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Attorneys for Defendant,
CORE ANALYTICS LABORATORY, INC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES—SPRING STREET COURTHOUSE

KATHERINE FRANK, individually, and on
behalf of other members of the general public
similarly situated and on behalf of other
aggrieved employees pursuant to the California
Private Attorneys General Act;

Plaintiff,

vs.

CORE ANALYTICS LABORATORY, INC.,
a California corporation; CERF DIAGNOSTICS,
INC., an unknown business entity; and DOES 1
through 100, inclusive,

Defendants.

CASE NO.: 21STCV31386

CLASS ACTION

ASSIGNED FOR ALL PURPOSES TO
HON. STUART M. RICE, DEPT. SSC1

**DECLARATION OF CARLOS RUIZ OF
CORE ANALYTICS LABORATORY,
INC. IN SUPPORT OF MOTION FOR
PRELIMINARY APPROVAL OF CLASS
ACTION SETTLEMENT**

CASE FILED: August 25, 2021

DECLARATION OF CARLOS RUIZ

I, Carlos Ruiz, do hereby declare as follows:

1. I am an individual currently residing in the County of Los Angeles, State of California, and am over 18 years of age. I have personal knowledge of the facts set forth herein and could and would competently testify thereto if called to do so.

2. I am the Vice President of Core Analytics Laboratory, Inc. ("Core Analytics"). I have served as Vice President of Core Analytics for 4 years.

3. Core Analytics is an independently owned and operated, full service clinical laboratory providing comprehensive laboratory services.

4. During the course of 2024, Core Analytics experienced a major loss in business of approximately 10%, significantly impacting our overall financial performance. As of November 30, 2024, our monthly revenue has decreased by 13% over the prior six months. Our Year to Date Net Income has been reduced to negative \$956,807.87. Similarly, our net cash by operating activities for the year was at negative \$390,613.25.

5. Additionally, Core Analytics encountered financial difficulties as a result of the coronavirus pandemic. Core Analytics employs mobile phlebotomists who travel designated routes to perform blood draws. The nature of Core Analytics' services requires that these employees perform their work in-person with patients often in their homes. The coronavirus pandemic resulted in numerous clients cancelling services and/or services being reduced. Additional difficulties resulted from the shortage of certified technicians, which necessitated Core Analytics having to offer and pay higher wages to recruit and retain workers. Finally, industry shortage of lab supplies dramatically increased our costs.

6. Although Core Analytics has slowly recovered from the financial difficulties caused by the coronavirus pandemic, Core Analytics continues to struggle with the resulting increases in costs, including costs for laboratory supplies, labor, fuel, workers comp insurance, and general liability/umbrella. General equipment, personal protective equipment and other items have been impacted by continuously increasing inflation. Labor costs are Core Analytics' single largest cost factor, comprising approximately 63% of total expenses. Core Analytics has experienced significant

1 labor cost increases over the last several years, including as a result of the State of California's
2 legislated and local minimum wage increases. This has stretched operational budgets, adversely
3 impacting cash flow and overall funding needed to maintain workforce levels. Further, our vendors
4 have had to comply with the legislated minimum wage levels noted above. Accordingly, not only
5 has our direct labor costs increased substantially, costs passed on to us from our vendors have
6 increased proportionately.

7 7. Furthermore, much of the organization's funding is based on cost-reimbursement
8 contracts. In most situations, Core Analytics is paid in arrears for its work and typically receives
9 payment ninety (90) days from when expenses are incurred by Core Analytics. In addition, an
10 estimated 45-55% of our revenue derives from Medicare Part B and HMO Insurances where most of
11 them continue to cut their reimbursement fees or remain neutral. This reimbursement arrangement can
12 affect Core Analytics' cash flow severely. Core Analytics' cash flow is critical for timely payment
13 of its staff and other expenses.

14 8. The settlement amount and the installment terms, including both the install amounts
15 and the post-approval start date, are necessary terms within the settlement agreement to allow Core
16 Analytics to continue its operations without extreme and undue hardship. If permitted to make
17 payments on the settlement agreement pursuant to the agreed installment payment plan, Core
18 Analytics is confident the additional time will allow Core Analytics to comply with the terms of the
19 settlement agreement.

20 9. If the Court requires additional financial information from Core Analytics, Core
21 Analytics is willing to provide such information confidentially for the Court's review.

22 I declare under penalty of perjury under the laws of the State of California that the foregoing
23 is true and correct, and that this Declaration was executed this 24th day of January 2025, in the
24 County of Los Angeles, California.

DocuSigned by:

Carlos Ruiz

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Carlos Ruiz, Declarant