



# PUBLIC MEETING NOTICE

## BOARD OF DIRECTORS MEETING

Thursday, October 19 2017  
SDH, San Mateo Center  
430 N. El Camino Real, San Mateo, 94401  
Board Room at 6:30 PM

### A G E N D A

1. Call to Order: Chair Taverner
2. Roll Call
3. Public Comment
4. Approval of Agenda
5. Resignation of Director Zell and Appointment of Sheryl Young – Chair Taverner
6. Special Presentation: Website Development Team – Bill Hunt and Caleb Zeringue
7. Report out from Closed Session: Any actionable item will be under New Business
8. Approval of Minutes from September 21, 2017 Tab A
  
9. Old Business:
  - a. Licensing Requirements to Launch Conscious Sedation-COO Jue
  - b. Clarification of August “Notes Payable” Entry on P&L- CFO Fama
  - c. Outreach to Gardner FQHC– Chair Taverner
  - d. Proposed By Laws revisions – CFO Fama Tab B
  
10. New Business:
  - a. FY 2018 Q1 Financials – CFO Fama Tab C
  - b. Proposed FY 2018 Operating Budget – COO Jue/CFO Fama Tab D
    - i. Proposed organizational structure
    - ii. Salary adjustment proposal- Report from Closed Session
    - iii. New position proposals
  - c. Proposed Management Services Agreement with PHCD Tab E
  - d. Proposal to engage Vavrinek, Trine, and Day Auditors to perform a FY 2017 Audit
  
11. Transition from ATD MN Status Report – CFO Fama/COO Jue
12. Fundraising Committee Report – Chair Hinshelwood
13. Adjournment

*CFO*

A



Formerly Doing Business as Smile Free Dental, CA, Inc.

**BOARD OF DIRECTORS  
OPEN SESSION  
SEPTEMBER 21, 2017  
MINUTES**

- 1) **CALL TO ORDER:** The meeting was called to order at 18:45 hours by **Chair Taverner**.  
**PRESENT:** Directors Taverner, Cappel, Galligan, Hinshelwood, and Macias. Absent: Directors Navarro and Zell
- 2) **PUBLIC COMMENTS:** There were no members of the public present.
- 3) **APPROVAL OF AGENDA:** At the request of the Chair and with approval of the Directors, guest presenter Dr. Ricci Chan was moved up to first on the agenda.
- 4) **MARKETING TO SENIOR CARE PROVIDERS AND CONSCIOUS SEDATION:** **Dr. Chan** is providing targeted marketing and program development services for SDH with a focus on the Bay side of San Mateo County. He presented his first month progress report. His activities have included speaking to local providers and referral sources, touring local dentists at the Center to see the level of technology and ambiance of the Center, assessing the senior market, and exploring next steps to setting up conscious sedation at the SM Center. He reported a high level of interest among the dentists, especially if conscious sedation can be added, and low level of general understanding about the services; bringing conscious sedation to a community clinic is more complicated than private dental offices due to licensing requirements. More research needs to be done to determine exactly what must happen at SM to start up the program. **Director Cappel** asked, if there really is a market, he'd like to see what that market is and who will it serve.
- 5) **Chair Taverner** summarized the discussion noting next steps:
  - Need for conscious sedation appears to be confirmed,
  - Community dentists need to be educated about the programs and services of Sonrisas Dental Health,
  - **COO Jue** mentioned that the SM Center has the hook ups ready to set up conscious sedation and she has discussed other equipment needs with Patterson Dental (the costs should, in major part, be covered by the Bothin grant),
  - Licensing issues must be resolved to proceed.
- 6) **RATIFICATION OF NEW CORPORATE NAME:** **Chair Taverner** noted that at the previous Board meeting, the unanimous decision was to call the organization Sonrisas Dental Centers Inc.; however, this name could be challenged per Counsel and it was proposed to change to Sonrisas Dental Health, Inc. An email notification went out to all Directors and all responded back to CFO Fama that the proposed change was acceptable; therefore,



Formerly Doing Business as Apple Tree Dental, CA, Inc.

Sonrisas Dental Health Board of Directors  
Public Session Minutes  
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*It was moved by Chair Taverner, seconded by Director Cappel and approved 5/0/0 to change the corporate name to Sonrisas Dental Health, Inc.*

**7) APPROVAL OF THE MINUTES FROM AUGUST 29, 2017:**

It was moved by Director Galligan, seconded by Director Macias, and approved 5/0/0 to approve the minutes as written.

**MATTERS ARISING FROM THE MINUTES:**

**FQHC UPDATE:**

*Ravenswood:* CFO Fama met with Dental Director Yogita Butani. While they are not prepared to have SDH as a subcontractor, they may refer some patients to us. An MOU is expected. It was noted that Sonrisas Coastside has been collaborating with Ravenswood on the video dentistry trial for several years. This program relationship has been discontinued due to changes at Ravenswood.

*San Mateo County:* There have been positive discussions but "there may be a glitch" in that the legal status may prevent any partnership. Discussions will resume when Steve Rousso returns.

The SMCCounty Oral Health Coalition – on which SDH has been active and visible – appears to be keen on the idea of such a partnership.

*Mayview:* COO Jue is working with their grant writer.

*Gardner:* COO Jue has had a conversation with the Dental Director. He needs a Letter of Intent to take to his CEO. Chair Taverner agreed to write it if given the contact details.

Chair Cappel has reached out to *San Diego* and *Hollister*; we are waiting for feedback. According to Steve Rousso, there should be no political hurdles if they want to do something radical in their planning.

**8) PROPOSED BYLAWS REVISION:** Deferred in the interest of time and priorities.

**9) REVIEW OF FINANCIALS FOR JUNE, JULY AND AUGUST 2017:** CFO Fama introduced Krishna Desai, from Account Temps, who was brought in to catch up on the bookkeeping, set up the Quick Books and accounting work station at the San Mateo Center and make recommendations on operating procedures going forward. Ms. Desai then went over the financial reports that had been updated since those sent out in the meeting packet. A break out between Centers was provided. From the consolidated statements, the following is of note on the P&L:

- Net revenues down \$16 K June to July and \$18K July to August; August due to staff PTO.
- Ratio of Denti-Cal to insured remains constant; 55/45.



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Sonrisas Dental Health Board of Directors  
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- August 'Grants' reflects NAF Bridge Loan pay off and \$67K remaining from the PHCD grant made in April 2017.
- Direct Program costs down \$44K from June to August.
- Indirect costs down \$1,000 June to August.
- Net income in July (\$93,500) – a \$40K improvement in the loss over June.
- Net income in August confounded by a \$1,054,350 entry noted as "settlement". This was done at the direction of ATD's CFO. More research needed to understand what it is where it should be booked to prevent confusion about operating performance.

Due to the number of questions about Notes Payable, Retained Earnings and Accounts Receivable, back up documentation for fee reductions and write offs, the settlement number, and other areas needing more research, approval of the financials was deferred. The Board is determined to have financial reports which clearly report the net revenues for both clinics monthly and the items driving them.

- 10) APPOINTMENT OF BOARD SECRETARY:** Chair Taverner noted that a Secretary is needed to sign State papers and, after conferring with Director Hinshelwood, he made the following motion:  
*It was moved by Chair Taverner, seconded by Director Cappel, and moved 5/0/0 to appoint Director Hinshelwood the Secretary of the Board.*

**11) TRANSITION REPORT:**

- Open Dental Billing** – CFO Fama reported go live is targeted for September 25. Phone report from Consultant Gwynn Smith had to be tabled due to the lateness of the hour.
- IT:** Well-Connected Office lead, Steve Almes' report was included in meeting packet.
- Focused Marketing:** Dr. Chan presented earlier.
- Branding and Visibility:** Visibility team report deferred due to time. Center names – it was proposed that the corporate name be used for both locations i.e. Sonrisas Dental Health San Mateo and Sonrisas Dental Health Coastside (vs. Half Moon Bay per staff recommendation.)  
*It was moved by AG, seconded by LC and approved 5/0/0 to accept recommended names for the Centers.*
- HR Services:** CFO Fama reported that four firms are under consideration: Choice Builder, ADP, Paychex and Insperty. A decision is to be made within the next couple of weeks.

- 12) FUNDRAISING REPORT:** Director Hinshelwood reported that he plans to reactivate the Fundraising Committee with the same Monday meeting schedule. He sees the priorities to be developing a plan for new donors, a conscious sedation funding campaign, and Cooking for a Cause. A meeting between Director Cappel and himself is scheduled for Wednesday October 18 – in time to report back at the next Board meeting.

- 12. ADJOURNMENT:** The meeting was adjourned by Chair Taverner at 20:30 hours.

**B**



*Formerly Doing Business as Apple Tree Dental, CA, Inc.*

DATE: October 12, 2017  
TO: Board of Directors  
Sonrisas Dental Health  
FROM: Cheryl Fama, CFO  
RE: Proposed Bylaws Revisions

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Attached is the red-lined version of the Amended and Restated Bylaws of the corporation with the proposed changes.

The changes are few and focus on:

- The new name (Title and Section 3.1)
- Brown Act compliance (Sections 5.4 and deleted Section 5.8)
- Updated title of Executive Director to CEO (Sections 9.3 and 9.4)

**AMENDED AND RESTATED BYLAWS  
OF  
APPLE TREE SONRISAS DENTAL CALIFORNIA HEALTH, INC.  
A CALIFORNIA PUBLIC BENEFIT CORPORATION**

**ARTICLE 1  
OFFICES**

**SECTION 1.1 PRINCIPAL OFFICE**

The principal office of the corporation for the transaction of its business is located in San Mateo County, California.

**SECTION 1.2 CHANGE OF ADDRESS**

The county of the corporation's principal office can be changed only by amendment of these Bylaws and not otherwise. The Board of Directors may, however, change the principal office from one location to another within the named county by noting the changed address and effective date below, and such changes of address shall not be deemed an amendment of these Bylaws:

**SECTION 1.3 OTHER OFFICES**

The corporation may also have offices at such other places, within or without the State of California, where it is qualified to do business, as its business may require and as the board of directors may, from time to time, designate.

**ARTICLE 2  
PURPOSE**

**SECTION 2.1**

The primary objectives and purposes of this corporation shall be to establish and maintain health clinics providing dental services and education for underserved residents of San Mateo County through clinics operated in various locations to include: 1) the coastside area including the area extending from Montara at the northern end to the Santa Cruz County line on the southern end; and 2) the bayside area in and around the city of San Mateo and particularly within the areas served by the Peninsula Health Care District and the Sequoia Health Care District.

The corporation shall take no action that is inconsistent with the Articles of Incorporation.

**ARTICLE 3  
MEMBERSHIP**

**SECTION 3.1** ~~Apple Tree~~ Sonrisas Dental Health, Inc. shall have no members as defined in Section 5056 of the California Nonprofit Public Benefit Corporation Law.

**ARTICLE 4  
BOARD OF DIRECTORS**

**SECTION 4.1 POWERS**

Subject to the provisions of the California Nonprofit Corporation law and any limitations in the Articles of Incorporation and Bylaws relating to action required or permitted to be taken or approved by the members, if any, of this corporation, the activities and affairs of this corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board of Directors of the Corporation



her address as shown on the books of the corporation. Notice of meetings not herein dispensed with shall specify the place, day and hour of the meeting. The purpose of any board meeting need not be specified in the notice.

### **SECTION 5.5 WAIVER OF NOTICE AND CONSENT TO HOLDING MEETINGS**

~~The transactions of any meeting of the Board of Directors, however called and noticed and wherever held, shall be valid as though taken at a meeting duly held after proper call and notice, if a quorum is present, and if, either before or after the meeting, each of the directors not present provides a waiver of notice, a consent to holding the meeting, or an approval of the minutes in writing. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting the lack of adequate notice before the meeting or at its commencement.~~

All meeting notifications will adhere to the Ralph M. Brown Act.

"Regular Meetings" are subject to 72-hour posting requirements. Notices and Agendas will be posted to the corporation's website and also to the PHCD website and in a location accessible to the public 24-hours a day.

"Special Meetings" can be called by the presiding officer or majority of the body to discuss only discrete items on the agenda under the Brown Act's notice requirements for special meetings and are subject to 24-hour posting requirements.

"Emergency Meetings" can be called when prompt action is needed due to actual or threatened disruption of the facilities and are held with little notice.

"Adjourned Meetings" are regular or special meetings that have been adjourned or re-adjourned to a time and place specified in the order of adjournment, with no agenda required fir regular meetings adjourned for less than five calendar days as long as no additional business is transacted.

"Closed Session Meetings" can be called in compliance with the Ralph M. Brown Act

### **SECTION 5.65.5 QUORUM**

A quorum shall consist of four (4) directors, to include at least one director who was not appointed by PHCD.

Except as otherwise provided in these Bylaws or in the Articles of Incorporation of this corporation, or by law, no business shall be considered by the board at any meeting at which a quorum, as herein defined, is not present, and the only motion which the Chair shall entertain at such meeting is a motion to adjourn. However, a majority of the directors present at such meeting may adjourn from time to time until the time fixed for the next regular meeting of the board.

### **SECTION 5.75.6 VOTING**

The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided in these Bylaws or as provided by Section 5211 of State of California Nonprofit Corporation Law.

Except as otherwise provided in these Bylaws or by law no business shall be considered by the Board at any meeting at which a quorum is not present although discussion may take place. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting or such

(the "Board"). Directors shall have no power as individual directors and shall act only as members of the Board.

#### **SECTION 4.2. NUMBERS**

The authorized number of directors shall be seven (7).

#### **SECTION 4.3 APPOINTMENT**

Peninsula Health Care District, a political subdivision of the State of California ("PHCD") shall have the right to appoint four (4) of the seven (7) directors. The three (3) directors not appointed by PHCD shall be elected by action of the directors who were not appointed by PHCD. Appointments or elections to fill expiring terms shall be made at the Board's annual meeting.

#### **SECTION 4.4 ELECTION AND TERMS OF OFFICE**

Each director shall be appointed or elected for a term of three (3) years and shall hold office until a successor has been appointed or elected and qualified. Notwithstanding the foregoing and the provisions of Section 4.3, new directors may be appointed or elected at any time to fill vacancies in accordance with this Article 4, including PHCD's appointment rights. If a director is appointed or elected at a time other than the annual meeting, his or her term shall be calculated starting from the date of the most recent annual meeting.

#### **SECTION 4.5 DUTIES**

It shall be the duty of the directors to:

- (a) Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation of this corporation, or by these Bylaws;
- (b) Appoint and remove, employ and discharge, and, except as otherwise provided in these Bylaws, prescribe the duties and fix the compensation, if any, of all executive, Board appointed officers of the corporation;
- (c) Supervise all executive officers of the corporation to assure that their duties are performed properly;
- (d) Meet at such times and places as required by these Bylaws;
- (e) Register their addresses with the Secretary of the corporation and notices of meetings mailed or telegraphed to them at such addresses shall be valid notices thereof.

#### **SECTION 4.5 COMPENSATION**

Directors shall, in their capacity as directors, serve without compensation except that they shall be allowed reasonable advancement or reimbursement of expenses incurred in the performance of their regular duties. Any Director who is an officer may be compensated in that capacity, with the approval of a majority of the remaining Directors.

#### **SECTION 4.6 RESTRICTION REGARDING INTERESTED DIRECTORS**

Notwithstanding any other provision of these Bylaws, not more than forty-nine percent (49%) of the persons serving on the board may be interested persons, or as to any transaction where a board member is deemed to be interested, the interested director shall not vote or otherwise act on such matter and the transaction shall be approved by disinterested directors and otherwise in compliance with applicable California law.

~~August 1~~ September 25, 2017

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#### **SECTION 4.7 RESIGNATION**

A director may resign at any time by giving written notice to the chair of the board or the Secretary or the Board. Any resignation shall take effect upon receipt of notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, affirmative acceptance shall not be necessary. If the resignation specifies a later effective date, a successor may be elected prior to such effective date to take office when the resignation becomes effective.

#### **SECTION 4.8 VACANCIES**

A vacancy in the Board shall be deemed to exist in the event that the actual number of directors is less than the established number for any reason. If a vacancy is created by a director who was appointed by PHCD, the vacancy shall be filled by PHCD appointing the replacement. All other vacancies may be filled by the approval of the Board in accordance with Section 4.3 above, or, if the number of directors then in office is less than a quorum, by 1) unanimous written consent of the directors then in office, 2) a vote of the majority of the directors then in office at a meeting or 3) a sole remaining director. Each director elected or appointed to fill a vacancy shall hold office for the unexpired portion of the term or until his or her death, resignation or removal from office. The Board of Directors may declare vacant the office of a director who has been declared of unsound mind by a final order of court, or convicted of a felony or been found by a final order of judgment of any court to have breached any duty under Section 5230 under the Nonprofit Corporation Law.

#### **SECTION 4.9 REMOVAL**

A director may be removed from office at any time with or without cause by a vote of a majority of the directors.

#### **SECTION 4.10 BOARD COMMITTEES**

The Board may, by a resolution of a majority of the directors then in office, create and appoint directors to one or more Board Committees, each consisting of two or more directors and only of directors, to serve at the pleasure of the Board. Board committees may be given off the authority of the Board, subject to the limitations specified on Section 5212 of the Nonprofit Corporation Law. The Board may at any time revoke or modify any of all of the authority delegated to the Board Committee. Non Directors may attend meeting of the Board committees with the prior knowledge of the Board. The Board shall create an audit committee if required by the California Nonprofit Integrity Act of 2004.

#### **SECTION 4.11 ADVISORY COMMITTEES**

The Board may create and appoint individuals to one or more Advisory Committees, each consisting of two or more directors, non-directors or a combination of directors and non-directors. Advisory Committees may not exercise the authority of the Board to make decisions on behalf of the Corporation. Advisory Committees shall be restricted to making recommendations to the Board or Board Committees and implementing Board or Board committee decisions and policies under the supervision and control of the Board or Board committees. The Board, at any time, may revoke or modify any or all of the authority delegated to the Advisory Committee.

#### **SECTION 4.12 ADVISORY BOARD**

The Board may create and appoint individuals to an Advisory Board, consisting of persons who are not officers or directors of the Corporation, to serve at the pleasure of the Board and to report its findings and recommendations on subjects of interest to the Board. Any such Advisory Committee shall act only in an advisory capacity to the Board, shall have no legal authority to act for the Corporation, and shall clearly be titled and held out as an "advisory board." The Board may, at any time, revoke or modify any or all of the authority delegated to the Advisory Board.

## SECTION 4.13 CONFLICT OF INTEREST POLICY

The Board shall adopt a Conflict of Interest Policy that requires directors, officers and key employees to disclose interests that constitute or could result in a conflict of interest. The Conflict of Interest Policy shall also specify, in accordance with Sections 5233 and 5234 of the Nonprofit Corporation Law, the steps that must be taken by the Board to approve a decision or transaction that involves and actual or apparent conflict of interest. The Board shall regularly and consistently monitor and enforce compliance with the Conflict of Interest Policy.

## ARTICLE 5 MEETINGS

### SECTION 5.1 REGULAR MEETINGS

Regular meetings of Directors shall be held at dates, times and places as determined by the Board.

Any meeting, regular or special, may be held by conference telephone, electronic video screen communication, or other communications equipment. Participation in a meeting through use of conference telephone constitutes presence in person at that meeting so long as all directors participating in the meeting are able to hear one another. Participation in a meeting through use of electronic video screen communication or other communications equipment (other than conference telephone) constitutes presence in person at that meeting if all of the following apply:

- a). Each director participating in the meeting can communicate with all of the other directors concurrently;
- b) Each director is to provide the means of participating in all matters before the board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation;
- c) The corporation adopts and implements some means of verifying 1) that all persons participating in the meeting are directors of the corporation or are otherwise entitled to participate in the meeting, and 2) that all actions of, or votes by, the board are taken and cast only by directors and not by persons who are not directors.

### SECTION 5.2 ANNUAL MEETINGS

An annual meeting of the Board shall be held each year on a date to be specified by the Board and will coincide with one of the regular meetings. Election of officers will take place at the annual meeting. Candidates receiving the most votes shall be elected. Each director will cast one vote.

### SECTION 5.3 SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the Chair of the Board, the Treasurer, or by any two directors, and such meetings shall be held at the place, within or without the State of California, designated by the person or persons calling the meeting, and in the absence of such designation, at the principal office of the corporation.

### SECTION 5.4 NOTICE OF MEETINGS

~~Regular meetings of the board may be held without notice. Special meetings of the board shall be held upon four (4) days' notice by first class mail or forty-eight (48) hours' notice delivered personally or by telephone, voice messaging, FAX or email. If sent by mail, the notice shall be deemed to be delivered on its deposit in the mails or on its delivery; if sent by FAX or email, the notice shall be deemed to be delivered when electronic delivery is verified. Such notices shall be addressed to each director at his or~~

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August 4 ~~September 25~~, 2017

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greater percentage as may be required by law, or the Articles of Incorporation or Bylaws of this corporation.

**~~SECTION 5.8 ACTION WITHOUT A MEETING~~**

~~Any action required or permitted to be taken by the Board of Directors under any provision of law may be taken without a meeting, if all directors shall individually or collectively consent in writing to such action. For the purposes of this Section only, "directors" shall not include any "interested director" as defined in Section 5233 of the California Nonprofit Corporation Law. Such written consent or consents shall be filed with the Corporate Records. Such action by written consent shall have the same force and effect as the unanimous vote of the directors.~~

**SECTION ~~5.9~~5.7 CONDUCT OF MEETINGS**

Meetings of the Board of Directors shall be presided over by the Chair, or, if no such person has been so designated or, in his or her absence, Secretary or Treasurer or other Director shall preside over the meeting.

**SECTION ~~5.10~~5.8 TELEPHONE AND ELECTRONIC MEETINGS**

Directors may participate in a meeting through use of conference telephone or electronic video screen communication. Such participation constitutes presence in person at that meeting so long as all members participating in the meeting are able to hear one another.

## **ARTICLE 6 OFFICERS**

### **SECTION 6.1 OFFICERS**

The officers of the corporation shall be a Chair of the Board, a Vice Chair, a Chief Executive Officer ("CEO"), a Secretary, a Chief Financial Officer who shall be designated the Treasurer, and a Dental Director. The Chair of the Board and the Vice Chair each must be a director, and the other officers may or may not be directors. The Corporation may also have such other officers as may be determined by the Board. One person may hold two or more offices, except that neither the Secretary nor the Treasurer may serve concurrently as the Chair of the Board. The Dental Director need not be a director.

### **SECTION 6.2 ELECTION, AND TERM OF OFFICE**

The officers of the Corporation shall be elected annually by the Board at the annual meeting and shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of any officer under employment.

### **SECTION 6.3 RESIGNATION**

Any officer may resign at any time by giving written notice to the Board of Directors or to the Chair or Secretary of the corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this Section shall be superseded by any conflicting terms of a contract which has been approved or ratified by the Board of Directors relating to the employment of any officer of the corporation.

### **SECTION 6.4 REMOVAL**

An officer may be removed from office with or without cause by the Board or by an officer on whom such power of removal may be conferred by the Board.

### **SECTION 6.5 VACANCIES**

A vacancy in any office for any reason shall be filled by the Board.

### **SECTION 6.6 DUTIES OF THE CHAIR OF THE BOARD**

The Chair of the Board shall, if present, preside at all meetings of the board and shall be an ex-officio member of all board committees. The Chair shall serve as official representative of the Board of Directors and shall oversee the activities of the Board. The Chair shall exercise and perform such other powers and duties as may be prescribed by these Bylaws or by the Board.

### **SECTION 6.7 DUTIES OF VICE CHAIR**

In the absence of the Chair, or in the event of his or her inability or refusal to act, the Vice Chair shall perform all the duties of the Chair, and when so acting shall have all the powers of, and be subject to all the restrictions on, the Chair. The Vice Chair shall have other powers and perform such other duties as may be prescribed by law, by the Articles of Incorporation, or by these Bylaws, or as may be prescribed by the Board of Directors.

### **SECTION 6.8 DUTIES OF SECRETARY**

The Secretary shall keep or cause to be kept a full and complete record of the proceedings of the Board and its committees, shall give cause or cause to be given notice of all Board meetings as required by law

or by these Bylaws, and in general shall exercise and perform such other powers and duties as may be prescribed by these Bylaws or by the Board. The Secretary shall at all reasonable times exhibit to any director of the Corporation or to his agent or attorney on request the By-Laws and the minutes of the proceedings of the Corporation.

#### **SECTION 6.9 DUTIES OF TREASURER**

The Treasurer shall be the Chief Financial Officer of the Corporation. The Treasurer shall keep and maintain or cause to be kept and maintained, adequate and correct books and records of account. The Treasurer shall give or cause to be given to the directors such financial statements and reports as are required to be given by law, and as may be prescribed by these Bylaws or by the Board. The books of accounts shall be open to inspection by any director upon request at all reasonable times. The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as designated by the Board, shall render to the Chief Executive Officer and Board, upon request, an account of the Treasurer's transactions as Treasurer and of the financial condition of the Corporation and shall exercise and perform such other powers and duties as may be prescribed by these Bylaws or by the Board.

#### **SECTION 6.10 DUTIES OF CHIEF EXECUTIVE OFFICER.**

A Chief Executive Officer shall provide overall management and supervision of the business and operations of the Corporation. The CEO shall have authority to appoint and remove clinic or dental center executive directors, officers and managers as may be necessary or helpful in managing and operating the Corporation and its various dental centers.

#### **SECTION 6.11 DUTIES OF DENTAL DIRECTOR**

A Dental Director who shall be a duly licensed and properly trained dentist and who shall provide supervision of the professional practice of all dentists and related professionals employed by Corporation at both the Corporation or San Mateo Centers, or any other dental care center operated by Corporation. The Dental Director shall report to and be under the supervision of the Chief Executive Officer, except that the such supervision shall not interfere with, control or otherwise direct the professional judgment of the Dental Director in his or her capacity as a licensed dentist in California.

### **ARTICLE 7 INDEMNIFICATION AND INSURANCE**

#### **SECTION 7.1 DEFINITIONS**

For purposes of the Article "Agent" means any person who is or was a director, officer, employee or other agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or other agent of another foreign or domestic corporation, joint venture, partnership, trust or other enterprise, or was a director, officer, employee or agent of a predecessor corporation of the corporation or another enterprise at the request of such predecessor corporation; "Proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "Expenses" includes, without limitation, attorneys' fees and any expenses incurred in establishing a right to indemnification under Section 7.2 of this Article.

#### **SECTION 7.2 RIGHT TO INDEMNIFY**

The corporation may, to the fullest extent permitted by law, indemnify any person who was or is a party or is threatened to be made a party to any Proceeding by reason of the fact that such person is or was an Agent of the corporation, against Expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the Proceeding.

### **SECTION 7.3 APPROVAL OF INDEMNITY**

On written request to the Board by any Agent seeking indemnification, to the extent that the Agent has been successful on the merits, the Board shall promptly authorize indemnification in accordance with Section 5238(d) of the Nonprofit Corporation Law. Otherwise, the Board shall promptly determine, by a majority vote of a quorum consisting of directors who are not parties to the Proceeding, whether, in the specific case, the Agent has met the applicable standard of conduct stated in Section 5238(b) or section 5238(c) of the Nonprofit Corporation Law, and, if so, may authorize indemnification to the extent permitted thereby.

### **SECTION 7.4 ADVANCING EXPENSES**

The Board may authorize the advance of Expenses incurred by or on behalf of an Agent of the Corporation in defending any Proceeding before the final disposition of such Proceeding, if the Board finds that:

- (a) the requested advances are reasonable in amount under the circumstances; and
- (b) before any advance is made, the Agent submits a written undertaking satisfactory to the Board, in its sole discretion, to repay the advance unless it ultimately is determined that the Agent is entitled to indemnification for the Expenses under this Article.

### **SECTION 7.5 INSURANCE**

The Board shall have the power to purchase and maintain insurance on behalf of any Agent against any liability asserted against or incurred by the Agent in such capacity or arising out of the Agent's status as such, whether or not the Corporation would have the power to indemnify the Agent against such liability under this Article; provided, however, that the Corporation shall not have the power to purchase and maintain such insurance to indemnify any Agent of the Corporation for a violation of Section 5233 of the Nonprofit Corporation Law.

## **ARTICLE 8 FISCAL YEAR AND REPORTING OBLIGATIONS**

### **SECTION 8.1 FISCAL YEAR**

The fiscal year of the corporation shall begin on the first of July and end on the thirtieth of June in each year.

### **SECTION 8.2 FINANCIAL REPORTING**

The corporation shall produce and distribute the financial and other reports required by the Nonprofit Corporation Law, including, without limitation, the annual report required by Section 6321 and the statement of transactions or indemnification required by Section 6322, and, if required, produce and make publicly available the financial statements required by the Nonprofit Integrity Act.

## **ARTICLE 9 GIFTS, GRANTS, CONTRACTS AND INVESTMENTS**

### **SECTION 9.1 GIFTS**

The Board may accept on behalf of the corporation any contribution, gift, bequest or devise for the general purposes or for any specific purpose of the corporation. The corporation shall retain complete control and discretion over the use of all contributions it receives.



## SECTION 9.2 GRANTS

The Board shall exercise itself or delegate, subject to its supervision, control over grants, contributions and other financial assistance provided by the corporation, including, without limitation, fiscal sponsorship relationships.

## SECTION 9.3 CONTRACTS

The board may authorize any officer(s) or agents(s), in the name of and on behalf of the corporation, to enter into any contract or execute any instrument. Any such authority may be general or confined to specific instances, or otherwise limited. In the absence of any action by the Board to the contrary, the Chair of the Board, the ~~Chief~~ Executive ~~Director~~Officer and the Treasurer are authorized to execute such instruments on behalf of the corporation.

## SECTION 9.4 PAYMENT OF MONEY

Unless otherwise determined by the Board, all checks, drafts or other orders for payment of money out of the funds of the corporation and all notes or other evidences of indebtedness of the corporation may be signed on behalf of the corporation by the ~~Chief~~ Executive ~~Director~~Officer or, in the ~~Chief~~ Executive ~~Director~~Officer's absence, by the Chair of the Board or the Treasurer.

## SECTION 9.5 DEPOSITS

The funds of the corporation not otherwise employed, including any amounts in any reserve fund, shall be deposited from time to time to the order of the corporation in such banks, trust companies or other depositories as the Board may select.

## ARTICLE 10 OTHER PROVISIONS

### SECTION 10.1 RIGHTS OF INSPECTION

Every director shall have the right at any reasonable time to inspect and copy all books, records and documents and to inspect the physical properties of the corporation.

### SECTION 10.2 ELECTRONIC TRANSMISSIONS

Unless otherwise provided in these Bylaws, and subject to any guidelines and procedures that the Board may adopt from time to time, the terms "written" and "in writing" as used in these Bylaws include any form of recorded message in the English language capable of comprehension by ordinary visual means, and may include electronic transmissions such as facsimile or email, provided (1) for electronic transmissions from the corporation, the corporation has obtained an unrevoked written consent from the recipient to the use of such means of communication; (2) for electronic transmissions to the corporation, the corporation has in effect reasonable measures to verify that the sender is the individual purporting to have send such transmission; and (3) the transmission creates a record that can be retained, retrieved, reviewed and rendered into clearly legible form.

## ARTICLE 11 AMENDMENT OF BYLAWS

### SECTION 11.1 AMENDMENTS

Subject to any provision of law applicable to the amendment of Bylaws of public benefit nonprofit corporations, these Bylaws, or any of them, may be altered, amended, or repealed and new Bylaws adopted by approval of the Board of Directors, provided that any such amendment must be approved with

August 1 ~~September 25~~, 2017

P0120008/4823-2490-2992-1

the vote of at least a majority of the Directors, which majority must include a majority of those directors who are not among the directors who were appointed by PHCD.

**Summary report:**  
**Litéra® Change-Pro TDC 7.5.0.80 Document comparison done on 9/25/2017**  
**2:15:16 PM**

<b>Style name:</b> Default Style	
<b>Intelligent Table Comparison:</b> Active	
<b>Original filename:</b> Exhibit A - Amended and Restated Bylaws of ATD California Inc..docx	
<b>Modified filename:</b> Exhibit A - Amended and Restated Bylaws of ATD California Inc.(1).docx	
<b>Changes:</b>	
<u>Add</u>	23
<del>Delete</del>	17
<u>Move From</u>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<del>Table Delete</del>	0
<u>Table moves to</u>	0
<u>Table moves from</u>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format Changes	0
<b>Total Changes:</b>	<b>40</b>

C



Formerly Doing Business as Apple Tree Dental, CA, Inc.

**DATE:** October 16, 2017  
**TO:** SDH Board of Directors  
**FROM:** Cheryl Fama, CFO  
**RE:** FY 2018 Q1 Financials, July1-September 30, 2017

**A. INCOME:**

**Program Revenue: Total Net Revenue for the Quarter is \$333,142**

1. September net revenues were \$96K, the lowest for the quarter which averaged \$111K/month.
2. Denta-Cal gross revenues were 59% of total for the quarter and deductions from gross revenues averaged 59%.
3. Commercial insurance in September has 'recovered' from August vacations and is back to July levels.

**B. Grants & Donations: Total for Quarter is \$367,746**

1. Unrestricted donations were \$241,370 and include:
  - a. \$187,000 from PHCD –
    - 1) \$67,000 in August to cover the negative bank balance after July bills paid
    - 2) \$120,000 in late September to cover San Mateo invoices and shortfall resulting from two payroll runs
  - b. \$50K Sutter grant
  - c. \$3,000 In-Kind and Raffle for Coastside

**C. NET INCOME FOR THE QUARTER - \$700,889**

**D. EXPENSES:**

1. Direct Program- \$403,472 and Indirect- \$306,768 for a total of \$710,240
  - a. Direct salaries in September were \$11K below the prior two months.
2. Total Direct expenses were \$27,757 below previous two months' average.
3. Total Indirect were \$23,957 above previous two months' average of which \$23,760 were for transition services such as Account Temp, IT, and Branding/Marketing services.
4. Also included in Indirect are non-cash items totaling \$116,027, I.E.:
  - i. Rent: \$49,127
  - ii. Depreciation: \$66,900

**E. NET ORDINARY INCOME: (\$9,350)**

**F. OTHER INCOME:** The Settlement entry of \$1,054,338 reflects \$770,413 for the value of the SM equipment transferred from ATD LLC to ATD CA along with the accrued interest on note of \$10,028 that resulted from paying off the NAF loan, as well as, the write-off of the Management Fees.

**Profit & Loss**

July through September 2017

5:26 PM

10/13/2017

Accrual Basis

Ordinary Income/Expense

	Jul 17	Aug 17	Sep 17	TOTAL
<b>Income</b>				
<b>Program Revenue</b>				
<b>Patient Services</b>				
4100 · Public Dental Insurance	174,885.00	171,813.00	134,085.00	480,783.00
4101 · Private Pay	47,683.00	26,472.00	26,829.00	100,984.00
4102 · Provider Plan	71,564.00	56,424.00	53,509.00	181,497.00
4103 · Commercial Insur.	9,511.00	6,682.10	9,935.00	26,128.10
4104 · Farmworker	8,311.00	10,442.00	1,182.00	19,935.00
<b>Total Patient Services</b>	<b>311,954.00</b>	<b>271,833.10</b>	<b>225,540.00</b>	<b>809,327.10</b>
<b>Uncompensated Care</b>				
5001 · Fee Reductions	(164,717.20)	(150,303.10)	(120,818.30)	(435,838.60)
5009 · Denti-Cal DTI Incentive	580.50	0.00	0.00	580.50
5002 · Hope Fund	169.40	(4,171.70)	(2,608.20)	(6,610.50)
5003 · Farmworker Program	(5,409.20)	(2,000.90)	(189.10)	(7,599.20)
5010 · Bad Debt Write-off	(23.80)	(692.60)	0.00	(716.40)
5011 · Misc. Write Offs	(15,043.52)	(5,046.74)	(5,910.15)	(26,000.41)
<b>Total Uncompensated Care</b>	<b>(184,443.82)</b>	<b>(162,215.04)</b>	<b>(129,525.75)</b>	<b>(476,184.61)</b>
<b>Total Program Revenue</b>	<b>127,510.18</b>	<b>109,618.06</b>	<b>96,014.25</b>	<b>333,142.49</b>
<b>Grants and Donations</b>				
5100 · Donations	426.86	67,367.80	173,575.12	241,369.78
5101 · In-Kind Donations	700.00	0.00	0.00	700.00
<b>Events/Fundraisers</b>				
5105 · Raffle	820.00	200.00	1,410.00	2,430.00
<b>Total Events/Fundraisers</b>	<b>820.00</b>	<b>200.00</b>	<b>1,410.00</b>	<b>2,430.00</b>
5151 · Restricted Grants	20,000.00	75,489.04	400.00	95,889.04
5198 · less Temp. Restr. Grants/Donat.	(20,000.00)	(75,489.04)	(400.00)	(95,889.04)
5199 · Net Assets Released from Restri	14,586.45	93,343.69	15,316.55	123,246.69
<b>Total Grants and Donations</b>	<b>16,533.31</b>	<b>160,911.49</b>	<b>190,301.67</b>	<b>367,746.47</b>
<b>Total Income</b>	<b>144,043.49</b>	<b>270,529.55</b>	<b>286,315.92</b>	<b>700,888.96</b>
<b>Gross Profit</b>	<b>144,043.49</b>	<b>270,529.55</b>	<b>286,315.92</b>	<b>700,888.96</b>
<b>Expense</b>				
<b>Direct Program Costs</b>				
<b>Personnel</b>				
5250 · Direct Program Salaries	105,598.79	106,781.06	93,350.23	305,730.08
5260 · Payroll Taxes	7,891.40	7,989.40	6,691.24	22,572.04
5261 · Unemployment Taxes	164.57	146.63	150.28	461.48
5270 · Benefits	5,515.40	4,181.07	3,270.01	12,966.48
5278 · Worker's Comp.	1,265.46	1,265.46	1,265.46	3,796.38
5275 · 401k Match	768.27	0.00	0.00	768.27
5281 · Licenses and Registrations	0.00	36.12	0.00	36.12
5280 · Continuing Educ.	50.00	0.00	1,306.50	1,356.50
<b>Total Personnel</b>	<b>121,253.89</b>	<b>120,399.74</b>	<b>106,033.72</b>	<b>347,687.35</b>
5320 · Dental Supplies	11,817.25	12,966.81	4,888.21	29,672.27
5325 · Small Dental Equipment	0.00	0.00	811.00	811.00
5326 · Dental Equipment Repair	491.49	745.00	195.00	1,431.49
5330 · Lab Fees	11,997.14	4,221.06	3,190.37	19,408.57

	Jul 17	Aug 17	Sep 17	TOTAL
<b>Contracted Services</b>				
5306 · Dental Specialist	0.00	1,845.00	0.00	1,845.00
5303 · Sterilization Services	613.20	1,011.20	806.13	2,430.53
5305 · Shredding	62.00	62.00	62.00	186.00
<b>Total Contracted Services</b>	<b>675.20</b>	<b>2,918.20</b>	<b>868.13</b>	<b>4,461.53</b>
<b>Total Direct Program Costs</b>	<b>146,234.97</b>	<b>141,250.81</b>	<b>115,986.43</b>	<b>403,472.21</b>
<b>Indirect Costs</b>				
<b>Transition Costs</b>				
5805 · Transition HR Services	0.00	0.00	1,980.00	1,980.00
5803 · Transition Branding/Marketing	0.00	0.00	3,500.00	3,500.00
5804 · Transition IT Services	0.00	3,551.00	2,623.25	6,174.25
5801 · Transition Accounting Services	0.00	1,606.50	15,657.00	17,263.50
<b>Total Transition Costs</b>	<b>0.00</b>	<b>5,157.50</b>	<b>23,760.25</b>	<b>28,917.75</b>
<b>Administrative Personnel</b>				
5450 · Salaries/Wages	23,667.07	27,004.51	29,209.33	79,880.91
5460 · Payroll Taxes, Admin/Mgmt	1,795.20	2,058.58	2,227.03	6,080.81
5461 · Unemployment Taxes	1.55	29.22	132.88	163.65
5470 · Benefits	1,107.24	159.24	845.14	2,111.62
5478 · Worker's Comp.	316.37	316.37	316.37	949.11
5475 · 401k Match, Admin/Mgmt.	202.71	0.00	0.00	202.71
<b>Total Administrative Personnel</b>	<b>27,090.14</b>	<b>29,567.92</b>	<b>32,730.75</b>	<b>89,388.81</b>
<b>Facilities Expenses</b>				
5670 · Rent	18,083.00	18,083.00	12,960.76	49,126.76
5610 · Building Maintenance	1,006.44	615.97	671.40	2,293.81
5611 · Janitorial Service	1,696.00	1,696.00	1,859.00	5,251.00
5672 · Phone / Internet	1,196.89	924.64	3,078.40	5,199.93
5680 · Utilities	1,840.02	2,082.57	471.49	4,394.08
5600 · Auto Expenses	610.98	(116.84)	99.00	593.14
<b>Total Facilities Expenses</b>	<b>24,433.33</b>	<b>23,285.34</b>	<b>19,140.05</b>	<b>66,858.72</b>
<b>Office Exp.</b>				
5660 · Office Supplies	755.19	650.13	554.69	1,960.01
5665 · Postage and Shipping	67.10	0.00	209.35	276.45
5504 · Payroll Processing / BG Checks	292.54	470.22	585.66	1,348.42
5502 · Claims Processing	110.60	125.34	0.00	235.94
5655 · Miscellaneous Expense	0.00	0.00	60.00	60.00
<b>Total Office Exp.</b>	<b>1,225.43</b>	<b>1,245.69</b>	<b>1,409.70</b>	<b>3,880.82</b>
<b>Equipment Expenses</b>				
5630 · Office. Equip. Maintenance	92.25	92.25	239.75	424.25
5507 · Computer Support	1,839.99	1,839.99	1,839.99	5,519.97
5608 · Software Support	408.00	588.00	588.00	1,584.00
5616 · Computer Equipment/Software	494.95	494.95	(15.05)	974.85
<b>Total Equipment Expenses</b>	<b>2,835.19</b>	<b>3,015.19</b>	<b>2,652.69</b>	<b>8,503.07</b>
<b>Insurance</b>				
5635 · Auto Insurance	436.81	436.81	436.81	1,310.43
5636 · Malpractice (Prof. Liab.)	566.66	416.66	416.66	1,399.98
5637 · Liability & Property	824.75	824.75	824.75	2,474.25
5638 · Directors & Officer Liability	264.83	172.14	408.50	845.47
<b>Total Insurance</b>	<b>2,093.05</b>	<b>1,850.36</b>	<b>2,086.72</b>	<b>6,030.13</b>
<b>Outsourced Services</b>				
5503 · Consultants	375.00	0.00	375.00	750.00

	Jul 17	Aug 17	Sep 17	TOTAL
Total Outsourced Services	375.00	0.00	375.00	750.00
Fundraising Expenses				
5633 · Fundraising Consulting	2,090.00	1,017.50	2,229.50	5,337.00
5632 · Fundraising Expenses	810.00	110.00	110.00	1,030.00
Total Fundraising Expenses	2,900.00	1,127.50	2,339.50	6,367.00
Fees and Interest				
5625 · Penalty charges	1,515.06	0.00	0.00	1,515.06
5642 · Loan Interest	5,089.77	4,320.21	4,588.72	13,998.70
5650 · Merchant Processing	918.28	748.21	658.32	2,324.81
5641 · Finance Charges	41.85	21.85	16.00	79.70
5605 · Service Charges	35.00	53.10	43.40	131.50
Total Fees and Interest	7,599.96	5,143.37	5,306.44	18,049.77
5615 · Depreciation Expense	22,299.43	22,299.40	22,299.43	66,898.26
5648 · Marketing Expense	0.00	2,250.00	5,250.00	7,500.00
5639 · Recruitment Expense	75.00	0.00	366.40	441.40
5618 · Dues, Fees & License	0.00	1,569.87	400.00	1,969.87
5620 · Employee Goodwill	411.99	19.00	23.78	454.77
Meeting & Travel Expenses				
5676 · Travel Costs	334.60	223.48	7.64	565.72
5678 · Mileage	84.53	0.00	14.58	99.11
5677 · Meals	28.57	0.00	64.01	92.58
Total Meeting & Travel Expenses	447.70	223.48	86.23	757.41
Total Indirect Costs	91,786.22	96,754.62	118,226.94	306,767.78
Total Expense	238,021.19	238,005.43	234,213.37	710,239.99
Net Ordinary Income	(93,977.70)	32,524.12	52,102.55	(9,351.03)
Other Income/Expense				
Other Income				
Other Income				
6121 · Dividends	124.45	139.28	130.38	394.11
6130 · Other Income	0.00	0.00	82.10	82.10
6131 · Settlement	0.00	1,054,337.56	0.00	1,054,337.56
Total Other Income	124.45	1,054,476.84	212.48	1,054,813.77
Total Other Income	124.45	1,054,476.84	212.48	1,054,813.77
Net Other Income	124.45	1,054,476.84	212.48	1,054,813.77
Net Income	(93,853.25)	1,087,000.96	52,315.03	1,045,462.74



**Apple Tree Dental California, Inc.**  
**Balance Sheet**  
 As of September 30, 2017

5:30 PM  
 10/13/2017  
 Accrual Basis  
Sep 30, 17

**ASSETS**

Current Assets

Checking/Savings

Checking/Savings

1050 · Wells Fargo Checking 91,621.43

1070 · Merrill Lynch 196,815.11

Total Checking/Savings 288,436.54

1175 · Petty Cash - Sonrisas 385.00

1176 · Petty Cash -San Mateo 142.09

Total Checking/Savings 288,963.63

Accounts Receivable

Accounts Receivable

1250 · Accounts Receivable - Services 183,965.49

1260 · Accts. Rec.- Other Agencies 11,168.75

1210 · Grants Receivable 50,000.00

Total Accounts Receivable 245,134.24

Total Accounts Receivable 245,134.24

Other Current Assets

1450 · Allowance for Bad Debt (18,775.05)

1400 · Prepaid Expense 29,295.83

1405 · Work Comp Deposit 1,898.00

1499 · Undeposited Funds 5,781.00

Total Other Current Assets 18,199.78

Total Current Assets 552,297.65

Fixed Assets

Fixed Assets

1320 · Leasehold Impvmnt. - Sonrisas 25,886.14

1335 · Dental Equipment - Sonrisas 117,755.81

1340 · Computers - Sonrisas 35,725.63

1370 · Furniture/Fixtures - Sonrisas 8,515.46

1321 · Leasehold Improv. - S. Mateo 1,016,755.76

1336 · Dental Equipment - San Mateo 460,259.48

1341 · Computers - San Mateo 65,633.05

1371 · Furniture/Fixtures - S.Mateo 109,021.12

1350 · Mobile Equipment 188,945.09

1380 · Truck 111,934.08

Less Accumulated Depr.

1390 · Accum. Depreciation-Sonrisas (129,038.12)

1395 · Accum. Depreciation - San Mateo (315,087.67)

Total Less Accumulated Depr. (444,125.79)

Total Fixed Assets 1,696,305.83

Total Fixed Assets 1,696,305.83

	<u>Sep 30, 17</u>
Other Assets	
1420 · Security Deposits	14,697.00
Total Other Assets	<u>14,697.00</u>
<b>TOTAL ASSETS</b>	<b><u>2,263,300.48</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	15,148.50
Total Accounts Payable	<u>15,148.50</u>
Credit Cards	
Credit Cards	
2115 · Wells Fargo Visa-Cota	66.50
2112 · Wells Fargo Visa-Rothstein	1,349.68
2114 · Wells Fargo Visa-Kinniburgh	4,791.17
Total Credit Cards	<u>6,207.35</u>
Total Credit Cards	6,207.35
Other Current Liabilities	
2205 · Accrued Interest	260.42
*Payroll Liabilities	
2300 · Accrued Salaries/Wages	89,112.12
2383 · Accrued Payroll Taxes	6,619.54
2302 · Accrued Incentives	6,253.39
2385 · Accrued PR Taxes on Incentives	478.39
2301 · Accrued PTO	43,038.04
2384 · Accrued PR Taxes on PTO	3,292.41
Total *Payroll Liabilities	<u>148,793.89</u>
Patient Liabilities	
2220 · Patient Prepayments - SON	4,585.90
2221 · Patient Prepayments - SM	12,723.35
2226 · Patient Refunds Payable - SON	3,797.49
2225 · Patient Refunds Payable -SM	7,827.36
Total Patient Liabilities	<u>28,934.10</u>
Total Other Current Liabilities	<u>177,988.41</u>
Total Current Liabilities	<u>199,344.26</u>
Long Term Liabilities	
2702 · PHCD Operating Loan	250,000.00
2701 · Accrued Rent Expense	491,667.00
2707 · Accr. Interest-Def. Rent	18,374.96
2703 · PHCD T.I. Loan	1,108,354.36
2706 · Accr. Interest-TI Loan	71,297.97
Total Long Term Liabilities	<u>1,939,694.29</u>
Total Liabilities	<u>2,139,038.55</u>
Equity	
3905 · Restricted Net Assets-Sonrisas	90,995.82

	<u>Sep 30, 17</u>
3906 · Restricted Net Assets-S.Mateo	55,775.39
3900 · Retained Earnings-Sonrisas	349,630.87
3901 · Retained Earnings - San Mateo	(1,417,602.89)
Net Income	1,045,462.74
Total Equity	<u>124,261.93</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>2,263,300.48</u></b>

**San Mateo - YTD - Jul 2017 to Sep 2017**

	Gross Fees	Less Fee Reductions	Adjustments	Net Revenue	# Visits	Net per Visit
4101.Private Pay	55,975.00	(6,663.10)	-	49,311.90	198	249.05
4103.Commercial	23,292.00	(390.00)	-	22,902.00	77	297.43
4100.Denti-Cal	330,133.00	(245,243.60)	-	84,889.40	941	90.21
4104.Farmworker	17,488.00	(9,549.80)	(7,860.76)	77.44	31	2.50
4102.PPO	167,774.00	(63,187.26)	-	104,586.74	535	195.49
Bad Debts & Other Write-Offs	-	-	(16,834.26)	(16,834.26)		
<b>Total Billed Services</b>	<b>594,662.00</b>	<b>(325,033.76)</b>	<b>(24,695.02)</b>	<b>244,933.22</b>	<b>1782</b>	<b>834.68</b>
5009.Denti-Cal DTI Incentive				130.5		
Total Patient Services				<u>245,063.72</u>		

**Coastside - YTD - Jul 2017 to Sep 2017**

	Gross Fees	Less Fee Reductions	Adjustments	Net Revenue	# Visits	Net per Visit
4101.Private Pay	45,009.00	(16,214.40)	(6,610.20)	22,184.40	213	104.15
4103.Commercial	2,836.10	-	-	2,836.10	9	315.12
4100.Denti-Cal	150,650.00	(91,642.80)	-	59,007.20	753	78.36
4104.Farmworker	2,447.00	(572.00)	261.56	2,136.56	16	133.54
4102.PPO	13,723.00	(2,375.64)	-	11,347.36	36	315.20
Bad Debts & Other Write-Offs	-	-	(9,882.55)	(9,882.55)		
<b>Total Billed Services</b>	<b>214,665.10</b>	<b>(110,804.84)</b>	<b>(16,231.19)</b>	<b>87,629.07</b>	<b>1027</b>	<b>946.38</b>
5009.Denti-Cal DTI Incentive				450		
Total Patient Services				<u>88,079.07</u>		

**D**



Formerly Doing Business as Apple Tree Dental, CA, Inc.

**DATE:** October 19, 2017  
**TO:** SDH Board of Directors  
**FROM:** Bonnie Jue, DDS, COO  
Cheryl Fama, CFO  
**RE:** Proposed Budget for FY 2018

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**THE STRATEGIC DRIVERS FOR DEVELOPING THE PROPOSED BUDGET:**

- **The mission:** That everyone has access to dental care.
- **Staff:** Recruiting, retaining, qualified staff and respecting their value to the organization.
- **Independence:** Assuming responsibility to perform all management and support services previously provided by ATD Minnesota.
- **Visibility and branding:** Launching an aggressive campaign to the provider, patient, and philanthropic communities.
- **Fundraising:** Bringing in-house grant writing skills and outreach capabilities.
- **Program Development:** Developing business plans to launch conscious sedation and re-launch the mobile program.

**ASSUMPTIONS AND METHODOLOGY:**

1. Visit volumes and revenues were budgeted flat.
2. Payer mix reflects current year actual, i.e. Uninsured to Insured ratio is 58%:42%.
3. Grants and donations include received and/or committed grants; E.g. Farmworker grant funding includes only July -December. Note: The PHCD Board on 9/28/17 approved a support fund at PHCD from which funds can be drawn with supporting documentation and approval of PHCD CEO. Those funds are not included in this budget.
4. Direct and Indirect Personnel costs include the salary adjustments and new positions being proposed by COO Jue at the 10/19/17 Board meeting.
5. Transition costs are non-recurring and directly related to separation from MN.
6. Other Income in Q1 includes the accounting entry required to book elements of the Settlement Agreement.

**BUDGETED PERFORMANCE FOR FY 2018:**

Net Ordinary Income: <\$1,435,569> (Does not include \$1.05M Settlement entry)  
Less non-cash entries: - 447,593 (Depreciation and rent)

Projected Net Income: <\$ 987,976>



*Formerly Doing Business as Apple Tree Dental, CA, Inc.*

**DISCUSSION:**

The approach to development of the budget is conservative as to growth, revenues, and grant funding, realistic as to what it will cost to set up the business support services previously provided by ATD, and aggressive in putting into place strategies, plans and tactics to positively impact growth, revenues and grant funding.

Plans to mitigate the negative run rate projected in this budget include:

1. FQHC partnerships
2. Mobile program targeted at large employers
3. Launching IV sedation program
4. Targeted marketing
5. Focused action on community outreach such as school screenings and education programs
6. Cultivation of prior, current, and future donors

We look forward to your input and discussion.

**Sonrisas Dental Health, Inc.**  
**Profit & Loss**  
**Accrual Basis**

	Jul '15 - Jun 16 Audited	Jul '16 - Jun 17 Actual (Unaudited)	YTD - Jul '17 - Sep '17 Actual (Unaudited)	10/1/17 - 6/30/18 (9 mths) Proposed	Jul '17 - Jun 18 Budget	Comments
<b>Ordinary Income/Expense</b>						
<b>Program Revenue</b>						
<b>Patient Services</b>						
4100 · Public Dental Insurance	870,351.40	2,244,046.00	480,783.00	1,620,000.00	2,100,783.00	
4101 · Private Pay	425,378.30	434,380.20	100,984.00	333,000.00	433,984.00	
4102 · Provider Plan	394,992.00	633,192.00	181,497.00	531,000.00	712,497.00	
4103 · Commercial Insur.	0.00	107,423.00	26,128.10	81,000.00	107,128.10	
4104 · Farmworker	0.00	102,963.00	19,935.00	31,700.00	51,635.00	
4109 · Virtual Dentisty Home	2,325.00	2,268.75	0.00	0.00	0.00	
4110 · Dental Services - Other	(1,162.50)	0.00	0.00	0.00	0.00	
<b>Uncompensated Care</b>						
5001 · Fee Reductions	(716,825.03)	(1,917,456.65)	(435,838.60)	(1,440,000.00)	(1,875,838.60)	
5009 · Denti-Cal DTI Incentive	0.00	20,937.00	580.50	0.00	580.50	
5002 · Hope Fund	(1,881.30)	(23,775.50)	(6,610.50)	(12,600.00)	(19,210.50)	
5003 · Farmworker Program	(4,043.30)	2,359.50	(7,599.20)	0.00	(7,599.20)	
5010 · Bad Debt Write-off	(7,804.76)	(16,268.77)	(716.40)	(9,000.00)	(9,716.40)	
5011 · Misc. Write Offs	(73,806.57)	(111,399.25)	(26,000.41)	(81,000.00)	(107,000.41)	
<b>Total Program Revenue</b>	<b>887,523.24</b>	<b>1,478,669.28</b>	<b>333,142.49</b>	<b>1,054,100.00</b>	<b>1,387,242.49</b>	
<b>Grants and Donations</b>						
5100 · Donations	18,059.54	17,636.33	241,369.78	0.00	241,369.78	
5101 · In-Kind Donations	0.00	9,904.64	700.00	0.00	700.00	
5102 · Restricted Donations	0.00	600.00	0.00	0.00	0.00	
<b>Events/Fundraisers</b>						
SV Gives	4,127.66	0.00	0.00	0.00	0.00	
5105 · Raffle	3,870.00	3,180.00	2,430.00	0.00	2,430.00	
5106 · Other Events	5,065.87	7,231.97	0.00	0.00	0.00	
5150 · Unrestricted Grants	353,141.15	53,656.07	0.00	0.00	0.00	
5151 · Restricted Grants	850,000.00	648,544.09	95,889.04	0.00	95,889.04	
5198 · less Temp. Restr. Grants/Donat.	(850,000.00)	(649,144.09)	(95,889.04)	0.00	(95,889.04)	
5199 · Net Assets Released from Restr	725,355.00	681,407.98	123,246.69	131,938.50	255,185.19	
<b>Total Grants and Donations</b>	<b>1,109,619.22</b>	<b>773,016.99</b>	<b>367,746.47</b>	<b>131,938.50</b>	<b>499,684.97</b>	
<b>Total Income</b>	<b>1,997,142.46</b>	<b>2,251,686.27</b>	<b>700,888.96</b>	<b>1,186,038.50</b>	<b>1,886,927.46</b>	

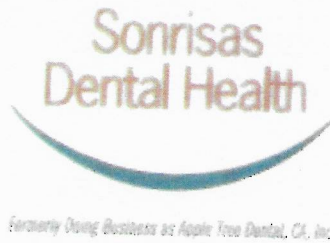


Sonrisas Dental Health, Inc.  
Profit & Loss  
Accrual Basis

Expense	Jul '15 - Jun 16	Jul '16 - Jun 17	YTD - Jul '17 - Sep '17	10/1/17 - 6/30/18	Jul '17 - Jun 18	Comments
	Audited	Actual (Unaudited)	Actual (Unaudited)	(9 mths) Proposed	Budget	
Direct Personnel Costs	1,521,203.59	1,630,420.30	289,003.39	1,146,202.45	1,435,205.84	
Training and Licences	2,193.00	5,463.28	1,392.62	5,175.00	6,567.62	
Direct Program Costs	142,185.23	252,712.76	59,323.33	197,058.00	256,381.33	
Contracted Services	10,152.68	10,443.23	4,461.53	9,108.00	13,569.53	
<b>Total Direct Program Costs</b>	<b>1,675,734.50</b>	<b>1,899,039.57</b>	<b>354,180.87</b>	<b>1,357,543.45</b>	<b>1,711,724.32</b>	
<b>Indirect Costs</b>						
Transition Costs	0.00	0.00	28,917.75	69,000.00	97,917.75	
Administrative Personnel	480,789.30	413,983.81	146,680.15	482,514.19	629,194.34	
Facilities Expenses	300,171.01	286,491.55	68,358.72	218,739.00	287,097.72	
Office Exp.	16,503.30	24,020.99	4,155.82	15,480.00	19,635.82	
Equipment Expenses	27,488.88	39,351.80	8,758.07	27,744.75	36,502.82	
Insurance	12,828.48	21,547.80	5,880.13	18,283.98	24,164.11	
Outsourced Services	100,065.95	132,917.28	1,125.00	51,000.00	52,125.00	
Fundraising Expenses	18,606.61	27,243.03	6,367.00	65,990.00	72,357.00	
Fees and Interest	12,975.55	77,332.21	18,049.77	46,492.56	64,542.33	
Depreciation Expense	14,716.45	267,046.01	66,898.26	200,694.78	267,593.04	
Marketing Expense	9,783.04	1,865.95	7,500.00	42,750.00	50,250.00	
Recruitment Expense	890.35	1,200.00	441.40	450.00	891.40	
Dues, Fees & License	3,591.91	4,791.76	1,969.87	2,169.00	4,138.87	
Employee Goodwill	1,917.25	3,734.18	454.77	1,440.00	1,894.77	
Meeting & Travel Expenses	19,968.73	10,043.83	757.41	1,710.00	2,467.41	
Management Costs	0.00	0.00	0.00	0.00	0.00	
<b>Total Indirect Costs</b>	<b>1,020,296.81</b>	<b>1,311,570.20</b>	<b>366,314.12</b>	<b>1,244,458.26</b>	<b>1,610,772.38</b>	
<b>Total Expense</b>	<b>2,696,031.31</b>	<b>3,210,609.77</b>	<b>720,494.99</b>	<b>2,602,001.71</b>	<b>3,322,496.70</b>	
<b>Net Ordinary Income</b>	<b>(698,888.85)</b>	<b>(958,923.50)</b>	<b>(19,606.03)</b>	<b>(1,415,963.21)</b>	<b>(1,435,569.24)</b>	
<b>Other Income/Expense</b>						
6120 · Interest Income	53.06	0.00	0.00	0.00	0.00	
6121 · Dividends	350.17	261.31	394.11	1,215.00	1,609.11	
6130 · Other Income	106,250.00	93,500.00	82.10	0.00	82.10	
6140 · Other Expenses	(230.61)	0.00	0.00	0.00	0.00	
6131 · Settlement	0.00	0.00	1,054,337.56	0.00	1,054,337.56	
<b>Net Other Income</b>	<b>106,422.62</b>	<b>93,761.31</b>	<b>1,054,813.77</b>	<b>1,215.00</b>	<b>1,056,028.77</b>	
<b>Net Income</b>	<b>(592,466.23)</b>	<b>(865,162.19)</b>	<b>1,035,207.74</b>	<b>(1,414,748.21)</b>	<b>(379,540.47)</b>	

**D**

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**DATE:** October 16, 2017  
**TO:** SDH Board of Directors  
**FROM:** Cheryl Fama  
**RE:** Management Services and Staffing Agreement

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**Background:**

Sonrisas Dental Health, Inc. is a separate entity from the Peninsula Health Care District. The separate relationship is beneficial to both organizations and has been recognized as such through PHCD's Audit process and the Local Agency Formation Commission's recently completed Municipal Services Review of the healthcare district.

**Recommendation:**

In light of the relationship, PHCD's general counsel, Colin Coffey of Archer Norris, recommends that an agreement be established between PHCD and Sonrisas Dental Health for any time spent by PHCD employees in assisting SDH with separating from Minnesota and establishing its independent business functions. At this time, the only PHCD employee actively involved in the separation is me. It is envisioned that other services may be needed in the future; this agreement is intended to cover the possibility.

Any PHCD staff time allocated to SDH will be reported out to both Boards on a regular basis.

The point of this Agreement is to avoid SDH becoming an alter ego entity with respect to the District by recognizing the separate existence of the Sonrisas corporation.

**Approval Requested:**

**Board approval of the draft Management Services and Staffing Agreement included in the Board meeting materials.**

## MANAGEMENT SERVICES AND STAFFING AGREEMENT

This Management Services and Staffing Agreement (“**Agreement**”) is entered into as of October \_\_, 2017, by and between the Peninsula Health Care District, a political subdivision of the State of California and a public district (“**PHCD**”), and Sonrisas Dental Health, Inc., a California non-profit public benefit corporation, formerly known as Apple Tree Dental California (“**SDH**”).

### Recitals

A. SDH leases from its affiliate, PHCD, and operates a dental clinic, located at 430 North El Camino Real, San Mateo, California and leases from a third party and operates another dental clinic in Half Moon Bay, California (“**SDH’s Facilities**”).

B. SDH wishes to obtain certain administrative and management staffing from PHCD, and PHCD wishes to provide same for SDH, upon the terms and conditions set forth in this Agreement.

In consideration of the foregoing recitals and the mutual covenants and agreements set forth in this Agreement, the Parties agree as follows:

### Agreement

1. Commencing as of August 1, 2017, PHCD agrees to provide to SDH the part-time services of Cheryl Fama, PHCD’s Chief Executive Officer, to serve as the Chief Financial Officer of SDH, until the earlier of: (i) the date that SDH appoints another person to the office of Chief Financial Officer, or (ii) December 31, 2017. In that capacity, Ms. Fama shall perform the usual and customary duties and obligations of a Chief Financial Officer to an entity operating dental clinics.

2. For the services provided as set forth in Section 1 above, SDH shall pay to PHCD One Hundred Dollars (\$100). In setting the foregoing compensation, SDH and PHCD recognize that PHCD has the authority to appoint the majority of the Board of Directors of SDH, that SDH provides important dental services to under-served residents of PHCD, that SDH provides such services at a financial loss, and that PHCD and its residents benefit from the services SDH provides to the residents of the PHCD.

3. The parties acknowledge and agree that the services provided hereunder by PHCD are not exclusive to SDH and that Ms. Fama shall also continue to perform her duties as Chief Executive Officer of the PHCD.

4. This Agreement may not be amended except upon the mutual written consent of the parties. This Agreement may be executed in counterparts, each of which shall be deemed to be an original. This Agreement contains the sole and entire agreement between the parties with respect to the providing of administrative and management services and shall supersede all prior agreements between the parties with respect to such matters.

[signatures on the following page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**“PHCD”**

**“SDH”**

**Peninsula Health Care District**

**Sonrisas Dental Health, Inc.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_