



TAHOE FOREST HOSPITAL DISTRICT

2016-02-22 Board Finance Committee Meeting

Monday, February 22, 2016 at 1:00 p.m.

Tahoe Conference Room

10054 Pine Avenue, Truckee, CA 96161

Meeting Book - 2016-02-22 Board Finance Committee Meeting

02/22/2016 Finance Committee

Agenda

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10. ADJOURN



FINANCE COMMITTEE AGENDA

Monday, February 22, 2016 at 1:00 p.m.
Tahoe Conference Room, Tahoe Forest Hospital
10054 Pine Avenue, Truckee, CA

1. CALL TO ORDER

2. ROLL CALL

Dale Chamblin, Chair; Greg Jellinek, M.D., Board Member

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

4. INPUT – AUDIENCE

This is an opportunity for members of the public to address the Committee on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Committee cannot take action on any item not on the agenda. The Committee may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

5. APPROVAL OF MINUTES OF: 01/21/2016 ATTACHMENT

6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Refinancing of General Obligation Bonds – Series B (Gary Hicks via phone) ATTACHMENT

6.2. Financial Reports

6.2.1. Financial Report – MSC Six Months ended December 2015 ATTACHMENT

6.2.2. Financial Report – January 2016..... ATTACHMENT

6.2.3. TSC LLC - October and November 2015..... ATTACHMENT

6.3. Tahoe Forest Health System Foundation Financial Statements

6.3.1. FYE 2015 Audited Financial Statements ATTACHMENT

6.3.2. Six Months ended December 2015 Financial Statements..... ATTACHMENT

6.4. FY 2017 Budget Process

6.4.1. FY 2017 Budget Timeline ATTACHMENT

6.5. TIRHR Line of Credit Amendment ATTACHMENT

7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

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9. NEXT MEETING DATE ATTACHMENT

10. ADJOURN

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District’s public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.



TAHOE
FOREST
HEALTH
SYSTEM

FINANCE COMMITTEE

DRAFT MINUTES

Thursday, January 21, 2015 at 9:00 a.m.
Foundation Conference Room, Tahoe Forest Hospital
Donner Pass Road, Truckee, CA

1. CALL TO ORDER

Meeting was called to order at 9:04 a.m.

2. ROLL CALL

Board: Dale Chamblin, Chair; Greg Jellinek, M.D., Board Member

Staff: Crystal Betts, CFO; Harry Weis, CEO; Jake Dorst, CIO; Jaye Chasseur, Controller; Martina Rochefort, Clerk of the Board

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

No changes were made to the agenda.

4. INPUT – AUDIENCE

No public comment was received.

5. APPROVAL OF MINUTES OF: 11/19/2015

Director Chamblin & Director Jellinek approved the November 19, 2015 Finance Committee minutes.

6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Financial Reports:

6.1.1. Financial Report – December 2015

December was a solid month. Working Capital cash decreased \$1,892,000.

TFHD transferred \$1,218,000 to the state for IGT which the state will then transfer to the Federal Government. The District should get over 2mm back from this complex process.

Payroll accrual went down 1.4 mm because January 1, 2016 was a holiday so pay period hit December. December was a three pay period month.

Currently have third Jacobus person in the Director of Revenue Cycle position but do have a strong candidate for Director of Revenue Cycle that will be interviewed this week.

Director Chamblin inquired about a disparity in FTE shown on the ratios sheet presented at January 19, 2016 Special Board Meeting. This disparity is mainly due to bargaining unit agreements, longevity of employees which drives up cost of benefits, not a lot of turnover in staff at TFHD, and higher cost of living in this area.

Discussion was held on cash AR. Currently, there is a coder out on medical. Billing has not been able to drop bills. Cash collections are not meeting goal. Will see benefit from computer assisted coding program.

GO Bond project fund has 6.5 mm remaining. The District will need to dip into cash reserves because of changes orders. CFO already factored into cash flows.

Cash investments are up .4%.

CFO reviewed the following Key Financial Indicators on the Statement of Net Position:

- Return on Equity increased 4.8%
- Days in AR was at 60
- Days Cash on Hand was at 163
- AR over 120 days was 17%
- Debt Service Coverage is good – 3.44 without GO Bond

Discussion took place on computer assisted coding and outsourcing of coding. Coding will become more of audit function in the future. The District is not looking to eliminate any positions. TFHD scores high on coding audit.

CFO heard back from Clear Balance and they have agreed to extend timeframe of when we provide the audit to them. Clear Balance is drafting a contract. Project will begin when new Director of Revenue Cycle is employed.

Gross revenue is \$2,132,349 higher than budget.

Payor mix was outstanding. The District saw a 7.8% increase in Commercial.

Self pay AR have dropped dramatically over last two years. Still working on bad debt number. Director Jellinek inquired where bad debt is coming from. Still have some charity care.

Discussion was held on employee medical insurance. CFO provided CHRO with board member questions about claims. Medical costs have climbed over the last few years. TFHD switched to Keenan because the District had been observing the rise in medical costs. As self-insured providers, we have stop loss coverage. The District had 7 or 8 very large claims during the last fiscal year. Medical is going through Anthem Blue Cross network now.

Supplies were over budget. The majority of the overage was pharmacy and medical supply costs. This is expected when volume is higher.

There was an unusual spike in linen. CFO is trying to find out why there was an increase.

Discussion took place on expenses. Chiller went out at IVCH. CFO asked controller to capitalize expense.

EBIDA 1.7mm better than budget.

CFO reviewed key indicators on Statement of Revenues, Expenses and Changes in Net Position.

CEO and CFO working on key areas to offer discounted cash pricing to see if that will help reduce out

migration.

Research data on outpatient out migration is weak. Better data exists from inpatient data. Judy reminded the Committee about standard of care and services we do not offer (i.e. heart attack patients have to go to Reno for cath lab). The District has an opportunity to capture general surgery back. TFHD wants to be the best at what they do.

CFO reviewed IVCH Statement of Revenue and Expense for December 2015.

Director Chamblin inquired how EHR upgrade would be paid for. Discussion was held. CFO is waiting for final numbers before projecting cash flows.

6.1.2. Quarterly Review Financial Status of Separate Entities

CFO reviewed the quarterly financial status of the following entities:

- Home Health & Hospice (combined)
- Children's Center
- Occupational Health
- Health Clinic
- Retail Pharmacy (saw a loss but it is still beneficial to operate retail pharmacy)
- Tahoe Center for Health and Sport Performance (did \$137,999 better than budget)
- Fitness Center (wellness bank)
- Education/Wellness (will eventually roll in Wellness Neighborhood)
- Occupational health testing (not as much historical, Wendy is reaching out to local providers to grow program.)
- Overall TCHSP (better than budget)
- Cancer Program
- Medical Oncology (better than budget)
- Oncology Professional Fees (loss)
- Oncology Lab (way over budget, year over year trends important to look at)
- Radiation Oncology (better than budget)
- Total Cancer Program (408k better than budget, CEO highlighted units up 50%, should be highlighted to community)

Discussion took place on cancer program in-migration. CEO would like to market to physicians that can refer to Cancer Center.

6.1.3. Quarterly Review of Revenue Payor Mix

CFO reviewed Revenue Payor Mix.

Medicare and Commercial payor mix were both up for inpatient. A slight uptick in Commercial and Medi-Cal and small decrease in Medicare was seen for outpatient.

6.1.4. TIRHR Expenditure Report

CFO contacted attorney for amendments on Board approved increases to line of credit.

Discussion on past salaries and wages was held.

Discussion was held on payment of grant back to UC Davis.

6.2. Board Education and Updates

CFO reached out to Gary Hicks regarding investment opportunities for the District. Mr. Hicks referred CFO to CDARS program (fire, school district, special districts) which is way to investment in multiple CDs at one time. Investments are FDIC insured and each institution has its own rate structure and does not charge fees. Financial institution has to participate in CDARS program and then they go to Bank of NY Mellon to execute opening the CD's. CFO is currently investigating program.

Some counties have investment opportunities available as well.

7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

8. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING

Next finance meeting will be longer due to review of audits for Foundations.

9. NEXT MEETING DATE

Finance Committee is tentatively set for Monday, February 22, 2016.

10. ADJOURN

Meeting was adjourned at 10:57 a.m.



Board Informational

Board Informational Report

By: Crystal Betts
Chief Financial Officer

DATE: February 19, 2016

Refunding of the 2010 General Obligation Bonds

On August 3, 2010, the District issued its Tahoe Forest Hospital District General Obligation Bonds, Election of 2007, Series B (2010), in the original principal amount of \$43,000,000, of which \$42,785,000 principal amount remains outstanding (the "2010 Bonds"). The 2010 Bonds have a final maturity of August 1, 2040, with interest rates ranging from 4.00% to 5.50%. The 2010 Bonds funded the remodeling, expansion, improvement and equipping of health facilities owned and operated by the District located in Truckee, California.

On February 24, 2016, the Board of Directors will be asked to consider approving an Initial Resolution to authorize certain officers of the District to initiate the commencement of actions that could lead to the refunding of the 2010 Bonds by issuing 2016 General Obligation Refunding Bonds through a public sale or private placement. Final approval of any proposed refunding of the 2010 Bonds will be subject to future Board approval with the stipulation that the present value savings to be realized by the District with respect to a refunding of the 2010 Bonds must generate a minimum of 5% net present value savings as a percentage of the outstanding principal balance of the 2010 Bonds and the final maturity date of the 2016 General Obligation Refunding Bonds will not be any later than the final maturity date of the 2010 Bonds.

In March of 2015, when the District issued its 2015 General Obligation Refunding Bonds it received an Aa3 rating from Moody's Investors Service. Given the recent stabilization of the District's operating performance we would expect this Aa3 rating to remain for the District should it ultimately elect to issue the 2016 General Obligation Refunding Bonds as a public sale.

As occurred with the issuance of the 2015 General Obligation Refunding Bonds, a public offering and private placement of the 2016 General Obligation Refunding Bonds will be evaluated based on current market conditions and circumstances. Ultimately, a public offering was pursued for the issuance of the 2015 General Obligation Refunding Bonds even though a private placement

with Western Alliance Public Finance was pursued for the issuance of the 2015 Revenue Refunding Bonds.

Refunding of the 2010 General Obligation Bonds (continued)

Based on a preliminary analysis of the proposed refunding, a net savings of \$8.08 million and a net present value savings \$5.87 million (13.72% net present value savings as a percentage of the par amount of the 2010 Bonds outstanding), is estimated. This estimated savings level exceeds the 5% savings required in resolutions passed by this Board of Directors with refundings that occurred in 2015. As mentioned earlier, the final maturity of the 2016 General Obligation Refunding Bonds would not exceed the final maturity of the 2010 Bonds being refunded.

If you elect to proceed with the proposed refunding and the refunding is completed, redemption of the 2010 Bonds would not occur until August 1, 2018 (the first optional call date for the 2010 Bonds). During the interim period from the issuance of the 2016 General Obligation Refunding Bonds (estimated to occur on or about May 3, 2016) and the redemption date of the 2010 Bonds on August 1, 2018, the 2010 Bonds would be legally defeased through a defeasance escrow (comprised of treasury obligations purchased with proceeds of the 2016 General Obligation Refunding Bonds) held by US Bank as Escrow Agent for the District. This “advance refunding” would allow the District to refund the 2010 Bonds prior to their redemption date and realize debt service savings based upon current low interest rates over the life of the 2010 Bonds.

\$45,100,000.00

Tahoe Forest Hospital District
General Obligation Refunding Bonds, Election of 2007
2016 Refunding 2010 Bonds

Debt Service Comparison

Date	Total P+i	Net New D/S	Old Net D/S	Savings
08/01/2016	1,039,225.00	1,039,225.00	1,363,837.50	324,612.50
08/01/2017	2,180,050.00	2,180,050.00	2,501,475.00	321,425.00
08/01/2018	2,238,550.00	2,238,550.00	2,562,675.00	324,125.00
08/01/2019	2,301,050.00	2,301,050.00	2,625,875.00	324,825.00
08/01/2020	2,368,050.00	2,368,050.00	2,690,875.00	322,825.00
08/01/2021	2,427,150.00	2,427,150.00	2,752,475.00	325,325.00
08/01/2022	2,501,050.00	2,501,050.00	2,825,675.00	324,625.00
08/01/2023	2,571,650.00	2,571,650.00	2,894,875.00	323,225.00
08/01/2024	2,637,800.00	2,637,800.00	2,961,375.00	323,575.00
08/01/2025	2,706,800.00	2,706,800.00	3,027,375.00	320,575.00
08/01/2026	2,766,200.00	2,766,200.00	3,087,150.00	320,950.00
08/01/2027	2,826,200.00	2,826,200.00	3,150,325.00	324,125.00
08/01/2028	2,891,700.00	2,891,700.00	3,216,350.00	324,650.00
08/01/2029	2,966,500.00	2,966,500.00	3,290,812.50	324,312.50
08/01/2030	3,045,700.00	3,045,700.00	3,368,387.50	322,687.50
08/01/2031	3,123,900.00	3,123,900.00	3,448,600.00	324,700.00
08/01/2032	3,195,150.00	3,195,150.00	3,516,350.00	321,200.00
08/01/2033	3,267,650.00	3,267,650.00	3,589,475.00	321,825.00
08/01/2034	3,335,950.00	3,335,950.00	3,657,150.00	321,200.00
08/01/2035	3,405,050.00	3,405,050.00	3,729,100.00	324,050.00
08/01/2036	3,474,800.00	3,474,800.00	3,799,500.00	324,700.00
08/01/2037	3,566,800.00	3,566,800.00	3,887,500.00	320,700.00
08/01/2038	3,655,600.00	3,655,600.00	3,978,750.00	323,150.00
08/01/2039	3,746,000.00	3,746,000.00	4,067,500.00	321,500.00
08/01/2040	3,837,600.00	3,837,600.00	4,163,250.00	325,650.00
Total	\$72,076,175.00	\$72,076,175.00	\$80,156,712.50	\$8,080,537.50

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	5,866,582.40
Net PV Cashflow Savings @ 2.905%(Bond Yield)	5,866,582.40
Contingency or Rounding Amount	4,355.92
Net Present Value Benefit	\$5,870,938.32
Net PV Benefit / \$42,785,000 Refunded Principal	13.722%
Net PV Benefit / \$45,100,000 Refunding Principal	13.018%

Refunding Bond Information

Refunding Dated Date	6/01/2016
Refunding Delivery Date	6/01/2016

\$45,100,000.00

Tahoe Forest Hospital District
General Obligation Refunding Bonds, Election of 2007
2016 Refunding 2010 Bonds

Sources & Uses

Dated 06/01/2016 | Delivered 06/01/2016

Sources Of Funds

Par Amount of Bonds	\$45,100,000.00
Reoffering Premium	2,831,423.60
Total Sources	\$47,931,423.60

Uses Of Funds

Total Underwriter's Discount (0.718%)	324,026.30
Costs of Issuance	300,000.00
Deposit to Net Cash Escrow Fund	47,303,041.38
Rounding Amount	4,355.92
Total Uses	\$47,931,423.60

**TAHOE FOREST HOSPITAL DISTRICT
COSTS OF ISSUANCE - 2016 GENERAL OBLIGATION BONDS**

	Budget	Actual	Variance	Actual Costs of Issuance		Total
	(\$45,000,000)	(\$45,000,000)		Paid by TFHD	Paid by US Bank	
Bond counsel	\$45,000.00					
District counsel	5,000.00					
Disclosure counsel	25,000.00					
Financial advisor	97,000.00					
Paying agent	2,000.00					
Escrow agent	1,000.00					
Official statement printer	2,000.00					
Rating	28,000.00					
Bidding agent	3,000.00					
Auditor's consent	5,000.00					
Cal Muni Statistics	1,500.00					
Verification agent	2,500.00					
Miscellaneous	8,000.00					
Total costs of issuance	\$225,000.00	\$0.00	-	\$0.00	\$0.00	\$0.00
As a percent of par	0.50%	0.00%				

TAHOE FOREST HOSPITAL DISTRICT

RESOLUTION NO. ____

RESOLUTION OF THE BOARD OF DIRECTORS OF TAHOE FOREST HOSPITAL DISTRICT AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS IN CONNECTION WITH THE PROPOSED ISSUANCE OF BONDS TO REFUND THE OUTSTANDING TAHOE FOREST HOSPITAL DISTRICT (PLACER AND NEVADA COUNTIES, CALIFORNIA) GENERAL OBLIGATION BONDS, ELECTION OF 2007, SERIES B (2010), RETAINING A FINANCIAL ADVISOR AND A BOND COUNSEL AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

RESOLVED, by the Board of Directors (the "Board") of Tahoe Forest Hospital District (the "District"):

WHEREAS, the District has been informed that, based on prevailing interest rates in the municipal bond market, there is an opportunity to refund its outstanding Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series B (2010), by the issuance and sale of general obligation refunding bonds for debt service savings (the "Refunding Bonds");

WHEREAS, it is appropriate that the Board formally appoint a financial advisor and bond counsel in connection with the execution and delivery of the Refunding Bonds;

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

Section 1. The Board authorizes appropriate officers and officials of the District to proceed with the preparation of the necessary documents in connection with the issuance and sale of the Refunding Bonds, subject to the final approval thereof by the Board at a subsequent meeting.

Section 2. G.L. Hicks Financial LLC, is hereby designated as financial advisor to the District in connection with the issuance and sale of the Refunding Bonds, the compensation for such services to be negotiated by the chief executive officer, the chief financial officer or other appropriate officer or official of the District.

Section 3. Quint & Thimmig LLP, is hereby designated as bond counsel to the District in connection with the issuance and sale of the Refunding Bonds, the compensation for such services to be negotiated by the chief executive officer, the chief financial officer or other appropriate officer or official of the District.

Section 4. All actions of the officers, agents and employees of the District that are in conformity with the purposes and intent of this resolution, whether taken before or after the adoption hereof, are hereby ratified, confirmed and adopted.

Section 5. The chief executive officer, the chief financial officer and other appropriate officers and officials of the District are hereby authorized and directed to take such action and to execute such documents as may be necessary or desirable to effectuate the intent of this resolution.

Section 6. This resolution shall be in full force and effect immediately upon its adoption.

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Directors of Tahoe Forest Hospital District held on the 24th day of February, 2016, by the following vote:

AYES, and in favor of, Board Members:

NOES, Board Members:

ABSENT, Board Members:

By _____
Secretary

Tahoe Forest Multi-Specialty Clinics
Second Quarter Report to the Finance Committee and Board
FY 2016 Year-to-Date (July 2015 – Dec 2015)
February 16, 2015

Total Operations. In the first half of FY 2016, Work Relative Value Units (WRVUs) decreased by 2% relative to the first half of FY 2015. However, gross charges were 5% higher, and net revenue was 2% higher. Other operating revenue was 92% lower; however this is primarily a function of the timing of meaningful use payments, which we expect to receive in the third quarter. Provider expense was 6% higher, clinic operating expense was 1% higher and the overall net loss was 15% higher.

- Provider FTEs decreased from 16.51 to 15.23 with the retirement of Bev Mustain (NP), the transition of the Incline NP from the MSC to the Health Clinic, and departure of Dr. Osgood (orthopedic surgery) from the Incline Clinic. This resulted in a 27% decrease in WRVUs generated by the MSC's physician extenders. The internists' RVUs decreased by 1%. The internists' schedules are quite full, creating challenges for patient access to adult primary care. In January, we added Samantha Smith 3 days per week in the Internal Medicine / Cardiology office, partially replacing Bev Mustain, who had been working full time. We are seeking to add another full-time extender in the IM/Cardiology office. In addition, we anticipate that Dr. Celia Sutton-Pado will be ready to work two days per week in the Incline Clinic by the start of the fourth quarter. We are evaluating the need for an additional internist as well.
- WRVU growth was noted in General Surgery (9%), Pediatrics (5%), Sports Medicine (5%), Neurology (4%) and Gastroenterology (3%). Decreases in WRVU volumes were noted in Audiology (29%), Nephrology (16%), and ENT (7%).
- Physician fees increased by 11%. Part of this increase is due to the holdover during the first six months of FY 15 of the physician contracts on the FY 14 compensation platform. Thus the increase reflects a two-year jump, along with the extension of the 15% benefit differential to the handful of physicians whose previous contract did not include it. This was partially offset by a 38% favorable variance in extender salaries and benefits related to the decrease in NP FTEs. As a result, overall provider expense increased by only 6%.
- Total clinic operating expenses were 1% higher than the prior year, with most of the increase in medical supplies and drugs. Salaries were down by 7% year over year due partially to the replacement of two management positions (Director of Operations and one Supervisor) with line staff. However in addition, the staff in the authorization department was moved from the MSC to the scheduling department in order to both improve efficiency and cross-training and to provide more seamless service to the patients. Benefit cost was down by 18%, in part due to the decrease in FTEs, but benefits could increase later in the year as accounts such as the self-insured health insurance are reviewed and trued up.
- Clinic support FTEs were 4% lower than prior year and provider FTEs were 8% lower than prior year, resulting in an FTE per provider ratio of 2.76, which was 4% higher than the prior year, but still well below the median of 3.16 reported in the 2013 MGMA Cost Survey for multispecialty groups with primary and specialty care.

Individual Clinic Highlights

ENT / Audiology / Allergy Clinic. Work RVUs in the ENT Clinic decreased by 20% year over year. This included a 7% decrease for Dr. Chase and a 29% decrease for the audiologists. Dr. Forner worked in the ENT clinic one day per week throughout the first half of FY 15, but was in Sports Medicine and Internal Medicine / Cardiology in the first half of FY 16. Gross charges decreased by 12%, but net revenue decreased by 27%. The net revenue decrease was largely driven by a significant change in payer mix, with Medi-Cal increasing from 16.8% to 27.3% of charges and Medicare (a favorable payer for the MSC) decreasing from 27.6% to 22.6%.

Provider expense in this clinic decreased by 3%. The transfer of Dr. Forner's time and expense to other clinics and the decrease in Dr. Chase's production more than offset the increase in compensation rates under the FY 16 contract.

Clinic operating expenses increased 6%, with an 89% increase in medical supplies and drugs, primarily related to hearing aids.

Internal Medicine / Pulmonology. Overall, Work RVUs in the Internal Medicine / Pulmonology clinic decreased by 5% relative to prior year. Dr. Tirdel's Work RVUs decreased 12%, which appears to be largely related to a December vacation. Although Lisa Beck's RVUs increased 25%, this did not compensate for the elimination of Bev Mustain's RVUs following her July retirement.

Provider expense was 11% lower than the same period in the prior year, with Dr. Tirdel's contract increase more than offset by the combination of his decreased production and the reduction in midlevel FTE and expense.

Operating expenses in the clinic show a 23% increase relative to prior year. There was a near doubling of expenses for medical supplies and drugs. However this figure is somewhat overstated; in the first half of FY 15, several flu vaccine invoices were inadvertently charged in their entirety to the pediatrics clinic, when they should have been allocated to other clinics. This error was identified and corrected later in the year, but the impact is that FY 15 pharmaceutical expense was understated in the IM/Pulmonology and IM/Cardiology clinics and overstated in the Pediatrics clinic.

Internal Medicine / Cardiology. Clinic overhead costs were allocated between Internal Medicine / Cardiology and GI / General Surgery for the purpose of this report. In November, Drs. Cooper, Conyers and Schaffer moved into a separate clinic location in the Medical Office Building, so all expenses will be charged directly going forward.

Total WRVUs were 3% lower in the Internal Medicine / Cardiology clinic than prior year, with the transfer of Lisa Beck's 0.4 FTE to IM/Pulmonology more than offsetting the 14% increase for Dr. Lombard and the transfer of Dr. Forner to this clinic in mid-November.

Gross charges were 18% higher, and net revenue was 16% higher than prior year. Provider expense was 9% higher, with the increase in physician contracts being offset by the reduced NP costs.

Clinic operating expenses were 17% higher than prior year, but like in the IM/Pulmonology clinic, the pharmaceutical cost in the prior year is understated.

Pediatrics. Work RVUs in the pediatric clinic were 5% higher than prior year, gross charges were 3% higher and net revenue was 7% higher.

Provider expense increased by 17% as a result of the increase in WRVU production, coupled with the update of the physician contracts to the FY 16 platform. Salaries and wages increased by 25% year over year, due to the addition of a staff nurse and increases in both front and back office staffing to better support the physicians in this clinic. Medical supplies and drugs show a decline of 9%, but this is due to the overstatement of vaccine cost in the prior year as described previously.

GI / General Surgery. Work RVUs in the GI / General Surgery clinic increased by 6% year over year. Gross charges increased by 7% but the net revenue actually decreased by 9%.

Provider expense increased by 9%, with the update of the contract and Dr. Schaffer's increased productivity. Salaries and wages show a 25% increase. This is partially attributable to a 2.7 FTE (22%) increase in support staffing for the consolidated IM/Cardiology and GI/General Surgery clinics, and partially to the fact that a greater share of the combined expense was allocated to GI/General Surgery. Staffing expenses are allocated on the basis of provider FTEs and the provider FTEs decreased slightly in the IM/Cardiology clinic due to the vacancy in the NP position.

Incline Village. Work RVUs in the Incline Village clinic were 31% lower than prior year, due to the departure of Dr. Osgood and the transfer of the NP FTE to the Health Clinic. Only the WRVUs, revenues and expenses associated with part-time work of Drs. Vayner and Scholnick are currently attributed to this clinic.

Gross charges were only 13% lower due to an increase in immunizations, particularly amongst the Medicare population, that helped offset the decrease in surgeries and office visits. Net revenues were 11% lower.

Provider expense was 18% lower than the prior year. Clinic expenses were 56% lower than the same period in the prior year, due to the sharing of space and staffing with the Health Clinic.

Sports Medicine. Work RVUs in the Sports Medicine clinic were 10% higher than prior year. In addition to a 5% increase in Dr. Winans' RVUs, Dr. Forner (neurology) shifted from one day each in the ENT and Sports Medicine Clinic to two days per week in Sports Medicine until mid-November when he moved 100% of his work to Internal Medicine / Cardiology. As a direct result of the growth, charges were 14% higher and net revenue were 15% higher, provider expense was 33% higher, and clinic operating expenses were 7% higher than the prior year. The net operating margin decreased but remains positive.

Tahoe Forest MSC - RVU Summary

For the period July 2015 - Dec 2015 with comparison to prior year and contract targets

<u>PROVIDER</u>	<u>CLINIC(S)</u>	<u>Actual</u>	<u>Prior Yr</u>	<u>Actual as % of Prior Yr</u>	<u>Target</u>	<u>Actual as % of Target</u>
PRIMARY CARE PROVIDERS (Including Internists with subspecialty)						
INTERNAL MEDICINE						
Burkholder (IM)	IMCARD	1,970	1,967	100.1%	1,706	115.5%
Lombard (IM / Cardiology)	IMCARD	2,508	2,199	114.1%	2,228	112.6%
Scholnick (IM / Cardiology)	IMCARD, INCLINE	3,058	3,061	99.9%	2,228	137.3%
TirdeI (IM / Pulmonology)	IMPULM	2,898	3,279	88.4%	2,496	116.1%
SUBTOTAL - INTERNAL MEDICINE		<u>10,434</u>	<u>10,505</u>	<u>99.3%</u>	<u>8,658</u>	<u>120.5%</u>
PEDIATRICS						
Arth	PEDS	2,208	2,014	109.6%	1,785	123.7%
Brown	PEDS	2,109	2,397	88.0%	1,785	118.2%
Uglum	PEDS	2,216	1,990	111.4%	1,785	124.2%
Vayner	PEDS, INCLINE	2,350	2,040	115.2%	1,785	131.6%
SUBTOTAL - PEDIATRICS		<u>8,883</u>	<u>8,441</u>	<u>105.2%</u>	<u>7,140</u>	<u>124.4%</u>
PHYSICIAN EXTENDERS						
Beck (PA)	IMCARD, IMPULM	1,744	1,401	124.5%	<i>n/a - salaried</i>	
Lang-Ree (PNP)	PEDS	693	661	104.8%	<i>n/a - salaried</i>	
Mustain (NP)	IMPULM	150	1,138	13.2%	<i>n/a - salaried</i>	
Smith (NP)	INCLINE	-	329	0.0%	<i>n/a - salaried</i>	
SUBTOTAL - PHYSICIAN EXTENDERS		<u>2,587</u>	<u>3,528</u>	<u>73.3%</u>		
SUBTOTAL - PRIMARY CARE PROVIDERS		<u>21,904</u>	<u>22,475</u>	<u>97.5%</u>		
SPECIALISTS						
GENERAL SURGERY						
Conyers	GI/GS	2,088	2,041	102.3%	2,504	83.4%
Cooper	GI/GS	2,173	1,888	115.1%	2,504	86.8%
SUBTOTAL - GENERAL SURGERY		<u>4,262</u>	<u>3,928</u>	<u>108.5%</u>	<u>5,007</u>	<u>85.1%</u>
NEPHROLOGY						
Clark	IMCARD	31	26	117.3%	<i>n/a - paid on production</i>	
Quigley	IMCARD	31	47	65.8%	<i>n/a - paid on production</i>	
SUBTOTAL - NEPHROLOGY		<u>62</u>	<u>74</u>	<u>84.3%</u>		
AUDIOLOGY						
Hodes	ENT	131	203	64.5%	<i>n/a - paid on production</i>	
Johnson	ENT	-	46	0.0%	<i>n/a - paid on production</i>	
Schellin	ENT	101	77	131.3%	<i>n/a - paid on production</i>	
SUBTOTAL - AUDIOLOGY		<u>232</u>	<u>326</u>	<u>71.2%</u>		
SINGLE PROVIDER SPECIALTIES PAID ON BASE PLUS PRODUCTION BONUS						
Chase (ENT)	ENT	2,475	2,663	92.9%	2,078	119.1%
Osgood (Orthopedic Surgery)	INCLINE	-	467	0.0%	-	0.0%
Schaffer (Gastroenterology)	GI/GS	2,787	2,716	102.6%	2,132	130.7%
Winans (Sports Medicine)	SPORTS	1,470	1,402	104.8%	1,044	140.9%
SUBTOTAL - SINGLE PROVIDER SPECIALTIES ON BASE/BONUS		<u>6,731</u>	<u>7,248</u>	<u>92.9%</u>	<u>5,253</u>	<u>128.1%</u>
SINGLE PROVIDER SPECIALTIES PAID ON PRODUCTION BASIS						
Fornier (Neurology)	ENT, SPORTS	1,234	1,188	103.9%	<i>n/a - paid on production</i>	
Hardy (Pediatric Pulmonology)	PEDS	42	50	84.9%	<i>n/a - paid on production</i>	
SUBTOTAL - SINGLE PROVIDER SPECIALTIES		<u>1,277</u>	<u>1,238</u>	<u>103.1%</u>		

Tahoe Forest MSC - RVU Summary

For the period July 2015 - Dec 2015 with comparison to prior year and contract targets

<u>PROVIDER</u>	<u>CLINIC(S)</u>	<u>Actual</u>	<u>Prior Yr</u>	<u>Actual as % of Prior Yr</u>	<u>Target</u>	<u>Actual as % of Target</u>
SUBTOTAL - SPECIALISTS		<u>12,564</u>	<u>12,814</u>	98.0%		
GRAND TOTAL		<u>34,468</u>	<u>35,289</u>	97.7%		
SUMMARY BY CLINIC						
ENT		2,707	3,403	79.5%		
GI / GENERAL SURGERY		7,048	6,644	106.1%		
INCLINE VILLAGE		1,528	2,228	68.6%		
INTERNAL MEDICINE / CARDIOLOGY		6,971	7,177	97.1%		
INTERNAL MEDICINE / PULMONOLOGY		4,790	5,037	95.1%		
PEDIATRICS		9,029	8,624	104.7%		
SPORTS MEDICINE		<u>2,395</u>	<u>2,176</u>	<u>110.1%</u>		
GRAND TOTAL		<u>34,468</u>	<u>35,289</u>	97.7%		

FY 16 MSC Income Statement July 2015 - Dec 2015 with comparison to Prior Year and Budget
Clinic Roll-up

	ENT / Allergy / Audiology Clinic					Internal Medicine / Pulmonology Clinic (MOB Suite 260)					Internal Medicine / Cardiology Clinic (Gateway)				
	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud
Revenue															
Gross Charges	566,112	644,179	88%	629,743	90%	824,875	742,830	111%	824,490	100%	1,289,703	1,095,362	118%	1,193,111	108%
Contractual Allowances	(295,127)	(270,558)	109%	(302,285)	98%	(321,344)	(286,427)	112%	(323,641)	99%	(544,467)	(450,686)	121%	(506,532)	107%
Net revenue	270,985	373,621	73%	327,458	83%	503,531	456,403	110%	500,849	101%	745,236	644,676	116%	686,579	109%
Other operating revenue	-	16,787	0%	-		-	11,437	0%	-		-	30,454	0%	-	
Provider expense															
Physician fees	212,625	218,935	97%	189,095	112%	184,157	175,692	105%	161,272	114%	457,645	384,957	119%	345,702	132%
Non-physician salaries/benefits	-	-		11,520	0%	80,797	120,481	67%	95,272	85%	8,528	42,737	20%	13,476	63%
Total provider expense	212,625	218,935	97%	200,615	106%	264,954	296,174	89%	256,544	103%	466,172	427,694	109%	359,178	130%
Clinic Operating Expenses:															
Salaries and wages	77,264	70,587	109%	65,634	118%	103,790	92,482	112%	104,802	99%	144,959	131,222	110%	182,203	80%
Benefits	31,119	47,546	65%	23,992	130%	40,937	36,679	112%	43,470	94%	63,217	70,718	89%	68,575	92%
Admin services & supplies	19,071	19,711	97%	22,238	86%	22,257	35,542	63%	33,486	66%	24,725	27,862	89%	25,752	96%
Medical supplies & drugs	39,651	20,935	189%	17,737	224%	77,469	39,140	198%	28,770	269%	68,572	18,517	370%	25,455	269%
Building Rent / Utilities	30,104	28,878	104%	30,310	99%	40,141	26,368	152%	29,214	137%	34,494	36,558	94%	35,504	97%
Other operating expense	3,018	1,642	184%	2,304	131%	8,762	7,842	112%	9,704	90%	2,836	3,748	76%	7,313	39%
Total clinic operating expenses	200,227	189,299	106%	162,215	123%	293,355	238,052	123%	249,447	118%	338,803	288,624	117%	344,801	98%
Net operating margin	(141,866)	(17,826)	796%	(35,372)	401%	(54,779)	(66,386)	83%	(5,142)	1065%	(59,739)	(41,188)	145%	(17,401)	343%
Allocation of administrative overhead	(46,820)	(81,866)		(60,112)		(86,999)	(100,005)		(91,941)		(128,761)	(141,259)		(126,036)	
Net profit (loss)	(188,687)	(99,692)	189%	(95,484)	198%	(141,778)	(166,392)	85%	(97,083)	146%	(188,500)	(182,447)	103%	(143,437)	131%
Ratios:															
Provider cost as % net revenue	78%	59%		61%		53%	65%		51%		63%	66%		52%	
Clinic op cost as % net revenue	74%	51%		50%		58%	52%		50%		45%	45%		50%	
Overhead cost as % net revenue	17%	22%		18%		17%	22%		18%		17%	22%		18%	
Clinic support FTEs	3.91	4.03	97%	3.20	122%	4.53	5.09	89%	5.00	91%	7.52	6.51	115%	5.80	130%
Provider FTEs	1.38	1.58	87%	1.63	85%	1.91	2.43	79%	2.10	91%	2.98	3.20	93%	2.84	105%
Clinic support FTEs per provider	2.84	2.55	111%	1.96	144%	2.38	2.10	113%	2.38	100%	2.53	2.04	124%	2.05	123%
Payer Mix															
Medicare	22.6%	27.6%				45.5%	41.6%				57.4%	50.4%			
Medicaid / Medi-Cal	27.3%	16.8%				11.1%	9.8%				10.3%	11.4%			
Commercial	46.4%	49.2%				42.1%	46.9%				31.2%	36.6%			
Self Pay	3.6%	6.4%				1.3%	1.7%				1.1%	1.6%			

FY 16 MSC Income Statement July 2015 - Dec 2015 with comparison to Prior Year and Budget
 Clinic Roll-up (Page 2)

	Pediatrics Clinic					GI / General Surgery Clinic (Gateway)					Incline Village Clinic (Family Practice)				
	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud
Revenue															
Gross Charges	2,276,157	2,208,684	103%	2,200,758	103%	1,186,054	1,107,071	107%	1,168,022	102%	339,868	390,314	87%	268,331	127%
Contractual Allowances	(1,455,660)	(1,439,550)	101%	(1,451,790)	100%	(711,000)	(584,680)	122%	(646,459)	110%	(120,889)	(144,846)	83%	(103,359)	117%
Net revenue	820,497	769,134	107%	748,968	110%	475,054	522,391	91%	521,564	91%	218,979	245,468	89%	164,973	133%
Other operating revenue	-	-		-		8,624	33,575	26%	-		-	5,326	0%	-	
Provider expense															
Physician fees	426,483	359,215	119%	352,628	121%	578,843	532,775	109%	534,939	108%	155,749	175,549	89%	67,853	230%
Non-physician salaries/benefits	51,165	48,061	106%	51,609	99%	-	-		-		-	14,247	0%	-	
Total provider expense	477,648	407,276	117%	404,237	118%	578,843	532,775	109%	534,939	108%	155,749	189,795	82%	67,853	230%
Clinic Operating Expenses:															
Salaries and wages	217,908	174,730	125%	251,461	87%	139,010	111,558	125%	104,392	133%	10,723	54,043	20%	41,053	26%
Benefits	100,788	93,601	108%	122,376	82%	59,144	56,769	104%	72,538	82%	17,896	27,825	64%	23,487	76%
Admin services & supplies	57,422	61,004	94%	60,852	94%	26,318	26,253	100%	27,203	97%	4,402	7,463	59%	7,616	58%
Medical supplies & drugs	170,554	186,407	91%	194,720	88%	70,641	17,372	407%	26,889	263%	20,740	30,984	67%	31,586	66%
Building Rent / Utilities	39,608	40,469	98%	40,382	98%	36,432	34,435	106%	37,504	97%	4,233	7,983	53%	7,803	54%
Other operating expense	5,883	5,403	109%	10,158	58%	3,051	3,580	85%	7,725	40%	440	5,448	8%	4,260	10%
Total clinic operating expenses	592,163	561,613	105%	679,948	87%	334,597	249,967	134%	276,250	121%	58,434	133,746	44%	115,805	50%
Net operating margin	(249,314)	(199,755)	125%	(335,218)	74%	(429,762)	(226,777)	190%	(289,625)	148%	4,796	(72,747)	-7%	(18,685)	-26%
Allocation of administrative overhead	(141,764)	(168,530)		(137,489)		(82,079)	(114,464)		(95,744)		(37,835)	(53,786)		(30,284)	
Net profit (loss)	(391,078)	(368,285)	106%	(472,706)	83%	(511,842)	(341,241)	150%	(385,369)	133%	(33,039)	(126,533)	26%	(48,969)	67%
Ratios:															
Provider cost as % net revenue	58%	53%		54%		122%	102%		103%		71%	77%		41%	
Clinic op cost as % net revenue	72%	73%		91%		70%	48%		53%		27%	54%		70%	
Overhead cost as % net revenue	17%	22%		18%		17%	22%		18%		17%	22%		18%	
Clinic support FTEs	11.20	8.98	125%	11.00	102%	7.50	5.81	129%	6.75	111%	0.54	2.50	22%	2.20	25%
Provider FTEs	4.34	4.33	100%	4.38	99%	3.00	3.00	100%	3.00	100%	0.61	1.04	59%	0.63	98%
Clinic support FTEs per provider	2.58	2.07	124%	2.51	103%	2.50	1.94	129%	2.25	111%	0.88	2.41	37%	3.52	25%
Payor Mix															
Medicare	0.4%	0.4%				33.3%	34.6%				41.9%	34.9%			
Medicaid / Medi-Cal	45.9%	48.7%				15.5%	14.9%				11.5%	11.8%			
Commercial	52.7%	50.0%				49.8%	49.6%				44.4%	51.3%			
Self Pay	1.1%	0.8%				1.4%	0.9%				2.2%	2.0%			

FY 16 MSC Income Statement July 2015 - Dec 2015 with comparison to Prior Year and Budget
Clinic Roll-up (Page 3)

	Sports Medicine / Neurology					Administration					Total				
	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud
Revenue															
Gross Charges	423,779	371,678	114%	318,082	133%						6,906,547	6,560,118	105%	6,602,537	105%
Contractual Allowances	(180,371)	(160,079)	113%	(144,659)	125%						(3,628,857)	(3,336,826)	109%	(3,478,725)	104%
Net revenue	243,408	211,599	115%	173,423	140%						3,277,690	3,223,292	102%	3,123,812	105%
Other operating revenue	-	16,787	0%	-							8,624	114,366	8%	-	
Provider expense															
Physician fees	158,352	119,193	133%	140,290	113%	4,775	1,350	354%	4,800	99%	2,178,629	1,967,667	111%	1,796,578	121%
Non-physician salaries/benefits	-	-		-		-	-		-		140,490	225,525	62%	171,878	82%
Total provider expense	158,352	119,193	133%	140,290	113%	4,775	1,350		4,800		2,319,119	2,193,192	106%	1,968,455	118%
Clinic Operating Expenses:															
Salaries and wages	36,529	35,430	103%	64,412	57%	223,231	359,132	62%	254,456	88%	953,414	1,029,184	93%	1,068,412	89%
Benefits	28,284	16,014	177%	36,208	78%	68,457	148,579	46%	78,707	87%	409,842	497,731	82%	469,353	87%
Admin services & supplies	7,138	8,796	81%	9,425	76%	221,051	155,240	142%	184,751	120%	382,383	341,870	112%	371,323	103%
Medical supplies & drugs	10,761	15,337	70%	19,770	54%	-	104	0%	92	0%	458,388	328,796	139%	345,018	133%
Building Rent / Utilities	-	180	0%	540	0%	37,203	30,206	123%	39,029	95%	222,215	205,076	108%	220,286	101%
Other operating expense	2,157	3,782	57%	2,100	103%	11,597	11,665	99%	11,607	100%	37,745	43,108	88%	55,171	68%
Total clinic operating expenses	84,868	79,538	107%	132,456	64%	561,540	704,925	80%	568,641	99%	2,463,987	2,445,765	101%	2,529,563	97%
Net operating margin	187	29,655	1%	(99,323)	0%	(566,315)	(706,275)	80%	(573,441)	97%	(1,496,792)	(1,301,299)	115%	(1,374,207)	109%
Allocation of administrative overhead	(42,056)	(46,365)		(31,835)		566,315	706,275		573,441		-	-		-	
Net profit (loss)	(41,868)	(16,710)	251%	(131,158)	32%	-	-		-		(1,496,792)	(1,301,299)	115%	(1,374,207)	109%
Ratios:															
Provider cost as % net revenue	65%	56%		81%							71%	68%		63%	
Clinic op cost as % net revenue	35%	38%		76%							58%	54%		63%	
Overhead cost as % net revenue	17%	22%		18%							17%	22%		18%	
Clinic support FTEs	2.38	1.63	147%	3.30	72%	4.42	9.33	47%	5.60	79%	42.00	43.88	96%	42.85	98%
Provider FTEs	1.01	0.93	109%	0.88	115%						15.23	16.51	92%	15.45	99%
Clinic support FTEs per provider	2.36	1.75	135%	3.75	63%						2.76	2.66	104%	2.77	99%
Payor Mix															
Medicare	30.0%	31.1%									27.8%	25.7%			
Medicaid / Medi-Cal	17.4%	17.3%									24.9%	25.3%			
Commercial	51.4%	50.4%									45.9%	47.4%			
Self Pay	1.2%	1.2%									1.4%	1.7%			

**TAHOE FOREST HOSPITAL DISTRICT
JANUARY 2016 FINANCIAL REPORT
INDEX**

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Board of Directors
Of Tahoe Forest Hospital District

JANUARY 2016 FINANCIAL NARRATIVE

The following is a financial narrative analyzing financial and statistical trends for the seven months ended January 31, 2016.

Activity Statistics

- ❑ TFH acute patient days were 430 for the current month compared to budget of 414. This equates to an average daily census of 13.87 compared to budget of 13.36.
- ❑ TFH Outpatient volumes were above budget in the following departments by at least 5%: Diagnostic Imaging, Mammography, Oncology procedures, Nuclear Medicine, Cat Scans, Oncology Drugs, Physical Therapy, and Occupational Therapy.
- ❑ TFH Outpatient volumes were below budget in the following departments by at least 5%: Home Health visits, Endoscopy procedures, Radiation Oncology procedures, MRI exams, PET CTs, Respiratory Therapy, and Speech Therapy.

Financial Indicators

- ❑ Net Patient Revenue as a percentage of Gross Patient Revenue was 66.3% in the current month compared to budget of 53.2% and to last month's 58.6%. Current year's Net Patient Revenue as a percentage of Gross Patient Revenue is 58.4%, compared to budget of 53.3% and prior year's 55.4%.
- ❑ EBIDA was \$3,765,017 (18.3%) for the current month compared to budget of \$540,291 (2.9%), or \$3,224,725 (15.4%) above budget. Year-to-date EBIDA was \$10,770,591 (8.4%) compared to budget of \$2,458,247 (2.0%) or \$8,312,344 (6.4%) above budget.
- ❑ Cash Collections for the current month were \$9,339,669 which is 81% of targeted Net Patient Revenue.
- ❑ Gross Days in Accounts Receivable were 59.4, compared to the prior month of 59.5. Gross Accounts Receivables are \$33,484,981 compared to the prior month of \$31,108,606. The percent of Gross Accounts Receivable over 120 days old is 20.0%, compared to the prior month of 21.8%.

Balance Sheet

- ❑ Working Capital Days Cash on Hand is 26.3 days. S&P Days Cash on Hand is 166.7. Working Capital cash increased \$1,720,000. Cash collections fell short of target by 19%, the District received its first installment of property tax revenues, reimbursement of \$975,710 for funds advanced on December Measure C projects, and Accounts Payable decreased \$1,366,000.
- ❑ Net Patients Accounts Receivable increased approximately \$3,030,000. Cash collections were at 81% of target and days in accounts receivable were 59.40 days, a .10 day decrease.
- ❑ Other Receivables decreased \$2,764,000 after recording receipt of the first installment of property tax revenues.
- ❑ Other Receivables GO Bond also decreased \$2,440,000 after receiving the first installment of property tax revenues. The net balance of property tax revenues, after remitting interest payments due on the GO Bonds, was transferred to the GO Bond Tax Revenue Fund.
- ❑ Estimated Settlements, Medi-Cal & Medicare increased \$886,000 after truing up the FY2015 Medicare settlement reserves based on the as filed cost reports.
- ❑ GO Bond Project Fund decreased \$975,710 after reimbursing the District for funds advanced on the December Measure C Projects.
- ❑ Accounts Payable decreased \$1,366,000 due to the timing of the final check run in January.
- ❑ Interest Payable decreased \$542,000 after remitting the interest payment due on the 2015 (formerly 2006) Revenue bond.
- ❑ Interest Payable GO Bond decreased \$1,815,000 after remitting the interest payments due on the GO Bond Series A, B, and C.

Operating Revenue

- ❑ Current month’s Total Gross Revenue was \$20,569,957, compared to budget of \$18,839,605 or \$1,730,353 above budget.
- ❑ Current month’s Gross Inpatient Revenue was \$6,517,293, compared to budget of \$6,389,828 or \$127,465 above budget.
- ❑ Current month’s Gross Outpatient Revenue was \$14,052,665 compared to budget of \$12,449,777 or \$1,602,888 above budget. Volumes were up in some departments and down in others. See TFH Outpatient Activity Statistics above.
- ❑ Current month’s Gross Revenue Mix was 29.6% Medicare, 19.4% Medi-Cal, .0% County, 3.6% Other, and 47.4% Insurance compared to budget of 36.2% Medicare, 18.7% Medi-Cal, .0% County, 3.8% Other, and 41.3% Insurance. Last month’s mix was 31.2% Medicare, 15.4% Medi-Cal, .0% County, 4.1% Other, and 49.3% Insurance.
- ❑ Current month’s Deductions from Revenue were \$6,940,218 compared to budget of \$8,809,477 or \$1,869,259 below budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a 6.67% decrease in Medicare, a .68% increase to Medi-Cal, a .02% decrease in County, a .15% decrease in Other, and Commercial was above budget 6.17%, 2) we continue to see a pickup in Bad Debt as Self-Pay and Out of Country accounts are worked, and 3) the District trued up its FY2015 Medicare reserve settlements based on the as filed cost reports, resulting in a positive pickup in Prior Period Settlements.

Operating Expenses

DESCRIPTION	January 2016 Actual	January 2016 Budget	Variance	BRIEF COMMENTS
Salaries & Wages	3,897,904	3,850,955	(46,949)	Negative variance in Salaries & Wages was offset by a positive variance in Paid Leave and Long-term Sick in Employee Benefits.
Employee Benefits	1,190,537	1,298,888	108,352	
Benefits – Workers Compensation	59,552	60,541	989	
Benefits – Medical Insurance	721,642	750,099	28,457	
Professional Fees	1,725,523	1,442,543	(282,979)	Accrual of MSC Physician RVU bonuses, services provided to TIRHR, Community Health, Retail Pharmacy, and Occupational Health, TFH and IVCH Physical and Occupational Therapy revenues exceeding budget, Legal and Consulting services provided to Administration, and outsourced work on our managed care contracts created a negative variance in Professional Fees.
Supplies	1,611,625	1,337,584	(274,041)	Drugs Sold to Patients and Oncology Drugs Sold to Patients revenues exceeded budget by 12.87% and Surgery and Medical Supplies Sold to Patients revenues exceeded budget by 18.89% creating an over budget variance in Supplies.
Purchased Services	1,005,512	907,816	(97,695)	Services provided to the Wellness Neighborhood, Medical Staff, Purchasing, MSC Administration, Laundry & Linen, and Snow Removal were over budget and increased volumes across the Radiology departments increased the cost of outsourced radiology reads, creating a negative variance in Purchased Services.
Other Expenses	515,103	462,365	(52,738)	Dues and Subscriptions were over budget in Administration, Governing Board, Medical Staff, and IVCH Administration. We also witnessed a negative variance in travel for the Interim Director of Revenue Cycle and Interim Manager in the Business Office along with tuition reimbursements and Leadership Training.
Total Expenses	10,727,396	10,110,791	(616,606)	

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF NET POSITION
JANUARY 2016

	Jan-16	Dec-15	Jan-15	
ASSETS				
CURRENT ASSETS				
* CASH	\$ 8,589,595	\$ 6,869,116	\$ 9,166,070	1
PATIENT ACCOUNTS RECEIVABLE - NET	18,253,564	15,223,987	16,100,428	2
OTHER RECEIVABLES	3,860,562	6,624,245	3,248,230	3
GO BOND RECEIVABLES	(515,640)	1,924,705	(138,146)	4
ASSETS LIMITED OR RESTRICTED	4,942,148	5,106,917	5,629,382	
INVENTORIES	2,300,041	2,313,783	2,477,144	
PREPAID EXPENSES & DEPOSITS	1,630,575	1,492,964	1,505,074	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	6,222,208	5,336,009	3,277,186	5
TOTAL CURRENT ASSETS	45,283,053	44,891,727	41,265,368	
NON CURRENT ASSETS				
ASSETS LIMITED OR RESTRICTED:				
* CASH RESERVE FUND	45,834,718	45,792,365	40,705,163	1
BANC OF AMERICA MUNICIPAL LEASE	979,155	979,155	2,294,253	
TOTAL BOND TRUSTEE 2002	2	2	2	
TOTAL BOND TRUSTEE 2006	606,921	953,949	2,709,034	
TOTAL BOND TRUSTEE GO BOND	-	-	-	
GO BOND PROJECT FUND	5,533,945	6,509,655	15,912,247	6
GO BOND TAX REVENUE FUND	1,360,035	707,050	555,788	4
BOARD DESIGNATED FUND	-	-	2,297	
DIAGNOSTIC IMAGING FUND	2,976	2,973	2,967	
DONOR RESTRICTED FUND	1,141,630	1,141,076	1,130,562	
WORKERS COMPENSATION FUND	4,090	9,667	1,903	
TOTAL	55,463,472	56,095,892	63,314,215	
LESS CURRENT PORTION	(4,942,148)	(5,106,917)	(5,629,382)	
TOTAL ASSETS LIMITED OR RESTRICTED - NET	50,521,323	50,988,974	57,684,833	
NONCURRENT ASSETS AND INVESTMENTS:				
INVESTMENT IN TSC, LLC	223,258	282,871	393,277	
PROPERTY HELD FOR FUTURE EXPANSION	836,353	836,353	836,353	
PROPERTY & EQUIPMENT NET	128,080,074	128,698,377	130,533,916	
GO BOND CIP, PROPERTY & EQUIPMENT NET	27,372,282	26,648,069	17,472,778	
TOTAL ASSETS	252,316,343	252,346,371	248,186,525	
DEFERRED OUTFLOW OF RESOURCES:				
DEFERRED LOSS ON DEFEASANCE	559,201	562,433	597,989	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE	1,880,317	1,880,317	1,936,176	
DEFERRED OUTFLOW OF RESOURCES ON REFUNDING	1,962,857	1,970,495	-	
GO BOND DEFERRED FINANCING COSTS	304,360	305,544	-	
DEFERRED FINANCING COSTS	217,418	218,458	-	
TOTAL DEFERRED OUTFLOW OF RESOURCES	\$ 4,924,153	\$ 4,937,248	\$ 2,534,165	
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 4,645,468	\$ 6,011,239	\$ 5,650,712	7
ACCRUED PAYROLL & RELATED COSTS	7,075,002	6,541,679	7,094,678	
INTEREST PAYABLE	89,486	631,044	148,148	8
INTEREST PAYABLE GO BOND	(12,163)	1,802,771	83	9
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	366,356	366,356	1,245,100	
HEALTH INSURANCE PLAN	1,307,731	1,307,731	997,635	
WORKERS COMPENSATION PLAN	404,807	404,807	1,006,475	
COMPREHENSIVE LIABILITY INSURANCE PLAN	824,203	824,203	890,902	
CURRENT MATURITIES OF GO BOND DEBT	530,000	530,000	315,000	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	2,323,994	2,323,994	2,300,830	
TOTAL CURRENT LIABILITIES	17,554,883	20,743,824	19,649,563	
NONCURRENT LIABILITIES				
OTHER LONG TERM DEBT NET OF CURRENT MATURITIES	30,116,631	30,218,987	33,584,150	
GO BOND DEBT NET OF CURRENT MATURITIES	100,013,205	100,017,147	98,130,000	
DERIVATIVE INSTRUMENT LIABILITY	1,880,317	1,880,317	1,936,176	
TOTAL LIABILITIES	149,565,036	152,860,276	153,299,889	
NET ASSETS				
NET INVESTMENT IN CAPITAL ASSETS RESTRICTED	106,533,830	103,282,267	96,290,239	
	1,141,630	1,141,076	1,130,562	
TOTAL NET POSITION	\$ 107,675,460	\$ 104,423,343	\$ 97,420,801	

* Amounts included for Days Cash on Hand calculation

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF NET POSITION
JANUARY 2016

1. Working Capital is at 26.3 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 166.7 days. Working Capital cash increased \$1,720,000. Cash collections fell short of target by 19%, however, cash collections were approximately \$952,000 higher than December, the District received its first installment on property tax revenues (See Note 3), reimbursement of \$975,710 for funds advanced on December Measure C projects (See Note 6), and Accounts Payable decreased \$1,366,000 (See Note 7).
2. Net Patient Accounts Receivable increased approximately \$3,030,000. Cash collections were 81% of target. Days in Accounts Receivable are at 59.4 days compared to prior months 59.5 days, a .10 day decrease.
3. Other Receivables decreased a net \$2,764,000 after receiving the first installment on property tax revenues from Nevada and Placer counties.
4. GO Bond Receivables decreased \$2,440,000 after recording the receipt of Nevada and Placer counties property tax revenues and GO Bond Tax Revenue Fund increased \$653,000. The net balance of property tax revenues, after remitting interest payments due on the GO Bonds, was transferred to the GO Bond Tax Revenue Fund.
5. Estimated Settlements, Medi-Cal & Medicare increased a net \$886,000 after truing up the settlement reserves based on the as filed FY2015 Medicare cost reports.
6. GO Bond Project Fund decreased \$975,710 after reimbursing the District for funds advanced on the December Measure C projects.
7. Accounts Payable decreased \$1,366,000 due to the timing of the final check run in January.
8. Interest Payable decreased \$542,000 after remitting the interest payment due on the 2015 (formerly 2006) Revenue Bond.
9. Interest Payable GO Bond also decreased \$1,815,000 after remitting the interest payments due on the GO Bond Series A, B, and C.

**Tahoe Forest Hospital District
Cash Investment
January 2016**

WORKING CAPITAL

US Bank	\$ 8,170,043		
US Bank/Kings Beach Thrift Store	103,847		
US Bank/Truckee Thrift Store	315,705		
Wells Fargo Bank			
Local Agency Investment Fund	-	0.45%	
Total			\$ 8,589,595

BOARD DESIGNATED FUNDS

US Bank Savings	\$ -	0.03%	
Capital Equipment Fund	-		
Total			\$ -

Building Fund	\$ -		
Cash Reserve Fund	45,834,718	0.45%	
Local Agency Investment Fund			\$ 45,834,718

Banc of America Muni Lease			\$ 979,155
Bonds Cash 2002			\$ 2
Bonds Cash 2006			\$ 606,921
Bonds Cash 2008			\$ 6,893,980

DX Imaging Education	\$ 2,976	0.45%	
Workers Comp Fund - B of A	4,090		

Insurance			
Health Insurance LAIF	-	0.45%	
Comprehensive Liability Insurance LAIF	-	0.45%	
Total			\$ 7,067

TOTAL FUNDS			\$ 62,911,437
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RESTRICTED FUNDS

Gift Fund			
US Bank Money Market	\$ 8,368	0.03%	
Foundation Restricted Donations	\$ 100,727		
Local Agency Investment Fund	1,032,535	0.45%	
TOTAL RESTRICTED FUNDS			\$ 1,141,630

TOTAL ALL FUNDS			\$ 64,053,066
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TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JANUARY 2016

CURRENT MONTH				Note	YEAR TO DATE				PRIOR YTD		
ACTUAL	BUDGET	VAR\$	VAR%		ACTUAL	BUDGET	VAR\$	VAR%	JAN 2015		
\$ 20,569,957	\$ 18,839,605	\$ 1,730,353	9.2%								
OPERATING REVENUE											
					Total Gross Revenue	\$ 127,991,761	\$ 124,244,047	\$ 3,747,713	3.0%	1	\$ 122,549,155
					Gross Revenues - Inpatient						
\$ 1,870,797	\$ 1,910,285	\$ (39,488)	-2.1%		Daily Hospital Service	\$ 11,828,746	\$ 12,601,920	\$ (773,174)	-6.1%		\$ 12,079,651
4,646,496	4,479,543	166,953	3.7%		Ancillary Service - Inpatient	25,255,620	27,575,317	(2,319,697)	-8.4%		29,051,418
6,517,293	6,389,828	127,465	2.0%		Total Gross Revenue - Inpatient	37,084,366	40,177,237	(3,092,871)	-7.7%	1	41,131,069
14,052,665	12,449,777	1,602,888	12.9%		Gross Revenue - Outpatient						
14,052,665	12,449,777	1,602,888	12.9%		Total Gross Revenue - Outpatient	90,907,394	84,066,810	6,840,584	8.1%		81,418,086
						90,907,394	84,066,810	6,840,584	8.1%	1	81,418,086
Deductions from Revenue:											
7,389,792	7,747,376	357,584	4.6%		Contractual Allowances	50,722,335	50,969,278	246,943	0.5%	2	48,448,540
604,466	615,106	10,640	1.7%		Charity Care	3,808,431	4,058,821	250,390	6.2%	2	3,815,172
70,362	-	(70,362)	0.0%		Charity Care - Catastrophic Events	394,072	-	(394,072)	0.0%	2	-
(212,577)	446,994	659,571	147.6%		Bad Debt	(577,708)	2,989,526	3,567,234	119.3%	2	2,173,164
(911,827)	-	911,827	0.0%		Prior Period Settlements	(1,133,224)	-	1,133,224	0.0%	2	270,924
6,940,218	8,809,477	1,869,259	21.2%		Total Deductions from Revenue	53,213,905	58,017,624	4,803,719	8.3%		54,707,800
61,140	60,432	709	1.2%		Property Tax Revenue- Wellness Neighborhood	440,700	425,989	14,712	3.5%		511,783
801,533	560,522	241,011	43.0%		Other Operating Revenue	4,874,027	3,898,609	975,418	25.0%	3	4,628,653
14,492,413	10,651,082	3,841,331	36.1%		TOTAL OPERATING REVENUE	80,092,582	70,551,021	9,541,562	13.5%		72,981,792
OPERATING EXPENSES											
3,897,904	3,850,955	(46,949)	-1.2%		Salaries and Wages	25,100,699	25,416,767	316,067	1.2%	4	23,874,785
1,190,537	1,298,888	108,352	8.3%		Benefits	8,813,191	8,208,510	(604,681)	-7.4%	4	8,267,616
59,552	60,541	989	1.6%		Benefits Workers Compensation	377,827	423,786	45,959	10.8%	4	339,344
721,642	750,099	28,457	3.8%		Benefits Medical Insurance	4,286,768	5,250,691	963,923	18.4%	4	4,691,905
1,725,523	1,442,543	(282,979)	-19.6%		Professional Fees	10,680,392	9,864,497	(815,896)	-8.3%	5	12,746,122
1,611,625	1,337,584	(274,041)	-20.5%		Supplies	10,273,900	9,152,816	(1,121,084)	-12.2%	6	9,880,762
1,005,512	907,816	(97,695)	-10.8%		Purchased Services	6,306,766	6,169,572	(137,194)	-2.2%	7	6,490,937
515,103	462,365	(52,738)	-11.4%		Other	3,482,448	3,606,136	123,687	3.4%	8	3,933,832
10,727,396	10,110,791	(616,606)	-6.1%		TOTAL OPERATING EXPENSE	69,321,991	68,092,773	(1,229,218)	-1.8%		70,225,302
3,765,017	540,291	3,224,725	596.8%		NET OPERATING REVENUE (EXPENSE) EBIDA	10,770,591	2,458,247	8,312,344	338.1%		2,756,490
NON-OPERATING REVENUE/(EXPENSE)											
418,416	391,775	26,642	6.8%		District and County Taxes	2,752,098	2,739,458	12,641	0.5%	9	2,632,917
395,083	392,691	2,392	0.6%		District and County Taxes - GO Bond	2,751,231	2,748,839	2,392	0.1%		2,757,323
31,108	18,944	12,164	64.2%		Interest Income	194,046	140,776	53,270	37.8%	10	161,903
1,526	785	741	94.5%		Interest Income-GO Bond	15,723	10,347	5,376	52.0%		22,613
30,202	34,671	(4,469)	-12.9%		Donations	232,013	242,698	(10,685)	-4.4%	11	273,411
(59,613)	-	(59,613)	0.0%		Gain/ (Loss) on Joint Investment	(101,137)	(75,000)	(26,137)	0.0%	12	(67,418)
-	-	-	0.0%		Loss on Impairment of Asset	-	-	-	0.0%	12	-
-	-	-	0.0%		Gain/ (Loss) on Sale of Equipment	-	-	-	0.0%	13	-
-	-	-	0.0%		Impairment Loss	-	-	-	0.0%	14	-
(856,217)	(855,178)	(1,039)	-0.1%		Depreciation	(5,962,126)	(5,986,247)	24,121	0.4%	15	(5,499,222)
(108,965)	(115,441)	6,476	5.6%		Interest Expense	(843,796)	(809,802)	(33,994)	-4.2%	16	(982,499)
(365,904)	(362,660)	(3,244)	-0.9%		Interest Expense-GO Bond	(1,529,450)	(1,449,392)	(80,057)	-5.5%		(1,898,185)
(514,364)	(494,413)	(19,951)	-4.0%		TOTAL NON-OPERATING REVENUE/(EXPENSE)	(2,491,397)	(2,438,323)	(53,074)	-2.2%		(2,599,157)
\$ 3,250,653	\$ 45,878	\$ 3,204,775	-6985.4%		INCREASE (DECREASE) IN NET POSITION	\$ 8,279,194	\$ 19,924	\$ 8,259,270	-41453.4%		\$ 157,333
					NET POSITION - BEGINNING OF YEAR	99,396,265					
					NET POSITION - AS OF JANUARY 31, 2016	\$ 107,675,459					
18.3%	2.9%	15.4%			RETURN ON GROSS REVENUE EBIDA	8.4%	2.0%	6.4%			2.2%

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
JANUARY 2016

		Variance from Budget	
		Fav / <Unfav>	
		JAN 2016	YTD 2016

1) Gross Revenues

Acute Patient Days were over budget 3.86% or 16 days. Swing Bed days were above budget 181.25% or 29 days. Ancillary revenue exceeded budget by 3.7% due to the increase in patient days.

Gross Revenue -- Inpatient	\$	127,465	\$ (3,092,871)
Gross Revenue -- Outpatient		1,602,888	6,840,584
Gross Revenue -- Total	\$	1,730,353	\$ 3,747,713

Outpatient volumes were above budget in the following departments: Emergency Department visits, Laboratory tests, Diagnostic & Vascular Imaging, Mammography, Oncology procedures, Nuclear Medicine, Cat Scans, Pharmacy units, Oncology Drugs, Physical Therapy, and Occupational Therapy.

2) Total Deductions from Revenue

The payor mix for January shows a 6.67% decrease to Medicare, a .68% increase to Medi-Cal, .15% decrease to Other, a .02% decrease to County, and a 6.17% increase to Commercial when compared to budget. Contractual Allowances were under budget due to the shift in payor mix from Medicare to Commercial.

Contractual Allowances	\$	357,584	\$ 246,943
Charity Care		10,640	250,390
Charity Care - Catastrophic		(70,362)	(394,072)
Bad Debt		659,571	3,567,234
Prior Period Settlements		911,827	1,133,224
Total	\$	1,869,259	\$ 4,803,719

Positive variance in Prior Period Settlements attributed to truing up the FY2015 settlement reserves based on the as filed Medicare cost reports.

3) Other Operating Revenue

Pharmaceutical prescription volumes exceeded budget by 2.17%, creating a positive variance in Retail Pharmacy revenues.

Retail Pharmacy	\$	24,622	\$ 110,946
Hospice Thrift Stores		(14,283)	37,160
The Center (non-therapy)		4,862	(4,042)
IVCH ER Physician Guarantee		16,139	113,872
Children's Center		7,825	82,858
Miscellaneous		203,095	595,825
Oncology Drug Replacement		-	-
Grants		(1,250)	38,800
Total	\$	241,011	\$ 975,418

IVCH ER Physician Guarantee is tied to collections which exceeded budget in January.

Children's Center revenue exceeded budget by 12.15%.

Positive variance in Miscellaneous related to the receipt of the year two Meaningful Use Incentive from the Medi-Cal program.

4) Salaries and Wages

Negative variance in Salaries and Wages was offset by positive variances in PL/SL benefits.

Total	\$	(46,949)	\$ 316,067
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Employee Benefits

Negative variance in Nonproductive related to Longevity bonuses.

PL/SL	\$	86,729	\$ (114,090)
Nonproductive		(20,974)	(187,393)
Pension/Deferred Comp		0	(7,114)
Standby		(4,167)	(78,981)
Other		46,765	(237,122)
Total	\$	108,352	\$ (604,681)

Employee Benefits - Workers Compensation

Total	\$	989	\$ 45,959
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Employee Benefits - Medical Insurance

Total	\$	28,457	\$ 963,923
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5) Professional Fees

Negative variance in Multi-Specialty Clinics related to booking accrued MSC physician RVU bonuses.

Multi-Specialty Clinics	\$	(229,583)	\$ (284,031)
Miscellaneous		(49,220)	(226,599)
The Center (includes OP Therapy)		(9,211)	(198,162)
TFH/IVCH Therapy Services		(18,841)	(169,991)
Administration		(50,972)	(159,383)
Information Technology		11,878	(17,056)
Multi-Specialty Clinics Admin		(3,614)	(13,840)
Managed Care		(10,101)	(11,966)
Home Health/Hospice		971	(5,158)
IVCH ER Physicians		(2,950)	(2,681)
Financial Administration		9,430	(2,284)
Patient Accounting/Admitting		-	-
Business Performance		-	-
Respiratory Therapy		200	850
TFH Locums		9,833	4,029
Sleep Clinic		896	10,873
Medical Staff Services		3,380	16,597
Marketing		2,375	16,625
Oncology		18,376	39,903
Corporate Compliance		29,450	73,671
Human Resources		4,722	112,708
Total	\$	(282,979)	\$ (815,896)

Services provided to TIRHR, Community Health, Retail Pharmacy consulting to assist with the transition of supplying our SNF Resident's prescriptions in-house, and Occupational Health for Medical Director oversight created a negative variance in Miscellaneous.

Outpatient Physical and Occupational Therapy revenues exceeded budget by 9.22%, creating a negative variance in The Center (includes OP Therapy).

TFH/IVCH Therapy Services revenues exceeded budget by 13.22%, creating a negative variance in this category.

Legal services and Therapy Service line analysis consulting created a negative variance in Administration.

Work performed on our managed care contracts created a negative variance in Managed Care.

6) **Supplies**

Drugs Sold to Patients and Oncology Drugs Sold to Patients revenues exceeded budget by 12.87%, creating a negative variance in Pharmacy Supplies.

Cafeteria Sales exceeded budget by 6.07%, creating a negative variance in Food.

Purchases to replenish I/T stock created a negative variance in Minor Equipment.

Surgery and Medical Supplies Sold to Patients revenues exceeded budget by 18.89%, creating a negative variance in Patient & Other Medical Supplies.

Pharmacy Supplies	\$ (19,755)	\$ (977,824)
Food	(5,776)	(59,166)
Minor Equipment	(5,171)	(35,579)
Office Supplies	(5,492)	(42,281)
Patient & Other Medical Supplies	(245,749)	(37,377)
Imaging Film	522	(1,066)
Other Non-Medical Supplies	7,380	32,208
Total	\$ (274,041)	\$ (1,121,084)

7) **Purchased Services**

Negative variance in Miscellaneous for services provided to the Wellness Neighborhood, Medical Staff for MD Staff Application support, Purchasing to assist in the transition of the Materials Management manager, MSC Administration for EMR and Practice Management fees, Laundry & Linen, and snow removal.

Outsourced radiology reads exceeded budget due to the increase in volumes over budget estimations, creating a negative variance in Diagnostic Imaging - All.

Laboratory volumes exceeded budget by 3.77%, creating a negative variance in laboratory testing reads.

Employee Health screenings came in below budget estimations, creating a positive variance in Human Resources.

Positive variance in Multi-Specialty Clinics related to a shortfall of visits to budgeted volumes.

Positive variance in Patient Accounting related to collection agency fees falling short of budget projections.

Miscellaneous	\$ (91,275)	\$ (340,754)
Diagnostic Imaging Services - All	(21,051)	(44,999)
The Center	(6,896)	(44,974)
Laboratory	(4,782)	(33,193)
Department Repairs	(2,674)	(32,070)
Pharmacy IP	(3,975)	(9,927)
Medical Records	(2,645)	(6,033)
Community Development	392	2,742
Hospice	2,021	12,431
Human Resources	13,646	15,149
Multi-Specialty Clinics	12,612	38,938
Patient Accounting	8,139	90,341
Information Technology	(1,208)	215,154
Total	\$ (97,895)	\$ (137,194)

8) **Other Expenses**

Negative variance in Dues and Subscriptions for services provided to Administration, Governing Board, Medical Staff, and IVCH Administration.

Travel expenses for the Interim Director of Revenue Cycle, Interim Manager in the Business Office, tuition reimbursements, and leadership training created a negative variance in Outside Training & Travel.

Negative variance in Miscellaneous is actually a positive for the District. During the FY16 budgeting process assumptions were made on the cost of human resources to upgrade the Laboratory and Surgery software systems. Labor costs that were budgeted to be capitalized as part of the projects are coming in below estimations.

Equipment Rent	\$ 5,931	\$ (43,281)
Dues and Subscriptions	(8,847)	(33,861)
Human Resources Recruitment	(978)	(13,295)
Other Building Rent	(1,574)	(13,176)
Multi-Specialty Clinics Bldg Rent	(1,534)	(10,622)
Outside Training & Travel	(13,717)	(5,200)
Multi-Specialty Clinics Equip Rent	(472)	(883)
Innovation Fund	-	-
Physician Services	189	563
Insurance	4,206	31,661
Miscellaneous	(45,229)	62,400
Utilities	(4,282)	74,388
Marketing	13,567	74,995
Total	\$ (52,738)	\$ 123,687

9) **District and County Taxes**

Total	\$ 26,642	\$ 12,641
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10) **Interest Income**

Total	\$ 12,164	\$ 53,270
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11) **Donations**

IVCH	\$ (4,333)	\$ 5,293
Operational	(136)	(15,978)
Capital Campaign	-	-
Total	(4,469)	(10,685)

12) **Gain/(Loss) on Joint Investment**

The District booked its 51% share in losses at the Truckee Surgery Center for the months of October and November.

Total	\$ (59,613)	\$ (26,137)
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13) **Gain/(Loss) on Sale**

Total	\$ -	\$ -
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15) **Depreciation Expense**

Total	\$ (1,039)	\$ 24,121
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16) **Interest Expense**

Total	\$ 6,476	\$ (33,994)
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INCLINE VILLAGE COMMUNITY HOSPITAL
STATEMENT OF REVENUE AND EXPENSE
JANUARY 2016

CURRENT MONTH				Note	YEAR TO DATE				PRIOR YTD		
ACTUAL	BUDGET	VAR\$	VAR%		ACTUAL	BUDGET	VAR\$	VAR%	JAN 2015		
OPERATING REVENUE											
\$ 1,441,874	\$ 1,256,612	\$ 185,263	14.7%		Total Gross Revenue	\$ 10,291,982	\$ 9,101,717	\$ 1,190,265	13.1%	1	\$ 8,817,019
Gross Revenues - Inpatient											
\$ 2,853	\$ 3,513	\$ (660)	-18.8%		Daily Hospital Service	\$ 19,427	\$ 21,080	\$ (1,653)	-7.8%		\$ 23,422
519	5,711	(5,192)	-90.9%		Ancillary Service - Inpatient	24,665	32,215	(7,550)	-23.4%		26,199
3,372	9,224	(5,852)	-63.4%		Total Gross Revenue - Inpatient	44,092	53,295	(9,203)	-17.3%	1	49,621
1,438,502	1,247,388	191,115	15.3%		Gross Revenue - Outpatient	10,247,890	9,048,422	1,199,468	13.3%		8,767,397
1,438,502	1,247,388	191,115	15.3%		Total Gross Revenue - Outpatient	10,247,890	9,048,422	1,199,468	13.3%	1	8,767,397
Deductions from Revenue:											
453,282	343,450	(109,832)	-32.0%		Contractual Allowances	3,197,947	2,497,336	(700,612)	-28.1%	2	2,446,613
48,107	43,659	(4,448)	-10.2%		Charity Care	343,765	316,695	(27,070)	-8.5%	2	284,606
-	-	-	0.0%		Charity Care - Catastrophic Events	-	-	-	0.0%	2	-
53,629	87,317	33,688	38.6%		Bad Debt	409,291	633,390	224,099	35.4%	2	707,524
(92,370)	-	92,370	0.0%		Prior Period Settlements	(150,715)	-	150,715	0.0%	2	15,278
462,649	474,426	11,777	2.5%		Total Deductions from Revenue	3,800,288	3,447,420	(352,869)	-10.2%	2	3,454,021
78,390	63,085	15,305	24.3%		Other Operating Revenue	583,230	447,320	135,910	30.4%	3	500,054
1,057,616	845,271	212,345	25.1%		TOTAL OPERATING REVENUE	7,074,924	6,101,617	973,306	16.0%		5,863,052
OPERATING EXPENSES											
276,097	266,785	(9,312)	-3.5%		Salaries and Wages	1,772,900	1,850,761	77,861	4.2%	4	1,746,766
85,809	91,922	6,113	6.7%		Benefits	534,041	567,761	33,720	5.9%	4	640,937
2,496	2,490	(6)	-0.2%		Benefits Workers Compensation	16,191	17,432	1,241	7.1%	4	21,690
46,941	47,919	978	2.0%		Benefits Medical Insurance	276,165	335,432	59,267	17.7%	4	316,569
217,363	226,163	8,800	3.9%		Professional Fees	1,639,686	1,633,858	(5,828)	-0.4%	5	1,490,077
97,105	51,555	(45,550)	-88.4%		Supplies	506,509	373,455	(133,054)	-35.6%	6	362,665
42,409	42,736	327	0.8%		Purchased Services	288,166	289,464	1,297	0.4%	7	285,024
51,997	54,590	2,593	4.7%		Other	402,211	361,305	(40,906)	-11.3%	8	344,783
820,217	784,161	(36,056)	-4.6%		TOTAL OPERATING EXPENSE	5,435,870	5,429,467	(6,402)	-0.1%		5,208,511
237,399	61,110	176,288	288.5%		NET OPERATING REV(EXP) EBIDA	1,639,054	672,150	966,904	143.9%		654,541
NON-OPERATING REVENUE/(EXPENSE)											
-	4,333	(4,333)	-100.0%		Donations-IVCH	35,626	30,333	5,293	17.4%	9	22,091
-	-	-	0.0%		Gain/ (Loss) on Sale	-	-	-	0.0%	10	-
(58,359)	(58,359)	0	0.0%		Depreciation	(382,585)	(408,516)	25,931	-6.3%	11	(373,523)
(58,359)	(54,026)	(4,333)	-8.0%		TOTAL NON-OPERATING REVENUE/(EXP)	(346,959)	(378,183)	31,224	8.3%		(351,432)
\$ 179,040	\$ 7,084	\$ 171,955	2427.3%		EXCESS REVENUE(EXPENSE)	\$ 1,292,095	\$ 293,967	\$ 998,128	339.5%		\$ 303,109
16.5%	4.9%	11.6%			RETURN ON GROSS REVENUE EBIDA	15.9%	7.4%	8.5%			7.4%

**INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
JANUARY 2016**

		Variance from Budget	
		Fav<Unfav>	
		JAN 2016	YTD 2016
1) Gross Revenues			
Acute Patient Days were at budget at 1 and Observation Days were at budget at 1. The acuity level of the inpatient was low, creating a negative variance in Ancillary Service - Inpatient revenues.	Gross Revenue -- Inpatient	\$ (5,852)	\$ (9,203)
	Gross Revenue -- Outpatient	191,115	1,199,468
		\$ 185,263	\$ 1,190,265
Outpatient volumes were above budget in Emergency Department visits, Surgical cases, Diagnostic Imaging, Cat Scan, Pharmacy units, and Occupational Therapy.			
2) Total Deductions from Revenue			
We saw a shift in our payor mix with an 3.58% increase in Commercial Insurance, a 3.91% decrease in Medicare, a 3.07% increase in Medicaid, a 2.72% decrease in Other, and a .01% decrease in County. Negative variance in Contractual Allowances is a result of revenues exceeding budget by 14.7% and the shift in Payor mix.	Contractual Allowances	\$ (109,832)	\$ (700,612)
	Charity Care	(4,448)	(27,070)
	Charity Care-Catastrophic Event	-	-
	Bad Debt	33,688	224,099
	Prior Period Settlement	92,370	150,715
	Total	\$ 11,777	\$ (352,869)
Positive variance in Prior Period Settlements related to truing up the Medicare Receivable based on the as filed FY2015 cost report.			
3) Other Operating Revenue			
IVCH ER Physician Guarantee is tied to collections which exceeded budget in January.	IVCH ER Physician Guarantee	\$ 16,139	\$ 113,872
	Miscellaneous	(835)	22,038
	Total	\$ 15,305	\$ 135,910
4) Salaries and Wages			
Negative variance in Salaries and Wages was partially offset by a positive variance in PL/SL. Negative variance also attributed to hiring a Foundation Director versus outsourcing this position.	Total	\$ (9,312)	\$ 77,861
Employee Benefits			
	PL/SL	\$ 4,315	\$ 54,226
	Standby	(172)	9,330
	Other	2,071	(22,653)
	Nonproductive	(100)	(9,592)
	Pension/Deferred Comp	(2)	2,408
	Total	\$ 6,113	\$ 33,720
Employee Benefits - Workers Compensation	Total	\$ (6)	\$ 1,241
Employee Benefits - Medical Insurance	Total	\$ 978	\$ 59,267
5) Professional Fees			
The charge out of MSC IM/Peds physicians to run the IVCH MSC clinic fell short of budget estimations in January.	Multi-Specialty Clinics	\$ 2,533	\$ (11,541)
	Therapy Services	5,446	(4,939)
	Administration	(3,743)	(4,688)
	IVCH ER Physicians	(2,950)	(2,681)
	Miscellaneous	44	1,757
	Foundation	6,575	5,391
	Sleep Clinic	896	10,873
	Total	\$ 8,800	\$ (5,828)
IVCH Physical Therapy revenues were under budget 10.29%, creating a positive variance in therapist fees.			
Services provided for project management oversight created a negative variance in Administration.			
Foundation oversight was converted to an FTE, creating a positive variance in Foundation.			
6) Supplies			
Surgery and Medical Supplies Sold to Patients revenues exceeded budget by 66.84%, creating a negative variance in Patient & Other Medical Supplies.	Patient & Other Medical Supplies	\$ (33,772)	\$ (56,511)
	Pharmacy Supplies	(7,285)	(51,889)
	Minor Equipment	(1,314)	(14,388)
	Food	(3,161)	(6,718)
	Office Supplies	(637)	(1,792)
	Non-Medical Supplies	455	(1,275)
	Imaging Film	165	(481)
	Total	\$ (45,550)	\$ (133,054)
Drugs Sold & Oncology Drugs Sold to Patients revenue exceeded budget by 9.52%, creating a negative variance in Pharmacy Supplies.			
Negative variance in Food related to higher volumes in the Emergency Department requiring additional transfers of food and pantry items.			

**INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
JANUARY 2016**

		Variance from Budget	
		Fav<Unfav>	
		JAN 2016	YTD 2016
7) <u>Purchased Services</u>			
	Negative variance in Laboratory related to outsourced lab testing.		
	Laboratory	\$ (4,750)	\$ (20,992)
	EVS/Laundry	1,381	(3,149)
	Foundation	725	(1,832)
	Pharmacy	(921)	(307)
	Surgical Services	-	-
	Miscellaneous	965	2,610
	Multi-Specialty Clinics	475	3,387
	Department Repairs	1,212	4,967
	Diagnostic Imaging Services - All	(467)	7,528
	Engineering/Plant/Communications	1,707	9,085
	Total	\$ 327	\$ 1,297
8) <u>Other Expenses</u>			
	Timing on the receipt of the fourth quarter 2015 Nevada Rural Hospital Partners invoice created a negative variance in Dues and Subscription.		
	Controllable costs continue to be monitored, creating positive variances in the remainder of the Other Expense categories.		
	Equipment Rent	\$ (44)	\$ (58,011)
	Utilities	518	(1,753)
	Dues and Subscriptions	(2,186)	(494)
	Other Building Rent	-	-
	Physician Services	-	-
	Multi-Specialty Clinics Equip Rent	-	-
	Multi-Specialty Clinics Bldg Rent	-	-
	Insurance	223	1,559
	Miscellaneous	1,919	2,693
	Marketing	859	5,813
	Outside Training & Travel	1,304	9,287
	Total	\$ 2,593	\$ (40,906)
9) <u>Donations</u>			
	Total	\$ (4,333)	\$ 5,293
10) <u>Gain/(Loss) on Sale</u>			
	Total	\$ -	\$ -
11) <u>Depreciation Expense</u>			
	Total	\$ -	\$ 25,931

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF CASH FLOWS

	AUDITED FYE 2015	BUDGET FYE 2016	PROJECTED FYE 2016	ACTUAL JAN 2016	BUDGET JAN 2016	DIFFERENCE	ACTUAL 1ST QTR	ACTUAL 2ND QTR	PROJECTED 3RD QTR	PROJECTED 4TH QTR
Net Operating Rev/(Exp) - EBIDA	\$ 7,190,440	\$ 2,054,135	\$ 10,314,009	\$ 3,765,017	\$ 540,291	\$ 3,224,726	\$ 4,890,732	\$ 2,113,378	\$ 4,318,597	\$ (1,008,698)
Interest Income	97,528	107,488	133,849	44,193	27,104	17,089	29,198	33,631	44,193	26,827
Property Tax Revenue	5,352,075	5,420,000	5,487,342	3,198,693	2,890,000	308,693	309,907	78,742	3,198,693	1,900,000
Donations	757,929	923,000	921,655	45,676	60,000	(14,324)	76,191	164,788	75,676	605,000
Debt Service Payments	(3,505,561)	(3,565,581)	(3,381,130)	(391,874)	(399,454)	7,581	(1,069,568)	(742,436)	(862,775)	(706,351)
Bank of America - 2012 Muni Lease	(1,243,531)	(1,243,644)	(1,243,647)	(103,637)	(103,637)	(0)	(310,912)	(310,912)	(310,911)	(310,911)
Copier	(8,962)	(8,760)	(8,759)	(730)	(730)	0	(2,190)	(2,190)	(2,190)	(2,190)
2002 Revenue Bond	(660,296)	(668,008)	(483,555)	(156,423)	(164,004)	7,581	(327,132)	-	(156,423)	-
2006 Revenue Bond	(1,592,771)	-	-	-	-	-	-	-	-	-
2015 Revenue Bond	-	(1,645,169)	(1,645,169)	(131,083)	(131,083)	(0)	(429,334)	(429,334)	(393,250)	(393,250)
Physician Recruitment	(155,902)	(311,000)	(310,669)	-	(10,000)	10,000	(216,785)	(5,884)	(58,000)	(30,000)
Investment in Capital										
Equipment	(2,491,260)	(1,418,900)	(1,418,899)	(136,113)	(199,957)	63,844	(302,633)	(286,725)	(493,517)	(336,024)
Municipal Lease Reimbursement	-	2,295,723	2,295,723	-	-	-	1,319,139	-	976,584	-
GO Bond Project Personal Property	(186,062)	(500,180)	(500,180)	(5,218)	(106,931)	101,713	(8,587)	(8,029)	(195,835)	(287,729)
IT	(1,394,200)	(559,300)	(559,300)	(5,206)	(16,369)	11,163	(318,453)	(193,238)	(14,611)	(32,998)
Building Projects	(2,218,063)	(4,487,480)	(4,487,480)	(71,891)	(600,333)	528,442	(337,663)	(674,563)	(1,404,668)	(2,070,586)
Health Information/Business System	(230,852)	(500,000)	(500,000)	(19,196)	(77,071)	57,875	(1,623)	(18,375)	(185,230)	(294,771)
Capital Investments										
Properties	(600,000)	-	-	-	-	-	-	-	-	-
Measure C Scope Modifications	-	(749,287)	(749,287)	(86,185)	(86,185)	0	-	(232,174)	(229,205)	(287,909)
Change in Accounts Receivable	2,648,682	282,832	N1 (524,982)	(3,029,577)	(720,720)	(2,308,857)	522,392	(891,685)	(840,930)	685,241
Change in Settlement Accounts	(2,438,657)	500,000	N2 828,234	(886,199)	2,100,000	(2,986,199)	623,667	(1,173,529)	1,628,096	(250,000)
Change in Other Assets	(1,717,188)	(768,000)	N3 (2,216,879)	714,719	(150,000)	864,719	(1,531,558)	(1,330,040)	789,719	(145,000)
Change in Other Liabilities	(30,538)	(71,000)	N4 (539,559)	(1,374,007)	(225,000)	(1,149,007)	247,630	(648,182)	(374,007)	235,000
Change in Cash Balance	1,078,371	(1,347,550)	4,808,366	1,762,832	3,025,374	(1,262,542)	4,247,906	(3,814,322)	6,372,780	(1,997,998)
Beginning Unrestricted Cash	50,951,760	52,227,897	52,227,897	52,661,481	52,661,481	-	52,227,897	56,475,803	52,661,481	59,034,261
Ending Unrestricted Cash	52,227,897	50,880,347	57,036,263	54,424,313	55,686,855	(1,262,542)	56,475,803	52,661,481	59,034,261	57,036,263
Expense Per Day	333,932	321,141	324,614	326,348	320,376	5,972	317,753	322,438	327,067	324,614
Days Cash On Hand	156	158	176	167	174	(7)	178	163	180	176

Footnotes:

- N1 - Change in Accounts Receivable reflects the 30 day delay in collections. For example, in July 2015 we are collecting June 2015.
- N2 - Change in Settlement Accounts reflect cash flows in and out related to prior year and current year Medicare and Medi-Cal settlement accounts.
- N3 - Change in Other Assets reflect fluctuations in asset accounts on the Balance Sheet that effect cash. For example, an increase in prepaid expense immediately effects cash but not EBIDA.
- N4 - Change in Other Liabilities reflect fluctuations in liability accounts on the Balance Sheet that effect cash. For example, an increase in accounts payable effects EBIDA but not cash.

Truckee Surgery Center LLC Balance Sheet

As of October 31, 2015

	Oct 31, 15	Sep 30, 15
ASSETS		
Current Assets		
Checking/Savings		
Bank of the West	354,320.01	317,196.86
Petty Cash	76.72	97.65
Total Checking/Savings	354,396.73	317,294.51
Accounts Receivable		
Accounts Receivable		
Allowance for Doubtful Accounts	-37,987.03	-36,674.83
Accounts Receivable - Other	270,912.27	296,466.52
Total Accounts Receivable	232,925.24	259,791.69
Total Accounts Receivable	232,925.24	259,791.69
Other Current Assets		
Prepaid Expense		
Franchise Tax Prepaid	1,133.37	1,700.06
General Liability Insurance	1,240.76	2,481.51
HSA Contribution	4,036.15	6,054.22
Medical Supplies	374.63	449.54
Personal Property Taxes	1,513.76	2,270.65
Preventative Maint	1,512.50	2,268.75
Property Insurance	161.10	322.19
Worker's Comp	-169.55	-329.00
Total Prepaid Expense	9,802.72	15,217.92
Total Other Current Assets	9,802.72	15,217.92
Total Current Assets	597,124.69	592,304.12
Fixed Assets		
Furniture & Fixtures	3,087.00	3,087.00
Instruments	24,241.87	24,241.87
Leasehold Improvements	853,418.00	853,418.00
Machinery & Equipment	84,919.12	84,919.12
Surgical & Medical Equipment	213,267.91	213,267.91
Accumulated Depreciation	-278,135.82	-274,730.68
Goodwill	3,914,333.00	3,914,333.00
Accumulated Amortization	-1,043,823.45	-1,043,823.45
Total Fixed Assets	3,771,307.63	3,774,712.77
Other Assets		
Rent Deposit	20,256.00	20,256.00
Total Other Assets	20,256.00	20,256.00
TOTAL ASSETS	4,388,688.32	4,387,272.89
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	54,977.48	50,711.83
Total Accounts Payable	54,977.48	50,711.83

Truckee Surgery Center LLC Balance Sheet

As of October 31, 2015

	Oct 31, 15	Sep 30, 15
Credit Cards		
BankCard 0177	1,475.12	0.00
BankCard 0253	573.07	0.00
Total Credit Cards	2,048.19	0.00
Other Current Liabilities		
Billing Fee Due	2,139.68	3,428.42
Compensated Absenses	30,080.89	32,485.01
Payroll Liabilities	385.12	361.32
Total Other Current Liabilities	32,605.69	36,274.75
Total Current Liabilities	89,631.36	86,986.58
Total Liabilities	89,631.36	86,986.58
Equity		
Tahoe Forest Hospital		
Tahoe Forest Hospital Equity	3,835,590.19	3,835,590.19
Distributions TFH	-35,700.00	-35,700.00
Total Tahoe Forest Hospital	3,799,890.19	3,799,890.19
Truckee Surgery Center Inc		
Truckee Surgery Cntr Inc Equity	670,611.55	670,611.55
Distributions TSC Inc	-34,300.00	-34,300.00
Total Truckee Surgery Center Inc	636,311.55	636,311.55
Retained Earnings	-223,062.17	-223,062.17
Net Income	85,917.39	87,146.74
Total Equity	4,299,056.96	4,300,286.31
TOTAL LIABILITIES & EQUITY	4,388,688.32	4,387,272.89

Truckee Surgery Center LLC
Profit & Loss YTD Comparison
October 2015

	Oct 15	Jan - Oct 15
Ordinary Income/Expense		
Income		
Patient Revenue		
Private Pay	1,796.00	7,888.00
Medbridge	131,208.76	1,518,067.73
Medical Record Copy Fee	15.00	256.59
Total Patient Revenue	133,019.76	1,526,212.32
Refunds		
Insurance Refund	-1,462.25	-1,462.25
Patient Refund	-1,835.02	-10,311.36
Total Refunds	-3,297.27	-11,773.61
Total Income	129,722.49	1,514,438.71
Gross Profit	129,722.49	1,514,438.71
Expense		
Billing Service	6,395.57	75,314.70
General Office		
Dues and Subscriptions	800.00	2,756.88
Office Supplies	459.40	2,777.34
Postage and Delivery	108.74	2,615.69
Printing and Reproduction	0.00	1,927.09
Total General Office	1,368.14	10,077.00
Liability Gen'l, Prof Insurance	1,240.75	12,407.50
Property Insurance Expense	161.09	1,610.90
Licenses and Permits	0.00	1,804.00
Linen	1,619.36	20,133.68
Medical Supplies Total		
Gas Medical	229.43	3,661.80
Implants	22,305.23	229,565.07
Instrument Expense	308.80	2,028.50
Medical Supplies	7,334.26	117,104.10
Pharmacy	6,626.76	42,008.77
Patient Nutrition	144.03	2,679.38
Total Medical Supplies Total	36,948.51	397,047.62
Other Expenses		
Bank Charges	69.34	390.89
Cleaning Supplies	319.12	2,270.96
Educational	690.00	2,429.00
Equipment Rental/Lease	460.92	4,882.40
Interest Expense	0.00	24.62

Truckee Surgery Center LLC
Profit & Loss YTD Comparison
October 2015

	Oct 15	Jan - Oct 15
Meals & Entertainment	0.00	516.39
Merchant Fees	113.13	1,413.47
Miscellaneous	321.49	1,461.63
Travel	635.92	711.58
Total Other Expenses	2,609.92	14,100.94
Payroll Expenses		
Health Insurance Total		
Vision	112.60	1,126.00
Dental	643.24	6,106.48
HSA	2,018.07	31,455.45
Health	4,305.40	53,832.33
Total Health Insurance Total	7,079.31	92,520.26
Employee Benefit	315.30	1,491.32
Payroll Taxes	3,274.02	38,406.62
Retirement Contribution	546.79	6,803.85
Service Fee	0.00	508.28
Wages	38,765.13	426,990.92
Work Comp	486.55	6,107.59
Payroll Expenses - Other	70.00	924.15
Total Payroll Expenses	50,537.10	573,752.99
Professional Fees		
Accounting	220.00	4,779.00
Consulting	500.00	7,410.00
Pension Fees	0.00	375.00
Transcription Services	319.89	3,414.48
Total Professional Fees	1,039.89	15,978.48
Rent & CAM	13,065.12	129,942.24
Repairs		
Building/Equipment Repairs	1,647.14	29,953.26
Instrument Refurbishing	1,836.29	14,346.94
Instrument Repairs	0.00	5,243.05
Maintenance-Preventative	1,425.25	32,005.06
Total Repairs	4,908.68	81,548.31
Taxes		
Property	2,022.89	21,462.41
State	566.69	5,666.63
Total Taxes	2,589.58	27,129.04

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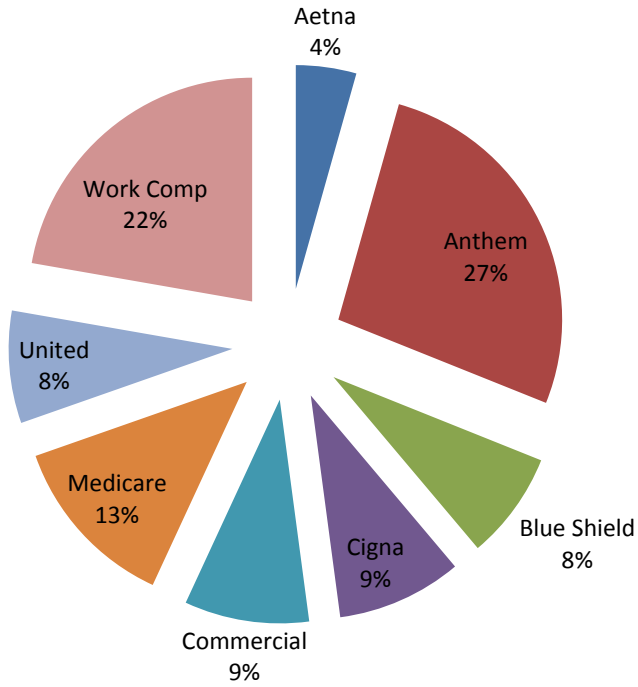
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Accrual Basis

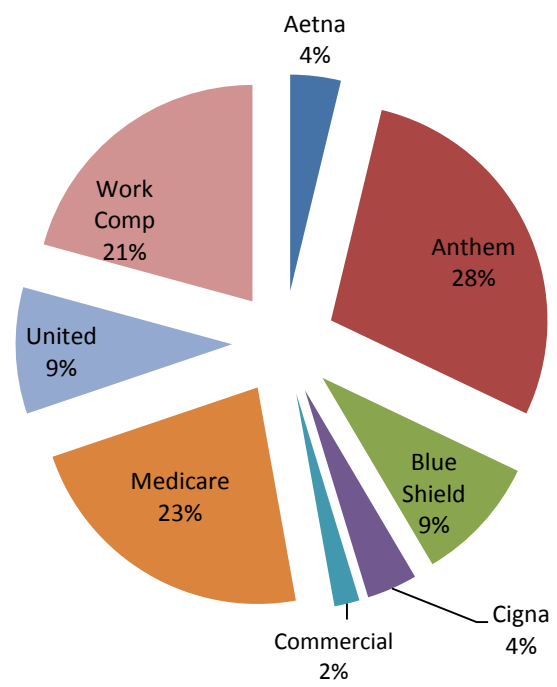
Truckee Surgery Center LLC
Profit & Loss YTD Comparison
October 2015

	Oct 15	Jan - Oct 15
Utilities		
Alarm Monitor	69.00	690.00
Cable	72.53	712.02
Gas and Electric	2,268.89	24,736.16
Medical Waste	113.00	932.00
Sewer	0.00	2,307.24
Telephone	496.85	4,914.97
Total Utilities	3,020.27	34,292.39
Depreciation Expense	3,405.14	34,051.40
Total Expense	128,909.12	1,429,191.19
Net Ordinary Income	813.37	85,247.52
Other Income/Expense		
Other Income		
Other Income	0.00	669.87
Total Other Income	0.00	669.87
Net Other Income	0.00	669.87
Net Income	<u>813.37</u>	<u>85,917.39</u>

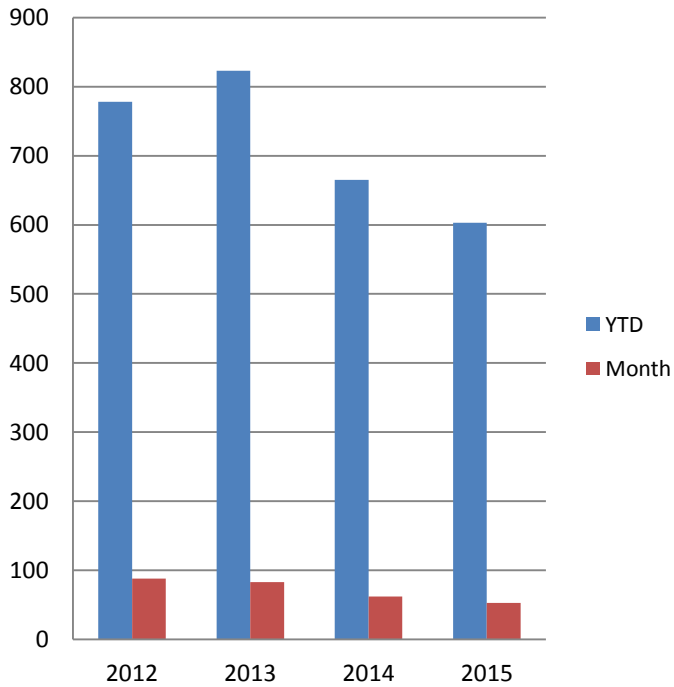
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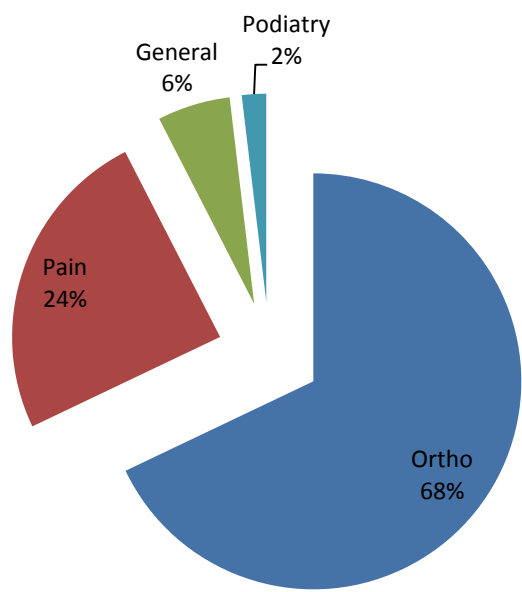
Cases by Payer



Case Volume



Cases Volume by Specialty



Truckee Surgery Center LLC Balance Sheet

As of November 30, 2015

	Nov 30, 15	Oct 31, 15
ASSETS		
Current Assets		
Checking/Savings		
Bank of the West	287,269.47	354,320.01
Petty Cash	76.72	76.72
Total Checking/Savings	287,346.19	354,396.73
Accounts Receivable		
Accounts Receivable		
Allowance for Doubtful Accounts	-37,429.32	-37,987.03
Accounts Receivable - Other	290,050.30	270,912.27
Total Accounts Receivable	252,620.98	232,925.24
Total Accounts Receivable	252,620.98	232,925.24
Other Current Assets		
Prepaid Expense		
Franchise Tax Prepaid	566.68	1,133.37
General Liability Insurance	6,708.00	1,240.76
HSA Contribution	2,018.08	4,036.15
Medical Supplies	299.72	374.63
Personal Property Taxes	756.88	1,513.76
Preventative Maint	756.25	1,512.50
Property Insurance	0.00	161.10
Worker's Comp	20.90	-169.55
Total Prepaid Expense	11,126.51	9,802.72
Total Other Current Assets	11,126.51	9,802.72
Total Current Assets	551,093.68	597,124.69
Fixed Assets		
Furniture & Fixtures	3,087.00	3,087.00
Instruments	24,241.87	24,241.87
Leasehold Improvements	853,418.00	853,418.00
Machinery & Equipment	87,129.12	84,919.12
Surgical & Medical Equipment	214,098.69	213,267.91
Accumulated Depreciation	-281,540.96	-278,135.82
Goodwill	3,914,333.00	3,914,333.00
Accumulated Amortization	-1,043,823.45	-1,043,823.45
Total Fixed Assets	3,770,943.27	3,771,307.63
Other Assets		
Rent Deposit	20,256.00	20,256.00
Total Other Assets	20,256.00	20,256.00
TOTAL ASSETS	4,342,292.95	4,388,688.32
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	34,485.81	54,977.48
Total Accounts Payable	34,485.81	54,977.48

Truckee Surgery Center LLC Balance Sheet

As of November 30, 2015

	Nov 30, 15	Oct 31, 15
Credit Cards		
BankCard 0177	0.00	1,475.12
BankCard 0253	0.00	573.07
Total Credit Cards	0.00	2,048.19
Other Current Liabilities		
Billing Fee Due	2,935.09	2,139.68
Compensated Absenses	30,450.25	30,080.89
Payroll Liabilities	6,262.31	385.12
Pension Payable	1,524.17	0.00
Total Other Current Liabilities	41,171.82	32,605.69
Total Current Liabilities	75,657.63	89,631.36
Total Liabilities	75,657.63	89,631.36
Equity		
Tahoe Forest Hospital		
Tahoe Forest Hospital Equity	3,835,590.19	3,835,590.19
Distributions TFH	-35,700.00	-35,700.00
Total Tahoe Forest Hospital	3,799,890.19	3,799,890.19
Truckee Surgery Center Inc		
Truckee Surgery Cntr Inc Equity	670,611.55	670,611.55
Distributions TSC Inc	-34,300.00	-34,300.00
Total Truckee Surgery Center Inc	636,311.55	636,311.55
Retained Earnings	-223,062.17	-223,062.17
Net Income	53,495.75	85,917.39
Total Equity	4,266,635.32	4,299,056.96
TOTAL LIABILITIES & EQUITY	4,342,292.95	4,388,688.32

Truckee Surgery Center LLC
Profit & Loss YTD Comparison
November 2015

	Nov 15	Jan - Nov 15
Ordinary Income/Expense		
Income		
Patient Revenue		
Private Pay	13,109.00	20,997.00
Medbridge	117,150.60	1,635,218.33
Medical Record Copy Fee	0.00	256.59
Total Patient Revenue	130,259.60	1,656,471.92
Refunds		
Insurance Refund	0.00	-1,462.25
Patient Refund	0.00	-10,311.36
Total Refunds	0.00	-11,773.61
Total Income	130,259.60	1,644,698.31
Gross Profit	130,259.60	1,644,698.31
Expense		
Bad Debt	80.00	80.00
Billing Service	5,857.53	81,172.23
General Office		
Dues and Subscriptions	637.88	3,394.76
Office Supplies	315.12	3,092.46
Postage and Delivery	22.35	2,638.04
Printing and Reproduction	1,028.65	2,955.74
Total General Office	2,004.00	12,081.00
Liability Gen'l, Prof Insurance	1,240.76	13,648.26
Property Insurance Expense	161.10	1,772.00
Licenses and Permits	20.00	1,824.00
Linen	1,636.57	21,770.25
Medical Supplies Total		
Gas Medical	341.52	4,003.32
Implants	15,531.07	245,096.14
Instrument Expense	260.00	2,288.50
Medical Supplies	10,667.84	127,771.94
Pharmacy	2,179.76	44,188.53
Patient Nutrition	141.85	2,821.23
Total Medical Supplies Total	29,122.04	426,169.66

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Accrual Basis

Truckee Surgery Center LLC
Profit & Loss YTD Comparison
November 2015

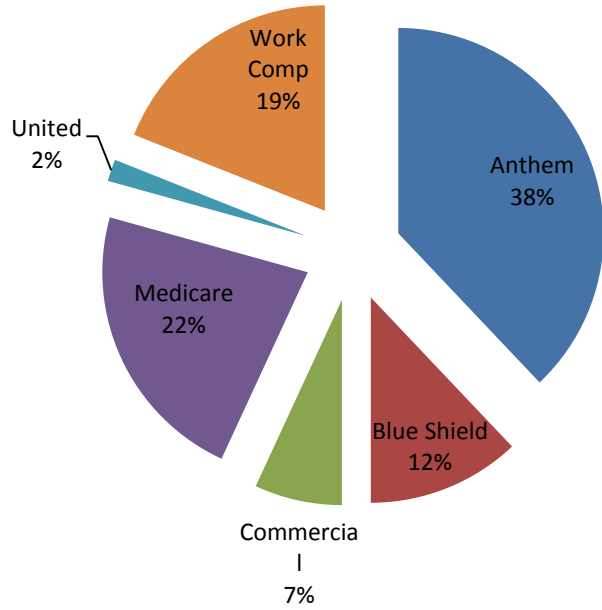
	Nov 15	Jan - Nov 15
Other Expenses		
Bank Charges	82.80	473.69
Cleaning Supplies	137.29	2,408.25
Educational	110.00	2,539.00
Equipment Rental/Lease	1,038.58	5,920.98
Interest Expense	32.24	56.86
Meals & Entertainment	501.86	1,018.25
Merchant Fees	235.65	1,649.12
Miscellaneous	591.14	2,052.77
Travel	937.35	1,648.93
Total Other Expenses	3,666.91	17,767.85
Payroll Expenses		
Health Insurance Total		
Vision	112.60	1,238.60
Dental	643.24	6,749.72
HSA	2,018.07	33,473.52
Health	5,681.12	59,513.45
Total Health Insurance Total	8,455.03	100,975.29
Employee Benefit	104.27	1,595.59
Payroll Taxes	5,336.24	43,742.86
Retirement Contribution	713.13	7,516.98
Service Fee	0.00	508.28
Wages	68,625.74	495,616.66
Work Comp	486.55	6,594.14
Payroll Expenses - Other	92.75	1,016.90
Total Payroll Expenses	83,813.71	657,566.70
Professional Fees		
Accounting	0.00	4,779.00
Consulting	3,050.00	10,460.00
Pension Fees	1,700.00	2,075.00
Transcription Services	331.37	3,745.85
Total Professional Fees	5,081.37	21,059.85
Rent & CAM	13,065.12	143,007.36
Repairs		
Building/Equipment Repairs	3,370.58	33,323.84
Instrument Refurbishing	493.74	14,840.68
Instrument Repairs	0.00	5,243.05
Maintenance-Preventative	3,623.75	35,628.81
Total Repairs	7,488.07	89,036.38

Truckee Surgery Center LLC
Profit & Loss YTD Comparison
November 2015

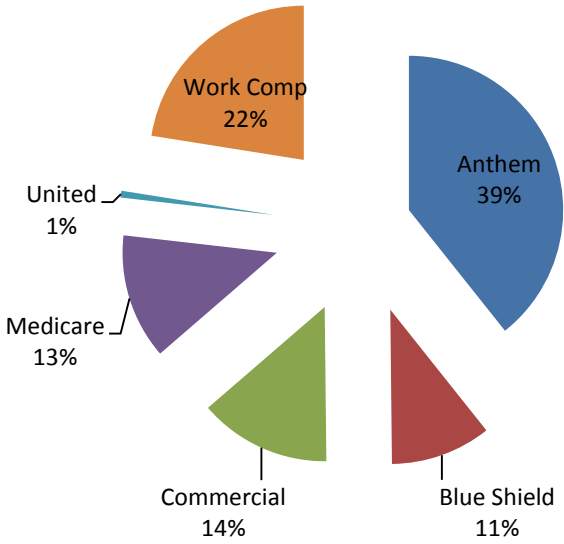
	Nov 15	Jan - Nov 15
Taxes		
Property	2,022.88	23,485.29
State	566.69	6,233.32
Total Taxes	2,589.57	29,718.61
Utilities		
Alarm Monitor	69.00	759.00
Cable	72.53	784.55
Gas and Electric	2,724.52	27,460.68
Medical Waste	86.00	1,018.00
Sewer	0.00	2,307.24
Telephone	497.30	5,412.27
Total Utilities	3,449.35	37,741.74
Depreciation Expense	3,405.14	37,456.54
Total Expense	162,681.24	1,591,872.43
Net Ordinary Income	-32,421.64	52,825.88
Other Income/Expense		
Other Income		
Other Income	0.00	669.87
Total Other Income	0.00	669.87
Net Other Income	0.00	669.87
Net Income	-32,421.64	53,495.75

Anthem	22	\$	52,978.00	39%
Blue Shield	7	\$	14,194.49	11%

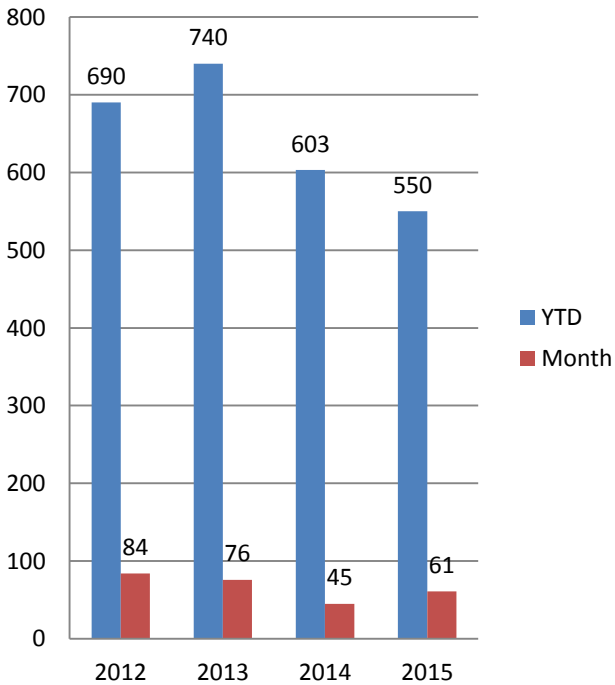
Cases by Payer



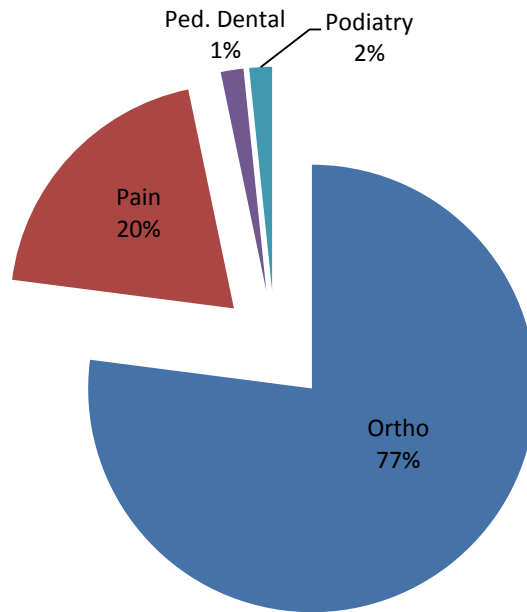
Expected Revenue by Payer



Case Volumes



Volume by Specialty



Tahoe Forest Health System Foundation

Truckee, California

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

June 30, 2015 and 2014



K · C O E
I S O M

Tahoe Forest Health System Foundation

TABLE OF CONTENTS

June 30, 2015 and 2014

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Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	6
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tahoe Forest Health System Foundation
Truckee, California

We have audited the accompanying financial statements of Tahoe Forest Health System Foundation (the Foundation), a not-for-profit organization, which comprise the statements of financial position as of June 30, 2015 and 2014; the related statements of activities and cash flows for the years then ended; and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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 Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

KCoe Jam, LLP

February 8, 2016
Chico, California

Tahoe Forest Health System Foundation

STATEMENTS OF FINANCIAL POSITION

June 30	2015	2014
ASSETS		
Cash and cash equivalents	\$ 629,921	\$ 636,397
Unconditional promises to give - net	28,281	86,706
Beneficial interest in Community for Cancer Care Endowment	1,274,996	1,205,980
Other assets	40,572	23,023
TOTAL ASSETS	\$ 1,973,770	\$ 1,952,106
LIABILITIES AND NET ASSETS		
Liabilities		
Due to Tahoe Forest Hospital District	\$ 1,873	\$ 18,116
Held in trust for others	5,183	3,345
Deferred revenue	273,265	219,732
Total Liabilities	280,321	241,193
Net Assets		
Unrestricted	32,814	106,129
Temporarily restricted	1,660,635	1,604,784
Total Net Assets	1,693,449	1,710,913
TOTAL LIABILITIES AND NET ASSETS	\$ 1,973,770	\$ 1,952,106

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

Tahoe Forest Health System Foundation

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2015	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contributions - net	\$ 770,929	\$ 239,648	\$ 1,010,577
Special event revenue	-	535,322	535,322
Change in value of beneficial interest in Community for Cancer Care Endowment	-	3,688	3,688
Net assets released from restrictions	722,807	(722,807)	-
Total Support and Revenue	1,493,736	55,851	1,549,587
Expenses			
Program support	879,542	-	879,542
Costs of direct benefits to donors	214,664	-	214,664
Supporting services:			
Supplies	39,282	-	39,282
Wages and benefits	357,060	-	357,060
Outside services and fees	76,503	-	76,503
Total Supporting Services	472,845	-	472,845
Total Expenses	1,567,051	-	1,567,051
Change in Net Assets	(73,315)	55,851	(17,464)
Net Assets - Beginning of Year	106,129	1,604,784	1,710,913
Net Assets - End of Year	\$ 32,814	\$ 1,660,635	\$ 1,693,449

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

Tahoe Forest Health System Foundation

STATEMENTS OF ACTIVITIES

(Continued)

Year Ended June 30, 2014	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contributions - net	\$ 707,582	\$ 247,978	\$ 955,560
Special event revenue	-	525,730	525,730
Change in value of beneficial interest in Community for Cancer Care Endowment	-	166,456	166,456
Net assets released from restrictions	758,706	(758,706)	-
Total Support and Revenue	1,466,288	181,458	1,647,746
Expenses			
Program support	823,876	-	823,876
Costs of direct benefits to donors	187,607	-	187,607
Supporting services:			
Supplies	2,874	-	2,874
Wages and benefits	365,142	-	365,142
Outside services and fees	129,505	-	129,505
Total Supporting Services	497,521	-	497,521
Total Expenses	1,509,004	-	1,509,004
Change in Net Assets	(42,716)	181,458	138,742
Net Assets - Beginning of Year	148,845	1,423,326	1,572,171
Net Assets - End of Year	\$ 106,129	\$ 1,604,784	\$ 1,710,913

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

Tahoe Forest Health System Foundation
STATEMENTS OF CASH FLOWS

Years Ended June 30	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (17,464)	\$ 138,742
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Provision for uncollectible promises to give	(6,603)	(10,395)
Transfers to Community for Cancer Care Endowment	(82,175)	(113,410)
Changes in operating assets and liabilities:		
Unconditional promises to give	65,028	110,988
Beneficial interest in Community for Cancer Care Endowment	13,159	(154,632)
Other assets	(17,549)	(19,081)
Due to Tahoe Forest Hospital District	(16,243)	18,116
Deferred revenue	53,533	85,132
Amounts held in trust for others	1,838	2,361
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(6,476)	57,821
Cash and Cash Equivalents - Beginning of Year	636,397	578,576
Cash and Cash Equivalents - End of Year	\$ 629,921	\$ 636,397

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

Tahoe Forest Health System Foundation

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of the financial statements.

Organization Tahoe Forest Health System Foundation (the Foundation) is a not-for-profit organization which was formed to support and enhance healthcare excellence in the communities served by Tahoe Forest Hospital, a part of the Tahoe Forest Hospital District (the District). The Foundation provides these communities the opportunity to assist and invest in the development of comprehensive healthcare resources.

Basis of Presentation The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation, and changes therein, are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents The Foundation maintains its cash in financial institutions. At times, the account balances in a financial institution may exceed the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit; and, as a result, there is a concentration of credit risk related to amounts in excess of FDIC insurance coverage.

Contributions and Promises to Give The Foundation reports gifts of cash and other assets at the time the gift is made. Unconditional promises to give are recognized as revenue or gains in the period the promise is made. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give that are expected to be collected beyond twelve months from the pledge date are recorded at their net present values. The amortization of the imputed discount is reported as contribution income.

Tahoe Forest Health System Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Management provides for probable uncollectible amounts through a provision for uncollectible promises to give and an adjustment to a valuation allowance based on its assessment of the current status of individual promises. Promises that are still outstanding, after management has used reasonable collection efforts, are written off through a charge to the valuation allowance. As of June 30, 2015 and 2014, the valuation allowance was \$3,142 and \$9,745, respectively. Contribution income is presented net of the provision for uncollectible promises to give.

Recognition of Donor Restrictions Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted assets, depending on the nature of the restriction. When a temporary restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. When restrictions on contributions are satisfied in the same period as the receipt of the contribution, the Foundation reports both the contribution received and the related expense in unrestricted net assets.

Beneficial Interest in Community for Cancer Care Endowment The Foundation is the named beneficiary under the terms of the Community for Cancer Care Endowment administered by the Tahoe Truckee Community Foundation. The Foundation's interest in the endowment assets are recorded in the statements of financial position at fair value. The change in fair value attributable to the interests of the Foundation is recorded as an increase/(decrease) in temporarily restricted contributions on the accompanying statements of activities. This net change in fair value may include community gifts to the fund, investment results, and distributions from the fund; but, it excludes direct transfers from the Foundation to the fund.

Donated Services Certain individuals and organizations have contributed significant amounts of time without compensation to the activities of the Foundation. The financial statements do not reflect the value of all of these contributed services because no reliable basis exists for determining a comparable dollar amount.

The Foundation also receives in-kind support from the District, principally in the form of employee wages and benefits. The value of this support, as measured by actual expenses paid on the Foundation's behalf, is included in contribution revenue and expenses. This support totaled \$610,515 and \$673,847 for the years ended June 30, 2015 and 2014, respectively.

Income Taxes The Foundation is exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and Section 23701(d) of the *California Revenue and Taxation Code*. The Foundation is not a private foundation under Section 509(a)(2). The Foundation has not entered into any activities that would jeopardize its tax-exempt status. Income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. However, there have been no unrelated business activities identified; accordingly, no provision for income taxes is required.

The Foundation files exempt organization returns in the U.S. federal and California jurisdictions. The federal returns for fiscal years 2011 and thereafter, and the California returns for fiscal years 2010 and thereafter, remain subject to examination by the taxing authorities.

Tahoe Forest Health System Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The Foundation accounts for income taxes in accordance with Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes and how an uncertain tax position is recognized in financial statements. The Foundation analyzes tax positions taken in previously filed returns and tax positions expected to be taken in future returns. Based on this analysis, a liability is recorded if uncertain tax benefits have been received. The Foundation's practice is to recognize interest and penalties, if any, related to uncertain tax positions in the tax expense. There were no uncertain tax positions identified or related interest and penalties recorded as of June 30, 2015, and the Foundation does not expect this to change significantly over the next twelve months.

Date of Management's Evaluation Management has evaluated subsequent events through February 8, 2016, the date that the report was available to be issued.

2. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

June 30	2015	2014
Receivable in less than one year	\$ 32,234	\$ 54,515
Receivable in one to five years	1,000	52,154
Total Unconditional Promises to Give	33,234	106,669
Less: Unamortized discount	(1,811)	(10,218)
Less: Allowance for uncollectible amounts	(3,142)	(9,745)
Unconditional Promises to Give - Net	\$ 28,281	\$ 86,706

Promises to give that are not to be received within the subsequent year are discounted at 3% per year.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

June 30	2015	2014
Cancer prevention	\$ 344,072	\$ 305,111
Cancer care	1,303,278	1,290,250
Hospice and other	13,285	9,423
Total Temporarily Restricted Net Assets	\$ 1,660,635	\$ 1,604,784

Tahoe Forest Health System Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

4. RELATED-PARTY TRANSACTIONS

The Foundation exists to support and enhance healthcare in the District's service area. Accordingly, the majority of the Foundation's program support expenditures represent payments directly to the District in furtherance of these purposes.

5. BENEFICIAL INTEREST IN COMMUNITY FOR CANCER CARE ENDOWMENT

The Foundation established the Community for Cancer Care Endowment Fund (the Fund) at Tahoe Truckee Community Foundation (TTCF). Under the terms of the agreement, the Foundation is the named beneficiary of the Fund, and distributions from the Fund shall be in accordance with the spending policy established by the Board of Directors of TTCF. Distributions shall be made annually or, as the parties may, from time to time, agree. Distributions in excess of TTCF's spending policy may be made to the Foundation in any year as determined by the Board of Directors of TTCF. The Foundation may request, at any time, that TTCF disburse up to 100% of the Fund to the Foundation. Such a request, however, is not binding on TTCF and may be accepted or rejected, in whole or in part, by TTCF at its sole and absolute discretion. At the establishment of the Fund, the Foundation granted variance power to TTCF. That power gives TTCF the right to distribute the income and principal of the Fund to another not-for-profit organization of its choice if the Foundation ceases to exist or if the governing board of TTCF votes that support of the Foundation is: (a) no longer necessary, or (b) inconsistent with the needs of TTCF. The Fund had a value of \$1,274,996 and \$1,205,980 at June 30, 2015 and 2014, respectively, that is reported in the statements of financial position as beneficial interest in Community for Cancer Care Endowment.

TAHOE FOREST HEALTH SYSTEM FOUNDATION
STATEMENT OF FINANCIAL POSITION - BALANCE SHEET
AS OF DECEMBER 31, 2015

	DECEMBER 31, 2015	AUDITED JUNE 30, 2015	AUDITED JUNE 30, 2014	AUDITED JUNE 30, 2013
ASSETS				
Cash and cash equivalents	\$ 709,290	\$ 629,921	\$ 636,397	\$ 578,576
Unconditional promises to give - net	10,047	28,281	86,706	187,299
Beneficial interest in Community for Cancer Care Endowment	1,240,868	1,274,996	1,205,980	937,938
Other assets	40,572	40,572	23,023	3,942
Total Assets	<u>\$ 2,000,778</u>	<u>\$ 1,973,770</u>	<u>\$ 1,952,106</u>	<u>\$ 1,707,755</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Due to Tahoe Forest Hospital District	\$ 188,143	\$ 1,873	\$ 18,116	\$ -
Held in trust for others	11	5,183	3,345	984
Deferred revenue	-	273,265	219,732	134,600
Total Liabilities	<u>\$ 188,154</u>	<u>\$ 280,321</u>	<u>\$ 241,193</u>	<u>\$ 135,584</u>
NET ASSETS				
Unrestricted	\$ 51,684	\$ 32,814	\$ 106,129	\$ 148,845
Temporarily restricted	1,760,940	1,660,635	1,604,784	1,423,326
Total Net Assets	<u>\$ 1,812,624</u>	<u>\$ 1,693,449</u>	<u>\$ 1,710,913</u>	<u>\$ 1,572,171</u>
Total Liabilities and Net Assets	<u>\$ 2,000,778</u>	<u>\$ 1,973,770</u>	<u>\$ 1,952,106</u>	<u>\$ 1,707,755</u>

**TAHOE FOREST HEALTH SYSTEM FOUNDATION
STATEMENTS OF ACTIVITIES - INCOME STATEMENT
FOR THE PERIOD ENDING DECEMBER 31, 2015**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUE			
Contributions - net	\$ 146,145	\$ 133,383	\$ 279,528
Special event revenue	-	439,987	439,987
Change in value of beneficial interest in Community for Cancer Care Endowment	-	(49,679)	(49,679)
Net assets released from restrictions	386,757	(386,757)	(0)
Total Support and Revenue	<u>\$ 532,902</u>	<u>\$ 136,935</u>	<u>\$ 669,837</u>
EXPENSES			
Program support	209,130	-	209,130
Costs fo direct benefits to donors	143,558	-	143,558
Supporting services:			
Supplies	17,554	-	17,554
Wages and benefits	90,752	-	90,752
Outside services and fees	53,038	-	53,038
Total Supporting Services	161,344	-	161,344
Total Expenses	<u>\$ 514,032</u>	<u>\$ -</u>	<u>\$ 514,032</u>
Change in Net Assets	<u>\$ 18,870</u>	<u>\$ 136,935</u>	<u>\$ 155,805</u>
Net Assets - Beginning of Year	<u>\$ 32,814</u>	<u>\$ 1,624,005</u>	<u>\$ 1,656,819</u>
Net Assets - End of Year	<u><u>\$ 51,684</u></u>	<u><u>\$ 1,760,940</u></u>	<u><u>\$ 1,812,624</u></u>

TAHOE FOREST HEALTH SYSTEM FOUNDATION
STATEMENT OF REVENUE AND EXPENSE (STATEMENT OF ACTIVITIES)
AS OF DECEMBER 31, 2015

	ACTUAL					FY2016 BUDGET					VARIANCE				
	Gene Upshaw Memorial Golf Classic	Best of Tahoe Chefs	Stewardship	Other	Total	Gene Upshaw Memorial Golf Classic	Best of Tahoe Chefs	Stewardship	Other	Total	Gene Upshaw Memorial Golf Classic	Best of Tahoe Chefs	Stewardship	Other	Total
REVENUES:															
Philanthropic Sources															
Gross Event Funds	\$ 430,387	\$ 9,600	\$ -	\$ -	\$ 439,987	\$ 400,000	\$ 200,000	\$ -	\$ -	\$ 600,000	\$ 30,387	\$ (190,400)	\$ -	\$ -	\$ (160,013)
Other Giving	-	-	-	127,036	127,036	-	-	2,000	612,956	614,956	-	-	(2,000)	(485,920)	(487,920)
Total Philanthropic Revenues	430,387	9,600	-	127,036	567,023	400,000	200,000	2,000	612,956	1,214,956	30,387	(190,400)	(2,000)	(485,920)	(647,933)
Other Sources															
Grant Funds	-	-	-	-	-	-	-	-	15,000	15,000	-	-	-	(15,000)	(15,000)
Change In Value CCCE	-	-	-	(49,679)	(49,679)	-	-	-	-	-	-	-	-	(49,679)	(49,679)
Gift Tree	-	-	-	25,459	25,459	-	-	-	49,200	49,200	-	-	-	(23,741)	(23,741)
TFHD Support	-	-	-	127,033	127,033	-	-	-	475,913	475,913	-	-	-	(348,880)	(348,880)
Total Other Revenues	-	-	-	102,814	102,814	-	-	-	540,113	540,113	-	-	-	(437,299)	(437,299)
TOTAL REVENUES	\$ 430,387	\$ 9,600	\$ -	\$ 229,850	\$ 669,837	\$ 400,000	\$ 200,000	\$ 2,000	\$ 1,153,069	\$ 1,755,069	\$ 30,387	\$ (190,400)	\$ (2,000)	\$ (923,219)	\$ (1,085,232)
EXPENSES:															
Salaries/Wages/Benefits	\$ -	\$ -	\$ -	\$ 90,752	\$ 90,752	\$ -	\$ -	\$ -	\$ 199,557	\$ 199,557	\$ -	\$ -	\$ -	\$ (108,806)	\$ (108,806)
Supplies	294	-	-	17,554	17,848	5,915	722	4,201	29,391	40,229	(5,621)	(722)	(4,201)	(11,837)	(22,381)
Professional Fees	-	-	-	11,614	11,614	-	-	-	18,346	18,346	-	-	-	(6,732)	(6,732)
Purchased Services	128,549	14,184	1,280	9,999	154,011	199,650	38,675	2,400	16,542	257,267	(71,101)	(24,491)	(3,120)	(6,543)	(103,256)
Marketing	-	-	-	1,575	1,575	-	-	-	20,461	20,461	-	-	-	(18,886)	(18,886)
Rent & Utilities	-	-	-	12,719	12,719	-	-	-	25,228	25,228	-	-	-	(12,509)	(12,509)
Other	67	463	20	15,832	16,382	6,400	1,200	175	8,256	16,031	(6,333)	(737)	(155)	7,576	351
TOTAL EXPENSES	\$ 128,910	\$ 14,647	\$ 1,299	\$ 160,045	\$ 304,901	\$ 211,965	\$ 40,597	\$ 6,776	\$ 317,781	\$ 577,119	\$ (83,055)	\$ (25,950)	\$ (5,477)	\$ (157,736)	\$ (272,218)
FOUNDATION NET FUNDING	\$ 301,477	\$ (5,047)	\$ (1,299)	\$ 69,805	\$ 364,935	\$ 188,035	\$ 159,403	\$ (4,776)	\$ 835,288	\$ 1,177,950	\$ 113,442	\$ (164,450)	\$ 3,477	\$ (765,483)	\$ (813,015)
PROGRAM SUPPORT - TRANSFERS TO TFHD	\$ -	\$ -	\$ -	\$ (209,130)	\$ (209,130)	\$ -	\$ -	\$ -	\$ (364,000)	\$ (364,000)	\$ -	\$ -	\$ -	\$ 154,870	\$ 154,870
CHANGE IN NET ASSETS	\$ 301,477	\$ (5,047)	\$ (1,299)	\$ (139,325)	\$ 155,805	\$ 188,035	\$ 159,403	\$ (4,776)	\$ 471,288	\$ 813,950	\$ 113,442	\$ (164,450)	\$ 3,477	\$ (610,613)	\$ (658,145)
WITHOUT TFHD SUPPORT & TRANSFERS TO TFHD	\$ -	\$ -	\$ -	\$ 82,097	\$ 82,097	\$ -	\$ -	\$ -	\$ (111,913)	\$ (111,913)	\$ -	\$ -	\$ -	\$ 194,010	\$ 194,010
FOUNDATION NET FUNDING WITHOUT TFHD SUPPORT	\$ 301,477	\$ (5,047)	\$ (1,299)	\$ (57,228)	\$ 237,902	\$ 188,035	\$ 159,403	\$ (4,776)	\$ 359,375	\$ 702,037	\$ 113,442	\$ (164,450)	\$ 3,477	\$ (416,603)	\$ (464,135)

**TAHOE FOREST HEALTH SYSTEM FOUNDATION
REVENUES**

	PRE-AUDIT FYE 6/30/2015	BUDGET FYE 6/30/2016	AS OF 12/31/2015	VARIANCE
Unrestricted:				
Area of Most Need	94,053	45,000	19,112	(25,888)
The Gift Tree	38,880	50,000	25,459	(24,541)
Designated/Restricted Funds				
Cancer Care Endowment - Patient & Family Program	7,125	57,410	2,630	(54,780)
Cancer Care Endowment - Sustainability Fund	-	1,000	-	(1,000)
Cancer Care Endowment - General Fund	9,721	15,195	875	(14,320)
Cancer Center - GUMTFCC	51,848	17,000	23,875	6,875
Cancer Center - Restricted Funds	9,161	10,000	3,463	(6,537)
Community for Cancer Care Endowment	750	190,000	-	(190,000)
Nutrition Coalition Fund	21,774	25,000	5,814	(19,186)
Patient Assistance Fund	-	10,000	1,358	(8,642)
Intensive Care Unit Fund	1,035	500	-	(500)
Women and Family Fund	25,708	5,000	1,050	(3,950)
Emergency Department Fund	1,602	2,000	752	(1,248)
Skilled Nursing Facility Fund	25	25,000	125	(24,875)
Tahoe Forest Hospice Program fund	25,657	26,021	19,122	(6,899)
Tahoe Forest Hospice - Renee's Place	-	5,000	-	(5,000)
Wellness Neighborhood	77,186	-	20,422	20,422
Children's Center	688	5,000	680	(4,320)
Grateful Patient	-	10,000	-	(10,000)
Employee Assistance Fund	2,519	8,000	747	(7,253)
Employee Giving Campaign	-	100,000	-	(100,000)
Auxiliary	1,184	-	23,790	23,790
Equipment	4,800	-	-	-
Quality and Regulation	2,500	-	-	-
Restricted Donation - Designation TBD	-	1,000	-	(1,000)
Restricted Donation	-	-	5,000	5,000
Spirit of Giving Award Fund	-	3,000	-	(3,000)
Home Health	-	-	25	25
Tahoe Forest Hospital Endowment Fund	-	830	1,100	270
Gene Upshaw Memorial Fund	700	1,000	600	(400)
Sub-Total	376,915	612,956	156,000	(456,956)
Designated/Restricted Funds				
Gene Upshaw Memorial Golf Classic - Event Gross Proceeds	411,675	400,000	430,387	30,387
Best of Tahoe Chefs - Event Gross Proceeds	159,632	200,000	9,600	(190,400)
TFHF Stewardship Fund	-	2,000	-	(2,000)
Grants - Misc	-	15,000	-	(15,000)
Sub Total	571,307	617,000	439,987	(177,013)
Grand Total Revenues	948,222	1,229,956	595,987	(633,969)

Memo

To: Crystal Betts, CFO
From: Jaye Chasseur, Controller
Date: January 19, 2016
Subject: FY2017 Budget Timeline

I am presenting the following timeline for the FY2017 budgeting process:

January 13th through January 18th - Accounting

FY 2017 12-month Statistical volume analysis commences using annual historical data for the past five to seven years, comparing high, low, and average utilization by month.

FY2017 12-month Statistical volumes spread is completed factoring in any known changes to individual service lines that are expected to happen due to internal or external factors.

January 19th through January 29th - Accounting

Departmental budget workbooks are built out in Budget Advisor.

The Statistical volumes spread is loaded into Budget Advisor.

February 1st through February 29th - Accounting

Preliminary Inpatient and Outpatient revenues are generated in Budget Advisor based upon the Statistical volumes and historical run rates captured in the budgeting software.

A review of volumes, revenues, and run rates by department are performed in Budget Advisor and revisions made, if necessary, to more appropriately reflect expected revenues for the upcoming fiscal year.

Volumes and revenues are finalized in Budget Advisor. Work begins on building out the Contractual Allowances model based on current reimbursement rates from Medicare, Medicaid, and Commercial payors along with establishing estimated deductions from revenue for Charity Care and Bad Debt.

February 1st through February 26th - Directors

FY2017 12-month Statistical volume spread is sent to Department Directors along with their listing of employees inclusive of Job Title, Status, Pay Rule, and Scheduled Hours. Directors must complete all FTE budgets by February 19th.

February 29th through March 11th – Directors and Senior Leaders

Directors review their departmental FTE budgets with Senior Leaders. Approved FTE budgets are submitted to Accounting by the close of business on March 4th.

March 14th through March 31st - Accounting

Staffing schedules are entered into Budget Advisor. Salary, wages and FTEs are analyzed against monthly volume spread. Paid Leave, Social Security and Medicare taxes along with other system calculated benefits are reviewed and adjusted accordingly.

March 1st through March 31st - Accounting

Work begins on budgeting non-variable expenses including, but not limited to, Purchased Services, Professional Fees, Utilities, Travel and Outside Training, Building and Equipment rents, dues and subscriptions, and marketing.

April 1st through April 15th - Accounting

Non-variable expenses are completed.

Staffing schedules are finalized and work begins on budgeting the non-system generated benefits portion of payroll. These benefits include Deferred Compensation, Health Insurance, Worker's Compensation Insurance, Long-term Sick Leave, and SUI.

April 18th through April 29th – Accounting, Directors, and Senior Leaders

Meetings are scheduled with Directors to review the draft departmental budgets and revisions are made if approved by Senior Leaders.

May 1st through May 13th – Senior Leaders and Accounting

Final review of the budget is performed by Senior Leadership members.

Final revisions to the FY2017 budget are made based on Senior Leadership feedback.

May 16th through May 31st – Crystal and Jaye

Compilation of the FY2017 budget package is performed.

June 1st through June 10th - Crystal

Budget is presented to the Board for approval at a Special Board Meeting.

**FIRST AMENDMENT
TO
CREDIT AND SECURITY AGREEMENT**

This FIRST AMENDMENT TO CREDIT AND SECURITY AGREEMENT (this "First Amendment"), dated as of January 25, 2016 (the "Effective Date"), is made and entered into by and among Tahoe Forest Hospital District, a California local health care district ("Lender"), TIRHR, LLC, a California limited liability company ("Borrower"), and Tahoe Institute for Rural Health Research, a California nonprofit public benefit corporation (the "Institute").

RECITALS

WHEREAS, Lender, Borrower and the Institute are all parties to a certain Credit and Security Agreement dated as of June 30, 2014 (the "Credit Agreement"), pursuant to which, among other things, Lender committed to provide a revolving credit facility to Borrower in the maximum principal amount of Two Million Dollars (\$2,000,000) for the purposes set forth therein;

WHEREAS, the outstanding principal balance under the Credit Agreement has reached the maximum principal balance of Two Million Dollars (\$2,000,000), and Lender's Board of Directors has approved increasing the maximum principal balance by Four Hundred Sixty Thousand Dollars (\$460,000);

WHEREAS, Lender, Borrower and Institute now all wish to amend the Credit Agreement to reflect the increased maximum principal amount;

NOW, THEREFORE, for the purpose of so amending the Credit Agreement, the parties hereto agree as follows:

1. The definition of the term "Credit Commitment" appearing in Article I of the Credit Agreement is entirely amended and restated to read as follows:

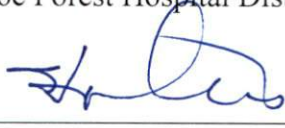
"Credit Commitment" means a commitment on the part of Lender to lend, under the terms and conditions of this Agreement, the principal sum of not more than Two Million Four Hundred Sixty Thousand Dollars (\$2,460,000), as such amount may be reduced by Borrower pursuant to the provisions of Section 2.4 hereof.

2. Except as expressly amended by this First Amendment, the Credit Commitment and each and all of the terms and conditions thereof remain in full force and effect.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed and delivered this First Amendment as of the date first set forth above.

Tahoe Forest Hospital District

By: 
Its Chief Executive Officer

TIRHR, LLC

By: 
A Manager

Tahoe Institute for Rural Health Research

By: 
Its President

FINANCE COMMITTEE

RECOMMENDED AGENDA ITEMS FOR NEXT FINANCE COMMITTEE MEETING

1. Financial Report – February 2016
2. FYE 2015 Audited Financial Statements – IVCHF
3. FY 2017 Budget Volumes and Gross Revenues
4. GO Bond Refinancing Update
5. Audit Firm RFP timeline/process
6. Cash Investment options

RECOMMENDED DATE(s) AND TIME(s) FOR NEXT FINANCE COMMITTEE MEETING

- | | |
|----------------------------|-----------------------|
| 1. Tuesday, March 22, 2016 | 2 hrs – 9:00am-5:00pm |
| 2. Monday, March 21, 2016 | 2 hrs – 9:00am-5:00pm |