Veterans - LT	1,855,698.43
Total Other Assets	1,855,698.37
TOTAL ASSETS	**135,677,326.58**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
22220-4 · SBITA ST Liability	25,380.09
20205-5 · Collab Grant Obligations-Cust	460,000.00
20001-1 · Accrued Liabilities	572,765.74
20001-3 · Accrued Liabilities - Pension	12,520.03
20101-1 · Deferred Tax Revenue	471,616.01
21000-1 · Accrued Payroll	5,253.19
22210-4 · Capital Lease - ST	7,196.44
23100-4 · Compensated Balances (PTO) - ST	47,203.44
Total Other Current Liabilities	1,601,934.94
Total Current Liabilities	1,601,934.94
Long Term Liabilities	
25120-4 · SBITA LT Liability	97,809.30
22000-4 · Pension Contribution Payable	11,018,305.00
23200-4 · Compensated Balances (PTO) - LT	48,225.38
25010-4 · Deferred inflows - pension	5,973,218.00
25020-1 · Unavailable Revenue	6,404,583.07
25030-4 · Unavailable Revenue Offset	-6,404,583.07
25040-1 · Deferred Inflows - 525 V Lease	1,605,326.24
25110-4 · Capital Lease - LT	8,767.25
25210-1 · Deposit Payable - Gen Fund	25,000.00
Total Long Term Liabilities	18,776,651.17
Total Liabilities	20,378,586.11
Equity	
32000-5 · Custodial Fund Balance	903,874.00
31010-1 · Unspendable - General	377,449.92
31510-4 · Unspendable - GW	-377,449.92
32000-1 · Retained Earnings-General	52,421,666.98
32000-4 · Retained Earnings-GW	1,809,129.81
39003-4 · Invested in Captial Assets - GW	11,018,323.50
39004-3 · Fiduciary Fund Balance	54,305,183.00
Net Income	-5,159,436.82
Total Equity	115,298,740.47
TOTAL LIABILITIES & EQUITY	**135,677,326.58**

Sequoia Healthcare District
Balance Sheet
As of September 30, 2026

	Sep 30, 26
ASSETS	
Current Assets	
Checking/Savings	
10190.1 · Heritage Checking #6398 Total	
10190-1 · Heritage Checking #6398	-304,004.02
10191-1 · Heritage Checking Sweep #6398	1,789,165.27
Total 10190.1 · Heritage Checking #6398 Total	1,485,161.25
10196.5 · Heritage COLLAB #6455 Total	
10195-5 · Heritage COLLAB Checking #6455	10,000.00
10196-5 · Heritage COLLAB Sweep #6455	391,826.77
Total 10196.5 · Heritage COLLAB #6455 Total	401,826.77
10201-1 · Schwab Cash	425,871.35
10300-1 · Schwab Acct #6621	11,336,795.05
10350-1 · Schwab Acct #2739	27,277,604.53
10490-1 · HFSA funding & deductions	
10491-1 · FSA Savings	40,306.19
10492-1 · FSA Pretax Deductions	-40,631.31
Total 10490-1 · HFSA funding & deductions	-325.12
Total Checking/Savings	40,926,933.83
Other Current Assets	
10400-3 · Pension - Vanguard	51,039,762.17
10410-3 · Pension - PFG	2,557,278.77
10430-3 · Pension - Vanguard MMF	111,507.36
10440-3 · Pension -PCS	829,614.08
10500-4 · Pension Contribution Rcvble	16,991,523.00
10501-1 · Prepaid Expenses	117,129.90
10503-1 · Unused Grants Recoverable	14,713.50
10551-1 · DH Settlement Receivable	6,285,423.34
10555-1 · DH Settlement - Interest Rec.	170,230.20
12010-1 · Lease 525 Veterans - ST	3,990.59
Total Other Current Assets	78,121,172.91
Total Current Assets	119,048,106.74
Fixed Assets	
12410-4 · Furniture - GW	94,595.50
12405-4 · Medical Equipment - GW	1,165,495.06
12330-4 · 525 Leasehold Improvements GW	4,940,749.97
12320-4 · 1016 Leasehold Improvements GW	17,092.14
12100-4 · Land GW	1,766,109.00
12300-4 · 1016 Laurel Bldg GW	3,082,702.56
12310-4 · 525 Veterans Bldg GW	1,249,382.30
12360-4 · 1016 Laurel CIP - GW	253,874.31
12400-4 · Equipment GW	158,347.72
12420-4 · Right-of-Use Asset - GW	179,544.80
12500-4 · Accum Depr - GW	-1,767,628.12
12510-4 · Accum Amort -GW	-33,772.43

Sequoia Healthcare District
Balance Sheet
As of September 30, 2026

	Sep 30, 26
Total Fixed Assets	11,106,492.81
Other Assets	
13000-1 · Suspense	-0.06
19010-1 · Lease Rec 525 Veterans - LT	1,855,194.76
Total Other Assets	1,855,194.70
TOTAL ASSETS	**132,009,794.25**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
22220-4 · SBITA ST Liability	25,380.09
20001-1 · Accrued Liabilities	9,749.46
20001-3 · Accrued Liabilities - Pension	36,472.11
20101-1 · Deferred Tax Revenue	471,616.01
21000-1 · Accrued Payroll	16,019.57
22210-4 · Capital Lease - ST	7,220.43
23100-4 · Compensated Balances (PTO) - ST	44,960.84
Total Other Current Liabilities	611,418.51
Total Current Liabilities	611,418.51
Long Term Liabilities	
25120-4 · SBITA LT Liability	97,809.30
22000-4 · Pension Contribution Payable	11,018,305.00
23200-4 · Compensated Balances (PTO) - LT	56,282.13
25010-4 · Deferred inflows - pension	5,973,218.00
25020-1 · Unavailable Revenue	6,404,583.07
25030-4 · Unavailable Revenue Offset	-6,404,583.07
25040-1 · Deferred Inflows - 525 V Lease	1,598,465.87
25110-4 · Capital Lease - LT	8,154.47
25210-1 · Deposit Payable - Gen Fund	25,000.00
Total Long Term Liabilities	18,777,234.77
Total Liabilities	19,388,653.28
Equity	
32000-5 · Custodial Fund Balance	903,874.00
31010-1 · Unspendable - General	377,449.92
31510-4 · Unspendable - GW	-377,449.92
32000-1 · Retained Earnings-General	52,421,666.98
32000-4 · Retained Earnings-GW	1,809,129.81
39003-4 · Invested in Captial Assets - GW	11,018,323.50
39004-3 · Fiduciary Fund Balance	54,305,183.00
Net Income	-7,837,036.32
Total Equity	112,621,140.97
TOTAL LIABILITIES & EQUITY	**132,009,794.25**

Sequoia Healthcare District
Profit & Loss - Month & YTD
July through September 2026

	Jul 26	Aug 26	Sep 26	TOTAL
Ordinary Income/Expense				
Income				
40400-1 · Tax Revenue	0.00	9,443.72	24,701.72	34,145.44
40500-1 · Gain/(Loss) on Investments	-98,622.08	-4,776.65	-450,506.85	-553,905.58
40530-3 · Gain/(Loss) on Investments -Pen	-339,785.87	712,901.13	-1,464,970.29	-1,091,855.03
40600-1 · Int/Div Income	-179,893.65	54,665.70	78,560.56	-46,667.39
40600-3 · Int/Div Income - Pension	105,883.36	71,498.87	101,221.08	278,603.31
40610-1 · Interest - 525 Veterans Lease	12,396.65	12,395.96	12,395.27	37,187.88
40620-1 · DH Settlement Interest	17,023.02	17,023.02	17,023.02	51,069.06
41110-1 · 525 Veterans Lease Revenue	6,860.37	6,860.37	6,860.37	20,581.11
Total Income	-476,138.20	880,012.12	-1,674,715.12	-1,270,841.20
Gross Profit	-476,138.20	880,012.12	-1,674,715.12	-1,270,841.20
Expense				
60199-1 · PTO Payroll Expense - Gen Fund	0.00	0.00	0.00	0.00
60100-1 · Admin. Expense				
60100.1 · Prof. Development	5,868.00	8,186.76	1,359.31	15,414.07
60100-1 · Admin. Expense - Other	-2,039.70	2,811.83	-3,971.33	-3,199.20
Total 60100-1 · Admin. Expense	3,828.30	10,998.59	-2,612.02	12,214.87
60101-1 · Administration Payroll	109,941.77	103,424.22	129,496.31	342,862.30
60109-3 · Pension Benefit Payments	635,250.09	560,735.30	617,029.28	1,813,014.67
60130-3 · Pension Admin Expenses	-0.02	12,520.53	32,424.36	44,944.87
60199-4 · PTO Payroll Expense	-19,428.18	1,929.05	5,814.15	-11,684.98
60300-1 · Board Health Insurance	1,350.00	1,350.00	1,350.00	4,050.00
60310-1 · Employee Health Benefits	14,388.39	14,294.90	18,972.85	47,656.14
60350-1 · Employee Retirement Benefit	3,112.26	4,302.64	3,578.19	10,993.09
60400-1 · Investment Fees	-1,712.50	0.00	0.00	-1,712.50
60500-1 · Office Supplies/Equip Maint	1,150.51	915.83	462.15	2,528.49
69010-4 · Interest Expense - GW	57.12	55.17	53.21	165.50
60600-1 · Consulting Services	27,011.63	15,241.56	11,000.00	53,253.19
60700-1 · Board Expense	0.00	639.31	0.00	639.31
60710-1 · Association/Membership Dues	1,108.67	878.67	878.67	2,866.01
60725-1 · Communications	210.00	232.47	893.00	1,335.47
60750-1 · Software-Hardware-IT	5,816.20	10,517.49	12,116.91	28,450.60
60800-1 · Insurance	4,085.76	5,972.76	4,085.76	14,144.28
60806-1 · LAFCO fees	1,634.33	1,634.33	1,634.33	4,902.99
60810-1 · Legal Fees	675.00	0.00	6,515.00	7,190.00
60815-1 · Bank Fees	-10.11	85.00	85.10	159.99
65100-1 · 1016 Laurel Occupancy Costs				
65101-1 · 1016 Laurel Maintenance	-4,106.95	998.47	471.00	-2,637.48
65102-1 · 1016 Laurel Utilities	2,370.54	658.95	1,686.78	4,716.27
65103-1 · 1016 Laurel Property Insurance	0.00	0.00	1,449.60	1,449.60
65100-1 · 1016 Laurel Occupancy Costs - Other	0.00	136.00	9,864.00	10,000.00
Total 65100-1 · 1016 Laurel Occupancy Costs	-1,736.41	1,793.42	13,471.38	13,528.39
65450-1 · 525 Veterans Prop Ins -Gen Fund	0.00	0.00	1,221.52	1,221.52
65500-4 · Depreciation Expense - GW	56,910.40	56,991.10	56,910.40	170,811.90
65510-4 · Amoritization Expense - GW	3,110.89	3,110.89	3,110.89	9,332.67
65610-1 · Capital Outlay - General	8,410.00	19,502.54	41,846.97	69,759.51
65610-4 · Capital Outlay - GW Offset	-8,410.00	-19,367.54	-41,846.97	-69,624.51
70200-1 · Grant Admin Expenses	5,999.48	3,554.66	12.00	9,566.14
70300-1 · Other Grants	5,137.50	0.00	5,000.00	10,137.50
70310-5 · Collab grant - Custodial Fund	0.00	100,000.00	0.00	100,000.00
70350-1 · Samaritan House	0.00	0.00	0.00	0.00
70560-1 · Ravenswood Family Health Center	500,000.00	0.00	0.00	500,000.00
70566-1 · Pen Volunteers LYFT program	0.00	0.00	0.00	0.00
70568-1 · Sonrisas	0.00	0.00	0.00	0.00
70594-1 · Future Impact Funds	323,581.62	0.00	0.00	323,581.62
70603-1 · Community Grants	2,739,559.21	174,500.00	0.00	2,914,059.21
70705-1 · Sequoia Smart	0.00	4,000.00	57,528.65	61,528.65
70706-1 · Sequoia Safe (+HeartSafe)	4,387.50	4,387.50	4,506.84	13,281.84
70707-1 · Sequoia Strong	0.00	2,952.82	4,645.45	7,598.27
70802-1 · School Health Grants	24,127.29	16,610.83	12,700.00	53,438.12
Total Expense	4,449,546.70	1,113,764.04	1,002,884.38	6,566,195.12
Net Ordinary Income	-4,925,684.90	-233,751.92	-2,677,599.50	-7,837,036.32
Net Income	**-4,925,684.90**	**-233,751.92**	**-2,677,599.50**	**-7,837,036.32**

Agenda item 6
Board of Directors Meeting
November 4, 2026

CEO Report | November 2026

Pamela Kurtzman, CEO

I. Executive Overview

During September and October, the District advanced key priorities under its 2026–2029 Strategic Plan, including strengthening healthcare access, redesigning the grants program, improving organizational capacity, and expanding community engagement. The transition to the Fluxx grants platform is complete, work on the FY28 grants framework continues, and the 2026 Annual Report has been released in a video-based format.

Conversations with healthcare providers, nonprofit partners, and local government leaders continue to inform the District's response to financial and service pressures across the local safety net. Our focus remains on preserving essential services, directing public resources toward areas of greatest need, and strengthening measures of community impact.

II. District Operations and Administration

Staff Contributors- Ms. Kat Tutty and Mr. Stuart Mar

- Staff is strengthening internal operations through improved communications, streamlined administrative processes, and development of an operations manual documenting procedures and responsibilities. Current priorities also include personnel administration, payroll and benefits, and transition to a new HR/payroll system. Ms. Tutty is coordinating day-to-day activities and supporting the FY28 grants redesign, including timelines and Board recommendations.
- 1016 Laurel Alterations - The current construction schedule reflects a revised estimated completion date of January 4, 2027, compared to the original November 20, 2026, primarily due to the additional roofing work, long-lead items, and unexpected challenges as a result of renovating an older building. Specific roof work is expected to fall within the $200,000 previously approved by the Board. Aside from these scheduling adjustments, the project continues to progress without other significant issues.

III. Grant Investments, Program Performance, and Strategic Redesign

Staff Contributor- Ms. Jenny Bratton

A. Major Grant Partner Updates

1) **Sonrisas Dental Health**: Sonrisas reported the following clinical, outreach, and financial activity for District residents. Figures are reproduced from the submitted update; the reporting periods and denominators for certain measures should be confirmed before publication.

Service and outreach	Reported activity
Unique SHD residents served	517
Total clinic visits	701
Children ages 0-18	38% of patients
Children screened in community settings	561, including 29 with special needs
Seniors participating in activities/services	73
Low-income patients / visits	569 patients / 412 visits (reported as 81% of SHD visits)

Reported treatment costs were $319,249, offset by $161,224 in reimbursements, leaving $158,025 in uncompensated care. The Q1 invoice totaled $213,035: $206,290 for Access to Care, $4,120 for in-clinic patient navigation, and $2,625 for mobile dental visits. Outreach included preschool and elementary screenings and senior programming at Crane Place, Fair Oaks Adult Community Center, Casa de Redwood, and Arroyo Green.

2) Samaritan House

Samaritan House continues to face increasing demand and challenges securing donated or reduced-cost laboratory, diagnostic, and specialty services. With support from funders and volunteers, it has expanded clinical hours and other services while working to improve systems, outreach, and staffing.

- **Medical access**: Additional volunteer providers have increased visit capacity. A new Sunday clinic is expected to add more than 500 appointments annually and bring ENT, dermatology, and ophthalmology specialists. Patient volume increased by nearly 20%, reflecting expanded capacity and more uninsured patients.
- **Dental access:** Staffing constraints and growing demand have extended patient wait times from 6–8 months to approximately one year. The organization is fundraising for an Associate Dental Director and onboarding volunteer dentists.
- **Behavioral health and nutrition:** Behavioral health services continue to develop through partnerships and patient-centered improvements. Food Pharmacy participation has risen substantially, with unique patients and total people reached each increasing by nearly 50% year over year.

3) Pride Center

Since its August request, the Pride Center has raised $750,000 and no longer needs an immediate District grant. A future request to support a mental health clinician may be submitted through the Access to Care grants program if the need materializes.

B. FY28 Grants Redesign and Implementation

Staff meet weekly to finalize FY28 grant criteria, evaluation and scoring procedures, and the application calendar, incorporating Board feedback. Migration from Versaic to Fluxx is complete, and the District now operates on the new grants platform. This redesign supports a more focused investment strategy and stronger accountability for results.

Two Healthy Schools Initiative team meetings were held September 17 and October 8. School wellness directors raised concerns about possible effects of the new grants program on future funding. Staff emphasized that decisions affecting school districts will be communicated promptly to district leadership and will continue providing engagement, support, and resources.

IV. Community Engagement, Communications, and Regional Partnerships

Staff contributor- Ms. Luz Garcia

The District completed and released its 2026 Annual Report in a video-based format, with supporting webpages featuring community impact, partner stories, and financial information. A companion postcard directing residents to the online report is in production. Short-form Instagram and Facebook videos support outreach, and additional direct engagement is planned at community events and farmers markets. Ms. Garcia also coordinated staff communications and the District's table at NAMIWalks on October 3.

1. Community and Government Engagement

- On October 13, I presented the District's priorities and investments to the Menlo Park City Council. Council members expressed interest in discussing expansion of District boundaries to include all of Menlo Park. Presentations to other city councils are being scheduled.

- The September 15 wellness and resilience workshop at Filoli brought together approximately 25 nonprofit leaders and healthcare professionals to address workforce burnout and resilience. Additional engagement included events with One Life Counseling, Sonrisas Dental Health, Jasper Ridge, the North Fair Oaks community, and grantee site visits, including Edgewood Center and Adaptive Physical Education. Work with communications consultants continues to expand resident and stakeholder input.

2. **Regional Collaboration and Leadership**
   - As co-chair of the San Mateo County Safety Net Coalition, I continued discussions on provider capacity, care navigation, expanded clinic hours, and possible pop-up services. Other regional work includes Redwood City Together, coordination with the Sobrato Foundation and SV2 on funding and data sharing, oral health collaboration with the Health Plan of San Mateo and San Mateo County Dental Society, and outreach to County and municipal leaders.
   - Director Fong, Ms. Tutty, and I attended the ACHD annual conference in Monterey. Discussions on governance, emerging healthcare needs, financial pressures, and technology reinforced the importance of aligning District investments with changing needs and measuring results. I also participated in the October 15 Freed Associates panel on H.R. 1 and behavioral health, continued American Leadership Forum activities, and was scheduled to participate in the October 29 ALF Silicon Valley/Futuro Health care-economy roundtable.

V. Healthcare Policy and Emerging Community Needs

Status as summarized in the draft report dated October 25, 2026. The projections below are planning estimates, not confirmed coverage losses.

1. **Federal and State Developments**
   - Implementation of H.R. 1 is expected to create additional barriers to maintaining Medi-Cal coverage through work reporting, more frequent renewals for affected groups, reduced retroactive coverage, and restrictions affecting certain immigrant populations. Roughly 2–3 million Californians potentially losing Medi-Cal coverage over several years. San Mateo County previously estimated 36,200–53,700 possible coverage losses; a separate, more recent figure of approximately 52,000 beneficiaries refers to people facing new eligibility and documentation requirements, not confirmed or newly projected losses.

   - The County has proposed 32 limited-term positions at approximately $3.9 million to manage eligibility workload. Temporary state protections and unresolved litigation create implementation uncertainty. The expiration of enhanced federal ACA premium tax credits at the end of 2025 adds affordability pressure for marketplace enrollees. Implementation dates and current policy status should be reconfirmed against agency sources before distribution.

2. **Local Healthcare and Fiscal Implications**
   - Coverage interruptions, administrative complexity, and rising premiums could increase delayed care, uncompensated services, and demand for safety-net providers already operating near capacity. Reduced provider revenue may threaten staffing and access in primary care, dental care, behavioral health, and specialty services. The County and cities also face an estimated $226 million gap in Vehicle License Fee replacement funding, including approximately $134 million attributable to County government; future budget decisions may affect healthcare and nonprofit partners.

3. **District Response**
    - The District is emphasizing protection of existing clinical capacity, targeted investments in medical, oral, and behavioral healthcare, food security, and stronger evaluation of program outcomes. Grant redesign and continued discussions with providers, local government, and philanthropic partners will help identify vulnerable services, opportunities for shared investment, and measurable ways to preserve access.

VI. Upcoming Milestones and Board Considerations

Date	Planned milestone
November 23, 2026	Anticipated release of FY27 midyear reporting materials
December 2, 2026	Board consideration of FY28 grants procedures
December 11, 2026	Planned FY28 grants information session announcement
December 15, 2026	FY27 midyear grantee reports due
January 16, 2027	Planned hybrid FY28 applicant information session

Attention will remain focused on the FY28 grants framework, evolving safety-net needs, organizational capacity, and emerging opportunities for collaboration.

Selected Source References

San Mateo County FY 2026–27 budget and federal funding materials; California Department of Health Care Services H.R. 1 implementation information; Legislative Analyst's Office 2026–27 health spending materials; County Vehicle License Fee funding update; and federal marketplace premium assistance guidance. Supporting source links and exact effective dates should be validated in the final Board packet.

Sequoia Healthcare District

FOR YOUR HEALTH

Agenda Item 6.2a
Board of Directors Meeting
November 4, 2026

Finance Report

November 4, 2026

Stuart Mar, CFO

Finance Report | Agenda

- July–September 2026 Cash Summary
- FY 2027 Forecast Summary
- Appendix: FY 2027 Financial Reports (with and without pension effect)
    - Sources and Uses of Cash
    - Budget vs. Actuals

Sequoia Healthcare District
FOR YOUR HEALTH

Cash Activity Summary

Q1 FY 2027 | July–September 2026

$6.5M

Grant disbursements

Approximately $6.5 million disbursed

$60k

Tax revenue

Approximately $60 thousand received

$40.9M

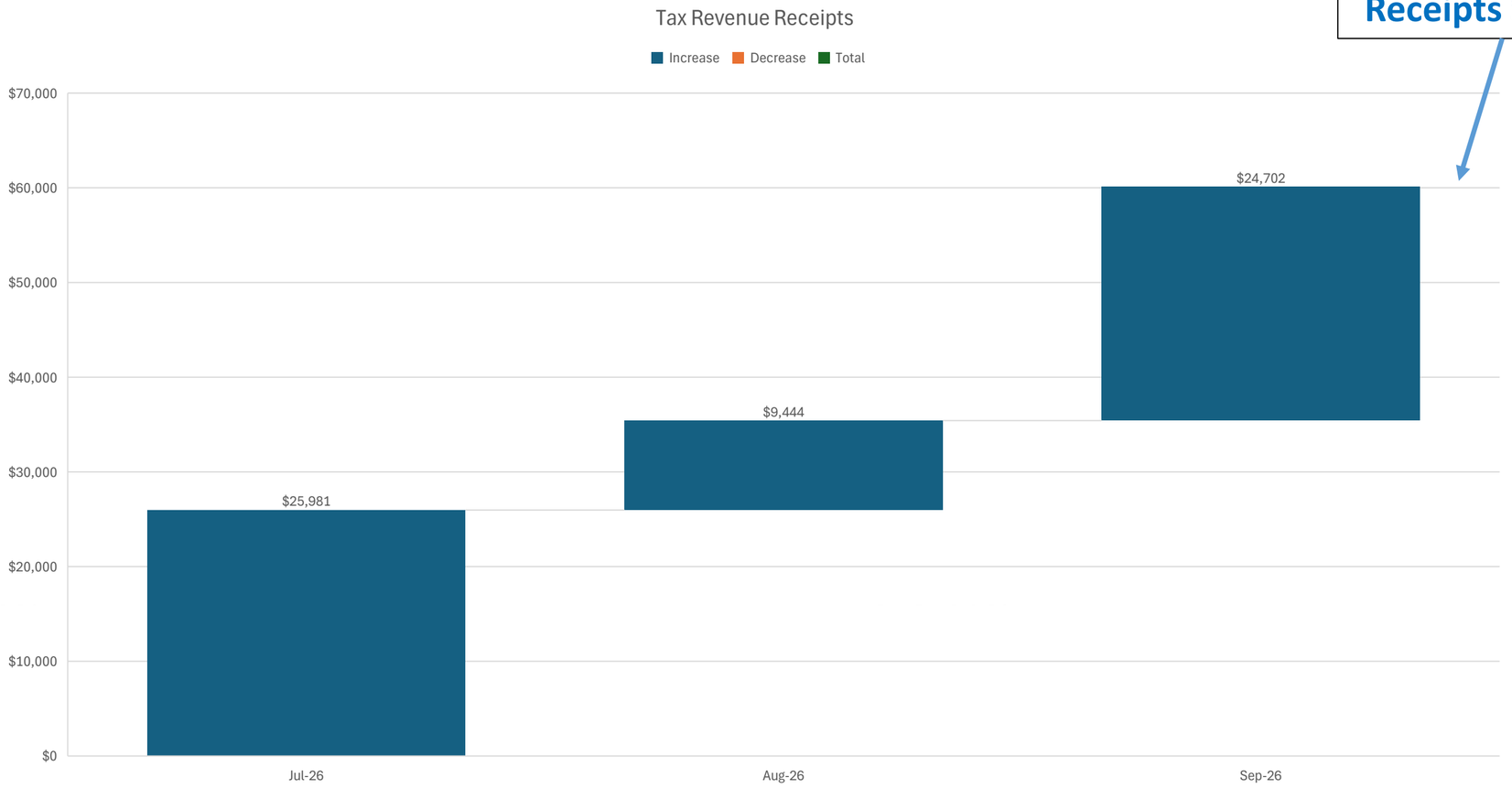
Operating cash & investments

At September 30, 2026; $48.4M at June 30, 2026

Sequoia Healthcare District
FOR YOUR HEALTH

YTD 2027 Tax Revenue Receipts through September 30, 2026

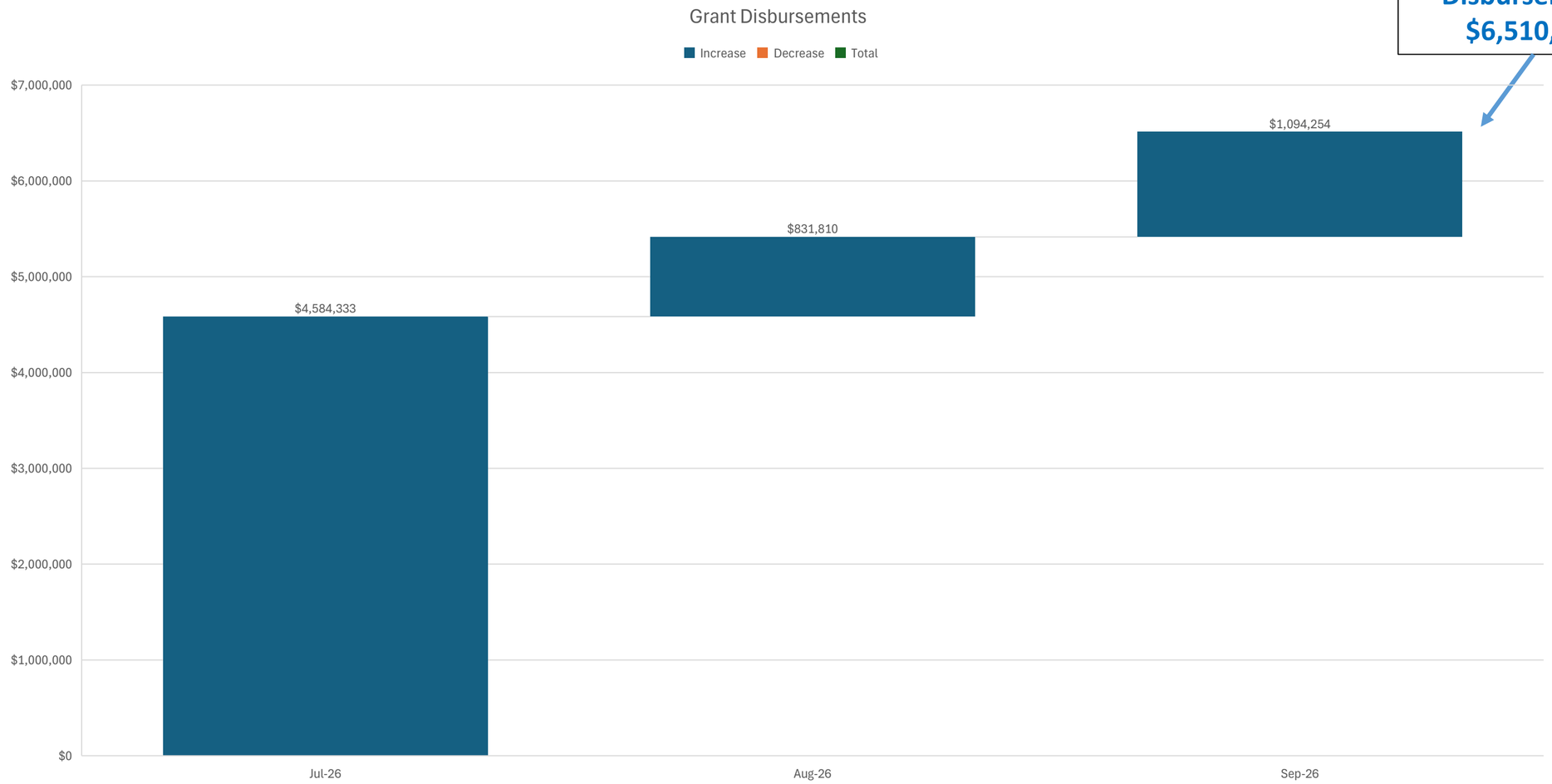
YTD Tax Revenue Receipts $60,127



Sequoia Healthcare District
FOR YOUR HEALTH

YTD 2027 Grant Disbursements through September 30, 2026

YTD Grant Disbursements $6,510,397



Sequoia Healthcare District
FOR YOUR HEALTH

FY 2027 Forecast vs. Budget

Net income (loss) forecast: approximately $75K favorable to budget

REVENUE

$180K unfavorable to budget

Lower forecasted investment returns (**-$167K)**

NET EXPENSES

$250K favorable budget

Forecast expense changes compared with budget

Facilities

Unfavorable +$250K

Increase vs. budget | 525 Veterans tenant improvement depreciation

Payroll & related

Favorable −$91K

Decrease vs. budget | PTO taken, hiring delays, lower health benefits

Professional fees

Favorable −$80K

Decrease vs. budget | Lower professional fee spending

Election costs

Favorable −$260K

Decrease vs. budget | No Election fees as a result of Unopposed candidates

Capital project: 1016 Laurel renovation forecast $1.09M vs. $0.90M budget

Sequoia Healthcare District
FOR YOUR HEALTH

Appendix

FY 2027 Financial Reports: Sources & Uses of Cash and Budget vs. Actuals + Forecast

Sequoia Healthcare District
FOR YOUR HEALTH

FY 2027 Financial Reports

With pension effect

Sequoia Healthcare District
FOR YOUR HEALTH

YTD Sources & Uses of Cash | With Pension Effect

Sequoia Healthcare District Sources and Uses YTD Through September 30, 2026 Unaudited for Management Discussion Purposes Only	Jul-26	Aug-26	Sep-26	YTD
Sources				
Rental Income	$ 12,500	$ 12,500	$ 12,500	$ 37,500
Tax Revenue	25,981	9,444	24,702	$ 60,127
Dignity Agreement Receipts	-	-	-	$ -
Unrealized Gain/(Loss)	(98,622)	(4,777)	(450,507)	$ (553,906)
Interest Income	107,358	54,666	78,561	$ 240,585
Total Cash Sources (Less Pension)	47,218	71,833	(334,745)	(215,694)
Pension Income (loss)	(233,903)	784,400	(1,363,759)	$ (813,262)
Total Cash Sources	$ (186,685)	$ 856,233	$ (1,698,504)	$ (1,028,956)
Uses				
Payroll and Related	111,539	167,905	143,279	$ 422,723
Administration	24,529	9,281	1,421	$ 35,231
Board Expense	-	161	-	$ 161
Investment/Bank Fees	50,345	85	85	$ 50,515
Office Expenses	1,335	1,091	583	$ 3,009
Professional Fees	18,615	47,518	18,406	$ 84,539
Communications	390	213	367	$ 970
Facilities	12,936	13,312	24,827	$ 51,075
Insurance	311	-	12,758	$ 13,069
Total Cash Operating Uses	219,999	239,566	201,726	661,291
Grant Expenses	4,584,333	831,810	1,094,254	$ 6,510,397
Pension Expenses	665,787	569,130	625,502	$ 1,860,418
Capital Expenditures	43,169	43,107	41,847	$ 128,123
Other	-	-	-	$ -
Total Cash Uses	$ 5,513,288	$ 1,683,613	$ 1,963,328	$ 9,160,230
Net Cash (Used)/Received	$ (5,699,973)	$ (827,380)	$ (3,661,832)	$ (10,189,185)
Operating Cash Balance				
Heritage Operating	$ 1,116,092	$ 624,516	$ 1,485,161	
Heritage Collaboration with Dignity	$ 960,725	$ 861,461	$ 401,827	
Wells Fargo	$ -	$ -	$ -	
Total Operating Cash	$ 2,076,817	$ 1,485,977	$ 1,886,988	
Schwab Investments	$ 41,565,664	$ 41,113,853	$ 39,040,271	
Total Cash and Investments	$ 43,642,481	$ 42,599,830	$ 40,927,259	
Pension Assets				
Vanguard	$ 53,142,693	$ 53,284,101	$ 51,151,259	
Principal Custodial Solutions	$ 636,299	$ 696,007	$ 829,614	
Principal Financial Group	$ 2,533,151	$ 2,547,306	$ 2,557,279	
	$ 56,312,143	$ 56,527,413	$ 54,538,152	

Sequoia Healthcare District
FOR YOUR HEALTH

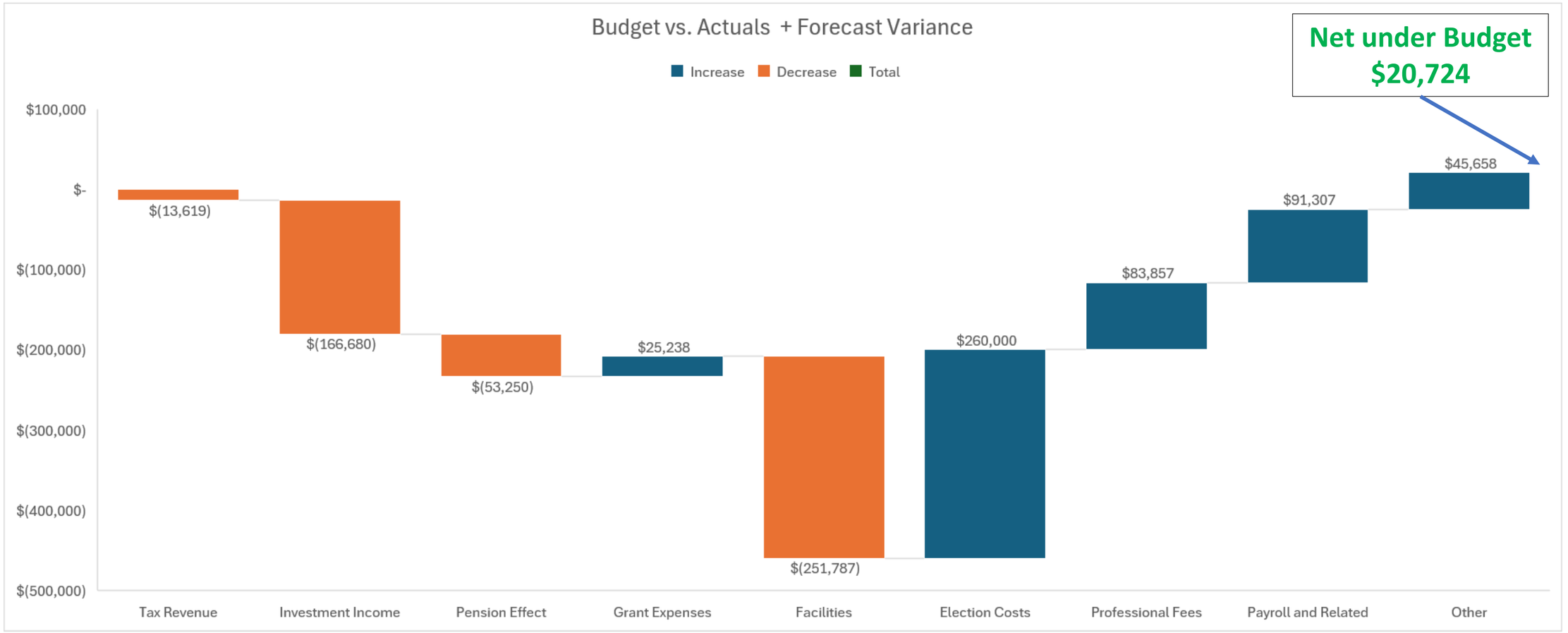
FY ‘27 Forecast – With Pension Effect

Sequoia Healthcare District
Draft Profit & Loss Forecast (With Pension)
FYE June 30, 2027
Unaudited for Management Discussion Purposes Only

	Actuals			Forecast										2027 Budget Variance	
	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	2027 Actual + Forecast	FY 2027 Approved Annual Budget	Budget Better/(Worse)
Income															
Rental Income	$ 6,860	$ 6,860	$ 6,860	$ 7,036	$ 7,036	$ 7,036	$ 7,036	$ 7,036	$ 7,036	$ 7,036	$ 7,036	$ 7,036	$ 83,905	$ 84,432	$ (527)
Tax Revenue	$ -	$ 9,444	$ 24,702	$ 799,358	$ 1,084,807	$ 9,516,080	$ 57,205	$ 1,082,287	$ 1,064,870	$ 4,962,954	$ 1,683,056	$ 407,750	$ 20,692,512	$ 20,706,131	$ (13,619)
Gain(Loss) on Investments	$ (98,622)	$ (4,777)	$ (450,507)	$ 132,656	$ 132,656	$ 132,656	$ 132,656	$ 132,656	$ 132,656	$ 132,656	$ 132,656	$ 132,656	$ 640,000	$ 640,000	$ -
Int/Div Income	$ (167,497)	$ 67,062	$ 90,956	$ 52,400	$ 52,400	$ 52,400	$ 52,400	$ 52,400	$ 52,400	$ 52,400	$ 52,400	$ 52,400	$ 462,120	$ 628,800	$ (166,680)
Dignity Agreement	$ 17,023	$ 17,023	$ 17,023	$ 17,000	$ 17,000	$ 527,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 714,069	$ 714,000	$ 69
Total Income (Less Pension)	$ (242,236)	$ 95,612	$ (310,966)	$ 1,008,450	$ 1,293,899	$ 10,235,172	$ 266,297	$ 1,291,379	$ 1,273,962	$ 5,172,046	$ 1,892,148	$ 616,842	$ 22,592,607	$ 22,773,363	$ (180,756)
Pension Contribution	$ -	$ -	$ -	$ -	$ -	$ 2,573,948	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,573,948	$ 2,573,948	
Pension Income	$ (233,903)	$ 784,400	$ (1,363,749)	$ 414,306	$ 414,306	$ 528,306	$ 414,306	$ 414,306	$ 548,306	$ 414,306	$ 414,306	$ 528,306	$ 3,277,500	$ 3,277,500	$ -
Total Income	$ (476,138)	$ 880,012	$ (1,674,715)	$ 1,422,756	$ 1,708,204	$ 13,337,426	$ 680,603	$ 1,705,685	$ 1,822,268	$ 5,586,352	$ 2,306,454	$ 1,145,148	$ 28,444,055	$ 28,624,811	$ (180,756)
Expenses															
Payroll and Related	$ 108,014	$ 123,951	$ 157,862	$ 142,118	$ 142,118	$ 159,412	$ 164,344	$ 164,344	$ 164,344	$ 164,344	$ 164,344	$ 164,344	$ 1,819,535	$ 1,910,842	$ 91,307
Administration	$ 6,571	$ 13,512	$ (99)	$ 9,275	$ 11,175	$ 29,325	$ 12,375	$ 9,675	$ 31,725	$ 12,275	$ 11,925	$ 30,675	$ 178,409	$ 200,400	$ 21,991
Board Related Costs	$ 1,350	$ 1,989	$ 1,350	$ 5,350	$ 5,350	$ 5,350	$ 5,485	$ 5,485	$ 5,485	$ 6,785	$ 5,485	$ 5,485	$ 54,949	$ 66,310	$ 11,361
Investment/Banking Fees	$ (1,723)	$ 85	$ 85	$ 55,125	$ 125	$ 125	$ 55,125	$ 125	$ 125	$ 55,125	$ 125	$ 55,125	$ 219,572	$ 221,500	$ 1,928
Office Expenses	$ 1,151	$ 916	$ 462	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 11,528	$ 12,000	$ 472
Professional Fees	$ 27,687	$ 15,242	$ 17,515	$ 60,045	$ 24,100	$ 31,600	$ 25,100	$ 20,100	$ 17,600	$ 16,600	$ 21,100	$ 19,100	$ 295,788	$ 379,645	$ 83,857
Communications	$ 210	$ 232	$ 893	$ 67,850	$ 14,350	$ 1,850	$ 1,850	$ 1,850	$ 1,850	$ 1,850	$ 1,850	$ 1,850	$ 96,485	$ 108,200	$ 11,715
Facilities	$ 64,101	$ 72,548	$ 86,831	$ 86,801	$ 77,801	$ 93,521	$ 86,885	$ 79,632	$ 83,399	$ 80,799	$ 81,449	$ 83,399	$ 977,167	$ 725,380	$ (251,787)
Insurance	$ 4,086	$ 5,973	$ 4,086	$ 4,250	$ 4,250	$ 4,250	$ 4,250	$ 4,250	$ 4,250	$ 4,250	$ 4,250	$ 4,250	$ 52,394	$ 51,000	$ (1,394)
Election Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 260,000	$ 260,000
Other Expenses	$ 57	$ 55	$ 53	$ 70	$ 70	$ 70	$ 70	$ 70	$ 70	$ 70	$ 70	$ 70	$ 796	$ 840	$ 45
Total Operating Expenses	$ 211,504	$ 234,502	$ 269,038	$ 431,884	$ 280,339	$ 326,503	$ 356,483	$ 286,531	$ 309,847	$ 343,097	$ 291,597	$ 365,297	$ 3,706,624	$ 3,936,117	$ 229,493
Pension Expenses	$ (0)	$ (0)	$ (0)	$ 17,500	$ 17,500	$ 17,500	$ 17,500	$ 17,500	$ 17,500	$ 17,500	$ 17,500	$ 17,500	$ 157,500	$ 210,000	$ 52,500
Pension Benefit Payments	$ 635,250	$ 635,250	$ 635,250	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 7,305,750	$ 7,200,000	$ (105,750)
Grant Expenses	$ 3,602,793	$ 306,006	$ 84,393	$ 1,366,121	$ 271,848	$ 1,629,183	$ 1,071,848	$ 3,547,254	$ 1,529,314	$ 521,978	$ 271,978	$ 9,609,294	$ 23,812,009	$ 23,837,246	$ 25,238
Total Expenses	$ 4,449,547	$ 1,175,758	$ 988,681	$ 2,415,505	$ 1,169,687	$ 2,573,186	$ 2,045,831	$ 4,451,285	$ 2,456,661	$ 1,482,576	$ 1,181,076	$ 10,592,091	$ 34,981,882	$ 35,183,363	$ 201,480
Net Income (Loss)	$ (4,925,685)	$ (295,746)	$ (2,663,396)	$ (992,749)	$ 538,518	$ 10,764,240	$ (1,365,228)	$ (2,745,600)	$ (634,393)	$ 4,103,776	$ 1,125,378	$ (9,446,943)	$ (6,537,827)	$ (6,558,552)	$ 20,724

Sequoia Healthcare District
FOR YOUR HEALTH

FY 2027 Budget vs. Actuals + Forecast with Pension Effect



Sequoia Healthcare District
FOR YOUR HEALTH

FY 2027 Financial Reports

Without pension effect

Sequoia Healthcare District
FOR YOUR HEALTH

YTD Sources and Uses of Cash | Without Pension Effect

Sequoia Healthcare District
Sources and Uses (Without Pension)
YTD Through September 30, 2026
Unaudited for Management Discussion Purposes Only

	Jul-26	Aug-26	Sep-26	YTD
Sources				
Rental Income	$ 12,500	$ 12,500	$ 12,500	$ 37,500
Tax Revenue	25,981	9,444	24,702	60,127
Dignity Agreement Receipts	-	-	-	-
Unrealized Gain/(Loss)	(98,622)	(4,777)	(450,507)	(553,906)
Interest Income	107,358	54,666	78,561	240,585
Total Cash Sources	$ 47,218	$ 71,833	$ (334,745)	$ (215,694)
Uses				
Payroll and Related	111,539	167,905	143,279	422,723
Administration	24,529	9,281	1,421	35,231
Board Expense	-	161	-	161
Investment/Bank Fees	50,345	85	85	50,515
Office Expenses	1,335	1,091	583	3,009
Professional Fees	18,615	47,518	18,406	84,539
Communications	390	213	367	970
Facilities	12,936	13,312	24,827	51,075
Insurance	311	-	12,758	13,069
Total Cash Operating Uses	219,999	239,566	201,726	661,291
Grant Expenses	$ 4,584,333	$ 831,810	$ 1,094,254	$ 6,510,397
Capital Expenditures	43,169	43,107	41,847	$ 128,123
Other	-	-	-	$ -
Total Cash Uses	$ 4,847,502	$ 1,114,483	$ 1,337,827	$ 7,299,812
Net Cash (Used)/Received	$ (4,800,284)	$ (1,042,651)	$ (1,672,571)	$ (7,515,506)
Operating Cash Balance				
Heritage Operating	$ 1,116,092	$ 624,516	$ 1,485,161	
Heritage Collaboration with Dignity	$ 960,725	$ 861,461	$ 401,827	
Wells Fargo	$ -	$ -	$ -	
Total Operating Cash	$ 2,076,817	$ 1,485,977	$ 1,886,988	
Schwab Investments	$ 41,565,664	$ 41,113,853	$ 39,040,271	
Total Cash and Investments	$ 43,642,481	$ 42,599,830	$ 40,927,259	
Pension Assets				
Vanguard	$ 53,142,693	$ 53,284,101	$ 51,151,259	
Principal Custodial Solutions	$ 636,299	$ 696,007	$ 829,614	
Principal Financial Group	$ 2,533,151	$ 2,547,306	$ 2,557,279	
	$ 56,312,143	$ 56,527,413	$ 54,538,152	

Sequoia Healthcare District
FOR YOUR HEALTH

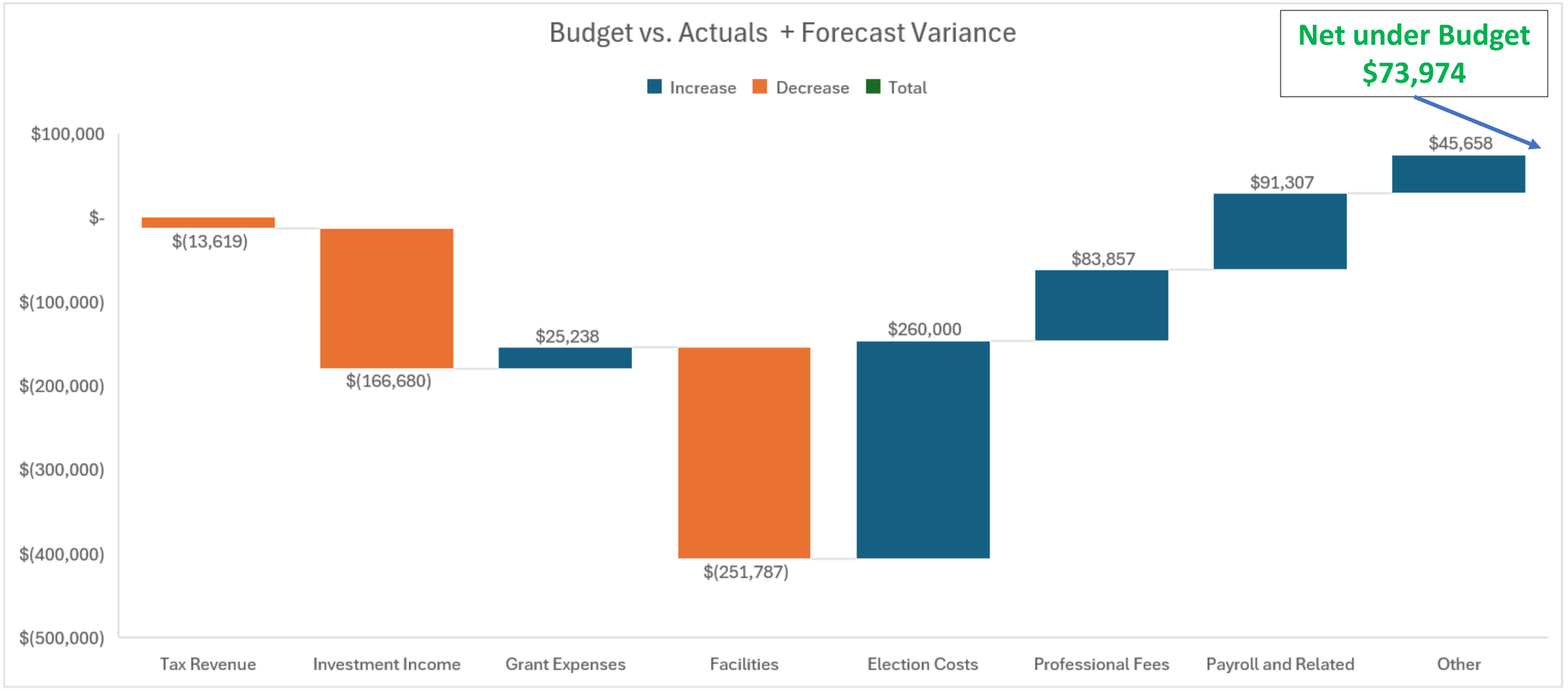
FY '27 Forecast – Without Pension Effect

Sequoia Healthcare District
Profit & Loss Forecast (Without Pension)
FYE June 30, 2027
Unaudited for Management Discussion Purposes Only

	Actuals			Forecast										2027 Budget Variance	
	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	2027 Actual + Forecast	FY 2027 Approved Annual Budget	Budget Better/(Worse)
Income															
Rental Income	$ 6,860	$ 6,860	$ 6,860	$ 7,036	$ 7,036	$ 7,036	$ 7,036	$ 7,036	$ 7,036	$ 7,036	$ 7,036	$ 7,036	$ 83,905	$ 84,432	$ (527)
Tax Revenue	$ -	$ 9,444	$ 24,702	$ 799,358	$ 1,084,807	$ 9,516,080	$ 57,205	$ 1,082,287	$ 1,064,870	$ 4,962,954	$ 1,683,056	$ 407,750	$ 20,692,512	$ 20,706,131	$ (13,619)
Gain(Loss) on Investments	$ (98,622)	$ (4,777)	$ (450,507)	$ 132,656	$ 132,656	$ 132,656	$ 132,656	$ 132,656	$ 132,656	$ 132,656	$ 132,656	$ 132,656	$ 640,000	$ 640,000	$ -
Int/Div Income	$ (167,497)	$ 67,062	$ 90,956	$ 52,400	$ 52,400	$ 52,400	$ 52,400	$ 52,400	$ 52,400	$ 52,400	$ 52,400	$ 52,400	$ 462,120	$ 628,800	$ (166,680)
Dignity Agreement	$ 17,023	$ 17,023	$ 17,023	$ 17,000	$ 17,000	$ 527,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 17,000	$ 714,069	$ 714,000	$ 69
Total Income	$ (242,236)	$ 95,612	$ (310,966)	$ 1,008,450	$ 1,293,899	$ 10,235,172	$ 266,297	$ 1,291,379	$ 1,273,962	$ 5,172,046	$ 1,892,148	$ 616,842	$ 22,592,607	$ 22,773,363	$ (180,756)
Expenses															
Payroll and Related	$ 108,014	$ 123,951	$ 157,862	$ 142,118	$ 142,118	$ 159,412	$ 164,344	$ 164,344	$ 164,344	$ 164,344	$ 164,344	$ 164,344	$ 1,819,535	$ 1,910,842	$ 91,307
Administration	$ 6,571	$ 13,512	$ (99)	$ 9,275	$ 11,175	$ 29,325	$ 12,375	$ 9,675	$ 31,725	$ 12,275	$ 11,925	$ 30,675	$ 178,409	$ 200,400	$ 21,991
Board Related Costs	$ 1,350	$ 1,989	$ 1,350	$ 5,350	$ 5,350	$ 5,350	$ 5,485	$ 5,485	$ 5,485	$ 6,785	$ 5,485	$ 5,485	$ 54,949	$ 66,310	$ 11,361
Investment/Banking Fees	$ (1,723)	$ 85	$ 85	$ 55,125	$ 125	$ 125	$ 55,125	$ 125	$ 125	$ 55,125	$ 125	$ 55,125	$ 219,572	$ 221,500	$ 1,928
Office Expenses	$ 1,151	$ 916	$ 462	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 11,528	$ 12,000	$ 472
Professional Fees	$ 27,687	$ 15,242	$ 17,515	$ 60,045	$ 24,100	$ 31,600	$ 25,100	$ 20,100	$ 17,600	$ 16,600	$ 21,100	$ 19,100	$ 295,788	$ 379,645	$ 83,857
Communications	$ 210	$ 232	$ 893	$ 67,850	$ 14,350	$ 1,850	$ 1,850	$ 1,850	$ 1,850	$ 1,850	$ 1,850	$ 1,850	$ 96,485	$ 108,200	$ 11,715
Facilities	$ 64,101	$ 72,548	$ 86,831	$ 86,801	$ 77,801	$ 93,521	$ 86,885	$ 79,632	$ 83,399	$ 80,799	$ 81,449	$ 83,399	$ 977,167	$ 725,380	$ (251,787)
Insurance	$ 4,086	$ 5,973	$ 4,086	$ 4,250	$ 4,250	$ 4,250	$ 4,250	$ 4,250	$ 4,250	$ 4,250	$ 4,250	$ 4,250	$ 52,394	$ 51,000	$ (1,394)
Election Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 260,000	$ 260,000
Other Expenses	$ 57	$ 55	$ 53	$ 70	$ 70	$ 70	$ 70	$ 70	$ 70	$ 70	$ 70	$ 70	$ 796	$ 840	$ 45
Total Operating Expenses	$ 211,504	$ 234,502	$ 269,038	$ 431,884	$ 280,339	$ 326,503	$ 356,483	$ 286,531	$ 309,847	$ 343,097	$ 291,597	$ 365,297	$ 3,706,624	$ 3,936,117	$ 229,493
Grant Expenses	$ 3,602,793	$ 306,006	$ 84,393	$ 1,366,121	$ 271,848	$ 1,629,183	$ 1,071,848	$ 3,547,254	$ 1,529,314	$ 521,978	$ 271,978	$ 9,609,294	$ 23,812,009	$ 23,837,246	$ 25,238
Total Expenses	$ 3,814,297	$ 540,508	$ 353,431	$ 1,798,005	$ 552,187	$ 1,955,686	$ 1,428,331	$ 3,833,785	$ 1,839,161	$ 865,076	# $ 563,576	$ 9,974,591	$ 27,518,632	$ 27,773,363	$ 254,731
Net Income (Loss)	$ (4,056,532)	$ (444,896)	$ (664,397)	$ (789,555)	$ 741,712	$ 8,279,486	$ (1,162,033)	$ (2,542,406)	$ (565,199)	$ 4,306,970	$ 1,328,573	$ (9,357,749)	$ (4,926,025)	$ (5,000,000)	$ 73,974

Sequoia Healthcare District
FOR YOUR HEALTH

FY 2027 Budget vs. Actuals + Forecast – Without Pension Effect



Sequoia Healthcare District
FOR YOUR HEALTH

RESOLUTION NO. 26-06

A RESOLUTION APPOINTING BRIAN GREENBERG TO FILL A VACANCY ON THE BOARD OF DIRECTORS FOR ZONE E

WHEREAS, The District Board had appointed Dr. Lance Downing to fill a vacancy for the Director for Zone E; and,

WHEREAS, Dr. Downing has submitted his resignation from the Board; and,

WHEREAS, the Board seat for Zone E is scheduled for election in November 2026; and,

WHEREAS, Brian Greenberg is the only candidate that filed to run for the Board from Zone E for the November 2026 election; and,

WHEREAS, Mr. Greenberg is deemed to be elected to the Board of Directors from Zone E, effective as of December 4, 2026; and,

WHEREAS, it is impractical for the Board to implement the normal procedure for appointing a Director to a vacancy on the Board pursuant to Policy No. 13 of the Board Policies and Procedures before Mr. Greenberg assumes office; and,

WHEREAS, Policy No. 21.1 of the Board Policies and Procedures permits the Board to temporarily suspend its policies and procedures upon a vote of the majority of the Board; and,

WHEREAS, the residents in Zone E are entitled to have representation on the Board as soon as practical;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SEQUOIA HEALTHCARE DISTRICT DOES HEREBY FIND AND RESOLVE:

Section 1. Recitals. The above recitals are true and correct.

Section 2. Suspension of Policy No. 13. Due to the unique circumstances and timing set forth above, the Board suspends the processes and procedures for filling a Board vacancy set forth in Policy No. 13 for this appointment only.

Section 3. Appointment of Mr. Greenberg. Brian Greenberg is hereby appointed to fill the remainder of the term for the Board of Directors for Zone E, effective November 4, 2026.

PASSED AND ADOPTED by the Board of Directors of Sequoia Healthcare District at the regular meeting on November 4, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Cama Lock

Secretary, Board of Directors

ATTEST:

Clerk, Board of Directors

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 Howe Avenue, Suite 210
Sacramento, California 95825

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MANAGEMENT LETTER

To the Board of Directors and Management
Sequoia Healthcare District
San Carlos, California

In planning and performing our audit of the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the Sequoia Healthcare District (the District) as of and for the year ended June 30, 2026, in accordance with auditing standards generally accepted in the United States of America, we considered the District's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

During our audit, we became aware of the following other matters that have been provided for your consideration:

Controls Over Payroll

We noted controls over payroll are generally appropriate and well documented. However, we have the following recommendations for additional enhancements:

- Consider having the CEO or a member of management who does not process payroll approve the payment of the payroll through Paychex to eliminate the opportunity for the payroll processor to make changes after CEO's approval.
- We noted one instance of a Salary/Benefit Change Form being signed after the pay rate was changed in Paychex. We recommend the Salary/Benefit Change Form be approved by the CEO before the pay rate is changed in Paychex.
- We noted one instance of an employee's PTO accrual rate not being increased at the employee's anniversary date when a new accrual rate applied. The District should work with its Paychex representative to make accrual rates change automatically at approved anniversary dates.

* * * * *

This communication is intended solely for the information and use of management, the Board of Directors, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Richardson & Company, LLP

September 30, 2026

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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Sacramento, California 95825

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GOVERNANCE LETTER

To the Board of Directors and Management
Sequoia Healthcare District
San Carlos, California

We have audited the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Sequoia Healthcare District (the District) for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 26, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. The District implemented GASB Statement No, 103, *Financial Reporting Model Improvements*, during the year ended June 30, 2026, which resulted in format changes to the budgetary comparison information and the creation of notes to the budgetary comparison information discussion differences between final budgets and actual amounts in required supplementary information. The District also implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*, during the year ended June 30, 2026, which resulted in the identification of lease and subscription-based information technology arrangement (subscription) assets being identified as intangible assets in Note 5 to the financial statements. The application of existing policies was not changed during 2026. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were the interest rate used to discount the settlement receivable with Dignity Health, leases receivable and payable and subscriptions payable, lives used to depreciate capital assets, payables accrued and the computation of the pension liability. The net pension liability was computed in an actuarial valuation. We evaluated the methods, assumptions, and data used to develop the estimates in determining they were reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures of the net pension liability in Note 7, the settlement with Dignity Health in Note 8 to the financial statements and the commitments in Note 9 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We posted nineteen closing entries during the audit due to the early start date of the audit and some accounts still being reconciled. Entries included an entry to roll forward fund balances, record capital lease payments, reclassify the net investment in capital assets and nonspendable fund balance, record capital asset activity and related depreciation, adjust unavailable revenue, reclassify grant expenses, record pension activity in accordance with GASB 67 and 68, recognize a grant refund, record subscription asset and liability for grant management software, adjust grant accruals and to record reclassifications for reporting purposes.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 30, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison schedules for the General fund, schedule of changes in the net pension liability and related ratios and schedule of contributions to the pension plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management

regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

* * * * *

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Richardson & Company, LLP

September 30, 2026

SEQUOIA HEALTHCARE DISTRICT

Audited Financial Statements and
Compliance Report

June 30, 2026

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SEQUOIA HEALTHCARE DISTRICT

AUDITED FINANCIAL STATEMENTS AND
COMPLIANCE REPORTS

June 30, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sequoia Healthcare District
San Carlos, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Sequoia Healthcare District (the District) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinions

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, and the State Controller's Minimum Audit Requirements for California Special Districts. 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 the District 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 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 District'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 District'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, schedule of proportionate share of the net pension liability, and schedule of contributions to the pension plan, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026, on our consideration of the District'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 solely 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 District'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 District's internal control over financial reporting and compliance.

Richardson & Company, LLP

September 30, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2026

This Management's Discussion and Analysis (MD&A) presents management's overview and analysis of the financial activities of Sequoia Healthcare District (the District) for the fiscal year ended June 30, 2026. It should be read together with the District's basic financial statements and related notes.

1. Overview of the Financial Statements

The District's basic financial statements consist of government-wide financial statements, governmental fund financial statements, and fiduciary fund financial statements. The notes to the financial statements provide additional information necessary for a complete understanding of the reported amounts. Required supplementary information follows the notes.

Government-wide financial statements

The Statement of Net Position and Statement of Activities report information about the District's governmental activities using the economic resources measurement focus and accrual basis of accounting. They include capital assets, deferred outflows and inflows of resources, and long-term liabilities. The Statement of Activities explains how the District's net position changed during the year.

Governmental fund financial statements

The General Fund is the District's only major governmental fund. Its statements use the current financial resources measurement focus and modified accrual basis of accounting. They emphasize near-term inflows, outflows, and spendable resources and therefore exclude capital assets and most long-term assets and liabilities. Reconciliations explain the differences between the governmental fund and government-wide statements. Budgetary comparison information for the General Fund is presented as required supplementary information.

Fiduciary fund financial statements

The Pension Trust Fund and Custodial Fund report resources held by the District in a fiduciary capacity. Because those resources are not available to support the District's own programs, fiduciary fund balances and activity are excluded from the government-wide financial statements.

2. Financial Summary

The following condensed information presents FY2026 amounts alongside the audited June 30, 2025 financial statements. Amounts are presented in whole dollars.

Condensed Statement of Net Position

	2026	2025	Change	%
ASSETS				
Current and other assets	$ 73,215,742	$ 80,749,831	$ (7,534,089)	-9.3%
Capital assets, net	11,216,411	5,862,098	5,354,313	91.3%
Total assets	84,432,153	86,611,929	(2,179,776)	-2.5%
LIABILITIES				
Long-term liabilities	11,201,203	19,026,068	(7,824,865)	-41.1%
Other liabilities	2,853,315	3,959,022	(1,105,707)	-27.9%
Total liabilities	14,054,518	22,985,090	(8,930,572)	-38.9%
DEFERRED INFLOWS OF RESOURCES	7,592,265	2,723,611	4,868,654	178.8%
NET POSITION				
Net investment in capital assets	11,018,323	5,374,971	5,643,352	105.0%
Unrestricted	51,767,047	55,528,257	(3,761,210)	-6.8%
Total net position	$ 62,785,370	$ 60,903,228	$ 1,882,142	3.1%

Condensed Statement of Activities

	2026	2025	Change	%
REVENUES				
Program revenues - charges for services and sales	$ 88,658	$ 28,808	$ 59,850	207.8%
Program revenues - operating grants and contributions	3,600,000	3,600,000	-	0.0%
Property taxes	20,560,150	19,308,211	1,251,939	6.5%
Investment and interest earnings	1,846,697	2,881,770	(1,035,073)	-35.9%
Total revenues	26,095,505	25,818,789	276,716	1.1%
EXPENSES				
Community grants and program services	17,947,722	16,339,433	1,608,289	9.8%
Administration and operations	2,355,200	1,742,885	612,315	35.1%
Pension expense	3,600,000	3,600,000	-	0.0%
Depreciation and amortization	306,128	66,345	239,783	361.4%
Interest expense	4,313	705	3,608	511.8%
Total expenses	24,213,363	21,749,368	2,463,995	11.3%
Change in net position	1,882,142	4,069,421	(2,187,279)	-53.8%
Net position - beginning	60,903,228	56,833,807	4,069,421	7.2%
Net position - ending	$ 62,785,370	$ 60,903,228	$ 1,882,142	3.1%

3. Detailed Analyses

Government-wide financial position

Total net position was approximately $62.8 million at June 30, 2026, an increase of approximately $1.9 million, or 3.1 percent. Net investment in capital assets increased approximately $5.6 million as the District completed and placed in service the Dental Clinic improvements and related equipment and recognized a subscription asset for its grant-management platform. Unrestricted net position declined approximately $3.8 million as resources were invested in capital assets and current-year expenses exceeded the increase in revenues.

Current and other assets decreased approximately $7.5 million. The primary drivers were a decrease of approximately $4.3 million in cash and investments, primarily reflecting cash used for capital expenditures associated with the Dental Clinic improvements at 525 Veterans Boulevard, and a decrease of approximately $2.9 million in the Dignity Health pension reimbursement receivable. Capital assets, net, increased approximately $5.4 million, principally because the District completed and placed in service the Dental Clinic improvements and related medical equipment and furniture at 525 Veterans Boulevard and recognized the grant-management platform subscription asset.

Long-term liabilities decreased approximately $7.8 million, primarily because the net pension liability declined from approximately $18.9 million to $11.0 million. Deferred inflows of resources increased approximately $4.9 million, principally from pension-related deferred inflows, partially offset by the scheduled reduction in the deferred inflow associated with the 525 Veterans Boulevard lease receivable.

Government-wide deferred inflows of approximately $7.6 million consist of approximately $6.0 million related to the pension plan and approximately $1.6 million related to the 525 Veterans Boulevard lease receivable. Deferred inflows are reported separately from liabilities because they represent an acquisition of net assets applicable to a future reporting period; they are not debt or other obligations payable to an outside party. In FY2025, government-wide deferred inflows likewise included both the pension-related amount ($1.0 million) and the lease-related amount ($1.7 million).

Government-wide results of operations

Governmental activities revenues were approximately $26.1 million, an increase of approximately $0.3 million, or 1.1 percent. Property tax revenue increased approximately $1.3 million, or 6.5 percent, as a result of the District's property tax allocation for the fiscal year. That increase was substantially offset by a decrease of approximately $1.0 million in investment and interest earnings. Investment earnings were lower because capital spending for the Dental Clinic improvements at 525 Veterans Boulevard reduced investable balances and interest rates declined during the year.

Expenses were approximately $24.2 million, an increase of approximately $2.5 million, or 11.3 percent. As presented in the financial statements, community grants and program services increased approximately $1.6 million. For a comparable management analysis, approximately $0.5 million of FY2025 grant-administration payroll and related expense has been removed from the prior-year community-grants amount; on that basis, community grants and program services increased approximately $2.1 million, reflecting higher grant awards and program spending during FY2026.

Administration and operations increased approximately $0.6 million as presented. Approximately $0.5 million of that reported change reflects a presentation difference: in FY2025, $262,550 of grant-administration payroll, $190,739 of School Health payroll, and $11,190 of other grant-administration expense—$464,479 in total—were included in community grants and program services, while the corresponding FY2026 costs were included in administration and operations. After considering this difference, the comparable increase in administration and operations was approximately $0.1 million.

Depreciation and amortization increased approximately $0.2 million, from approximately $0.1 million to $0.3 million, as the Dental Clinic improvements and related equipment were placed in service and the grant-management platform subscription asset was amortized. As a result, the increase in net position declined from approximately $4.1 million in FY2025 to $1.9 million in FY2026.

The approximately $89,000 reported as charges for services and sales represents revenue recognized from the 525 Veterans Boulevard lease. It is retained within program revenues because it is directly associated with use of a District facility.

Major Fund Analysis - General Fund

General Fund Operating Results

	2026	2025	Change	%
Revenues	$ 26,397,219	$ 26,111,006	$ 286,213	1.1%
Expenditures	29,583,929	27,394,556	2,189,373	8.0%
Excess (deficiency) of revenues over expenditures	(3,186,710)	(1,283,550)	(1,903,160)	148.3%
Other financing sources	151,111	28,433	122,678	431.5%
Net change in fund balance	(3,035,599)	(1,255,117)	(1,780,482)	141.9%
Fund balance - beginning	48,453,225	49,708,342	(1,255,117)	-2.5%
Fund balance - ending	$ 45,417,626	$ 48,453,225	$ (3,035,599)	-6.3%

Source: District financial records and the audited FY2025 governmental fund statements.

Fund balance in the General Fund decreased approximately $3.0 million to $45.4 million. The decline primarily reflects capital outlay and increased community grants and program expenditures, including the governmental-fund effect of the subscription arrangement. Approximately $0.4 million was nonspendable, primarily for prepaid items and the portion of the long-term lease receivable not offset by the related deferred inflow, and approximately $45.0 million was unassigned. No restricted, committed, or assigned fund balance was reported.

The General Fund reports approximately $6.4 million as deferred inflows of resources for unavailable revenue, primarily related to the long-term Dignity Health settlement receivable and related interest that were not expected to be collected within the District's 60-day availability period. The amounts are recognized under the accrual basis in the government-wide statements but are not recognized as General Fund revenue until they become available under the modified accrual basis.

4. Significant Capital Asset and Long-Term Financing Activity

Capital Assets, Net

	2026	2025	Change	%
Capital assets not being depreciated	$ 1,949,759	$ 2,800,657	$ (850,898)	-30.4%
Capital assets being depreciated/amortized, net	9,266,652	3,061,441	6,205,211	202.7%
Total capital assets, net	$ 11,216,411	$ 5,862,098	$ 5,354,313	91.3%

Source: District financial records and the audited FY2025 financial statements.

During FY2026, the District completed the Dental Clinic improvements at 525 Veterans Boulevard and placed the project in service. Capital assets transferred into service for the project included approximately $5.0 million of building improvements, $1.2 million of medical equipment, and $0.1 million of furniture, including amounts accumulated in prior periods.

Before June 30, 2026, the Board approved approximately $0.8 million for renovation of the District's headquarters at 1016 Laurel Street. At year-end, approximately $0.2 million was recorded as construction in progress. The financial statements report a contractual construction commitment of approximately $0.8 million at June 30, 2026.

The District has no bonds or other traditional debt. Its long-term financing activity includes a 48-month lease for network server hardware entered into in October 2024. At June 30, 2026, the lease liability was approximately $17,000, consisting of approximately $7,000 due within one year and $10,000 due thereafter. The related right-to-use asset had a net carrying amount of approximately $17,000, representing an asset of approximately $28,000 less approximately $12,000 of accumulated amortization.

During FY2026, the District commenced a subscription-based information technology arrangement for access to a grant-management platform. At June 30, 2026, the subscription asset was approximately $151,000 at cost, less approximately $13,000 of accumulated amortization, resulting in a net subscription asset of approximately $139,000. The related subscription liability was approximately $123,000, consisting of approximately $25,000 due within one year and $98,000 due thereafter. Principal payments during FY2026 were approximately $28,000, and interest expense was approximately $3,000.

The District's other significant long-term obligation is its net pension liability, which decreased approximately $7.9 million during FY2026, from $18.9 million to $11.0 million. The decrease principally reflects pension plan investment income, employer contributions, partially offset by interest on the total pension liability and other plan activity. Under the Development Agreement, Dignity Health is responsible for reimbursing the District for pension plan costs; the District reported a related pension reimbursement asset of approximately $17.0 million at June 30, 2026.

5. Currently Known Facts, Decisions, or Conditions

Before June 30, 2026, the Board approved approximately $0.8 million for renovation of the District's headquarters. On August 5, 2026, the Board approved an additional $0.2 million change order, increasing the total authorized project amount to approximately $1.0 million. Compared with approximately $0.2 million of construction in progress reported at June 30, 2026, approximately $0.8 million remained within the total authorized project budget before considering project costs incurred after year-end. The additional authorization is expected to increase capital expenditures and reduce resources available for other purposes during fiscal year 2026–27.

The District is formalizing a strategic plan that may provide for the deployment of reserve funds to address emerging pressures on community access to healthcare, including changes in federal healthcare policy, potential reductions in vehicle license fee–related funding available to the local community, and other evolving community health needs and funding conditions.

Of the District's approximately $23.8 million fiscal year 2026–27 grant budget, approximately $16.2 million had been approved as of June 30, 2026. The District is considering additional grants; however, as of the date of this report, the amounts, timing, and program allocations of any grants beyond those already approved had not been finalized or approved. Any additional General Fund awards remain subject to Board approval and, at June 30, 2026, were not reflected as restricted, committed, or assigned fund balance. Until the required formal action occurs, the related General Fund resources remain within unassigned fund balance.

SEQUOIA HEALTHCARE DISTRICT

STATEMENT OF NET POSITION

June 30, 2026

ASSETS	
Cash and cash equivalents	$ 5,352,195
Investments	42,130,665
Accounts receivable	18,555
Interest receivable	287,252
Prepaids	145,489
Interest receivable - Dignity Health settlement	119,161
Due from other governments	25,981
Lease receivable - current	2,802
Lease receivable - noncurrent	1,856,696
Dignity Health settlement receivable	6,285,423
Dignity Health pension reimbursement	16,991,523
Capital assets - non depreciable	1,949,759
Capital assets - depreciable/amortizable, net	9,266,652
TOTAL ASSETS	84,432,153
LIABILITIES	
Accounts payable and other liabilities	192,115
Grants payable	2,094,231
Unearned revenue	471,616
Long-term liabilities - due within one year	95,353
Noncurrent liabilities:	
Deposit payable	25,000
Long-term liabilities - due in more than one year	157,898
Net pension liability	11,018,305
TOTAL LIABILITIES	14,054,518
DEFERRED INFLOWS OF RESOURCES	
Pension plan	5,973,218
Lease receivable	1,619,047
TOTAL DEFERRED INFLOWS OF RESOURCES	7,592,265
NET POSITION	
Investment in capital assets	11,018,323
Unrestricted	51,767,047
TOTAL NET POSITION	$ 62,785,370

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

SEQUOIA HEALTHCARE DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues - Governmental Activities
Governmental Activities:				
Community Healthcare Services:				
Grants to community non-profit organizations	$ 17,947,722	$ 88,658		$ (17,859,064)
Grant administration	1,550,520			(1,550,520)
Insurance	332,612			(332,612)
Investment and banking fees	183,082			(183,082)
Public relations	136,261			(136,261)
Legal	53,282			(53,282)
Office supplies and maintenance	50,913			(50,913)
Grant administration, compensated absences	18,537			(18,537)
Pension expense	3,600,000		$ 3,600,000	
Depreciation	306,128			(306,128)
Utilities	29,993			(29,993)
Interest expense	4,313			(4,313)
TOTAL GOVERNMENTAL ACTIVITIES	24,213,363	88,658	3,600,000	(20,524,705)
TOTAL PRIMARY GOVERNMENT	$ 24,213,363	$ 88,658	$ 3,600,000	(20,524,705)
General Revenues:				
Property taxes				20,560,150
Interest and investment earnings				1,846,697
SUBTOTAL GENERAL REVENUE				22,406,847
CHANGE IN NET POSITION				1,882,142
Net position at beginning of year				60,903,228
NET POSITION AT END OF YEAR				$ 62,785,370

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

SEQUOIA HEALTHCARE DISTRICT

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2026

	General Fund
ASSETS	
Cash and cash equivalents	$ 5,352,195
Investments	42,130,665
Accounts receivable	18,555
Interest receivable	287,252
Prepaid items	145,489
Interest receivable - Dignity Health settlement	119,161
Due from other governments	25,981
Dignity Health settlement receivable	6,285,423
Lease receivable - current	2,802
Lease receivable - noncurrent	1,856,696
TOTAL ASSETS	$ 56,224,219
LIABILITIES	
Accounts payable and other liabilities	$ 192,115
Deposit payable	25,000
Grants payable	2,094,231
Unearned revenue	471,616
TOTAL LIABILITIES	2,782,962
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	6,404,584
Lease	1,619,047
TOTAL DEFERRED INFLOWS OF RESOURCES	8,023,631
FUND BALANCE	
Nonspendable	377,450
Unassigned	45,040,176
TOTAL FUND BALANCE	45,417,626
TOTAL LIABILITIES AND FUND BALANCE	$ 56,224,219

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position:	
Amounts reported for governmental activities in the statement of net position:	
Total fund balance - governmental funds	$ 45,417,626
Reimbursement receivable from Dignity Health for the pension plan.	16,991,523
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the General Fund.	11,216,411
Compensated absences are not due and payable in the current period and, therefore, are not reported in the General Fund.	(112,927)
Lease liability is not due and payable in the current period and, therefore, is not reported in the General Fund.	(140,324)
Net pension liability and related deferred inflows of resources are not reported in the General Fund.	(16,991,523)
Long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the General Fund.	6,404,584
Total net position - governmental activities	$ 62,785,370

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

SEQUOIA HEALTHCARE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

For the Year Ended June 30, 2026

	General Fund
REVENUES	
Tax revenue	$ 20,560,150
Investment income	1,638,411
Rental income	88,658
Pension reimbursement	3,600,000
Settlement agreement revenue	510,000
TOTAL REVENUES	26,397,219
EXPENDITURES	
Community Healthcare Services:	
Current:	
Administrative services:	
Administrative services	1,550,520
Insurance	332,612
Investment and banking fees	183,082
Public relations	136,261
Legal	53,282
Office supplies and maintenance	50,913
Total Administrative Services	2,306,670
Grant expenditures	13,003,015
Other grants	4,944,707
Pension contribution	3,600,000
Utilities	29,993
Capital outlay	5,660,440
Debt service- principal	34,791
Debt service - interest	4,313
TOTAL EXPENDITURES	29,583,929
DEFICIENCY OF REVENUES OVER EXPENDITURES	(3,186,710)
OTHER FINANCING SOURCES	
Issuance of long-term liabilities	151,111
NET CHANGE IN FUND BALANCE	(3,035,599)
Fund balance at beginning of year	48,453,225
FUND BALANCE AT END OF YEAR	$ 45,417,626

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities:	
Total net change in fund balance - governmental funds	$ (3,035,599)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund. This amount is the change in unavailable revenue.	(301,714)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation.	
Capital outlay	5,660,440
Depreciation and amortization	(306,128)
Governmental funds report issuance of long-term liabilities as other financing sources and debt service payments as expenditures. However, in the statement of activities, borrowing and repayments of principal of indebtedness increase and reduce long-term liabilities	
Proceeds	(151,111)
Principal payments	34,791
Compensated absences expense is not recognized in the governmental funds, but is recognized in the government-wide statements	(18,537)
Change in net position - governmental activities	$ 1,882,142

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

SEQUOIA HEALTHCARE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

June 30, 2026

	Pension Trust Fund	Custodial Fund
ASSETS		
Cash and cash equivalents held by District		$ 959,905
Money market fund	$ 823,761	
Mutual funds	53,862,740	
Investment in insurance company separate account	2,525,331	
TOTAL ASSETS	57,211,832	959,905
LIABILITIES		
Accounts payable	38,930	
Grants payable		460,000
TOTAL LIABILITIES	38,930	460,000
NET POSITION		
Restricted for pensions	57,172,902	
Restricted for settlement expenses		499,905
TOTAL NET POSITION	$ 57,172,902	$ 499,905

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

SEQUOIA HEALTHCARE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS

For the Year Ended June 30, 2026

	Pension Trust Fund	Custodial Fund
Additions		
Contributions - employer	$ 3,600,000	
Investment earnings	6,963,167	$ 12,889
Settlement income:		
Current year		510,000
TOTAL ADDITIONS	10,563,167	522,889
Deductions		
Benefit payments	7,467,626	
Administrative expenses	227,822	
Grants expense		926,858
TOTAL DEDUCTIONS	7,695,448	926,858
CHANGE IN NET POSITION	2,867,719	(403,969)
Net position at beginning of year	54,305,183	903,874
NET POSITION AT END OF YEAR	$ 57,172,902	$ 499,905

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements of the Sequoia Healthcare District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

Reporting Entity: Sequoia Healthcare District, formerly known as Sequoia Hospital District (the Hospital), was established in 1947 in accordance with the provisions of the Health and Safety Code of the State of California. The District is a governmental entity legally formed as a special district under California law, and is located in San Carlos, California. See Note 9, Commitments and Contingencies.

The District's primary mission as adopted by the Board is to improve the quality of life for District residents by enhancing access to healthcare services and by supporting and encouraging programs and activities designed to achieve health, wellness, and disease prevention.

Basis of Presentation - Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall District. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District has no business-type activities. Fiduciary Funds are excluded from the government-wide financial statements.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Basis of Presentation - Fund Financial Statements: Fund financial statements report detailed information about the District’s funds, which are a self-balancing set of accounts. Separate statements for each fund category – governmental and fiduciary – are presented. The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

Each major fund is presented in a separate column in the fund financial statements. Major funds are defined as funds that have either assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the combined totals of governmental and proprietary funds. The General Fund is always a major fund. Fiduciary funds are reported in the aggregate remaining funds opinion unit under GASB standards.

General Fund: The general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds: The Pension Trust Fund is used to account for the assets held by the District under a trust agreement to make payments for pension benefits for former employees now employed by Dignity Health under the Development Agreement.

The Custodial Fund is used to account for the assets held by the District for 50% of the payments received from Dignity Health under the Settlement Agreement described in Note 8 – Settlement Agreement with Dignity Health. The settlement funds received are deposited in a joint collaboration account between the District and Sequoia Hospital to be disbursed to local organizations according to the settlement agreement. The District has custody of the funds but requires Dignity Health's approval for all disbursements from the fund.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements: The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. The accounting objectives of the economic resources measurement focus are the determination of net income, financial position, and cash flows. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recorded in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. All assets and liabilities, including current and noncurrent, as well as deferred outflows and inflows of resources, associated with their activities are reported. Fund equity is classified as net position, which serves as an indicator of financial position.

Governmental Funds: Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, includes a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting, when applicable. Revenues are recognized in the statement of revenues, expenditures and changes in fund balance as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Debt service principal and interest expenditures on lease and subscription liabilities, as well as expenditures related to compensated absences, claims, judgments and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when due. General capital asset acquisitions, including lease and subscription assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds: Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Investments: Highly liquid money market investments with maturities of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31.

Prepaid Items: Certain payments to vendors and certain grants reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items and long-term receivables of governmental funds are offset by a nonspendable portion of fund balance to indicate they do not represent resources available for future appropriation.

Due From Other Governments: Due from other governments represented property taxes receivable from the County of San Mateo at year-end.

Dignity Health Pension Reimbursement Receivable: As discussed in Note 7, Dignity Health agreed to reimburse the District for all costs related to the retirement plan of former District employees when it purchased a hospital from the District. Consequently, a receivable from Dignity Health was reported for the unfunded liability plus deferred inflows of resources of the plan of $16,991,523 at June 30, 2026.

Capital Assets and Depreciation: The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed as incurred. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. Donated capital assets are recorded at the acquisition value. The valuation basis for capital assets is historical cost, or where historical cost is not available, at estimated historical cost based on replacement cost.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

	Lives of Assets (in years)
Land and Building Improvements	15-20
Equipment and Furniture	3-5
Medical equipment	5
Leasehold Improvements	Life of Lease
Subscriptions	Life of Subscription
Improvements to Common Areas	3-5

Grants Payable: The District's grants program provides funding to local community and school-based programs that promote the District's mission to enhance the lives and health of District residents. The program is organized into community-based and school-based funding categories. Grants are recognized as expenditures in the year all eligibility requirements are met. The community-based grants are generally paid semi-annually and are approved in June for the following fiscal year or years and are recognized in the year for which the District's time requirements are met. The portion of the grant for the

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

fiscal year is recognized as an expenditure and grants payable at year-end, regardless of whether spent by the recipient. School-based grants are managed on a cost-reimbursement basis and are recognized after a signed grant agreement is in place and the recipient has incurred qualifying expenditures.

Compensated Absences: Under GASB Statement No. 101, a liability for compensated absences is recognized for unused leave for services already rendered if the leave accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The District provides paid time off (PTO) to full-time and part-time employees that is eligible to be used for vacations and up to three consecutive days off for illness, injury or for the employee to receive medical care, treatment or diagnosis. PTO is payable upon termination of employment. PTO accrues beginning the first day of the month following the beginning of employment with the District and is accrued at 6.45 to 9.53 hours per pay period for full-time employees and 3.22 to 4.77 hours per pay period for part-time employees, depending on the length of service, up to a maximum of 320 hours. Employees may request up to 100 hours of PTO per calendar year to be cashed out at the approval of the Chief Executive Officer. The District also offers Extended Sick Leave (ESL) to cover illnesses exceeding three consecutive workdays beginning on the 90th day of employment. Employees accrue 2.40 ESL hours per pay period up to a maximum of 120 hours. ESL hours are not payable upon the termination of employees.

Leases and Subscription-Based Information Technology Arrangements: The District has a policy to recognize lease assets and liabilities as well as subscription-based assets and liabilities with an initial term of greater than one year and a present value greater than the District's capital asset recognition threshold. The District currently has two leases and one subscription-based information technology arrangement that meet this definition. See Note 3 and Note 6 for descriptions of the lease receivable, lease liability, and subscription liability.

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's retirement plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the plan's administrators. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources: In addition to liabilities, the Statement of Net Position also reports deferred inflows of resources. This separate financial statement element represents an acquisition of net assets by the District that is applicable to a future period. Deferred inflows of resources include amounts deferred under the District's pension plan under GASB Statement No. 68 as described in Note 7, and amounts deferred for the lease receivable from Ravenswood Health Family Network under GASB Statement No. 87 as described in Note 3. The General Fund Balance Sheet also reports deferred inflows of resources for unavailable revenue not received within the District's availability period and deferred inflows of resources related to the lease receivable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: The government-wide financial statements report net position. Net position is categorized as the investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets: This category groups all capital assets into one component of net position. The outstanding balance of long-term liabilities and accounts payable that are attributable to the acquisition, construction, or improvement of the assets reduces the balance in this category.

Restricted Net Position: This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The District had no restricted net position.

Unrestricted Net Position: This category represents net position of the District not restricted for any project or other purpose.

Fund Balance: In the fund financial statements, the governmental fund reports fund balances.

Nonspendable Funds: Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance reported is the balance of prepaid items and the long-term portion of the Dignity Health settlement receivable reported on the balance sheet.

Unassigned Funds: Unassigned fund balance is the residual classification of the District's funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes. The District's reserve policy establishes an emergency reserve fund of $5 million, which is considered a designation of unassigned fund balance under GASB Statement No. 54.

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

Property Tax Revenue: The District has the authority to collect taxes on property within its political subdivision. Taxes are received from the County of San Mateo, which has responsibility for their collection. Secured property taxes attach as an enforceable lien on property as of January 1 and are levied July 1. Taxes are payable in two installments due November 1 (delinquent on December 10) and February 1 (delinquent on April 10). Unsecured property taxes are payable in one installment on or before August 31. The County of San Mateo bills and collects the taxes for the District. Tax revenues are recognized by the District when received within the availability period.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

New Pronouncements: In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability, including 1) certain topics and disclosures in Management's Discussion and Analysis; 2) requiring the display of inflows and outflows of unusual and infrequent items to be reported separately as the last presented flow(s) of resources prior to the net change in resources flows in the government-wide,

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

governmental fund, and proprietary fund statement of resources flows; 3) changing the definition of proprietary fund nonoperating revenues and expenses to include subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory and investment income and expenses and defines operating revenues and expenses as revenue and expenses other than nonoperating revenue and expenses; 4) requires major component units to be presented separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and 5) requires budgetary comparison schedules to be reported as Required Supplementary Information (RSI), requires the presentation of variances between original and final budget amounts and final budget and actual amounts in the RSI and requires the explanation of significant variances to be reported in notes to the RSI. The provisions of this Statement were implemented during the year ended June 30, 2026 and resulted in formatting changes to the budgetary comparison schedule reported as required supplementary information.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires lease assets recognized in accordance with GASB Statement No. 87, *Leases*, right-to-use assets recognized in accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, subscription assets recognized in accordance with GASB Statement. No 96, *Subscription-Based Information Technology Arrangements*, and other intangible assets to be disclosed separately in capital assets footnote disclosures. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should disclose the ending historical cost and accumulated depreciation by major class of asset and the carrying amount of debt for which the assets are pledged as collateral by major class of asset held for sale under this Statement. The provisions of this Statement were implemented during the year ended June 30, 2026 and resulted in intangible assets being separately reported in Note 5 to the financial statements.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The provisions of this Statement are effective for fiscal years beginning after June 15, 2026. The District is currently analyzing the impact of the required implementation of this new statement.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2026 were as follows:

Governmental Activities	$ 47,482,860
Fiduciary Fund	58,171,737
Total	$ 105,654,597
Cash in banks	$ 4,500,073
Investments:	
Money market funds	2,635,788
Mutual funds	53,862,740
Investment in insurance company separate account	2,525,331
U.S. Treasuries	25,326,720
U.S. agencies	1,809,574
Corporate bonds	14,994,371
Total investments	101,154,524
Total bank deposits and investments	$ 105,654,597

The investment in insurance company separate account is a Pension Trust Fund asset. It is described as an open-end, commingled real estate account available to retirement plans by the sponsor, Principal Life Insurance Company.

Policies and Practices: The District invests in individual investments. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. The District's investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

The District is in compliance with the Board approved Investment Policy and California Government Code requirements.

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agencies' deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2026, the District's deposits with financial institutions totaled $4,296,417, all of which was covered by FDIC insurance.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investment Policy: Limitations as they relate to interest rate risk and concentrations of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local agency bonds, notes, warrants	5 Years	None	None
Registered state bonds, notes, warrants	5 Years	None	None
U. S. Treasury obligations	5 Years	None	None
U.S. agency securities	5 Years	None	None
Banker's acceptances	180 days	40%	30%
Commercial paper	270 days	15%	10%
Negotiable certificates of deposits	5 Years	30%	None
Repurchase agreements	1 year	None	None
Reverse purchase agreements	92 days	20% of base	None
Medium-term notes	5 years	30%	None
Mutual funds	N/A	20%	10%
Money market mutual funds	N/A	20%	10%
Mortgage pass-through securities	5 years	20%	None
County pooled investment funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	$65M
Joint powers authority pools	N/A	None	None

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Segmented Time Distribution: Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

		Investment Maturities in Months			
Investment Type	Total	12 Months or Less	13-36 Months	37-60 Months	Not Stated
Governmental Activities:					
Money market funds	$ 1,812,027	$ 1,812,027			
U.S. Treasuries	25,326,720	8,468,354	$ 6,019,992	$ 10,838,374	
U.S. agencies	1,809,574			1,809,574	
Corporate bonds	14,994,371	3,626,665	6,359,358	5,008,348	
	43,942,692	13,907,046	12,379,350	17,656,296	
Pension Trust Fund:					
Money market funds	823,761	823,761			
Mutual funds	53,862,740	53,862,740			
Insurance separate account	2,525,331				$ 2,525,331
	57,211,832	54,686,501			2,525,331
Total	$ 101,154,524	$ 68,593,547	$ 12,379,350	$ 17,656,296	$ 2,525,331

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the rating as of year-end for each investment type:

	Lower of Moody's or S&P Rating as of Year End								
	Aaa/AAA	Aa1/AA+	Aa2/AA Aa3/AA-	A1/A+	A2/A	A3/A-	Baa1/BBB+	Baa2/BBB	Total
U.S. agencies		$ 1,809,574							$ 1,809,574
Corporate bonds	$ 947,767	226,153	$ 2,809,549	$ 1,172,628	$ 6,749,332	$ 744,205	$ 1,943,256	$ 401,481	14,994,371
Total	$ 947,767	$ 2,035,727	$ 2,809,549	$ 1,172,628	$ 6,749,332	$ 744,205	$ 1,943,256	$ 401,481	16,803,945
Not rated:									
Money market funds									2,635,788
Mutual funds									53,862,740
U.S. Treasuries									2,525,331
Insurance company separate account									25,326,720
Total investments									$ 101,154,524

Concentration of Credit Risk: The were no investments in one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of total District investments.

Fair Value Measurement: The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Money market funds	$ 2,635,788		$ 2,635,788	
Mutual funds	53,862,740		53,862,740	
U.S. Treasuries	25,326,720		25,326,720	
U.S. agencies	1,809,574		1,809,574	
Corporate bonds	14,994,371		14,994,371	
Total investments by fair value level	$ 98,629,193	$ -	$ 98,629,193	$ -
Measured at net asset value:				
Insurance company separate account	2,525,331			
Total	$101,154,524			

NOTE 3 – LEASE RECEIVABLE

In April 2024, the Board of Directors authorized the lease of the District's current office building and improvements at 525 Veterans Boulevard, Redwood City to Ravenswood Family Health Network (Ravenswood). A $25,000 security deposit was received under the agreement. The lease commenced when Ravenswood occupied the building in May 2024, but lease payments began when the construction of improvements were substantially complete and Ravenswood received all approvals necessary to operate a dental clinic in April 2026. The lease term is 10 years with two options to extend the term for five years each. It is assumed the options to extend the lease will be exercised and the lease will end in March 2046. Monthly rent at the start of the lease was $12,500 and will increase 3% annually. At June 30, 2026, the District reported a lease receivable of $1,859.498 and deferred inflows of resources of $1,619,047 Amortization of deferred inflows of resources recognized as lease revenue during the year ended June 30, 2026 was $88,658

NOTE 4 – RISK MANAGEMENT

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; errors and omissions; and natural disasters. The District is a member of BETA Healthcare Group (BETA), which is a risk management joint-powers authority providing liability and worker's compensation coverage to over 600 hospital and healthcare facility locations and workers compensation insurance to their workers. BETA administers a group self-insurance and/or insurance purchasing program for its members as well as risk management consulting services. BETA is governed by a BETA Council made up of its members. The District pays an annual premium to BETA for insurance coverage. Commercial insurance coverage was purchased for claims exceeding the coverage provided by BETA. Upon termination of BETA, any funds available after covering insurance program costs will be distributed proportionally to members. There were no significant reductions in insurance coverage and settled claims have not exceeded this commercial coverage in any of the three preceding years.

Coverage at June 30, 2026 was as follows:

Company Name	Type of Coverage	Limits	Deductible
BETA Healthcare Group	General Liability	$ 5,000,000	$ 10,000
BETA Healthcare Group	Directors, Officers and Trustees Liability	5,000,000	50,000
BETA Healthcare Group	Workers' Compensation	3,000,000	None
BETA Healthcare Group	Employer's Liability	2,000,000	None
BETA Healthcare Group	Auto Liability and Physical Damage	1,000,000	1,000
Alliant Insurance Services, Inc.	Special Property Insurance Program	100,000,000	1,000-50,000

NOTE 5 – CAPITAL ASSETS

Activity in governmental activities capital assets for the year ended June 30, 2026 was as follows:

	Balance at June 30, 2025	Additions	Retirements	Transfers	Balance at June 30, 2026
Governmental Activities					
Capital assets not being depreciated					
Land	$ 1,766,109				$ 1,766,109
Construction in progress	1,034,548	$ 5,509,329		$ (6,360,227)	183,650
Total capital assets, not being depreciated	2,800,657	5,509,329		(6,360,227)	1,949,759
Capital assets, being depreciated					
Buildings	4,332,085				4,332,085
Building improvements				4,957,842	4,957,842
Equipment	16,053			142,295	158,348
Medical equipment				1,165,495	1,165,495
Furniture				94,596	94,596
Intangible assets:					
Lease asset - IT equipment	28,433				28,433
Subscription assets		151,111			151,111
Total capital assets, being depreciated	4,376,571	151,111		6,360,227	10,887,910
Less accumulated depreciation/ amortization for:					
Buildings	(1,294,338)	(154,135)			(1,448,473)
Building improvements		(62,172)			(62,172)
Equipment	(16,053)	(7,115)			(23,168)
Medical equipment		(58,275)			(58,275)
Furniture		(4,730)			(4,730)
Intangible assets:					
Lease asset - IT equipment	(4,739)	(7,108)			(11,847)
Subscription assets		(12,593)			(12,593)
Total accumulated depreciation/ amortization	(1,315,130)	(306,128)			(1,621,258)
Total capital assets, being depreciated/amortized, net	3,061,441	(155,017)		6,360,227	9,266,652
Governmental activities capital assets, net	$ 5,862,098	$ 5,354,312	$ -	$ -	$ 11,216,411

NOTE 6 – LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2026:

	Balance June 30, 2025	Additions	Deletions	Balance June 30, 2026	Due Within One Year	Due in More Than One Year
Compensated absences	$ 94,389	$ 18,538 *		$ 112,927	$ 62,824	$ 50,103
Lease liability - IT equipment	24,004		$ (6,869)	17,135	7,149	9,986
Subscription liability		151,111	(27,922)	123,189	25,380	97,809
	$ 118,393	$ 169,649	$ (34,791)	$ 253,251	$ 95,353	$ 157,898

* Represents net change.

Lease: In October 2024, the District entered into a 48-month lease agreement for network server hardware with Precision Digital Networks (PDN) through October 2028. All hardware and software remain the property of PDN and are non-transferable. This lease represents a four-year renewal and includes an option to extend; however, the District does not expect to exercise this option, as the equipment is anticipated to become technologically obsolete within a few years. The District used a 4% incremental borrowing rate to discount the lease. The total lease asset recorded was $28,433, with accumulated amortization of $11,847 as of June 30, 2026. The lease asset is being amortized over the four-year lease term, with amortization expense of $7,108 and interest expense of $835 for the year ended June 30, 2026.

Subscription: In January 2026, the District entered into a subscription-based technology arrangement a granting limited right to access remotely and use a proprietary grants management system and other related services. The subscription commenced on February 1, 2026 for a three-year term, with options to extend for successive one-year terms upon expiration. The District is reasonably certain that two option years will be exercised, extending the term of this contract to five years. The District used a 6.75% incremental borrowing rate to discount the subscription. The total subscription asset recorded was $151,111, with accumulated amortization of $12,593 as of June 30, 2026. The subscription asset is being amortized over the five-year subscription term, with amortization expense of $12,593 and interest expense of $3,478 for the year ended June 30, 2026.

Future minimum lease and subscription payments at June 30, 2026 were as follows:

Year Ending June 30:	Lease - IT Equipment			Subscription		
	Principal	Interest	Total	Principal	Interest	Total
2027	$ 7,149	$ 555	$ 7,704	$ 25,380	$ 7,590	$ 32,970
2028	7,440	264	7,704	28,778	5,840	34,618
2029	2,546	22	2,568	32,490	3,859	36,349
2030				36,541	1,626	38,167
Total	$ 17,135	$ 841	$ 17,976	$ 123,189	$ 18,915	$ 142,104

NOTE 7 – PENSION PLANS AND DEFERRED COMPENSATION PLAN

The District maintains two pension plans and a deferred compensation plan. One pension plan titled the Sequoia Healthcare District Employee Pension Plan is a single-employer defined benefit plan offered to District employees prior to September 30, 1996 when the Development Agreement with Catholic Healthcare West, Inc. was approved as described in the Plan Description section below. A second active pension plan called the Sequoia Healthcare District 401(k) Profit Sharing Plan and Trust (the 401(k) Plan) is a defined contribution plan formed under Internal Revenue Code (IRC) section 401(k). The District also has a suspended IRC Section 457(b) deferred compensation plan (the 457 Plan) titled the Master Deferred Compensation Plan.

Section 401k Plan: The 401(k) plan is a single-employer defined contribution pension plan available to all hourly and salaried employees after 250 hours of service during the first three months of employment. The 401(k) Plan is administered by the District. Benefit terms are established and may be amended by the Board of Directors. Employees are allowed to voluntarily contribute to the plan up to IRC limits. The District is required to make a matching contributions for the first 3% of participant contributions and half of the next 2% of participant contributions (4% maximum), for employees with at least 250 hours of service during a plan year. The District is also allowed to make discretionary contributions to the 401(k) Plan. Employees vest immediately in their own contributions and safe harbor contributions and are subject to a grading vesting schedule for discretionary contributions of 25% after one year of service, 50% after two years of service and 100% after three years of service. Employer and participant contributions to the plan were $41,371 and $162,836, respectively, during the year ended June 30, 2026.

Section 457(b) Plan: The Master Deferred Compensation Plan (the Plan) was a single employer deferred compensation plan available to all employees beginning on the first day of the month following the start of employment with the District until it was suspended on September 30, 1996, when the Development Agreement with Catholic Healthcare West, Inc. was signed. The Plan allowed covered employees to voluntarily contribute a portion of their pre-tax earnings to the plan up to the limits specified in the IRC. The District matched contributions to the Plan up to 3.5% of the employee's first 5% of contributions. The contributions are fully vested when made by the participant and the District. No employee or employer contributions were made to the Plan during the year ended June 30, 2026.

The Sequoia Healthcare District Employee Pension Plan

Plan Description: The Sequoia Healthcare District Employee Pension Plan (Plan), adopted on January 1, 1959, as amended is a single-employer defined benefit plan that covered the District's hospital employees. In 1996 the District sold its hospital to Catholic Healthcare West, Inc. (now Dignity Health) and all employees of the District employed by the hospital became employees of Dignity Health and therefore effective October 1, 1996, all benefit accruals under the plan were suspended indefinitely, provided however that vesting services credit will be paid for participants who are vested. Benefits are distributed to participants when they retire in accordance with the terms of the plan. Dignity Health's agreement with the District is to reimburse the District for all costs related to the pension plan. Because the plan is a governmental pension plan it could not be transferred to Dignity Health. The District remains contingently liable for funding of the plan in the event of default by Dignity Health. Benefits are administered by Principal Custody Solutions. The plan has been closed to new entrants since October 1, 1996. At the January 1, 2026 valuation date used for financial reporting at June 30, 2026, the plan had 806 participants, including 692 retirees currently receiving benefits and 114 inactive participants entitled to but not receiving benefits. At the January 1, 2024 valuation date used for financial reporting at June 30, 2025, the plan had 881 participants, including 702 retirees currently receiving benefits and 179 inactive participants entitled to but not receiving benefits.

NOTE 7 – PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

Benefits Provided: The plan provides service retirement to plan members who were public employees of the District with three years of service prior to October 1, 1996. Benefits are based on years of credited service, equal to one year of full-time employment. Members with ten years of total service are eligible for benefits in retirement. The normal retirement age is 65; however, members are eligible to retire at age 55 with statutorily reduced benefits.

The Plan provisions and benefits in effect at June 30, 2026, are summarized as follows:

Benefit formula	2% at 65
Benefit vesting schedule	10 Years of Service
Benefit payments	Monthly for Life
Retirement age	55-65
Monthly benefits, as a percent of eligible compensation	2% of highest 5 year average
Required employee contribution amount	None
Required employer contribution amount	Actuarially Determined

Contributions: Funding of contributions for the Plan are actuarially determined annually as of January 1. The actuarially determined amount is the estimated amount necessary to finance the costs of benefits earned by employees during the service years, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the full amount and there are no required employee contributions. For the year ended June 30, 2026, contributions recognized as part of pension expense were $3,600,000.

Net Pension Liability: The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2026, using an actuarial valuation as of January 1, 2026 rolled forward to June 30, 2026 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions: The total pension liability in the January 1, 2026 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	January 1, 2026
Measurement date	June 30, 2026
Actuarial cost method	Projected Unit Credit (all plan benefits frozen)
Actuarial assumptions:	
Discount rate	5.75%
Investment rate of return	5.75%
Inflation	2.50%
Mortality	Latest CalPERS experience study
Mortality improvements	Scale MP-2021
Post retirement benefit increase	None

NOTE 7 – PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 5.75% in the January 1, 2026 valuation. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, the actuary stress tested the plan. Based on the testing, it was determined that the Plan would not run out of assets. Therefore, the current 5.75% discount rate is adequate, and the use of a municipal bond rate is not necessary.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, the actuary took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term and the long-term using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Long-Term Asset Allocation	Geometric Rates of Return (a)
Broad US Equity	28.0%	4.29%
Broad International Equity	26.0%	4.67%
Fixed Income	33.0%	0.78%
Real Estate	5.0%	4.06%
TIPS	8.0%	-0.08%
Total	100.00%	

(a) An expected inflation of 2.5% was used.

Changes in Assumptions: Mortality rates were changed to use the CalPERS 2000–2023 Experience Study as of the June 30, 2026 measurement date.

NOTE 7 – PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

Changes in the Net Pension Liability: The changes in the net pension liability for the Plan were:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2025	$ 73,293,796	$ 54,367,595	$ 18,926,201
Changes in the year:			
Interest on the total pension liability	3,999,699		3,999,699
Differences between actual and expected experience	(1,649,817)		(1,649,817)
Changes in assumptions	15,156		15,156
Contributions - employer		3,600,000	(3,600,000)
Net investment income		6,963,168	(6,963,168)
Administrative expenses		(227,822)	227,822
Benefit payments	(7,467,626)	(7,467,626)	
Adjustment		(62,412)	62,412
Net changes	(5,102,588)	2,805,308	(7,907,896)
Balance at June 30, 2026	$ 68,191,208	$ 57,172,903	$ 11,018,305

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the District, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 4.75%	Current Discount Rate 5.75%	1% Increase 6.75%
Net Pension Liability	$ 16,027,655	$ 11,018,305	$ 6,621,210

Pension Expense and Deferred Inflows and Outflows of Resources: For the year ended June 30, 2026, pension expense of $672,544 was reported by Dignity Health. The District reported no pension expense other than the contribution to the plan due to the responsibility for the pension expense being assumed by Dignity Health in the Development Agreement. At June 30, 2026, the District reported deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investments		$ 5,973,218
Total	$ -	$ 5,973,218

NOTE 7 – PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

The amounts reported as deferred outflows and/or inflows of resources will be recognized as reimbursable pension expense as follows:

Year Ended June 30	
2027	$ (1,911,230)
2028	(1,809,137)
2029	(1,478,106)
2030	(774,745)
	$ (5,973,218)

Pension Plan's Fiduciary Net Position: The Plan's Fiduciary Net Position is reported on these financial statements in the pension trust fund of the Statement of Fiduciary Net Position.

NOTE 8 – SETTLEMENT AGREEMENT WITH DIGNITY HEALTH

Pursuant to the Development Agreement executed on December 7, 2007 with Catholic Healthcare West (now known as Dignity Health), the District was entitled to an economic return on its contribution which equaled 50% of annual Sequoia Hospital Operating Earnings Before Interest Expense, Depreciation and Amortization (EBIDA) exceeding an aggregate 9.3% annual Operating EBIDA Margin (the Return Formula) through December 7, 2047.

In November 2021, the District and Dignity Health settled a dispute over the Return Formula where, in place of the Return Formula, the District received a one-time payment of $2,000,000 from Dignity Health and will receive $510,000 per year on or before December 1 through December 1, 2041. The amount is allowed to be used at the District's discretion in alignment with the District's strategic plan to support under-served or unmet healthcare needs in the community served by the District. The long-term receivable was discounted at the Wall Street Journal Prime Rate of 3.25% at the settlement date, resulting in the District recognizing a long-term settlement receivable as follows:

Year Ended June 30	Principal	Interest	Total
2027	$ 305,724	$ 204,276	$ 510,000
2028	315,660	194,340	510,000
2029	325,919	184,081	510,000
2030	336,511	173,489	510,000
2031	347,448	162,552	510,000
2032-2036	1,914,140	635,860	2,550,000
2037-2041	2,246,074	303,926	2,550,000
2042	493,947	16,053	510,000
	$ 6,285,423	$ 1,874,577	$ 8,160,000

NOTE 8 – SETTLEMENT AGREEMENT WITH DIGNITY HEALTH (Continued)

In addition to the amount reported as a long-term receivable, the settlement agreement requires Dignity Health to deposit $510,000 per year on or before December 1 each year through December 1, 2041 into a joint bank account, referred to as the shared settlement account, to be used in the community through collaborative efforts of a joint committee established between the District and Sequoia Hospital. During the year ended June 30, 2025, the District became the custodial agent of the shared account and established a custodial fund to report the shared settlement account's activities.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Legal Contingency: The District is a party to claims and lawsuits arising in the normal course of business. The District's management does not believe that the ultimate liability, if any, arising from these claims will have a material adverse impact on the financial position of the District.

Concentration: The District receives a significant majority of its revenue from property tax revenues. A reduction of property tax revenue available to the District would have a significant impact on its operations.

Construction Commitment: The District had a contract commitment for remodeling at its 1016 Laurel Street, San Carlos administration office of $775,356 as of June 30, 2026.

Grants Approved: As of June 30, 2026, the Board of Directors approved grants to other organizations that are payable during the years ended June 30, subject to individual agreements being executed:

	2027	2028
General Fund:		
Caring Community Grants	$ 6,571,000	
School Health Grants	4,552,320	
Samaritan House Clinic Operations	1,934,054	
Ravenswood Family Health Center	1,150,000	
First 5 San Mateo County	690,900	$ 690,900
Planned Parenthood Mar Monte - Operations Grant	500,000	
Sonrisas Dental Health	425,950	
San Mateo County Health Foundation	225,000	
	$ 16,049,224	$ 690,900
Custodial Fund:		
St. Francis Center of Redwood City	$ 100,000	
San Mateo County - Navigation Center	37,500	$ 37,500
	$ 137,500	$ 37,500

NOTE 10 – RELATED PARTY TRANSACTION

A Director of the District is the Executive Director of Redwood City Police Activities League (PAL), an organization that received two grants totaling $312,000 from the District during the year ended June 30, 2026. Due to the economic interest that the Board member has in PAL, Board members who do not have an economic interest in PAL approved the grant.

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REQUIRED SUPPLEMENTARY INFORMATION

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SEQUOIA HEALTHCARE DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended June 30, 2026

	Budgeted Amounts		Variance With Original Budget - Over (Under) Final Budget	Actual Amounts	Variance With Final Budget - Over (Under) Actual Amounts
	Original	Final			
BUDGETARY REVENUES					
Tax revenue	$ 19,000,000	$ 19,000,000		$ 20,560,150	$ 1,560,150
Investment income	2,040,000	2,040,000		1,638,411	(401,589)
Rental income	75,000	75,000		88,658	13,658
Pension reimbursement				3,600,000	3,600,000
Settlement agreement revenue	510,000	510,000		510,000	
TOTAL BUDGETARY REVENUES	21,625,000	21,625,000		26,397,219	4,772,219
BUDGETARY EXPENDITURES					
Current:					
Administrative services	2,119,246	2,119,246		2,306,670	187,424
Grant expenditures	13,612,033	13,612,033		13,003,015	(609,018)
Program expenses	5,791,460	5,791,460		4,944,707	(846,753)
Pension contribution				3,600,000	3,600,000
Utilities	44,782	44,782		29,993	(14,789)
Depreciation	18,375	18,375			(18,375)
Capital outlay	6,250,000	6,250,000		5,660,440	(589,560)
Debt service - principal	34,791	34,791		34,791	
Debt service - interest	4,313	4,313		4,313	
TOTAL EXPENDITURES	27,875,000	27,875,000		29,583,929	1,708,929
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,250,000)	(6,250,000)		(3,186,710)	3,063,290
OTHER FINANCING SOURCES (USES)					
Issuance of long-term liabilities				151,111	151,111
TOTAL OTHER FINANCING SOURCES (USES)				151,111	151,111
NET CHANGE IN FUND BALANCE	(6,250,000)	(6,250,000)		(3,035,599)	3,214,401
Fund balance at beginning of year	48,453,225	48,453,225		48,453,225	
FUND BALANCE AT END OF YEAR	$ 42,203,225	$ 42,203,225	$ -	$ 45,417,626	$ 3,214,401

See notes to required supplementary information.

SEQUOIA HEALTHCARE DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO BUDGETARY COMPARISON SCHEDULE

June 30, 2026

Note A – Budgetary Accounting

The District's Board of Directors establishes budgets for the General Fund. Budgetary control is legally maintained at the fund level for the General Fund. The budget includes appropriations (budgeted expenditures) on a line-item basis and the means of financing them (budgeted revenues).

The District's fiscal year is from July 1 through June 30 of the next calendar year and the budget is adopted on a basis consistent with generally accepted accounting principles which is the modified accrual basis of accounting for the General Fund.

Note B – General Fund Budgetary Highlights

There were no differences between the original and final General Fund budgets. The most significant differences between the final budget and actual amounts were as follows:

BUDGETARY REVENUES	
The District's tax revenue exceeded budgeted amounts.	$ 1,560,150
The District's investment income was lower than expected due to lower than expected investment returns.	$ (401,589)
BUDGETARY EXPENDITURES	
The District's grant expenditures were lower than budgeted amounts, which was primarily due to unused grant funds.	$ (609,018)
The District's program expenditures were lower than the budgeted amount, which was primarily due to unused grant funds for school health programs.	$ (846,753)
The District's capital outlay expenditures were lower than the budgeted amount due to dental clinic improvements and equipment being under budget.	$ (589,560)
The following revenues and expenditures were not budgeted:	
Pension balances are not included in the budget as this activity is related to the fiduciary fund.	
Pension reimbursement revenue	$ 3,600,000
Pension contribution expenditures	$ 3,600,000
Other financing sources recognized for the subscription liability issued was not budgeted as it does not represent a cash transaction.	$ 151,111

SEQUOIA HEALTHCARE DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)

For the Year Ended June 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability:										
Service cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest on the total pension liability	3,999,699	4,197,184	4,379,584	4,561,394	4,658,674	5,146,186	5,359,332	5,456,742	5,752,000	5,794,000
Differences between expected and actual experience	(1,649,817)		359,848		833,202		1,022,548		(55,000)	
Changes in assumptions	15,156		(10,257)		427,252	4,296,329	1,125,508		(1,016,000)	
Changes in benefit terms							(1,115,722)			
Benefit payments	(7,467,626)	(7,795,773)	(8,006,930)	(7,439,686)	(7,782,208)	(7,406,165)	(7,013,077)	(6,808,169)	(6,387,000)	(6,414,000)
Net change in total pension liability	(5,102,588)	(3,598,589)	(3,277,755)	(2,878,292)	(1,863,080)	2,036,350	(621,411)	(1,351,427)	(1,706,000)	(620,000)
Total pension liability - beginning	73,293,796	76,892,385	80,170,140	83,048,432	84,911,512	82,875,162	83,496,573	84,848,000	86,554,000	87,174,000
Total pension liability - ending (a)	$ 68,191,208	$ 73,293,796	$ 76,892,385	$ 80,170,140	$ 83,048,432	$ 84,911,512	$ 82,875,162	$ 83,496,573	$ 84,848,000	$ 86,554,000
Plan fiduciary net position:										
Contributions - employer	$ 3,600,000	$ 3,600,000	$ 2,200,000	$ 2,200,000	$ 1,500,000	$ 1,500,000	$ 2,700,000	$ 2,700,000	$ 3,800,000	$ 3,800,000
Net investment income	6,963,168	6,409,926	4,571,016	3,549,301	(11,075,492)	16,694,529	6,285,010	2,773,074	5,789,000	7,188,000
Administrative expenses	(227,822)	(159,236)	(175,611)	(108,680)	(144,808)	(84,667)	(136,928)	(114,000)	(95,000)	(88,000)
Benefit payments	(7,467,626)	(7,795,773)	(8,006,930)	(7,439,686)	(7,782,208)	(7,406,165)	(7,013,077)	(6,238,000)	(6,387,000)	(6,414,000)
Other changes	(62,412)									
Net change in plan fiduciary net position	2,805,308	2,054,917	(1,411,525)	(1,799,065)	(17,502,508)	10,703,697	1,835,005	(878,926)	3,107,000	4,486,000
Plan fiduciary net position - beginning	54,367,595	52,312,678	53,724,203	55,523,268	73,025,776	62,322,079	60,487,074	61,366,000	58,259,000	53,773,000
Plan fiduciary net position - ending (b)	$ 57,172,903	$ 54,367,595	$ 52,312,678	$ 53,724,203	$ 55,523,268	$ 73,025,776	$ 62,322,079	$ 60,487,074	$ 61,366,000	$ 58,259,000
Net pension liability - ending (a)-(b)	$ 11,018,305	$ 18,926,201	$ 24,579,707	$ 26,445,937	$ 27,525,164	$ 11,885,736	$ 20,553,083	$ 23,009,499	$ 23,482,000	$ 28,295,000
Plan fiduciary net position as a percentage of the total pension liability	83.84%	74.18%	68.03%	67.01%	66.86%	86.00%	75.20%	72.44%	72.32%	67.31%
Covered-employee payroll - measurement period	None	None	None	None	None	None	None	None	None	None
Net pension liability as percentage of covered-employee payroll	None	None	None	None	None	None	None	None	None	None
Notes to schedule:										
Measurement period - fiscal year ended	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

SEQUOIA HEALTHCARE DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)

For the Year Ended June 30, 2026

Last 10 Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution (actuarially determined)	$ 3,600,000	$ 3,600,000	$ 2,200,000	$ 2,200,000	$ 3,000,000	$ 1,500,000	$ 2,700,000	$ 2,700,000	$ 2,700,000	$ 3,800,000
Contributions in relation to the actuarially determined contributions	(3,600,000)	(3,600,000)	(2,200,000)	(2,200,000)	(1,500,000)	(1,500,000)	(2,700,000)	(2,700,000)	(2,700,000)	(3,800,000)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ 1,500,000	$ -	$ -	$ -	$ -	$ -
Covered payroll - employer's fiscal year	None	None	None	None	None	None	None	None	None	None
Contributions as a percentage of covered payroll	None	None	None	None	None	None	None	None	None	None
Notes to schedule:										
Reporting valuation date: January 1	2026	2024	2024	2022	2022	2021	2020	2019	2018	2017
Reporting measurement date: June 30	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017

Change in benefit terms: There were no changes to benefit terms.

Methods and assumptions used to determine contribution rates:

Actuarial method	Projected unit credit (all plan benefits frozen)									
Amortized method	Level dollar amount									
Remaining amortization period	5 years	6 years	7 years	8 years	9 years	10 years	11 years	12 years	13 years	14 years
Asset valuation method	Market value of assets									
Salary increases	Not applicable (all inactive participants)									
Investment rate of return and discount rate used to compute contribution rates	5.75%	5.75%	5.75%	5.75%	6.50%	6.50%	6.50%	6.70%	Not available	Not available
Mortality	1	1	1	1	1	GAM94 Basic Tables				

1 - The latest CalPERS experience study was used for mortality beginning in the 2022 valuation.

COMPLIANCE REPORT

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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
Sequoia Healthcare District
San Carlos, California

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 the governmental activities, each major fund, and the aggregate remaining fund information of the Sequoia Healthcare District (the District) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 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 that might be material weaknesses or, significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, Contracts, and grant agreements, noncompliance 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 noncompliance 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

September 30, 2026

Agenda Item 7c.i
Board of Directors Meeting
November 4, 2026

BOARD MEMORANDUM

Date: November 4, 2026
To: Board of Directors
From: Pamela Kurtzman
Subject: Grant Recommendation – Peninsula Volunteers, Inc. (RIDE PVI)

Recommendation
Staff recommend Board approval of a **$250,000 two-year grant to Peninsula Volunteers, Inc. (PVI)** to support its RIDE PVI transportation program for older adults residing within the District. Funding includes $124,000 from the existing EIC grant allocation in the FY 2026–27 budget and $126,000 from the FY 2027–28 budget.

Background and Rationale
Reliable, affordable transportation is an essential component of healthcare access, particularly for seniors who no longer drive or cannot easily use public transit. Without dependable transportation, older adults may miss medical appointments, delay needed care or be unable to participate in adult day programs that provide important social engagement and help reduce isolation.

RIDE PVI addresses these barriers by providing subsidized, on-demand transportation for adults age 65 and older. The program offers flexible scheduling, including same-day rides, and does not require participants to use smartphones or navigate traditional transit systems.

The program has demonstrated consistent demand and utilization among District residents:

- **FY 2024–25:** 7,626 rides provided to 208 District residents.
- **FY 2025–26:** 7,414 rides provided to 213 District residents.
- With renewed funding, PVI aims to increase the number of District residents served by 15%.

District funding is supplemented by other public and community funding sources, helping sustain this important service.

Alignment with District Strategic Priorities

This investment directly supports the District's strategic priority of expanding access to healthcare by removing transportation barriers that prevent seniors from receiving needed services. Importantly, the second year of funding aligns with the District's new FY 2027–28 grant model, which prioritizes investments that improve access to care. While RIDE PVI does not provide healthcare directly, it makes existing healthcare services more accessible and supports seniors' independence, well-being, and social connection.

CEO Assessment

Access to healthcare means more than having providers and appointments available. Residents must also be able to reach those services. RIDE PVI addresses this practical but significant barrier, with an established track record of serving District residents. The program's demonstrated utilization, and its alignment with our evolving grant priorities, I recommend approval of the $250,000 two-year grant.

Motion Requested: The Board is requested to approve the attached $250,000 grant request to be distributed over two years for the PVI Transportation Program at the November 4, 2026 Board meeting.

RIDE PVI | SEQUOIA HEALTHCARE DISTRICT

2026–2028 Grant Renewal Request • $250,000

Peninsula Volunteers, Inc. (PVI) requests $250,000 over two years—$124,000 for FY 2026–27 and $126,000 for FY 2027–28—to expand reliable, affordable transportation for adults age 65 and older residing within the Sequoia Healthcare District (SHD). This investment directly supports SHD's mission to increase healthcare access by helping residents reach medical appointments, rehabilitation, laboratory services, pharmacies, and other essential destinations when driving or conventional transit is no longer practical.

Access to care and program impact

RIDE PVI offers subsidized, on-demand rides without requiring riders to use a smartphone or navigate a fixed shuttle schedule. Same-day booking means a rider can make an appointment that morning or fill a prescription for the day it is written. Discharge planners and case managers can refer patients directly, and a coordinator can arrange the ride home the same day. Reliable rides to care, food and essential services help older adults keep living independently at home.

Staff help arrange and monitor transportation, giving older adults a practical way to keep appointments and remain connected to care. In FY 2024–25, the program provided 7,626 rides to 208 unique SHD riders; in FY 2025–26, it provided 7,414 rides to 213 unique SHD riders. Monthly unduplicated ridership also increased from 129 to 155 during the current funding cycle. Expanded hours and Saturday service have helped to meet growing demand.

Plan for the new grant period

With renewed support, PVI will work toward serving 15% more SHD clients. Eligible SHD riders may receive up to 12 subsidized rides monthly, Current estimates anticipate approximately 5,461 subsidized rides in FY 2026–27 and 5,526 in FY 2027–28. These are planning estimates, not a cap on demand; actual volume will depend on ride distances, utilization, and available subsidy. The emphasis is on meaningful access to care, including trips that riders might otherwise forgo.

Proposed SHD grant budget

Use of funds	FY 2026–27	FY 2027–28	Two-year total
Direct ride subsidies (65%)	$80,600	$81,900	$162,500
Staffing and administration (35%)	$43,400	$44,100	$87,500
Total request	$124,000	$126,000	$250,000

Leveraging Community Partnerships and Funding

Sequoia Healthcare District's investment is complemented by funding from Peninsula Healthcare District, County of San Mateo Aging and Disability Services, along with rider contributions and PVI's organizational resources. Together, these investments help ensure that older adults, particularly SHD residents, can continue accessing essential healthcare services and maintain their independence.

Agenda Item 7c.(ii)
Board of Directors Meeting
November 4, 2026

Date: November 4, 2026
To: Board of Directors
From: Pamela Kurtzman
Subject: Grant Recommendation – Vista Center for the Blind and Visually Impaired

Recommendation
I recommend Board approval of a **one-time $200,000 bridge grant to Vista Center for the Blind and Visually Impaired** to help sustain essential vision rehabilitation and support services following significant reductions in federal funding.

Funding will be allocated from the District's existing EIC grant line item in the FY 2026–27 budget. This one-time investment will provide transitional support while Vista Center implements a multiyear financial sustainability and revenue diversification strategy.

Background and Rationale
Vista Center has served individuals experiencing vision loss for 90 years, providing specialized services that are generally unavailable through traditional healthcare providers. These include low-vision clinical evaluations, rehabilitation, mobility and independent living training, assistive technology, and programs that help reduce social isolation.

These services are particularly important for older adults, helping them safely navigate their homes and communities, manage daily activities, and maintain independence as their vision declines.

Vista Center has experienced significant federal funding reductions through the Older Individuals Who Are Blind program, including:

- **FY 2025–26:** $300,000 reduction in federal funding.
- **FY 2026–27:** An additional $300,000 reduction.
- Since July 1, Vista Center has drawn more than $100,000 from reserves to sustain operations and essential services.

Vista Center's Board has approved a multiyear strategy to diversify revenue, expand fundraising, and reduce reliance on government funding. However, replacing these lost

resources will take time, and continued reserve withdrawals could necessitate reductions in services.

Program Impact and Alignment with District Priorities
Vista Center provides specialized services to approximately 3,700 individuals annually through direct services and outreach. In FY 2026, 139 District residents received vision loss rehabilitation services, representing approximately 10% of the organization's rehabilitation clients. Vista Center also reaches older adults through educational programming in senior living communities.

The proposed grant supports the District's strategic priority of advancing access to healthcare and essential support services, particularly for vulnerable older adults and individuals living with disabilities.

Importantly, this investment responds directly to the growing financial pressures facing community-based healthcare and support organizations as federal funding reductions threaten service availability. It would help preserve specialized services that are difficult to replace and protect access for District residents.

CEO Assessment
I believe this is an appropriate use of District resources to help stabilize an established community partner facing significant and unexpected federal funding losses.

Vista Center provides specialized services that enable individuals with vision loss to remain safe, independent, and connected to their communities. The organization has demonstrated a commitment to financial stewardship and is actively pursuing a longer-term sustainability strategy.

This recommendation is for one-time bridge funding, not an ongoing commitment to replace lost federal revenue. It is intended to provide time for Vista Center's revenue diversification efforts to take hold while avoiding immediate reductions in critical services.

Given the importance of these services, the District's longstanding investment in Vista Center, and the organization's demonstrated efforts toward financial sustainability, staff recommend approval of the one-time $200,000 grant from the FY 2026–27 EIC grant budget.

Motion Requested: *The Board is requested to approve the attached $200,000 one-time bridge funding request from Vista Center for the Blind at the November 4, 2026 Board meeting.*

Sequoia Healthcare District Special Ask

	Sequoia Healthcare Special Ask Budget	Budget Narrative
Personnel Costs	$ 101,524	Clinic staff funding was severely impacted by federal funding loss
Professional Fees	$ 40,000	Doctor contractors and fees based on telehealth innovation
Supplies / Materials		
Mileage		
Rent / Utilities	$ 9,000	Palo Alto and San Jose Clinic Offices (Telehealth Hybrid)
Technology / Communications	$ 19,476	Telehealth innovation: EHR (electronic health records) software and billing automation
Other		
Administrative Overhead (15%	$ 30,000	
Total	$ 200,000	
Clients served	275	Approximately 10% are SHD residents.

VISTA CENTER

for the blind and visually impaired

Highest Ratings Year over Year

Platinum Transparency 2026 Candid.

GREATNONPROFITS 2026 TOP-RATED NONPROFIT

Charity Navigator FOUR-STAR 2026

Patrice Maginnis
Vista Center Board Chair

Karae Lisle
CEO
klisle@vistacenter.org

Madeline Musante
Director, Institutional Giving
mmusante@vistacenter.org

Vista Center – 90 years of Service

Vista Center, a California nonprofit, serves people with vision loss since
— **providing specialized services that traditional medical channels don't offer.**

Mission

Empowering individuals who are blind or visually impaired to embrace life to the fullest —through evaluation, counseling, education, and training.

Did you know?
...Vision loss is the 3rd leading cause of disability, globally

Vista Center by the numbers

We are the only vision loss provider in Silicon Valley (5 counties)

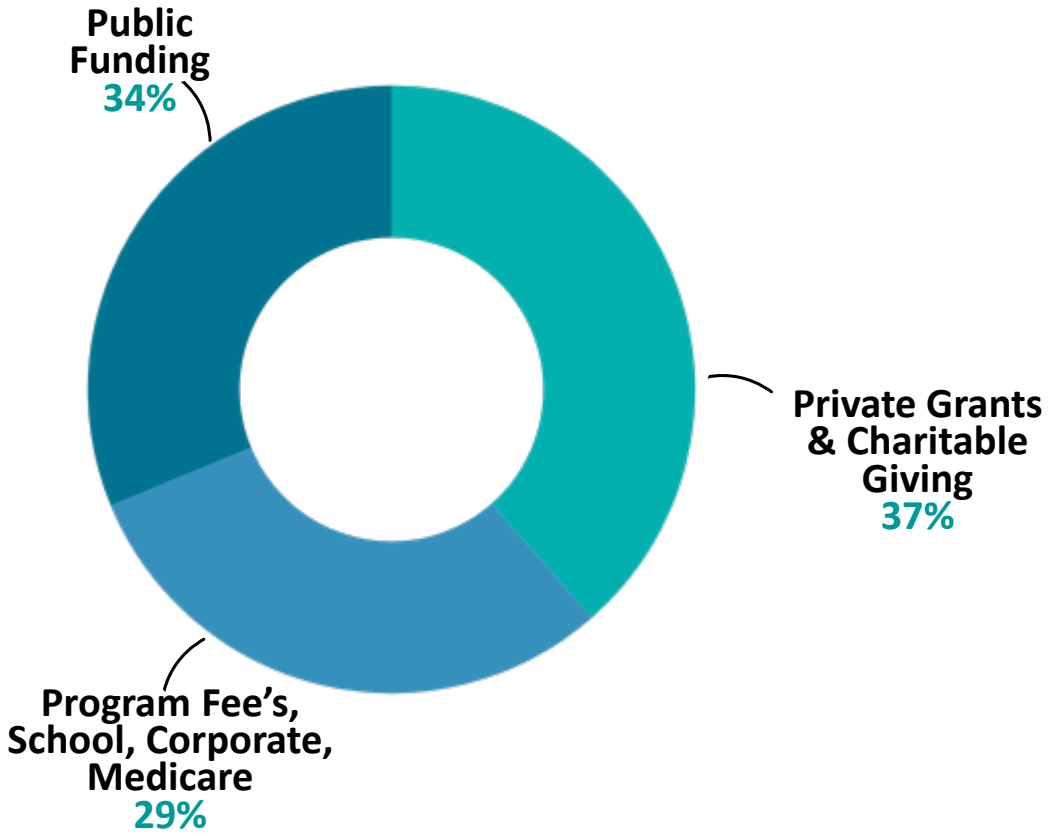
Clients: youth, working adults and seniors

- 3 – 100 yrs old
- 3700 Outreach & directly serviced

Diversified **Funding** – Solid balance

- 50+ Employees* (32% blind/low vision)
- 18 Board Members (27 % blind/low vision)
- 250 Volunteers (10% blind/low vision)

*90% of our staff hold **credentials and advanced degrees** specific to blind and low vision education and training



Vista Center Programs

We serve adults and youth through two essential dimensions of vision rehabilitation

Vision Loss Rehabilitation Services (VLR)

Independent Living Services

Clients work 1:1 with instructors
Learning:

- Technology, Navigation, Daily Living Skills
- Skills for safety
- Tools & Training for independence

Life Enrichment Services

Restoring emotions:

- Joy, connection, and belonging
- Rebuilding confidence
- Empowering dignity
- Enabling autonomy

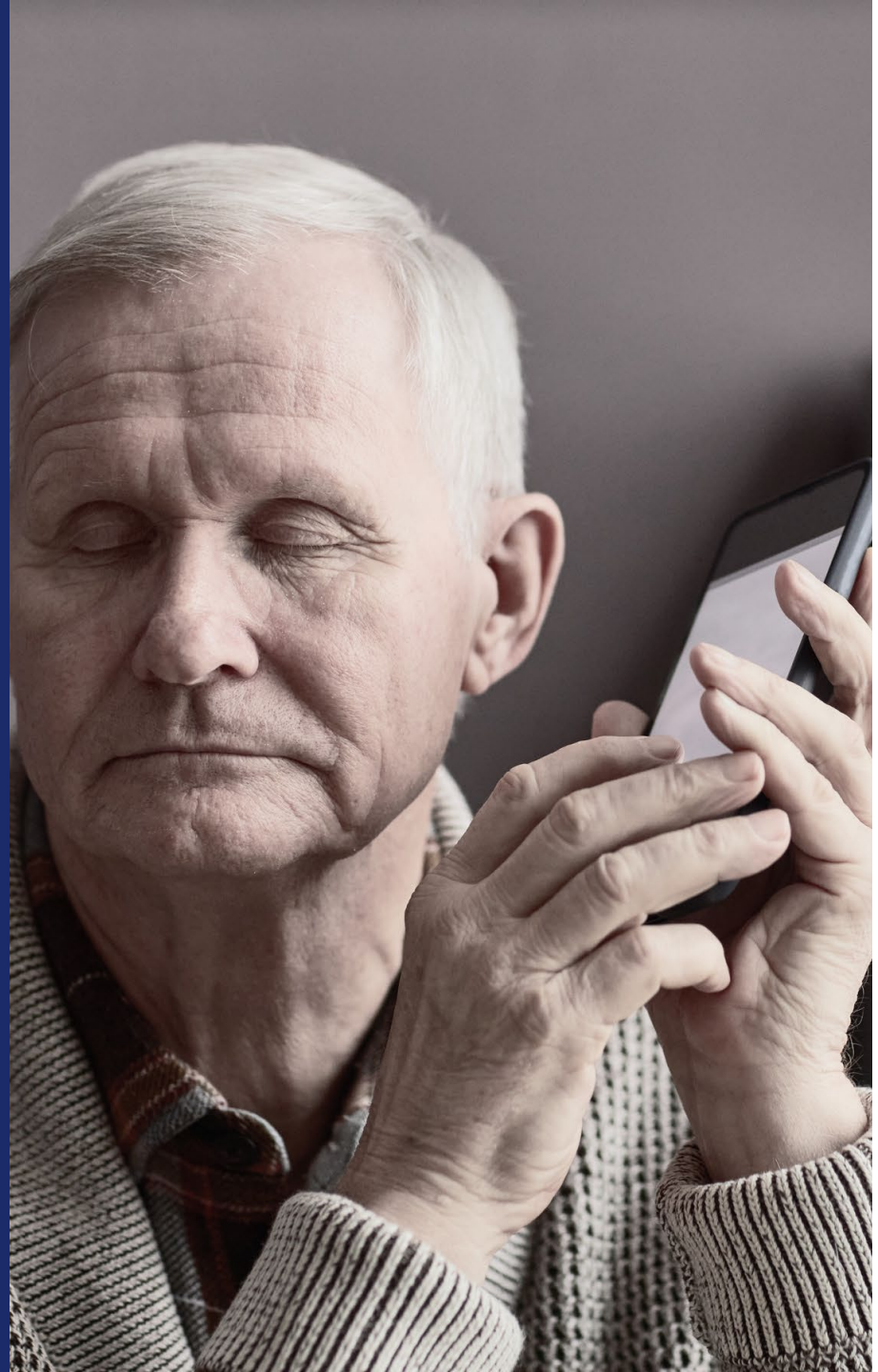
Enabling age-in-place objectives
Driving inclusive communities



Low Vision Clinic

Vista Center operates the region's **only Low Vision Clinics in Northern CA** — providing the critical first step in every client's vision rehabilitation journey.

- 1.5 hour Vision Evaluation
- Comprehensive exam by **specially trained** Low Vision Optometrists
- Remedy & interventions:
  - Optical and non-optical aids and devices to **maximize remaining vision**
  - Magnification/contrast/shading



Independence Training

VISTA CENTER

Our dedicated team teaches clients the tools and skills they need, **on their own terms, for their own goals.**

- **Orientation & mobility –**safe navigation at home and in the community using **white cane** travel techniques - orientation
- **Assistive technology (AT):** phones, smart glasses, screen readers, smartphones, and adaptive devices
- **Daily living skills:** cooking, medication management, home safety - technology

Vista Services are Critical

- Vista services are **not available through traditional medical channels**

- Empowers **independence** through practical daily living and technology skills
  - Reduces caretaker burden on families

- Vista vision services **span a lifetime** — as vision declines, **we continue to serve.**

We serve everyone — **regardless of income or insurance**



Federal Funding Loss

Vista Total Annual Expenses	$ 4,568,472
*OIB Federal Funding Cut – **FY26**	(300,000)
*OIB Federal Funding Cut – **FY27**	(300,000)

Deficit Budget Board Approved with the promise of “bridge funding”.

*** OIB -Older Individuals Who Are Blind Program**, administered by the California Department of Rehabilitation (DOR), which is funded by Federal Department of Education

SHD Bridge Funding - Ask

	FY27	
Vision Loss Rehab - Expenses	$ 2,920,594	3% COLA up from FY26
Telehealth - New Expenses	$ 21,500	
Total VLR FY27 Expense	$ 2,942,094	
SHD Resident Pop. Served 10%	$ 294,209	
SHD Grant Award	$ (90,000)	
Uncompensated Care Cost	$ 204,209	
Bridge Grant	**$ 200,000**	

SHD Impact

Vista Center Serves	3700 total clients including youth, and group services
FY 2026	1,456 VLR clients
FY 2026	139 were SHD = 10.47% of Vista VLR clients
	= $1,975 per client cost*

Additional Reach

Family Members: 139 x 3.5 members/person = 486 individuals benefiting from Vista services

Sr Living Centers: 35–45 senior living communities = 3,500 to 4,000 older adults in the SHD

Vista presents “lunch & learn” sessions/presentations on eye diseases and aging

- increase access to health information through specialized vision loss rehabilitation services.

*Blindness is a level 1 disability (the most severe disability) in govt ratings - which is why it requires such highly trained staffing – more 1:1 services, and longer duration of services to reach ideal health and independence.

Agenda item 7d
Board of Directors Meeting
November 4, 2026

Sequoia Healthcare District FY 2027-28 Grant Redesign — Phase 1

Board Narrative
November 4, 2026

Purpose and Background

At its September 23, 2026 study session, the Board of Directors provided direction on redesigning the District's community grants framework to launch in FY 2027–28. The accompanying presentation reflects that direction and outlines staff's recommendations for establishing a new focused, consistent, and accountable grantmaking process.

The redesign represents an important shift in how the District prioritizes and allocates community funding. Growing pressures on the local healthcare safety net, changing community needs, and increasing competition for limited resources require a more strategic approach to investing public funds.

The objective is not simply to change the application process or reduce the number of grants awarded. Rather, it is to direct resources toward programs that address the most pressing community health needs, improve access to essential services, and demonstrate measurable results.

The proposed framework emphasizes clearer funding priorities, consistent evaluation standards, greater transparency, and stronger accountability for outcomes.

I. Three Funding Priorities

At the September study session, the Board confirmed three principal funding priorities and corresponding allocation targets:

1. **Access to Care — 70%**

The largest share of grant funding will focus on improving access to medical, dental, and behavioral healthcare. This includes direct clinical services and efforts to remove barriers such as cost, insurance coverage, provider shortages, language, transportation, and appointment availability.

One issue requiring further Board direction is whether, and under what circumstances, nonprofit capacity-building and healthcare workforce investments should qualify within this priority. Staff recommends establishing criteria that connect these investments directly to improving or sustaining service delivery.

2. **Food Access — 10%**

This priority emphasizes the importance of improving access to affordable, nutritious food for residents experiencing food insecurity. Eligible programs may include emergency food assistance, meal delivery for homebound residents, and those on SNAP/WIC.

The framework emphasizes the health benefits of reliable access to nutritious food, rather than simply the volume of food distributed.

3. **Prevention and Systemic Conditions — 20%**

This category supports evidence-based prevention, early intervention, health education, improved coordination of community health services, and healthcare workforce well-being.

It recognizes that improving community health requires investments that both prevent illness and strengthen the systems and workforce responsible for delivering services.

Together, these priorities provide a clearer basis for determining which programs are most closely aligned with the District's mission and new strategic objectives.

II. Proposed Two-Cycle Grantmaking Structure

The Board has directed staff to establish two annual grant cycles, with grants awarded for one-year periods.

Staff proposes organizing the cycles by funding priority:

- **Cycle 1 (January–June):** Access to Care, representing 70% of the annual funding target, with grants funded July–June.
- **Cycle 2 (July–December):** Food Access and Prevention, representing the remaining 30%, with grants funded January–December.

Separating the priorities into designated cycles will allow reviewers to evaluate similar programs together, improve consistency in funding recommendations, and distribute the administrative workload more evenly throughout the year.

Both cycles would follow the same eligibility requirements, application process, and evaluation standards.

III. Eligibility and Priority Populations

The proposed framework establishes clear eligibility requirements for nonprofit organizations, schools, and governmental entities serving District residents. Applicants must demonstrate alignment with at least one of the three funding priorities.

Consistent with the Board's direction, the highest-priority populations include children ages 0–5, adults 65 and older, individuals with intellectual or developmental disabilities, and indigent populations.

Other identified priority populations include foster and transition-age youth, uninsured and unhoused residents, individuals with physical disabilities, and communities experiencing additional barriers to accessing services.

These priorities are not intended to exclude other residents, but to direct greater attention and resources toward populations experiencing significant health disparities or barriers to care.

IV. Consistent Evaluation and Stronger Accountability

A central recommendation is adoption of a standardized 30-point evaluation rubric to provide a more consistent and transparent basis for comparing grant applications.

The proposed scoring framework evaluates five areas:

Evaluation Category	Points
1. Alignment with Community Health Priorities	5
2. Organizational Strength	5
3. Impact and Outcomes	12
4. Budget and Sustainability	5
5. Collaboration and Innovation	3
Total	**30**

The **greatest weight** is assigned to **Impact and Outcomes**, reflecting the District's commitment to funding programs that demonstrate meaningful community benefit.

Reviewers would assess an organization's ability to address documented needs, reach priority populations, deliver services effectively, and measure results. Standardized scoring guidance will help reduce subjectivity and support documented funding recommendations.

The framework also strengthens expectations for grant reporting. Agreements would identify specific deliverables and measurable outcomes, allowing the District to evaluate not only services provided but also the results achieved.

Staff will continue developing an impact measurement approach that provides meaningful accountability without imposing unnecessary administrative burdens on nonprofit partners.

The rubric will inform funding recommendations, while final grant award decisions will remain with the Board of Directors.

V. Proposed Grant Review Committee

To broaden community participation and strengthen the evaluation process, staff proposes a seven-member grant review committee, supported by three alternates.

The proposed committee would include the District CEO, the District's Director of Grants and Partnerships, two Board Directors, and six community members with relevant healthcare, nonprofit, governmental, or philanthropic expertise. Geographic representation across the District's five Board zones would also be considered.

The committee would review applications, apply the evaluation rubric, and develop documented recommendations for Board consideration.

Several operational and governance matters remain to be finalized, including committee member selection, conflicts of interest, reviewer training, potential stipends, and administrative support.

District Counsel has also identified the possibility that the committee structure may be subject to the Brown Act. These requirements will be evaluated before the committee's composition and procedures are finalized.

VI. Remaining Decisions and Next Steps

While the Board has established the principal funding priorities and grant cycle structure, several implementation details require further direction.

At the November 4 meeting, staff is seeking Board feedback on:

1. **Grant cycle assignments:** The proposed separation of Access to Care from Food Access and Prevention.
2. **Evaluation methodology:** The proposed 30-point rubric and weighting of evaluation criteria.
3. **Capacity-building eligibility:** Which organizational and workforce investments should qualify as directly supporting or enhancing service delivery.
4. **Grant committee structure:** Proposed membership, responsibilities, community representation, and governance considerations.
5. **Implementation requirements:** Emergency funding procedures and appropriate impact measurement and reporting standards.

Staff will incorporate the Board's direction into the final framework, targeted for completion by the December 2, 2026 board meeting with any additional revisions due by December 31.

Conclusion

The grants redesign represents an important evolution in the District's approach to investing public resources.

Our responsibility extends beyond funding worthy organizations. It requires making deliberate investment decisions that respond to community needs, strengthen access to essential services, and demonstrate meaningful public benefit.

A more focused grants framework, supported by consistent evaluation standards, community participation, and stronger outcome measurement, will help the District make better-informed funding decisions while maintaining transparency and accountability.

The success of this effort will ultimately be measured by whether the District is better able to direct resources where they are most needed and demonstrate the value of those investments to the communities we serve.

Agenda Item 7D.1
Board of Directors Meeting
November 4, 2026

New Grants Framework

Clear eligibility

Consistent scoring

Transparent funding decisions

November 4, 2026

Sequoia Healthcare District
FOR YOUR HEALTH

What is decided—and what is proposed

Board direction-decided

Three priorities and 70/10/20 targets

Two annual grant cycles

One-year grants

Staff proposal

Assign Health Access to Cycle 1 and Food + Prevention to Cycle 2

Use a 30-point evaluation rubric

Grant Committee Roles & Responsibilities

Still to finalize

- Board direction needed to clarify which capacity- building investments qualify as directly supporting or enhancing service delivery
- Emergency funding procedures
- Impact/outcome measurement and reporting rules

Final package due December 31.

Sequoia Healthcare District
FOR YOUR HEALTH

Three funding priorities

70% | Access to Care

Clinical, dental and behavioral health

Remove barriers to licensed clinical care

Non-profit and work force capacity (TBD)

10% | Food Access

Affordable, nutritious food

Improve access to nutritious food

20% | Prevention + Systemic Conditions

Prevention, health navigation

Includes healthcare workforce well-being

Sequoia Healthcare District
FOR YOUR HEALTH

Access to Care | What qualifies

Barriers

Availability — insufficient providers

Affordability — cost and insurance

Accessibility — language, culture and trust

Additional barriers

Accommodation — appointment logistics, hours and walk-ins

Transportation — distance and travel options

Examples

- Multilingual staffing
- Care navigation/case management
- Insurance enrollment assistance
- Transportation
- Expanded appointment availability and clinic hours

Sequoia Healthcare District
FOR YOUR HEALTH

Food Access | What qualifies

Barriers

Affordability — household food costs

Availability — healthy-food options

Accessibility — physical or travel barriers

Nutrition security

Consistent access to food that supports health — not simply the amount of food distributed

Examples

- SNAP/WIC enrollment
- Emergencyfood assistance
- Programs improving nutritious-food access

Sequoia Healthcare District
FOR YOUR HEALTH

Prevention + systemic conditions and workforce well-being

Prevention

Support data-proven strategies to reduce prevalence of chronic diseases through healthy behaviors, health education and early intervention

System-Level Improvements

Strengthen community health through better coordination, improved service delivery and sustainable, scalable solutions for long-term wellness

Workforce well-being

Address stress, burnout and wellness of community serving healthcare workers

Sequoia Healthcare District
FOR YOUR HEALTH

Two evaluation cycles | proposed portfolio approach

Cycle 1 | January–June

(Funding July -June)

Health Access focus.

70% annual target

Eligibility → application → scoring → Board decision

Cycle 2 | July–December

(Funding Jan-Dec)

Food Access + Prevention focus.

30% combined annual target

Same application and evaluation standards

Why separate the funding priorities?

Reduces administrative burden by allowing staff to review similar applications together

Minimizes funding allocation guesswork by separating funding priorities into designated cycles

Both cycles use the same eligibility and scoring standards

Sequoia Healthcare District
FOR YOUR HEALTH

Who is eligible—and who is prioritized

Eligibility screen

- District-serving organizations
- 501(c) (3)
- Schools
- Government entities

Must fit a funding priority

Highest priority

- Children ages 0–5
- Adults 65+
- Residents with intellectual/developmental disabilities
- Indigent groups

Other priority groups

- Foster/TAY
- SNAP/WIC
- Uninsured
- Unhoused
- Physical disabilities
- LGBTQ+
- Linguistically isolated/newcomers
- AAPI

One consistent grant process

1 | Screen

Check entity eligibility, District service area, priority fit and required materials

2 | Score and decide

Qualified reviewers apply the same point-based rubric

Document grant committee recommendations; Board makes award decisions

3 | Award and measure

Agreement specifies scope, budget metrics and outcomes

Results inform future funding decisions

Sequoia Healthcare District
FOR YOUR HEALTH

The 30-point evaluation rubric | Overview

A consistent framework for evaluating grant applications against SHD's funding priorities.

What it measures	Alignment (5) · Organizational Strength (5) Impact & Outcomes (12) · Budget & Sustainability (5) Collaboration & Innovation (3)
How it works	Reviewers use defined criteria and point values to evaluate eligible applications consistently
What it informs	Scores support documented funding recommendations. The Board makes final grant award decisions

Sequoia Healthcare District
FOR YOUR HEALTH

Rubric | Alignment — 5 points

Community Health Priority | 2 points

Responds to a pressing community health need supported by current needs data

Health Access / Equity | 3 points

Identifies and addressess pecific gaps or barriers in access to services

Category total: 2 + 3 = 5 points

Sequoia Healthcare District
FOR YOUR HEALTH

Rubric | Organizational Strength —5 points

Reputation / Merit | 1 point

Trusted, effective organization with a record of community service

Organizational Capacity | 2 points

Appropriate staffing, credentials and structure to carry out the work

Program Readiness | 2 points

Clear, organized and feasible plan ready for implementation

Category total: 1 + 2 + 2 = 5 points

Sequoia Healthcare District
FOR YOUR HEALTH

Rubric | Impact & Outcomes —12 points

Criteria & definitions

Population Impact | 4
Priority populations, documented need and realistic reach

Demonstrated Impact | 2
Evidence of meaningful results

Deliverables | 3
Specific outputs aligned with program goals

Outcomes & Measurement | 3
Measurable results and progress tracking

Population Impact | 0–4 points

Top priority: children 0–5, adults 65+, residents with intellectual/developmental disabilities and indigent groups

4	Directly targets a top-priority group with clear need, reach and a credible plan
3	Meaningfully serves a top-priority group within a broader program
2	Primarily serves other SHD priority populations with a clear plan
1	Serves District residents without targeting a priority group
0	No clear population benefit or credible plan to reach residents

Sequoia Healthcare District
FOR YOUR HEALTH

Rubric | Budget & Sustainability —5 points

Budget Transparency | 2 points

Clear,complete explanation of project expenses and revenues

Funding Request Appropriateness | 2 points

Request is reasonable for proposed scope, reach and impact

Sustainability | 1 point

Realistic plan for continued operations and future funding needs

Category total: 2 + 2 + 1 = 5 points

Sequoia Healthcare District
FOR YOUR HEALTH

Rubric | Collaboration & Innovation —3 points

Partnerships | 2 points

Meaningful collaboration that strengthens delivery or broader system coordination

Innovation | 1 point

Uses evidence-based, emerging or creative approaches suited to community needs

Category total: 2 + 1 = 3 points

Sequoia Healthcare District
FOR YOUR HEALTH

How reviewers assign scores | proposed guide

2-point item

0 = not addressed

1 = partially addressed / limited evidence

2 = clearly addressed with credible evidence

3-point item

0 = not addressed

1 = weak or incomplete

2 = adequate with some gaps

3 = clear, specific and supported

1-point item

0 = criterion not demonstrated

1 = criterion demonstrated

Sequoia Healthcare District
FOR YOUR HEALTH

Handling tied scores | proposed approach

1 | Compare priority fit

When scores are tied, consider which proposal addresses a more pressing documented need or an underserved priority population

2 | Consider portfolio balance

Review geographic coverage, service gaps, funding already committed and the annual 70/10/20 targets

3 | Document the recommendation

Explain the rationale consistently. If applications remain equally strong, consider partial funding when practical, subject to Board approval

Sequoia Healthcare District
FOR YOUR HEALTH

Grants Committee |

Community input

The Board supports a community-based grants review committee

Relevant expertise and geographic representation strengthen community input

Transparency

Makes the review process easier for the community to understand

Allows public participation in developing funding recommendations

Strategic value

Supports SHD's priorities while broadening perspectives on community health needs

The Board retains final award authority

Sequoia Healthcare District
FOR YOUR HEALTH

Grant Committee | Considerations & Approach

Administrative demands

Two grant cycles require committee coordination, scheduling and communication

Staff oversight and administrative support remain necessary

Training & consistency

Train reviewers on SHD's strategic goals, funding priorities and scoring rubric

Apply consistent criteria and document recommendations

Proposed committee role

Review and evaluate eligible applications

Provide reasoned funding recommendations to the Board

Final decisions rest with the Board

Sequoia Healthcare District
FOR YOUR HEALTH

Grant Committee | Proposed composition

Standing committee

7 members:

- CEO (1)
- Board Directors (2)
- Community Members (4)

Plus 3 backups/alternates

Community expertise

Members selected for experience in San Mateo County nonprofit, government or health sectors— for example, practitioners, nonprofit or County leaders, and funders

Items still to resolve

Conflict-of-interest safeguards, possible stipends and geographic representation across all five Board zones

Mr. Hudak flagged potential standing Board committee status and Brown Act requirements

Sequoia Healthcare District
FOR YOUR HEALTH

FY28 Grant Redesign | Summary

BOARD DIRECTION

Three priorities: 70% Access to Care; 10% Food Access; 20%

Prevention & Systemic Conditions

Two cycles and one-year grants

PROPOSED IMPLEMENTATION

Cycle 1: Access to Care (Jan–Jun)

(Jul – Dec).

Common 30-point rubric

GRANT COMMITTEE

Proposed: 7 standing members and 3 alternates

Community expertise and geographic representation

Governance safeguards and Brown Act status to finalize

For Board Consideration: Confirm cycle assignments, scoring framework, committee composition and outstanding governance questions.

Next Steps: Incorporate feedback and finalize remaining grant program documents.