



TAHOE FOREST HOSPITAL DISTRICT

2016-11-17 Board Finance Committee

11/17/2016

Eskridge Conference Room

Meeting Book - 2016-11-17 Board Finance Committee

Finance Committee

AGENDA

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7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

No related materials.

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10. ADJOURN



TAHOE
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FINANCE COMMITTEE AGENDA

Thursday, November 17, 2016 at 2:00 p.m.
Eskridge Conference Room, Tahoe Forest Hospital
10121 Pine Avenue, Truckee, CA

- 1. **CALL TO ORDER**
- 2. **ROLL CALL**
Dale Chamblin, Chair; John Mohun, 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: 10/24/2016** ATTACHMENT
- 6. **ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION**
 - 6.1. Financial Reports
 - 6.1.1. Multi-Specialty Clinics 1st Quarter FY 2017 Financial Statements ATTACHMENT
 - 6.1.2. TFHD Financial Report – October 2016 ATTACHMENT
 - 6.1.3. TFHSF Pre-Audit FY 2016 Financial Statements ATTACHMENT
 - 6.1.4. TFHSF 1st Quarter FY 2017 Financial Statements ATTACHMENT
 - 6.1.5. Truckee Surgery Center LLC July – September 2016 Financial Statements ATTACHMENT
 - 6.2. DRAFT Contract – Moss Adams ATTACHMENT
 - 6.3. Board Education and Updates
 - 6.3.1. Meaningful Use
- 7. **REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**
- 8. **AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING** ATTACHMENT
- 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.



FINANCE COMMITTEE

DRAFT MINUTES

Monday, October 24, 2016 at 1:00 p.m.
Eskridge Conference Room, Tahoe Forest Hospital
10121 Pine Ave, Truckee, CA

1. CALL TO ORDER

Meeting was called to order at 1:26 p.m.

2. ROLL CALL

Board: Dale Chamblin, Chair; John Mohun, Board Member

Staff: Harry Weis, Chief Executive Officer; Crystal Betts, Chief Financial Officer; Judy Newland, Chief Operating Officer; Jaye Chasseur, Controller

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: 08/24/2016

Director Mohun moved approval of the August 24, 2016 Finance Committee minutes.

6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Financial Reports

6.1.1. Financial Report – September 2016 Quarterly Packet

CFO gave the September 2016 Quarterly packet overview:

Controller has updated the FY2016 year-end numbers which are reflected in the August 2016 column of the Balance Sheet.

CFO reviewed the Balance Sheet; Working Capital Cash decreased \$1,675,000. This is primarily related to the reduction in Accounts Payable that happened in September. Accounts Receivable decreased \$95,000 and Days in AR also decreased 2.20 days due to the increase in revenues over the past few month.

Directors Mohun and Chamblin inquired as to how the new Efficient-C program works in the Business Office. CFO explained how the program follows claims from coding through a coding edit before the claim drops to ensure the highest percentage of claims will drop “clean” in order to expedite payment.

Director Chamblin asked how Cash Receipts per Day were calculated on the Statement of Net Position Key Indicators report. CFO explained how the budgeted FY and Quarterly cash per day calculations were derived and explained the variance between End 1st Qtr Actual figure versus the Jul 16 to Sept 16 number is calculated on the revenues less the deductions from revenue recorded on the Districts books versus the actual cash collected for that same time period.

CFO reviewed the Income Statement; Gross revenues were up 10.7% over budget as well as contractual allowances exceeded budget by 19.7%. The increase in contractual allowances resulted from high Medicare and Medi-Cal payors in September. We are still accruing for the retroactive pay increases that will go into effect once the Bargaining Unit agreements are approved. Professional fees were over budget due to the Interim Director of Physician Services, Bad Debt consultant work, and Therapy Pro fees. Net Income for September was \$1.7m and YTD is \$4.8m.

The income statement for Incline Village Community Hospital was reviewed. IVCH remains strong in the first three months with net income exceeding budget by \$275k.

Statement of Cash Flows was reviewed for the quarter ending September 30th with a projection of 180 Days Cash on Hand at year-end. Nine days higher than budget.

A brief overview was conducted of the quarterly volumes and graphs.

6.1.2. Quarterly Review of Financial Status of Separate Entities

The quarterly SBUs were discussed:

Home Health & Hospice, combined, show a Net Income that is slightly below budget but well within the Board designated loss to run the two programs;

Child Care Center Net Operating Revenue was slightly under budget;

Occupational Health & Health Clinic Net Income/(Loss) were below budget by \$12k;

Retail Pharmacy's Net Financial Position fell short of estimations by \$14k;

The quarterly Center for Health and Sports Performance SBUs were discussed:

Therapy Services Adjusted Net Income was over budget \$59k;

Sports Performance Lab Adjusted Net Income was on target;

Fitness Center and HP/Education/Wellness Adjusted Net Income came in above budget by \$9k;

Total Center operations exceeded budget by \$20k and the Adjusted Net Income for the first three months of FY17 were \$23k better than this time last year.

The quarterly Cancer Center SBUs were discussed:

Medical Oncology and MSC Medical Oncology (chemotherapy infusion) Net Income exceeded budget by \$78k and Radiation Oncology and MSC Radiation Oncology also exceeded budget by \$212k;

Oncology Lab revenues were redirected back to the Lab Department since the beginning of FY17. We are working on pulling a report on these revenues to redirect them back to the Cancer Center.

Oncology Drugs Net Income exceeded budget by \$267k as did PET CT, which came in \$10k over budget.

6.1.3. Quarterly Review of Revenue Payor Mix

Gross Revenue payor mix trends are showing an uptick in Commercial, Medicare is down against budget and Medi-Cal is trending to budget.

Inpatient Revenue payor mix is showing Commercial, Medicare, and Medi-Cal tracking to budget.

Outpatient Revenue payor mix shows an upward trend in Commercial, downward trend in Medicare and Medi-Cal is tracking to budget.

6.1.4. TIRHR Expenditure Report

A review of the TIRHR Expenditure Report was conducted by the CFO. Discussion ensued around the collectability of the credit line in future years. The CFO explained the approach that is taken each year during audit to establish whether the debt is collectible or a portion should be written off against the balance.

6.2. FY2016 Audited Financial Statement Report - DRAFT

The Draft Audited Financial Statements were included in the Finance Committee packet for review and comment. CFO stated she and the Controller still had to perform a review of the draft audit and will report any minor changes that need to be made before the Final Audited Statements are presented to the Board on Thursday, October 27th.

Director Mohun commented on the strong recovery in FY16 over FY15.

6.3. Board Education and Updates

6.3.1. Discussion of Audit Firm RFP Process

CFO inquired of Directors Chamblin and Mohun about their feelings of the RFP selection process, interview process and time allotted. Both Directors commented on the experience and expertise the audit firms brought to the table for the interviews.

7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

The CFO reviewed her Executive Committee report regarding the Audit Committee approach and recommendation to the Board for the newly appointed Audit firm.

8. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING

October Financial Statements
Foundation Update – First Quarter
Multi-Specialty Clinic update – First Quarter
TSC, LLC update
Audit Firm contract
Meaningful Use Waiver/Hardship Request update

9. NEXT MEETING DATE

The next Finance Committee meeting is scheduled for 11/17/16.

10. ADJOURN

Meeting adjourned at 3.45 p.m.

Tahoe Forest Multi-Specialty Clinics
First Quarter FY 2017 (July 2016 – Sept 2016) Report to the Finance Committee
Executive Summary
November 11, 2016

Changes to Report Format and Prior Period Comparison. Please note the following changes to the report format and prior period comparison.

- Beginning in July, the contracts for three of the four MSC internists (Drs. Lombard, Scholnick and Tirdel) were amended to eliminate the RVU credit for daytime hospitalist work and replace it with a direct payment per shift. This expense, along with the revenue, is charged to the hospitalist cost center. For the sake of consistency, an equivalent portion of Dr. Burkholder's compensation is now being charged to the hospitalist cost center as well, based on the number of shifts worked. To provide a valid year over year comparison, prior year figures in this report were restated to remove the hospitalist WRVU credit, charges, net revenue and the portion of professional fee expense related to hospitalist work.
- The WRVU Summary has been updated as follows:
 - Current and prior year figures reflect actual WRVUs produced by each physician or midlevel. As noted above, the hospitalist credit has been removed, along with credits for midlevel supervision and the Incline production guarantee.
 - Because eleven of the MSC's eighteen physicians (as well as the audiologists) are now paid on a production basis, the bonus threshold continues to be reported only for the remaining seven physicians who receive fixed base compensation and are eligible to earn a production bonus if the WRVU threshold is exceeded.
 - At the request of the Board, a comparison of actual WRVUs to MGMA national median WRVUs is being provided. The national median figure reflects a three-year average and is prorated based on the number of months being reported, but is not prorated based upon the number of days or hours the physician works.
 - In order to provide a more complete view of the contribution made to Tahoe Forest by the internists who also serve as hospitalists, their FTE status as hospitalists is reflected in the rightmost column. The FTE status was calculated by dividing the average number of 12-hour shifts covered per month by 15 (considered the norm for a full-time hospitalist).

Total Operations. In the first quarter of FY 2017, provider FTEs increased by 4.3 relative to the first quarter of FY 2016, due primarily to the addition of two new service lines in the fourth quarter of FY 2016: orthopedic surgery and urology. Work Relative Value Units (WRVUs) were 37% higher than the first quarter of FY 2016, gross charges were 48% higher, and net revenue was 33% higher. Provider expense was 59% higher, clinic operating expense was 52% higher and the overall net loss was slightly more than double the prior year, but still approximately \$112,000 less than what was budgeted.

- In addition to the orthopedic surgeons and Dr. Bretan, there was an increase in extender FTEs year over year, with the addition of Samantha Smith to the Internal Medicine / Cardiology clinic last January. Extender FTEs in this clinic will increase even further in the 2nd quarter with the addition of Melissa Rider, also in the Internal Medicine / Cardiology clinic. The additional extenders have helped relieve some of the pressure from the internists, and the MSC saw a shift of roughly 700 clinic WRVUs from the internists to the extenders.

- WRVU growth was noted in Primary Care provided by midlevels (55%), ENT (13%), Sports Medicine (12%), Pediatrics (9%), and Neurology (4%). Decreases in WRVU volumes were noted for the Internal Medicine physicians (15%), Audiology (10%), Gastroenterology (8%) and General Surgery (1%). In addition, the nephrologists and pediatric pulmonologist who had been working with the MSC on a very limited part time basis did not renew their contracts.
- Of the seven physicians paid a base compensation plus bonus, three (Drs. Burkholder, Wicks and Schaffer) are exceeding the bonus threshold by 20% or more. Of the remaining four, two (Drs. Cooper and Conyers) are general surgeons with a substantial call burden and two (Drs. Mancuso and Bretan) are in their first year of practice with the MSC.
- Provider expense increased by 59%. In addition to the provider FTE additions in orthopedic surgery, urology and Internal Medicine / Cardiology, a portion of this year over year increase was fueled by locum tenens expense in ENT and Orthopedic Surgery. Dr. Mancuso, who worked for six months as a locums following Dr. Chase's resignation is directly contacted with the MSC as of mid-October. The locums expense has also been eliminated in the Orthopedic Surgery clinic as Dr. Foley came on board half-time in August, and Dr. Dickinson half-time in November.
- Total clinic operating expenses increased 52% relative to prior year, again largely related to the new service lines. Excluding the expenses associated with the two new clinics, salaries and benefits increased 12%, administrative services and supplies increased 27%, medical drugs and supplies increased 31%, building rent and utilities increased 7% and other operating expenses increased 65%. The key drivers of these cost increases include staffing to support an additional midlevel provider, consulting services associated with the numerous initiatives within the physician services division, travel and temporary housing associated both with both ENT locums tenens coverage and the interim Executive Director, and increases in dispensing of hearing aids, pediatric immunizations, botox and orthovisc.

Individual Clinic Highlights

ENT / Audiology. Work RVUs in the ENT Clinic increased by 11% year over year. Gross charges increased by 23%, partially due to the increase in productivity and partially due to the increase in hearing aids dispensed. However net revenue increased only by 13%. There was a notable shift in payer mix, with Medi-Cal increasing from 26% to nearly 33%.

Provider expense increased by 58% due to the higher cost of locums coverage. The 96% increase in medical supplies and drugs was related to the increase in hearing aids. The net operating loss in this clinic increased from \$47,136 to \$112,674. The loss is expected to decrease in future quarters with the elimination of the locums premium.

Internal Medicine / Pulmonology. Overall, Work RVUs in the Internal Medicine / Pulmonology clinic decreased by 9% relative to prior year. Gross charges decreased by 4% and net revenue by 12%. Operating expenses were 6% lower than prior year.

Internal Medicine / Cardiology. RVUs increased in the Internal Medicine / Cardiology clinic by 47%, largely due to the transfer of Dr. Forner from Sports Medicine to IM / Cardiology in mid-November 2015 and the addition of Samantha Smith in January 2016. Gross charges increased 39% year over year and net revenue by 30%. Provider expense increased by 40%.

In the first half of FY 16, Gastroenterology and General Surgery shared space with the IM/Cardiology clinic. Although revenue and provider expense were separately and distinctly tracked and reported, the shared clinic expenses were allocated based on provider FTEs. In FY 17, clinic operating expenses are separately tracked, and it appears based on the actual distribution of expenses that the FY 16 allocation methodology may have charged too little expense to IM/Card and too much to GI/GS. On a combined basis, the operating expense of these two clinics increased 32%, which reflects both the increase associated with supporting additional providers in IM/Cardiology, as well as the additional costs in rent and staffing to operate two separate sites.

Pediatrics. WRVUs in the Pediatrics clinic increased 7% year over year; however gross charges decreased by 4% and net revenue increased by 6%. The disparity in these figures was related to a change in billing practice with regard to vaccines provided by the state under the VFC (Vaccines for Children) program. Nearly half of the vaccines administered in this clinic (48% in FY 16 and 44% in FY 17) are covered under VFC. Under this program, the vaccine is provided to the hospital free of charge and the hospital is paid only for the vaccine administration. In FY 16, the hospital was billing the vaccine CPT code at its full price and writing off the difference between that full charge and the very modest vaccine administration fee. In FY 17, the hospital charged an amount that more closely aligned with the expected payment rate for the vaccine CPT codes. The net impact of this change was a decrease in gross charges of approximately \$155,000, with no impact on net revenue. At the same time, the number of immunizations administered for children covered under commercial insurance increased 15%, the associated charges increased 13% and the net revenue 17%. This increased demand likely stems from SB 277, the new law eliminating the “personal belief” vaccine exemption for students entering school.

Provider expense increased by 14% based on the increased productivity and the new benefit reimbursement plan offered to the physicians. Overall clinic operating cost increased by 24%, primarily due to an increase in pharmaceutical expense.

GI / General Surgery. WRVUs in the GI/General Surgery clinic decreased 4% between the first quarter of FY 16 and the first quarter of FY 17, with a 1% decrease in General Surgery and 8% in Gastroenterology. Dr. Schaffer was hoping to reduce his schedule to half-time as a gradual transition toward retirement. However since we have thus far been unsuccessful in recruiting a new full-time Gastroenterologist, Dr. Schaffer graciously agreed to make only about a 15% reduction in his hours of availability. Access for screening colonoscopies is further impacted by Dr. Conyers’ departure in mid-October. The MSC has amended the contracts of two of the surgeons who provide locums on-call coverage to incentivize them to perform some elective screenings when they are on site for their surgery call. This will help alleviate the backlog but we continue to actively recruit for a full-time gastroenterologist, so that we can increase access and allow Dr. Schaffer to transition into semi-retirement.

Gross charges in the GI/GS clinic increased 3% year over year and net revenue increased 16%. The financial report shows a 34% decrease in clinic operating expenses, although as discussed above, the prior year expenses may not have been accurately allocated between IM/Cardiology and GI/GS.

Incline Village. RVUs decreased in the Incline Village clinic by 39%, and both gross charges and net revenue decreased by 38%. Dr. Scholnick decreased his time in Incline from one and one-half days per week to one, which accounts for most of the decrease. This clinic shares space with the “Health Clinic”

which is not part of the MSC, but Dr. Sutton-Pado and the midlevel providers who staff the “Health Clinic” side are meeting the primary care needs, so that Dr. Scholnick can see more specialty cases in the Incline MSC clinic.

Orthopedic Surgery. With 4,692 WRVUs in the first quarter, Orthopedics edges out Pediatrics (by 5 RVUs!) as the busiest clinic in the MSC. As the Board is aware, responsibility for the operations of this clinic was transitioned to the hospital in a very short time frame, in the midst of a period of financial and operational turmoil within North Tahoe Orthopedics. The road to recovery has been neither easy nor swift, but progress has been made. The provider panel has been stabilized with the addition of Dr. Foley (half time) in August and the addition of Dr. Dickinson (also half time) in November. A fourth surgeon, Dr. Haeder, has been recruited from residency and will start in August 2017. In the meantime, to help address issues with patient access, the orthopedic physician assistants, who have provided surgery assists and inpatient follow-up in the hospital, have begun seeing patients in the clinic as well. After some initial nervous reaction to the many changes, staffing appears to have stabilized, and we are hopeful that after the staff transitions into Tahoe Forest HealthCare Services in January, turnover will be further reduced.

Both revenues and expenses have come in over budget, net revenue by 83% and expenses by 19%. The net operating loss, as a result, was 61% of what was budgeted.

Sports Medicine. WRVUs in the Sports Medicine clinic decreased by 44% due to the transfer of Dr. Forner from Sports Medicine to IM/Cardiology last November. Dr. Winans’ RVUs grew by 12%. Overall the gross charges decreased by 40%, net revenue by 46%, provider expense by 38% and clinic operating expenses by 28%.

Urology. Dr. Bretan joined the MSC in May and his volumes continue to grow. In the first quarter of FY 17, Dr. Bretan reached 70% of his bonus threshold. Gross and net revenues are right on budget, as is provider expense. Clinic operating expenses are running 42% below budget, as staffing levels have been kept to a minimum until his practice reaches full capacity.

Tahoe Forest MSC - WRVU Summary
For the period July 2016 - September 2016 with comparison to prior year, bonus threshold and MGMA median

PROVIDER	CLINIC(S)	(MSC work only)	(MSC work only)	Curr Yr as % of Prior Yr	For MDs on base + bonus		(MSC work only)	Actual as % of F/T Median	(15 shifts/mo=1FTE) Hospitalist FTE
		Jul-Sept Curr Yr	Jul-Sept Prior Yr		(MSC work only) Bonus Threshold	Actual as % of Threshold	MGMA National F/T Median		
PRIMARY CARE PROVIDERS (Including Internists with subspecialty)									
INTERNAL MEDICINE									
Burkholder (IM)	IMCARD	644	737	87.3%	520	123.8%	1,167	55.1%	66.7%
Lombard (IM / Cardiology)	IMCARD	975	1,047	93.1%			1,425	68.5%	26.7%
Scholnick (IM / Cardiology)	IMCARD, INCLINE	1,108	1,461	75.8%			1,449	76.4%	31.1%
Tirdel (IM / Pulmonology)	IMPULM	1,101	1,254	87.8%			1,244	88.5%	48.9%
SUBTOTAL - INTERNAL MEDICINE		<u>3,827</u>	<u>4,499</u>	<u>85.1%</u>					
PEDIATRICS									
Arth	PEDS	1,192	1,129	105.6%			1,259	94.7%	
Brown	PEDS	-	1,052	0.0%					
Uglum	PEDS	1,170	1,065	109.9%			1,259	93.0%	
Wicks	PEDS	1,205	-		978	123.1%	1,259	95.7%	
Vayner	PEDS, INCLINE	1,129	1,070	105.5%			1,259	89.7%	
SUBTOTAL - PEDIATRICS		<u>4,696</u>	<u>4,317</u>	<u>108.8%</u>					
PHYSICIAN EXTENDERS									
Beck (PA)	IMPULM	975	867	112.5%					
Lang-Ree (PNP)	PEDS	218	261	83.4%					
Mustain (NP)	IMPULM	-	150	0.0%					
Shirley (NP)	IMCARD	146	-						
Smith (NP)	IMCARD	646	-						
SUBTOTAL - PHYSICIAN EXTENDERS		<u>1,985</u>	<u>1,279</u>	<u>155.3%</u>					
SUBTOTAL - PRIMARY CARE PROVIDERS		<u>10,509</u>	<u>10,094</u>	<u>104.1%</u>					
SPECIALISTS									
ORTHOPEDIC SURGERY									
Dodd	ORTHO	2,369	-				2,031	116.7%	
Ringnes	ORTHO	1,943	-				2,031	95.7%	
Foley	ORTHO	379	-				1,354	28.0%	
SUBTOTAL - ORTHOPEDIC SURGERY		<u>4,692</u>	<u>-</u>						
GENERAL SURGERY									
Conyers	GI/GS	1,165	1,012	115.1%	1,260	92.4%	1,695	68.7%	
Cooper	GI/GS	964	1,144	84.3%	1,260	76.5%	1,695	56.9%	
SUBTOTAL - GENERAL SURGERY		<u>2,129</u>	<u>2,156</u>	<u>98.8%</u>					
NEPHROLOGY									
Clark	IMCARD	-	15	0.0%					
Quigley	IMCARD	-	15	0.0%					
SUBTOTAL - NEPHROLOGY		<u>-</u>	<u>30</u>	<u>0.0%</u>					

Tahoe Forest MSC - WRVU Summary
For the period July 2016 - September 2016 with comparison to prior year, bonus threshold and MGMA median

PROVIDER	CLINIC(S)	(MSC work only)	(MSC work only)	Curr Yr as % of Prior Yr	For MDs on base + bonus		(MSC work only)		(15 shifts/mo=1FTE) Hospitalist FTE	
		Jul-Sept Curr Yr	Jul-Sept Prior Yr		(MSC work only) Bonus Threshold	Actual as % of Threshold	MGMA National F/T Median	Actual as % of F/T Median		
AUDIOLOGY										
Hodes	ENT	63	71	88.7%			161	38.9%		
Schellin	ENT	58	63	91.8%			161	35.9%		
SUBTOTAL - AUDIOLOGY		120	134	90.1%						
SINGLE PROVIDER SPECIALTIES										
Bretan (Urology)	UROLOGY	982	-		1,405	69.9%	1,905	51.5%		
Chase / Mancuso (ENT)	ENT	1,486	1,320	112.6%	1,597	93.1%	1,715	86.7%		
Schaffer (Gastroenterology)	GI/GS	1,285	1,399	91.8%	1,066	120.5%	2,146	59.9%		
Winans (Sports Medicine)	SPORTS	762	681	111.9%			1,304	58.5%		
Forner (Neurology)	SPORTS, IMCARD	699	671	104.2%			1,190	58.8%		
Hardy (Pediatric Pulmonology)	PEDS	-	20	0.0%						
SUBTOTAL - SINGLE PROVIDER SPECIALTIES		5,214	4,090	127.5%						
SUBTOTAL - SPECIALISTS		12,155	6,410	189.6%						
GRAND TOTAL		22,664	16,505	137.3%						

SUMMARY BY CLINIC

ENT	1,607	1,453	110.6%
GI / GENERAL SURGERY	3,414	3,555	96.0%
INCLINE VILLAGE	466	768	60.7%
INTERNAL MEDICINE / CARDIOLOGY	3,978	2,715	146.5%
INTERNAL MEDICINE / PULMONOLOGY	2,076	2,271	91.4%
ORTHOPEDIC SURGERY	4,692	-	
PEDIATRICS	4,687	4,391	106.8%
SPORTS MEDICINE	762	1,352	56.4%
UROLOGY	982	-	
GRAND TOTAL	22,664	16,505	137.3%

FY 16 MSC Income Statement July 2016 - September 2016 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	371,982	303,519	123%	386,045	96%	401,720	417,648	96%	403,943	99%	762,251	548,072	139%	1,208,493	63%
Contractual Allowances	(199,377)	(151,351)	132%	(208,603)	96%	(166,333)	(151,046)	110%	(174,531)	95%	(330,441)	(215,434)	153%	(534,043)	62%
Net revenue	<u>172,605</u>	<u>152,168</u>	<u>113%</u>	<u>177,442</u>	<u>97%</u>	<u>235,387</u>	<u>266,602</u>	<u>88%</u>	<u>229,412</u>	<u>103%</u>	<u>431,810</u>	<u>332,638</u>	<u>130%</u>	<u>674,450</u>	<u>64%</u>
Other operating revenue	-	-		-		-	-		-		-	-		-	
Provider expense															
Physician fees	177,120	111,801	158%	148,726	119%	88,034	86,169	102%	87,217	101%	222,879	184,097	121%	243,520	92%
Non-physician salaries/benefits	-	-		-		45,265	46,158	98%	37,994	119%	35,786	1,293	2767%	41,201	87%
Total provider expense	<u>177,120</u>	<u>111,801</u>	<u>158%</u>	<u>148,726</u>	<u>119%</u>	<u>133,299</u>	<u>132,327</u>	<u>101%</u>	<u>125,211</u>	<u>106%</u>	<u>258,665</u>	<u>185,391</u>	<u>140%</u>	<u>284,721</u>	<u>91%</u>
Clinic Operating Expenses:															
Salaries and wages	38,741	34,586	112%	39,117	99%	43,365	48,935	89%	49,693	87%	132,373	70,956	187%	147,517	90%
Benefits	17,311	14,449	120%	19,876	87%	19,794	21,441	92%	23,527	84%	60,110	29,601	203%	72,952	82%
Admin services & supplies	7,496	8,694	86%	8,734	86%	11,017	10,327	107%	10,993	100%	27,018	11,581	233%	27,376	99%
Medical supplies & drugs	25,001	12,757	196%	38,545	65%	34,827	40,595	86%	43,232	81%	43,565	23,001	189%	154,396	28%
Building Rent / Utilities	16,799	15,098	111%	15,039	112%	19,816	16,022	124%	18,763	106%	35,885	16,548	217%	35,643	101%
Other operating expense	2,812	1,919	147%	1,493	188%	3,728	3,566	105%	4,881	76%	3,921	613	640%	3,779	104%
Total clinic operating expenses	<u>108,159</u>	<u>87,503</u>	<u>124%</u>	<u>122,805</u>	<u>88%</u>	<u>132,548</u>	<u>140,886</u>	<u>94%</u>	<u>151,089</u>	<u>88%</u>	<u>302,873</u>	<u>152,298</u>	<u>199%</u>	<u>441,663</u>	<u>69%</u>
Net operating margin	(112,674)	(47,136)	239%	(94,089)	120%	(30,460)	(6,612)	461%	(46,888)	65%	(129,728)	(5,051)	2568%	(51,934)	250%
Allocation of administrative overhead	(25,810)	(24,459)		(22,175)		(35,198)	(42,853)		(28,670)		(64,569)	(53,468)		(84,287)	
Net profit (loss)	<u>(138,483)</u>	<u>(71,595)</u>	<u>193%</u>	<u>(116,264)</u>	<u>119%</u>	<u>(65,658)</u>	<u>(49,465)</u>	<u>133%</u>	<u>(75,558)</u>	<u>87%</u>	<u>(194,297)</u>	<u>(58,519)</u>	<u>332%</u>	<u>(136,220)</u>	<u>143%</u>
Ratios:															
Provider cost as % net revenue	103%	73%		84%		57%	50%		55%		60%	56%		42%	
Clinic op cost as % net revenue	63%	58%		69%		56%	53%		66%		70%	46%		65%	
Overhead cost as % net revenue	15%	16%		12%		15%	16%		12%		15%	16%		12%	
Clinic support FTEs	3.98	3.34	119%	4.00	100%	5.00	5.14	97%	5.00	100%	12.20	6.70	182%	13.55	90%
Provider FTEs	1.38	1.38	100%	1.38	100%	1.92	1.99	96%	1.90	101%	4.37	2.72	161%	5.10	86%
Clinic support FTEs per provider	2.89	2.42	119%	2.90	100%	2.61	2.58	101%	2.63	99%	2.79	2.46	113%	2.66	105%
Payor Mix															
Medicare	25.4%	21.8%				48.7%	47.0%				54.0%	57.5%			
Medicaid / Medi-Cal	32.7%	26.3%				10.7%	11.3%				11.8%	10.6%			
Commercial	37.2%	48.0%				39.2%	40.2%				32.7%	30.8%			
Self Pay	4.7%	4.0%				1.5%	1.5%				1.4%	1.0%			

FY 16 MSC Income Statement July 2016 - September 2016 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	1,069,681	1,118,813	96%	1,320,785	81%	606,666	591,767	103%	698,286	87%	120,473	193,443	62%	194,227	62%
Contractual Allowances	(635,780)	(709,611)	90%	(851,159)	75%	(324,084)	(347,695)	93%	(406,784)	80%	(52,955)	(84,765)	62%	(76,794)	69%
Net revenue	<u>433,901</u>	<u>409,202</u>	<u>106%</u>	<u>469,626</u>	<u>92%</u>	<u>282,582</u>	<u>244,072</u>	<u>116%</u>	<u>291,502</u>	<u>97%</u>	<u>67,518</u>	<u>108,678</u>	<u>62%</u>	<u>117,433</u>	<u>57%</u>
Other operating revenue	-	-		-		8,624	-		-		-	-		-	
Provider expense															
Physician fees	241,562	211,602	114%	249,226	97%	286,333	290,038	99%	282,185	101%	34,603	43,978	79%	29,896	116%
Non-physician salaries/benefits	19,643	18,289	107%	23,117	85%	-	-		-		-	-		-	
Total provider expense	<u>261,205</u>	<u>229,891</u>	<u>114%</u>	<u>272,343</u>	<u>96%</u>	<u>286,333</u>	<u>290,038</u>	<u>99%</u>	<u>282,185</u>	<u>101%</u>	<u>34,603</u>	<u>43,978</u>	<u>79%</u>	<u>29,896</u>	<u>116%</u>
Clinic Operating Expenses:															
Salaries and wages	97,539	108,792	90%	116,029	84%	61,981	70,856	87%	58,324	106%	7,659	8,284	92%	20,933	37%
Benefits	48,767	50,669	96%	57,271	85%	26,064	28,869	90%	30,030	87%	7,809	8,894	88%	10,691	73%
Admin services & supplies	31,733	26,016	122%	29,418	108%	2,511	12,819	20%	10,058	25%	1,295	1,988	65%	1,936	67%
Medical supplies & drugs	135,791	64,962	209%	103,503	131%	2,022	25,225	8%	4,990	41%	2,331	17,993	13%	21,305	11%
Building Rent / Utilities	19,804	19,804	100%	19,826	100%	10,293	18,183	57%	12,031	86%	2,117	2,117	100%	2,117	100%
Other operating expense	2,563	1,952	131%	5,534	46%	561	511	110%	1,050	53%	264	190	139%	1,303	20%
Total clinic operating expenses	<u>336,196</u>	<u>272,194</u>	<u>124%</u>	<u>331,581</u>	<u>101%</u>	<u>103,432</u>	<u>156,463</u>	<u>66%</u>	<u>116,483</u>	<u>89%</u>	<u>21,474</u>	<u>39,465</u>	<u>54%</u>	<u>58,284</u>	<u>37%</u>
Net operating margin	(163,500)	(92,883)	176%	(134,297)	122%	(98,558)	(202,429)	49%	(107,166)	92%	11,441	25,235	45%	29,253	39%
Allocation of administrative overhead	(64,882)	(65,774)		(58,690)		(42,255)	(39,232)		(36,429)		(10,096)	(17,469)		(14,676)	
Net profit (loss)	<u>(228,382)</u>	<u>(158,657)</u>	<u>144%</u>	<u>(192,987)</u>	<u>118%</u>	<u>(140,813)</u>	<u>(241,661)</u>	<u>58%</u>	<u>(143,595)</u>	<u>98%</u>	<u>1,344</u>	<u>7,766</u>	<u>17%</u>	<u>14,578</u>	<u>9%</u>
Ratios:															
Provider cost as % net revenue	60%	56%		58%		101%	119%		97%		51%	40%		25%	
Clinic op cost as % net revenue	77%	67%		71%		37%	64%		40%		32%	36%		50%	
Overhead cost as % net revenue	15%	16%		12%		15%	16%		12%		15%	16%		12%	
Clinic support FTEs	9.55	11.18	85%	11.30	85%	5.86	7.04	83%	6.00	98%	0.77	0.80	96%	2.20	35%
Provider FTEs	4.18	4.26	98%	4.35	96%	3.00	3.00	100%	3.00	100%	0.45	0.68	66%	0.50	90%
Clinic support FTEs per provider	2.28	2.63	87%	2.60	88%	1.95	2.35	83%	2.00	98%	1.71	1.18	145%	4.40	39%
Payor Mix															
Medicare	0.6%	0.3%				35.3%	35.1%				26.6%	45.5%			
Medicaid / Medi-Cal	35.3%	46.5%				15.2%	18.0%				20.1%	9.7%			
Commercial	63.3%	51.7%				47.6%	46.5%				52.2%	42.8%			
Self Pay	0.8%	1.4%				1.8%	0.4%				1.1%	2.0%			

FY 16 MSC Income Statement July 2016 - September 2016 with comparison to Prior Year and Budget
Clinic Roll-up (Page 3)

	Orthopedic Surgery					Sports Medicine					Urology				
	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud
Revenue															
Gross Charges	1,390,093	-		695,250	200%	139,713	233,415	60%	133,858	104%	185,364	-		183,648	101%
Contractual Allowances	(969,627)	-		(465,261)	208%	(64,647)	(94,151)	69%	(63,401)	102%	(101,757)	-		(99,743)	102%
Net revenue	<u>420,466</u>	<u>-</u>		<u>229,989</u>	<u>183%</u>	<u>75,066</u>	<u>139,264</u>	<u>54%</u>	<u>70,457</u>	<u>107%</u>	<u>83,607</u>	<u>-</u>		<u>83,905</u>	<u>100%</u>
Other operating revenue	-	-		-		-	-		-		-	-		-	
Provider expense															
Physician fees	411,371	-		495,552	83%	56,566	90,525	62%	55,168	103%	103,995	-		103,996	100%
Non-physician salaries/benefits	-	-		-		-	-		-		-	-		-	
Total provider expense	<u>411,371</u>	<u>-</u>		<u>495,552</u>	<u>83%</u>	<u>56,566</u>	<u>90,525</u>	<u>62%</u>	<u>55,168</u>	<u>103%</u>	<u>103,995</u>	<u>-</u>		<u>103,996</u>	<u>100%</u>
Clinic Operating Expenses:															
Salaries and wages	124,074	-		99,600	125%	13,319	19,421	69%	23,056	58%	15,876	-		39,208	40%
Benefits	19,581	-		24,750	79%	8,906	13,462	66%	11,190	80%	15,762	-		20,056	79%
Admin services & supplies	40,853	-		34,360	119%	2,519	3,449	73%	3,793	66%	2,351	-		5,012	47%
Medical supplies & drugs	113,478	-		90,320	126%	6,014	6,483	93%	4,890	123%	3,002	-		1,861	161%
Building Rent / Utilities	39,560	-		41,289	96%	-	-		-		6,944	-		8,117	86%
Other operating expense	13,085	-		4,110	318%	-	61	0%	1,889	0%	17	-		1,050	2%
Total clinic operating expenses	<u>350,632</u>	<u>-</u>		<u>294,429</u>	<u>119%</u>	<u>30,757</u>	<u>42,877</u>	<u>72%</u>	<u>44,819</u>	<u>69%</u>	<u>43,952</u>	<u>-</u>		<u>75,304</u>	<u>58%</u>
Net operating margin	(341,537)	-		(559,992)	61%	(12,257)	5,862	-209%	(29,529)	42%	(64,341)	-		(95,394)	67%
Allocation of administrative overhead	(62,873)	-		(28,742)		(11,225)	(22,385)		(8,805)		(12,502)	-		(10,486)	
Net profit (loss)	<u>(404,410)</u>	<u>-</u>		<u>(588,734)</u>	<u>69%</u>	<u>(23,482)</u>	<u>(16,523)</u>	<u>142%</u>	<u>(38,334)</u>	<u>61%</u>	<u>(76,842)</u>	<u>-</u>		<u>(105,880)</u>	<u>73%</u>
Ratios:															
Provider cost as % net revenue	98%			215%		75%	65%		78%		124%			124%	
Clinic op cost as % net revenue	83%			128%		41%	31%		64%		53%			90%	
Overhead cost as % net revenue	15%			12%		15%	16%		12%		15%			12%	
Clinic support FTEs	9.74			8.50	115%	1.49	2.37	63%	2.20	68%	1.86	-		4.00	47%
Provider FTEs	2.50			3.00	83%	0.63	1.13	56%	0.75	84%	1.00	-		1.00	100%
Clinic support FTEs per provider	3.90			2.83	138%	2.36	2.09	113%	2.93	80%	1.86			4.00	47%
Payor Mix															
Medicare	28.6%					29.6%	35.3%				41.7%				
Medicaid / Medi-Cal	11.6%					17.0%	14.9%				19.2%				
Commercial	56.9%					51.7%	48.5%				33.8%				
Self Pay	2.9%					1.7%	1.3%				5.4%				

FY 16 MSC Income Statement July 2016 - September 2016 vs. Prior Yr and Budget
Clinic Roll-up (Page 4)

	Administration					Total				
	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud
Revenue										
Gross Charges						5,047,942	3,406,676	148%	5,224,534	97%
Contractual Allowances						(2,845,000)	(1,754,052)	162%	(2,880,318)	99%
Net revenue						<u>2,202,942</u>	<u>1,652,624</u>	<u>133%</u>	<u>2,344,216</u>	<u>94%</u>
Other operating revenue						8,624	-		-	
Provider expense										
Physician fees	6,000	1,600	375%	6,000	100%	1,628,462	1,019,811	160%	1,701,486	96%
Non-physician salaries/benefits	-	-		-		100,695	65,741	153%	102,312	98%
Total provider expense	<u>6,000</u>	<u>1,600</u>		<u>6,000</u>		<u>1,729,157</u>	<u>1,085,551</u>	<u>159%</u>	<u>1,803,797</u>	<u>96%</u>
Clinic Operating Expenses:										
Salaries and wages	140,315	115,353	122%	151,866	92%	675,242	477,183	142%	745,345	91%
Benefits	35,567	33,575	106%	43,235	82%	259,670	200,960	129%	313,578	83%
Admin services & supplies	126,865	90,563	140%	81,288	156%	253,658	165,436	153%	212,967	119%
Medical supplies & drugs	88	-		30	290%	366,118	191,016	192%	463,072	79%
Building Rent / Utilities	8,816	17,877	49%	5,999	147%	160,035	105,648	151%	158,823	101%
Other operating expense	<u>11,759</u>	<u>6,673</u>	<u>176%</u>	<u>4,541</u>	<u>259%</u>	<u>38,710</u>	<u>15,484</u>	<u>250%</u>	<u>29,630</u>	<u>131%</u>
Total clinic operating expenses	<u>323,410</u>	<u>264,040</u>	<u>122%</u>	<u>286,959</u>	<u>113%</u>	<u>1,753,433</u>	<u>1,155,727</u>	<u>152%</u>	<u>1,923,414</u>	<u>91%</u>
Net operating margin	(329,410)	(265,640)	124%	(292,959)	97%	(1,271,024)	(588,654)	216%	(1,382,995)	92%
Allocation of administrative overhead	<u>329,410</u>	<u>265,640</u>		<u>292,959</u>		-	-		-	
Net profit (loss)	<u>-</u>	<u>-</u>		<u>-</u>		<u>(1,271,024)</u>	<u>(588,654)</u>	<u>216%</u>	<u>(1,382,995)</u>	<u>92%</u>
<u>Ratios:</u>										
Provider cost as % net revenue						78%	66%		77%	
Clinic op cost as % net revenue						65%	54%		70%	
Overhead cost as % net revenue						15%	16%		12%	
Clinic support FTEs	4.38	5.08	86%	6.00	73%	54.83	41.64	132%	62.75	87%
Provider FTEs						19.43	15.16	128%	20.98	93%
Clinic support FTEs per provider						2.82	2.75	103%	2.99	94%
<u>Payor Mix</u>										
Medicare						29.7%	28.9%			
Medicaid / Medi-Cal						19.1%	25.0%			
Commercial						49.2%	44.7%			
Self Pay						2.1%	1.4%			

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

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Board of Directors
Of Tahoe Forest Hospital District

OCTOBER 2016 FINANCIAL NARRATIVE

The following is the financial narrative analyzing financial and statistical trends for the four months ended October 31, 2016.

Activity Statistics

- ❑ TFH acute patient days were 376 for the current month compared to budget of 337. This equates to an average daily census of 12.13 compared to budget of 10.87.
- ❑ TFH Outpatient volumes were above budget in the following departments by at least 5%: Emergency Department visits, Surgical cases, Laboratory tests, Nuclear Medicine, MRI exams, Cat Scans, PET CTs, Pharmacy units, and Respiratory Therapy.
- ❑ TFH Outpatient volumes were below budget in the following departments by at least 5%: Home Health visits, Endoscopy procedures, Mammography, Oncology procedures, and Radiation Oncology procedures.

Financial Indicators

- ❑ Net Patient Revenue as a percentage of Gross Patient Revenue was 53.5% in the current month compared to budget of 53.9% and to last month's 51.8%. Current year's Net Patient Revenue as a percentage of Gross Patient Revenue is 53.6%, compared to budget of 54.1% and prior year's 56.7%.
- ❑ EBIDA was \$1,201,148 (6.0%) for the current month compared to budget of \$426,670 (2.2%), or \$774,478 (3.8%) above budget.
- ❑ Cash Collections for the current month were \$9,883,032 which is 88% of targeted Net Patient Revenue.
- ❑ Gross Days in Accounts Receivable were 54.2, compared to the prior month of 54.5. Gross Accounts Receivables are \$33,743,487 compared to the prior month of \$34,400,802. The percent of Gross Accounts Receivable over 120 days old is 22.57%, compared to the prior month of 20.89%.

Balance Sheet

- ❑ Working Capital Days Cash on Hand is 21.5 days. S&P Days Cash on Hand is 182.8. Working Capital cash decreased \$2,104,000. Cash collections fell short of target by 12% and Accounts Payable decreased \$484,000. In addition we received \$1,130,000 from the IGT program and sent out \$2,315,000 for the IGT Programs, for a net decrease of \$1,185,000.
- ❑ Net Patients Accounts Receivable decreased approximately \$611,000. Cash collections were at 88% of target and days in accounts receivable were 54.2 days, a .30 days decrease.
- ❑ Estimated Settlements, Medi-Cal and Medicare increased \$1,185,000. The District remitted its second round of payments to the State to participate in the IGT program and the Medi-Cal PRIME IGT program.
- ❑ Accounts Payable decreased \$484,000 due to the timing of the final check run in October.

Operating Revenue

- ❑ Current month’s Total Gross Revenue was \$20,023,869, compared to budget of \$19,356,107 or \$667,762 above budget.
- ❑ Current month’s Gross Inpatient Revenue was \$6,113,606, compared to budget of \$5,440,686 or \$672,920 above budget.
- ❑ Current month’s Gross Outpatient Revenue was \$13,910,263 compared to budget of \$13,915,421 or \$5,158 below budget. Volumes were up in some departments and down in others. See TFH Outpatient Activity Statistics above.
- ❑ Current month’s Gross Revenue Mix was 36.6% Medicare, 21.1% Medi-Cal, .0% County, 3.8% Other, and 38.5% Insurance compared to budget of 34.8% Medicare, 17.6% Medi-Cal, .0% County, 3.5% Other, and 44.1% Insurance. Last month’s mix was 36.4% Medicare, 19.4% Medi-Cal, .0% County, 2.9% Other, and 41.3% Insurance.
- ❑ Current month’s Deductions from Revenue were \$9,318,738 compared to budget of \$8,926,177 or \$392,560 above budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a 1.79% increase in Medicare, a 3.49% increase to Medi-Cal, a .0% decrease in County, a .34% increase in Other, and Commercial was under budget 5.62%, and 2) Revenues exceeded budget by 3.4%.

Operating Expenses

DESCRIPTION	October 2016 Actual	October 2016 Budget	Variance	BRIEF COMMENTS
Salaries & Wages	3,756,845	3,818,384	61,540	
Employee Benefits	1,198,430	1,124,097	(74,333)	
Benefits – Workers Compensation	57,528	57,011	(517)	
Benefits – Medical Insurance	490,769	694,217	203,448	
Professional Fees	1,552,351	1,789,484	237,133	Radiology physician income guarantee, Corporate Compliance legal fees, MSC Orthopedic locums coverage, and physician fees budgeted for OB/GYN came in below budget, creating a positive variance in Professional Fees.
Supplies	1,579,739	1,731,416	151,677	Oncology Drugs Sold to Patients revenue fell short of budget by 10.3% and the shortfall of Outpatient volumes created positive variances in Pharmacy supplies, Other Non-Medical supplies, and Patient & Other Medical supplies.
Purchased Services	976,209	866,966	(109,243)	Services provided to Medical Oncology, Landry & Linen, Engineering, Retail Pharmacy for 340B oversight, and Employee annual health screenings created a negative variance in Purchased Services.
Other Expenses	561,991	580,650	18,659	Senior Leadership continues to monitor controllable costs, creating positive variances in most of the Other Expense categories.
Total Expenses	10,173,861	10,662,224	488,364	

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF NET POSITION
OCTOBER 2016

ASSETS	Oct-16	Sep-16	Oct-15	
CURRENT ASSETS				
* CASH	\$ 7,449,044	\$ 9,552,871	\$ 9,447,292	1
PATIENT ACCOUNTS RECEIVABLE - NET	17,616,879	18,227,528	13,319,191	2
OTHER RECEIVABLES	5,650,539	5,317,925	5,176,431	
GO BOND RECEIVABLES	735,477	393,297	1,135,401	
ASSETS LIMITED OR RESTRICTED	6,242,071	6,133,867	5,127,589	
INVENTORIES	2,670,244	2,694,363	2,296,461	
PREPAID EXPENSES & DEPOSITS	1,661,172	1,653,119	1,698,905	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	4,693,511	3,508,426	4,162,480	3
TOTAL CURRENT ASSETS	<u>46,718,937</u>	<u>47,481,396</u>	<u>42,363,750</u>	
NON CURRENT ASSETS				
ASSETS LIMITED OR RESTRICTED:				
* CASH RESERVE FUND	56,042,742	55,958,822	45,792,365	1
BANC OF AMERICA MUNICIPAL LEASE	981,619	981,619	979,155	
TOTAL BOND TRUSTEE 2002	3	3	2	
TOTAL BOND TRUSTEE 2015	622,164	486,433	667,726	
GO BOND PROJECT FUND	232,649	232,444	9,624,402	
GO BOND TAX REVENUE FUND	1,364,045	1,320,631	662,645	
BOARD DESIGNATED FUND	-	-	2,297	
DIAGNOSTIC IMAGING FUND	3,168	3,164	2,973	
DONOR RESTRICTED FUND	1,142,590	1,140,621	1,034,660	
WORKERS COMPENSATION FUND	14,168	27,467	14,161	
TOTAL	<u>60,403,148</u>	<u>60,151,203</u>	<u>58,780,386</u>	
LESS CURRENT PORTION	<u>(6,242,071)</u>	<u>(6,133,867)</u>	<u>(5,127,589)</u>	
TOTAL ASSETS LIMITED OR RESTRICTED - NET	<u>54,161,078</u>	<u>54,017,336</u>	<u>53,652,797</u>	
NONCURRENT ASSETS AND INVESTMENTS:				
INVESTMENT IN TSC, LLC	43,372	43,372	324,395	
PROPERTY HELD FOR FUTURE EXPANSION	836,353	836,353	836,353	
PROPERTY & EQUIPMENT NET	129,230,898	128,501,157	129,704,451	
GO BOND CIP, PROPERTY & EQUIPMENT NET	<u>32,098,267</u>	<u>31,836,883</u>	<u>24,516,550</u>	
TOTAL ASSETS	<u>263,088,903</u>	<u>262,716,496</u>	<u>251,398,296</u>	
DEFERRED OUTFLOW OF RESOURCES:				
DEFERRED LOSS ON DEFEASANCE	530,109	533,342	568,898	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE	2,126,025	2,126,025	1,928,316	
DEFERRED OUTFLOW OF RESOURCES ON REFUNDING	6,457,181	6,480,886	1,985,770	
GO BOND DEFERRED FINANCING COSTS	506,778	508,713	307,913	
DEFERRED FINANCING COSTS	<u>208,056</u>	<u>209,096</u>	<u>220,539</u>	
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>\$ 9,828,149</u>	<u>\$ 9,858,061</u>	<u>\$ 5,011,436</u>	
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 4,106,677	\$ 4,590,262	\$ 6,049,163	4
ACCRUED PAYROLL & RELATED COSTS	9,928,176	10,097,141	7,537,681	
INTEREST PAYABLE	391,099	299,138	429,034	
INTEREST PAYABLE GO BOND	946,475	630,984	1,080,722	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	58,327	58,327	366,356	
HEALTH INSURANCE PLAN	1,307,731	1,307,731	1,307,731	
WORKERS COMPENSATION PLAN	1,120,980	1,120,980	404,807	
COMPREHENSIVE LIABILITY INSURANCE PLAN	751,298	751,298	824,203	
CURRENT MATURITIES OF GO BOND DEBT	1,260,000	1,260,000	530,000	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	2,260,819	2,260,819	2,323,994	
TOTAL CURRENT LIABILITIES	<u>22,131,581</u>	<u>22,376,679</u>	<u>20,853,691</u>	
NONCURRENT LIABILITIES				
OTHER LONG TERM DEBT NET OF CURRENT MATURITIES	28,145,645	28,250,589	30,425,945	
GO BOND DEBT NET OF CURRENT MATURITIES	103,449,550	103,462,971	100,025,032	
DERIVATIVE INSTRUMENT LIABILITY	<u>2,126,025</u>	<u>2,126,025</u>	<u>1,928,316</u>	
TOTAL LIABILITIES	<u>155,852,801</u>	<u>156,216,264</u>	<u>153,232,984</u>	
NET ASSETS				
NET INVESTMENT IN CAPITAL ASSETS RESTRICTED	<u>115,921,661</u>	<u>115,217,672</u>	<u>102,142,088</u>	
	<u>1,142,590</u>	<u>1,140,621</u>	<u>1,034,660</u>	
TOTAL NET POSITION	<u>\$ 117,064,251</u>	<u>\$ 116,358,293</u>	<u>\$ 103,176,748</u>	

* Amounts included for Days Cash on Hand calculation

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

1. Working Capital is at 21.5 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 182.8 days. Working Capital cash decreased a net \$2,104,000. Cash collections fell short of target by 12% and Accounts Payable (See Note 4) decreased \$484,000. In addition, there was a decrease in cash of a net \$1,185,000 due to the IGT Program (See Note 3).
2. Net Patient Accounts Receivable decreased approximately \$611,000. Cash collections were 88% of target. Days in Accounts Receivable are at 54.2 days compared to prior months 54.5 days, a .30 days decrease.
3. Estimated Settlements, Medi-Cal and Medicare increased \$1,185,000. The District remitted its second round of payments to the State to participate in the IGT program and Medi-Cal PRIME IGT program.
4. Accounts Payable decreased \$484,000 due to the timing of the final check run in October.

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

WORKING CAPITAL			
US Bank	\$ 6,987,408		
US Bank/Kings Beach Thrift Store	120,359		
US Bank/Truckee Thrift Store	341,277		
US Bank/Payroll Clearing	-		
Local Agency Investment Fund	<u>-</u>	0.65%	
Total			\$ 7,449,044
 BOARD DESIGNATED FUNDS			
US Bank Savings	\$ -	0.03%	
Capital Equipment Fund	<u>-</u>		
Total			\$ -
Building Fund	\$ -		
Cash Reserve Fund	<u>56,042,742</u>	0.65%	
Local Agency Investment Fund			\$ 56,042,742
Banc of America Muni Lease			\$ 981,619
Bonds Cash 2002			\$ 3
Bonds Cash 2015			\$ 622,164
Bonds Cash 2008			\$ 1,596,693
DX Imaging Education	\$ 3,168	0.65%	
Workers Comp Fund - B of A	14,168		
Insurance			
Health Insurance LAIF	-	0.65%	
Comprehensive Liability Insurance LAIF	<u>-</u>	0.65%	
Total			<u>\$ 17,336</u>
TOTAL FUNDS			\$ 66,709,602
 RESTRICTED FUNDS			
Gift Fund			
US Bank Money Market	\$ 8,363	0.03%	
Foundation Restricted Donations	\$ 98,331		
Local Agency Investment Fund	<u>1,035,896</u>	0.65%	
TOTAL RESTRICTED FUNDS			<u>\$ 1,142,590</u>
TOTAL ALL FUNDS			<u><u>\$ 67,852,192</u></u>

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
OCTOBER 2016

CURRENT MONTH				Note	YEAR TO DATE				PRIOR YTD	
ACTUAL	BUDGET	VAR\$	VAR%		ACTUAL	BUDGET	VAR\$	VAR%	OCT 2015	
OPERATING REVENUE										
\$ 20,023,869	\$ 19,356,107	\$ 667,762	3.4%		\$ 84,366,927	\$ 80,623,999	\$ 3,742,929	4.6%	1	\$ 72,091,014
Total Gross Revenue										
Gross Revenues - Inpatient										
\$ 1,884,276	\$ 1,779,716	\$ 104,560	5.9%		\$ 7,965,822	\$ 7,232,273	\$ 733,549	10.1%		\$ 6,477,721
4,229,330	3,660,971	568,359	15.5%		15,800,557	15,178,298	622,260	4.1%		13,299,059
6,113,606	5,440,686	672,920	12.4%		23,766,379	22,410,570	1,355,809	6.0%	1	19,776,780
Total Gross Revenue - Inpatient										
13,910,263	13,915,421	(5,158)	0.0%		60,600,549	58,213,428	2,387,120	4.1%		52,314,234
13,910,263	13,915,421	(5,158)	0.0%		60,600,549	58,213,428	2,387,120	4.1%	1	52,314,234
Total Gross Revenue - Outpatient										
Deductions from Revenue:										
8,958,169	7,960,375	(997,794)	-12.5%		36,617,193	33,013,051	(3,604,142)	-10.9%	2	29,273,187
577,498	677,617	100,118	14.8%		2,457,199	2,824,454	367,254	13.0%	2	2,161,276
2,968	-	(2,968)	0.0%		2,968	-	(2,968)	0.0%	2	-
(219,898)	288,185	508,083	176.3%		69,156	1,214,584	1,145,427	94.3%	2	(239,669)
-	-	-	0.0%		(131)	-	131	0.0%	2	(43)
9,318,738	8,926,177	(392,560)	-4.4%		39,146,385	37,052,088	(2,094,297)	-5.7%		31,194,751
59,602	55,401	4,201	7.6%		184,577	223,653	(39,076)	-17.5%		225,007
610,277	603,564	6,712	1.1%		3,173,584	2,797,200	376,383	13.5%	3	2,653,198
11,375,009	11,088,895	286,114	2.6%		48,578,703	46,592,763	1,985,940	4.3%		43,774,468
TOTAL OPERATING REVENUE										
OPERATING EXPENSES										
3,756,845	3,818,384	61,540	1.6%		15,408,155	15,438,151	29,995	0.2%	4	14,267,808
1,198,430	1,124,097	(74,333)	-6.6%		4,976,106	4,822,212	(153,894)	-3.2%	4	4,915,587
57,528	57,011	(517)	-0.9%		201,665	228,045	26,379	11.6%	4	188,209
490,769	694,217	203,448	29.3%		2,312,616	2,776,868	464,252	16.7%	4	2,276,285
1,552,351	1,789,484	237,133	13.3%		7,088,881	7,171,794	82,913	1.2%	5	6,076,209
1,579,739	1,731,416	151,677	8.8%		6,661,528	6,956,017	294,489	4.2%	6	5,961,179
976,209	866,966	(109,243)	-12.6%		3,623,578	3,525,383	(98,194)	-2.8%	7	3,372,501
561,991	580,650	18,659	3.2%		2,040,937	2,285,428	244,491	10.7%	8	1,849,413
10,173,861	10,662,224	488,364	4.6%		42,313,467	43,203,898	890,431	2.1%		38,907,191
TOTAL OPERATING EXPENSE										
1,201,148	426,670	774,478	181.5%		6,265,236	3,388,865	2,876,371	84.9%		4,867,277
NET OPERATING REVENUE (EXPENSE) EBIDA										
NON-OPERATING REVENUE/(EXPENSE)										
446,899	451,099	(4,201)	-0.9%		1,841,423	1,802,347	39,076	2.2%	9	1,583,821
391,933	391,933	-	0.0%		1,567,733	1,567,733	-	0.0%		1,570,765
47,206	33,443	13,763	41.2%		180,925	126,545	54,380	43.0%	10	104,405
2	-	2	0.0%		346	-	346	0.0%		10,243
16,040	38,917	(22,877)	-58.8%		88,582	155,667	(67,084)	-43.1%	11	102,687
-	-	-	0.0%		-	(31,250)	31,250	-100.0%	12	-
-	-	-	0.0%		-	-	-	0.0%	12	-
-	-	-	0.0%		-	-	-	0.0%	13	-
-	-	-	0.0%		-	-	-	0.0%	14	-
(967,356)	(966,316)	(1,040)	-0.1%		(3,869,425)	(3,865,264)	(4,161)	-0.1%	15	(3,423,861)
(102,203)	(99,779)	(2,423)	-2.4%		(407,094)	(399,435)	(7,659)	-1.9%	16	(502,797)
(327,710)	(315,492)	(12,219)	3.9%		(128,754)	(313,058)	184,304	-58.9%		(532,057)
(495,190)	(466,195)	(28,995)	6.2%		(726,263)	(956,714)	230,451	24.1%		(1,086,794)
TOTAL NON-OPERATING REVENUE/(EXPENSE)										
\$ 705,958	\$ (39,525)	\$ 745,483	-1886.1%		\$ 5,538,973	\$ 2,432,151	\$ 3,106,822	127.7%		\$ 3,780,483
INCREASE (DECREASE) IN NET POSITION										
NET POSITION - BEGINNING OF YEAR					111,525,278					
NET POSITION - AS OF OCTOBER 31, 2016					\$ 117,064,251					
6.0%	2.2%	3.8%			7.4%	4.2%	3.2%			6.8%
RETURN ON GROSS REVENUE EBIDA										

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

		Variance from Budget	
		Fav / <Unfav>	
		OCT 2016	YTD 2017
1) Gross Revenues			
Acute Patient Days were above budget 11.57% or 39 days. Swing Bed days were over budget 96.97% or 32 days. Inpatient Ancillary revenues exceeded budget by 15.50% due to the increase in our patient days.	Gross Revenue -- Inpatient	\$ 673,264	\$ 1,356,153
	Gross Revenue -- Outpatient	(5,502)	2,386,776
	Gross Revenue -- Total	\$ 667,762	\$ 3,742,929
Outpatient volumes were below budget in the following departments: Home Health visits, Endoscopy procedures, Oncology Lab, Diagnostic Imaging, Mammography, Medical & Radiation Oncology procedures, Oncology Drugs, Physical Therapy, and Speech Therapy.			
2) Total Deductions from Revenue			
The payor mix for October shows a 1.79% increase to Medicare, a 3.49% increase to Medi-Cal, .34% increase to Other, County at budget, and a 5.62% decrease to Commercial when compared to budget. Contractual Allowances were over budget as a result of revenues exceeding budget by 3.4% and the shift in payor mix from Commercial to Medicare and Medi-Cal.	Contractual Allowances	\$ (997,794)	\$ (3,604,142)
	Charity Care	100,118	367,254
	Charity Care - Catastrophic	(2,968)	(2,968)
	Bad Debt	508,083	1,145,427
	Prior Period Settlements	-	131
	Total	\$ (392,560)	\$ (2,094,297)
3) Other Operating Revenue			
Retail Pharmacy revenues fell short of budget by 14.10%.	Retail Pharmacy	\$ (33,796)	\$ 116,642
	Hospice Thrift Stores	(512)	17,702
	The Center (non-therapy)	5,836	(19,801)
IVCH ER Physician Guarantee is tied to collections and exceeded budget in October.	IVCH ER Physician Guarantee	5,078	60,187
	Children's Center	577	1,769
	Miscellaneous	29,530	199,884
The District received a round of Medi-Cal E.H.R. Incentive payments for MSC Physicians, creating a positive variance in Miscellaneous.	Oncology Drug Replacement	-	-
	Grants	-	-
	Total	\$ 6,712	\$ 376,383
4) Salaries and Wages			
Salaries & Wages includes an accrual for the estimated increases that would be retroactive to 7/1/16 related to the E.A. bargaining unit agreement. The E.A.P. employees received their retroactive pay in October.	Total	\$ 61,540	\$ 29,995
Employee Benefits			
Negative variance in PL/SL related to a higher utilization of PL/SL this month, which helped create a positive variance in Salaries & Wages	PL/SL	\$ (24,668)	\$ (156,134)
	Nonproductive	(31,619)	(57,854)
	Pension/Deferred Comp	414	(823)
	Standby	12,873	61,596
	Other	(31,334)	(681)
	Total	\$ (74,333)	\$ (153,894)
Employee Benefits - Workers Compensation	Total	\$ (517)	\$ 26,379
Employee Benefits - Medical Insurance	Total	\$ 203,448	\$ 464,252
5) Professional Fees			
Negative variance in Multi-Specialty Clinics Admin for the Interim Director of Physician Services. These services have ceased with the hiring of our new Director of Physician Services.	Multi-Specialty Clinics Admin	\$ (16,015)	\$ (73,868)
	Information Technology	(50,160)	(64,337)
	TFH Locums	(27,521)	(58,734)
	Miscellaneous	93,039	(31,555)
	The Center (includes OP Therapy)	1,261	(27,020)
A security assessment performed on our technology systems created a negative variance Information Technology.	Administration	(8,495)	(7,062)
	Oncology	3,301	(3,880)
Negative variance in TFH Locums related to Hospitalists and Emergency Physician coverage.	IVCH ER Physicians	1,350	(1,988)
	Home Health/Hospice	(1,950)	(1,804)
	Patient Accounting/Admitting	-	-
	Business Performance	-	-
	Respiratory Therapy	-	-
Positive variance in Miscellaneous related to an accrual reversal of expected monies owed to the Radiology group for their income guarantee that did not materialize.	Medical Staff Services	1,418	1,376
	Marketing	2,375	9,500
Corporate Compliance legal fees came in below budget, creating a positive variance in this category.	Human Resources	(233)	10,589
	Sleep Clinic	1,459	12,881
	Managed Care	9,000	21,821
Positive variance in Multi-Specialty Clinics related to Tahoe Forest Women's Center physician fees not joining the MSC structure in October. This has been delayed to the last quarter of Fiscal Year 2017. We also saw a positive variance in MSC Orthopedic physician fees as less Locums coverage was used in October.	Financial Administration	(4,155)	35,669
	TFH/IVCH Therapy Services	9,665	47,811
	Corporate Compliance	39,329	94,376
	Multi-Specialty Clinics	183,464	119,136
	Total	\$ 237,133	\$ 82,913

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

		Variance from Budget	
		Fav / <Unfav>	
		OCT 2016	YTD 2017
6) <u>Supplies</u>	Oncology Drugs Sold to Patients revenue was under budget 10.30%, creating a positive variance in Pharmacy Supplies.	Pharmacy Supplies	\$ 74,421 \$ (37,098)
		Food	2,399 (18,407)
		Minor Equipment	7,437 (16,891)
		Imaging Film	633 2,263
		Other Non-Medical Supplies	22,709 29,676
		Office Supplies	12,068 34,700
		Patient & Other Medical Supplies	32,011 300,245
		Total	\$ 151,677 \$ 294,489
7) <u>Purchased Services</u>	Purchased services for the Oncology, Laundry & Linen, Engineering, Retail Pharmacy for 340B oversight, and Employee annual health screenings created a negative variance in Miscellaneous.	Miscellaneous	\$ (136,035) \$ (191,919)
		Department Repairs	(32,100) (12,451)
		Medical Records	1,422 (2,766)
		Community Development	(9,831) (1,731)
		The Center	(1,286) (735)
		Multi-Specialty Clinics	6,843 (673)
	Negative variance in Department Repairs for condensor line repairs, campus winterization, maintenance on the hospital's entrance doors, and employee housing repairs.	Patient Accounting	6,230 (632)
		Pharmacy IP	(1,071) 699
		Hospice	3,797 3,028
		Laboratory	(1,867) 4,109
	Pre-employment screenings came in below budget, creating a positive variance in Human Resources.	Diagnostic Imaging Services - All	7,173 5,737
		Information Technology	14,558 30,763
		Human Resources	32,923 68,377
		Total	\$ (109,243) \$ (98,194)
8) <u>Other Expenses</u>	Tuition reimbursement and travel costs for Dr. Mancuso under his Locums contract created a negative variance in Outside Training & Travel.	Outside Training & Travel	\$ (6,732) \$ (32,929)
		Insurance	400 (6,884)
		Other Building Rent	1,094 (640)
		Innovation Fund	- -
		Utilities	1 805
		Physician Services	9 1,323
		Multi-Specialty Clinics Equip Rent	1,083 2,094
		Equipment Rent	1,080 3,094
		Multi-Specialty Clinics Bldg Rent	5,564 5,707
		Human Resources Recruitment	(1,339) 13,761
		Marketing	2,539 47,507
		Dues and Subscriptions	11,046 49,206
		Miscellaneous	3,914 161,447
		Total	\$ 18,659 \$ 244,491
9) <u>District and County Taxes</u>		Total	\$ (4,201) \$ 39,076
10) <u>Interest Income</u>		Total	\$ 13,763 \$ 54,380
11) <u>Donations</u>		IVCH	\$ - \$ 14,557
		Operational	(22,877) (81,641)
		Capital Campaign	- -
		Total	(22,877) (67,084)
12) <u>Gain/(Loss) on Joint Investment</u>		Total	\$ - \$ 31,250
13) <u>Gain/(Loss) on Sale</u>		Total	\$ - \$ -
15) <u>Depreciation Expense</u>		Total	\$ (1,040) \$ (4,161)
16) <u>Interest Expense</u>		Total	\$ (2,423) \$ (7,659)

INCLINE VILLAGE COMMUNITY HOSPITAL
STATEMENT OF REVENUE AND EXPENSE
OCTOBER 2016

CURRENT MONTH				Note	YEAR TO DATE				PRIOR YTD	
ACTUAL	BUDGET	VAR\$	VAR%		ACTUAL	BUDGET	VAR\$	VAR%	OCT 2015	
OPERATING REVENUE										
\$ 1,461,186	\$ 1,425,961	\$ 35,225	2.5%	Total Gross Revenue	\$ 6,697,120	\$ 6,548,485	\$ 148,635	2.3%	1	\$ 6,386,559
Gross Revenues - Inpatient										
\$ -	\$ 2,914	\$ (2,914)	-100.0%	Daily Hospital Service	\$ 11,624	\$ 8,742	\$ 2,882	33.0%		\$ 16,574
-	3,368	(3,368)	-100.0%	Ancillary Service - Inpatient	19,089	13,270	5,818	43.8%		24,146
-	6,282	(6,282)	-100.0%	Total Gross Revenue - Inpatient	30,713	22,012	8,700	39.5%	1	40,720
1,461,186	1,419,679	41,507	2.9%	Gross Revenue - Outpatient	6,666,407	6,526,472	139,935	2.1%		6,345,839
1,461,186	1,419,679	41,507	2.9%	Total Gross Revenue - Outpatient	6,666,407	6,526,472	139,935	2.1%	1	6,345,839
Deductions from Revenue:										
642,104	466,868	(175,236)	-37.5%	Contractual Allowances	2,510,168	2,125,021	(385,148)	-18.1%	2	1,949,243
48,039	53,648	5,609	10.5%	Charity Care	234,190	246,626	12,436	5.0%	2	214,835
2,968	-	(2,968)	0.0%	Charity Care - Catastrophic Events	2,968	-	(2,968)	0.0%	2	-
28,076	51,507	23,431	45.5%	Bad Debt	101,195	236,787	135,592	57.3%	2	184,614
-	-	-	0.0%	Prior Period Settlements	-	-	-	0.0%	2	-
721,187	572,023	(149,164)	-26.1%	Total Deductions from Revenue	2,848,521	2,608,433	(240,087)	-9.2%	2	2,348,692
77,411	74,530	2,882	3.9%	Other Operating Revenue	361,911	294,369	67,542	22.9%	3	354,647
817,411	928,467	(111,057)	-12.0%	TOTAL OPERATING REVENUE	4,210,510	4,234,420	(23,910)	-0.6%		4,392,514
OPERATING EXPENSES										
267,270	273,314	6,044	2.2%	Salaries and Wages	1,165,236	1,184,883	19,646	1.7%	4	982,155
75,938	84,207	8,269	9.8%	Benefits	346,782	367,207	20,425	5.6%	4	289,281
1,876	1,417	(459)	-32.4%	Benefits Workers Compensation	8,271	5,667	(2,604)	-46.0%	4	8,702
40,441	44,618	4,177	9.4%	Benefits Medical Insurance	150,958	178,474	27,516	15.4%	4	147,060
227,658	239,210	11,553	4.8%	Professional Fees	949,419	981,965	32,547	3.3%	5	984,566
82,633	81,366	(1,267)	-1.6%	Supplies	278,960	353,967	75,007	21.2%	6	297,351
44,578	42,219	(2,359)	-5.6%	Purchased Services	160,858	173,633	12,775	7.4%	7	160,056
55,866	50,792	(5,074)	-10.0%	Other	203,416	212,364	8,948	4.2%	8	206,615
796,259	817,143	20,884	2.6%	TOTAL OPERATING EXPENSE	3,263,900	3,458,161	194,260	5.6%		3,075,786
21,152	111,324	(90,173)	-81.0%	NET OPERATING REV(EXP) EBIDA	946,610	776,260	170,350	21.9%		1,316,728
NON-OPERATING REVENUE/(EXPENSE)										
-	-	-	0.0%	Donations-IVCH	14,557	-	14,557	0.0%	9	-
-	-	-	0.0%	Gain/ (Loss) on Sale	-	-	-	0.0%	10	-
(64,277)	(64,277)	-	0.0%	Depreciation	(257,106)	(257,106)	-	0.0%	11	(233,436)
(64,277)	(64,277)	-	0.0%	TOTAL NON-OPERATING REVENUE/(EXP)	(242,549)	(257,106)	14,557	5.7%		(233,436)
\$ (43,125)	\$ 47,048	\$ (90,173)	-191.7%	EXCESS REVENUE(EXPENSE)	\$ 704,061	\$ 519,153	\$ 184,907	35.6%		\$ 1,083,292
1.4%	7.8%	-6.4%		RETURN ON GROSS REVENUE EBIDA	14.1%	11.9%	2.3%			20.6%

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

		Variance from Budget	
		Fav<Unfav>	
		OCT 2016	YTD 2017
1) Gross Revenues			
Acute Patient Days were below budget by 1 at 0 and Observation Days were under budget by 1 at 1.	Gross Revenue -- Inpatient	\$ (6,282)	\$ 8,700
	Gross Revenue -- Outpatient	41,507	139,935
		<u>\$ 35,225</u>	<u>\$ 148,635</u>
Outpatient volumes exceeded budget in Emergency Department visits, Surgical cases, Laboratory tests, Radiology exams, Cat Scans, Pharmacy units, Sleep Clinic visits, and Occupational Therapy.			
2) Total Deductions from Revenue			
We saw a shift in our payor mix with a 7.23% decrease in Commercial Insurance, a 1.23% increase in Medicare, a 5.51% increase in Medicaid, a .49% increase in Other, and County was at budget.	Contractual Allowances	\$ (175,236)	\$ (385,148)
	Charity Care	5,609	12,436
	Charity Care-Catastrophic Event	(2,968)	(2,968)
	Bad Debt	23,431	135,592
	Prior Period Settlement	-	-
	Total	<u>\$ (149,164)</u>	<u>\$ (240,087)</u>
3) Other Operating Revenue			
IVCH ER Physician Guarantee is tied to collections, which exceeded budget in October.	IVCH ER Physician Guarantee	\$ 5,078	\$ 60,187
	Miscellaneous	(2,196)	7,355
	Total	<u>\$ 2,882</u>	<u>\$ 67,542</u>
4) Salaries and Wages			
	Total	<u>\$ 6,044</u>	<u>\$ 19,646</u>
Employee Benefits			
	PL/SL	\$ 5,538	\$ 4,337
	Standby	2,735	5,540
	Other	46	11,577
	Nonproductive	(464)	(2,893)
	Pension/Deferred Comp	413	1,864
	Total	<u>\$ 8,269</u>	<u>\$ 20,425</u>
Employee Benefits - Workers Compensation	Total	<u>\$ (459)</u>	<u>\$ (2,604)</u>
Employee Benefits - Medical Insurance	Total	<u>\$ 4,177</u>	<u>\$ 27,516</u>
5) Professional Fees			
Physical Therapy volumes were below budget 12.73%, creating a positive variance in Therapy Services.	Administration	\$ (130)	\$ (11,392)
	IVCH ER Physicians	1,350	(1,988)
	Foundation	37	(1,393)
	Miscellaneous	62	2,799
	Multi-Specialty Clinics	2,537	5,524
	Sleep Clinic	1,459	12,881
	Therapy Services	6,237	26,115
	Total	<u>\$ 11,553</u>	<u>\$ 32,547</u>
6) Supplies			
Medical Supplies Sold to Patients Revenue was over budget 21.40% creating a negative variance in Patient & Other Medical Supplies.	Food	\$ (600)	\$ (5,364)
	Imaging Film	171	191
	Office Supplies	(54)	772
	Minor Equipment	(826)	1,626
	Non-Medical Supplies	1,111	1,785
	Pharmacy Supplies	1,429	24,042
	Patient & Other Medical Supplies	(2,497)	51,955
	Total	<u>\$ (1,267)</u>	<u>\$ 75,007</u>

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

		Variance from Budget	
		Fav<Unfav>	
		OCT 2016	YTD 2017
7) <u>Purchased Services</u>			
Services performed to winterize the facility and testing and verifying wiring on the Chiller system created a negative variance in Department repairs.	EVS/Laundry	\$ (2,934)	\$ (5,021)
	Department Repairs	(3,555)	(4,520)
	Pharmacy	(12)	(36)
	Surgical Services	-	-
	Multi-Specialty Clinics	23	426
Fire equipment inspection and services provided for the mock HFAP survey created a negative variance in Engineering/Plant/Communications.	Engineering/Plant/Communications	(1,920)	1,071
	Diagnostic Imaging Services - All	3,274	1,255
	Foundation	1,252	2,815
Equipment maintenance contracts are coming in below budget estimations, creating a positive variance in Laboratory.	Miscellaneous	(712)	6,410
	Laboratory	2,225	10,375
	Total	\$ (2,359)	\$ 12,775
8) <u>Other Expenses</u>			
Advertisements for Sierra Nevada College, IVCH Care Team, and the 20th anniversary of Incline Village Community Hospital created a negative variance in Marketing.	Insurance	\$ (1,872)	\$ (7,510)
	Outside Training & Travel	1,301	(3,084)
	Marketing	(3,991)	(1,933)
	Physician Services	-	-
	Multi-Specialty Clinics Equip Rent	-	-
Negative variance in Miscellaneous related to food costs for the 20th anniversary celebration.	Multi-Specialty Clinics Bldg Rent	-	-
	Other Building Rent	-	-
	Equipment Rent	103	1,212
	Dues and Subscriptions	1,043	1,679
	Utilities	(529)	2,432
	Miscellaneous	(1,129)	16,153
	Total	\$ (5,074)	\$ 8,948
9) <u>Donations</u>	Total	\$ -	\$ 14,557
10) <u>Gain/(Loss) on Sale</u>	Total	\$ -	\$ -
11) <u>Depreciation Expense</u>	Total	\$ -	\$ -

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF CASH FLOWS

	AUDITED FYE 2016		BUDGET FYE 2017		PROJECTED FYE 2017		ACTUAL OCT 2016	BUDGET OCT 2016	DIFFERENCE	ACTUAL 1ST QTR	PROJECTED 2ND QTR	BUDGET 3RD QTR	BUDGET 4TH QTR
Net Operating Rev/(Exp) - EBIDA	\$ 16,129,087		\$ 8,354,249		\$ 11,089,546		1,201,148	\$ 426,670	774,478	\$ 4,905,089	\$ 2,189,942	\$ 3,062,467	\$ 932,048
Interest Income	163,091		249,285		286,755		85,905	48,762	37,143	70,617	85,905	60,097	70,136
Property Tax Revenue	6,120,208		5,682,000		5,733,313		94,001	78,000	16,001	345,312	94,001	3,020,000	2,274,000
Donations	668,318		1,023,000		1,175,436		30,520	40,000	(9,480)	211,916	80,520	405,000	478,000
Debt Service Payments	(3,441,272)		(3,568,341)		(3,555,831)		(240,328)	(241,694)	1,366	(1,217,943)	(723,717)	(889,087)	(725,083)
Bank of America - 2012 Muni Lease	(1,243,650)		(1,243,644)		(1,243,646)		(103,637)	(103,637)	(0)	(310,912)	(310,911)	(310,911)	(310,911)
Copier	(8,758)		(11,520)		(11,524)		(959)	(960)	1	(2,885)	(2,879)	(2,880)	(2,880)
2002 Revenue Bond	(483,555)		(668,008)		(660,955)		-	-	-	(496,951)	-	(164,004)	-
2015 Revenue Bond	(1,705,309)		(1,645,169)		(1,639,705)		(135,732)	(137,097)	1,366	(407,195)	(409,926)	(411,292)	(411,292)
Physician Recruitment	(263,769)		(120,000)		(80,000)		-	(10,000)	10,000	-	(20,000)	(30,000)	(30,000)
Investment in Capital													
Equipment	(1,495,214)		(1,262,750)		(1,262,750)		(153,112)	(441,667)	288,555	(452,617)	(802,633)	(7,500)	-
Municipal Lease Reimbursement	1,319,139		979,000		979,000		-	-	-	-	-	-	979,000
GO Bond Project Personal Property	(432,135)		(279,000)		(565,657)		(33,084)	-	(33,084)	(532,573)	(33,084)	-	-
IT	(888,802)		(297,578)		(297,578)		(33,905)	(150,000)	116,095	(90,239)	(207,339)	-	-
Building Projects	(2,095,500)		(4,315,500)		(4,315,500)		(236,420)	(446,996)	210,576	(1,630,513)	(1,340,986)	(709,000)	(635,001)
Health Information/Business System	(92,807)		(7,000,000)		(5,200,000)		(500,000)	(1,666,667)	1,166,667	-	(2,600,000)	(1,700,000)	(900,000)
Capital Investments													
Properties	-		(2,794,000)		(2,798,710)		(729,710)	(720,000)	(9,710)	(40,000)	(2,329,710)	(429,000)	-
Measure C Scope Modifications	-		(2,476,716)		(2,476,716)		(261,384)	(1,618,090)	1,356,706	(558,626)	(1,918,090)	-	-
Change in Accounts Receivable	(1,194,734)		(2,183,288)	N1	(1,431,874)		610,649	699,898	(89,249)	(2,178,112)	242,547	(210,814)	714,505
Change in Settlement Accounts	1,387,101		1,175,000	N2	2,453,631		(1,185,085)	(1,928,000)	742,915	1,126,982	1,511,649	(435,000)	250,000
Change in Other Assets	(3,180,399)		(890,622)	N3	(871,537)		(108,512)	(110,762)	2,250	(687,607)	(467,512)	6,718	276,864
Change in Other Liabilities	3,702,607		(320,000)	N4	(1,653,398)		(560,590)	(70,000)	(490,590)	(2,392,808)	939,410	(800,000)	600,000
Change in Cash Balance	16,404,918		(8,045,261)		(2,791,869)		(2,019,907)	(6,110,546)	4,090,640	(3,121,122)	(5,299,097)	1,343,881	4,284,469
Beginning Unrestricted Cash	52,227,897		68,632,815		68,632,815		65,511,693	65,511,693	-	68,632,815	65,511,692	60,212,596	61,556,477
Ending Unrestricted Cash	68,632,815		60,778,463		65,840,946		63,491,786	59,401,146	4,090,640	65,511,692	60,212,596	61,556,477	65,840,945
Expense Per Day	340,958		355,605		352,980		347,322	355,112	(7,791)	352,658	349,551	353,634	352,980
Days Cash On Hand	201		171		187		183	167	16	186	172	174	187

Footnotes:

N1 - Change in Accounts Receivable reflects the 30 day delay in collections.

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.

TAHOE FOREST HEALTH SYSTEM FOUNDATION
STATEMENT OF FINANCIAL POSITION - BALANCE SHEET
AS OF JUNE 30, 2016

	PRE-AUDIT JUNE 30, 2016	AUDITED JUNE 30, 2015	AUDITED JUNE 30, 2014	AUDITED JUNE 30, 2013
ASSETS				
Cash and cash equivalents	\$ 694,551	\$ 629,921	\$ 636,397	\$ 578,576
Unconditional promises to give - net	16,623	28,281	86,706	187,299
Beneficial interest in Community for Cancer Care Endowment	1,356,049	1,274,996	1,205,980	937,938
Other assets	36,282	40,572	23,023	3,942
Total Assets	<u>\$ 2,103,505</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	\$ 100,510	\$ 1,873	\$ 18,116	\$ -
Held in trust for others	805	5,183	3,345	984
Deferred revenue	202,765	273,265	219,732	134,600
Total Liabilities	<u>\$ 304,079</u>	<u>\$ 280,321</u>	<u>\$ 241,193</u>	<u>\$ 135,584</u>
NET ASSETS				
Unrestricted	\$ 39,626	\$ 32,814	\$ 106,129	\$ 148,845
Temporarily restricted	1,759,800	1,660,635	1,604,784	1,423,326
Total Net Assets	<u>\$ 1,799,426</u>	<u>\$ 1,693,449</u>	<u>\$ 1,710,913</u>	<u>\$ 1,572,171</u>
Total Liabilities and Net Assets	<u>\$ 2,103,505</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 JUNE 30, 2016
PRE-AUDIT**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUE			
Contributions - net	\$ 402,543	\$ 224,562	\$ 627,105
Special event revenue	-	700,470	700,470
Change in value of beneficial interest in Community for Cancer Care Endowment	-	70,106	70,106
Net assets released from restrictions	895,973	(895,973)	-
Total Support and Revenue	<u>\$ 1,298,516</u>	<u>\$ 99,165</u>	<u>\$ 1,397,681</u>
EXPENSES			
Program support	586,324	-	586,324
Costs of direct benefits to donors	327,912	-	327,912
Supporting services:			
Supplies	31,171	-	31,171
Wages and benefits	234,846	-	234,846
Outside services and fees	111,451	-	111,451
Total Supporting Services	377,468	-	377,468
Total Expenses	<u>\$ 1,291,704</u>	<u>\$ -</u>	<u>\$ 1,291,704</u>
Change in Net Assets	\$ 6,812	\$ 99,165	\$ 105,977
Net Assets - Beginning of Year	<u>\$ 32,814</u>	<u>\$ 1,660,635</u>	<u>\$ 1,693,449</u>
Net Assets - End of Year	<u>\$ 39,626</u>	<u>\$ 1,759,800</u>	<u>\$ 1,799,426</u>

LAHOE FOREST HEALTH SYSTEM FOUNDATION
STATEMENT OF REVENUE AND EXPENSE (STATEMENT OF ACTIVITIES)
AS OF JUNE 30, 2016 PRE-AUDIT

	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	Over/(Under) Budget
REVENUES:															
Philanthropic Sources															
Gross Event Funds	\$ 495,519	\$ 204,951	\$ -	\$ -	\$ 700,470	\$ 400,000	\$ 200,000	\$ -	\$ -	\$ 600,000	\$ 95,519	\$ 4,951	\$ -	\$ -	\$ 100,470
Other Giving	-	-	-	264,616	264,616	-	-	2,000	562,956	564,956	-	-	(2,000)	(298,340)	(300,340)
Total Philanthropic Revenues	495,519	204,951	-	264,616	965,086	400,000	200,000	2,000	562,956	1,164,956	95,519	4,951	(2,000)	(298,340)	(199,870)
Other Sources															
Grant Funds	-	-	-	-	-	-	-	-	15,000	15,000	-	-	-	(15,000)	(15,000)
Change in Value CCCE	-	-	-	70,106	70,106	-	-	-	-	-	-	-	-	70,106	70,106
Gift Tree	-	-	-	42,212	42,212	-	-	-	-	-	-	-	-	(7,788)	(7,788)
TFHD Support	-	-	-	320,277	320,277	-	-	-	475,913	475,913	-	-	-	(155,636)	(155,636)
Total Other Revenues	-	-	-	432,595	432,595	-	-	-	540,913	540,913	-	-	-	(108,318)	(108,318)
TOTAL REVENUES	\$ 495,519	\$ 204,951	\$ -	\$ 697,211	\$ 1,397,681	\$ 400,000	\$ 200,000	\$ 2,000	\$ 1,103,869	\$ 1,705,869	\$ 95,519	\$ 4,951	\$ (2,000)	\$ (406,658)	\$ (308,188)
EXPENSES:															
Salaries/Wages/Benefits	\$ -	\$ -	\$ -	\$ 234,846	\$ 234,846	\$ -	\$ -	\$ -	\$ 199,557	\$ 199,557	\$ -	\$ -	\$ -	\$ 35,288	\$ 35,288
Supplies	2,440	3,497	958	30,214	37,108	5,915	722	4,201	29,391	40,229	(3,475)	2,775	(3,243)	823	(3,120)
Professional Fees	-	-	-	20,926	20,926	-	-	-	18,346	18,346	-	-	-	2,580	2,580
Purchased Services	262,445	58,506	1,280	27,054	349,284	199,650	38,675	2,400	16,542	257,267	62,795	19,831	(1,120)	10,512	92,017
Marketing	-	-	-	8,598	8,598	-	-	-	20,461	20,461	-	-	-	(11,863)	(11,863)
Rent & Utilities	-	-	-	25,391	25,391	-	-	-	25,228	25,228	-	-	-	163	163
Other	67	957	70	28,134	29,228	6,400	1,200	175	8,256	16,031	(6,333)	(243)	(105)	19,878	13,197
TOTAL EXPENSES	\$ 264,952	\$ 62,960	\$ 2,307	\$ 375,161	\$ 705,380	\$ 211,965	\$ 40,597	\$ 6,776	\$ 317,781	\$ 577,119	\$ 52,987	\$ 22,363	\$ (4,469)	\$ 57,380	\$ 128,261
FOUNDATION NET FUNDING	\$ 230,568	\$ 141,990	\$ (2,307)	\$ 322,050	\$ 692,301	\$ 188,035	\$ 159,403	\$ (4,776)	\$ 786,088	\$ 1,128,750	\$ 42,533	\$ (17,413)	\$ 2,469	\$ (464,038)	\$ (436,449)
PROGRAM SUPPORT - TRANSFERS TO TFHD	\$ -	\$ -	\$ -	\$ (586,324)	\$ (586,324)	\$ -	\$ -	\$ -	\$ (364,000)	\$ (364,000)	\$ -	\$ -	\$ -	\$ (222,324)	\$ (222,324)
CHANGE IN NET ASSETS	\$ 230,568	\$ 141,990	\$ (2,307)	\$ (264,274)	\$ 105,977	\$ 188,035	\$ 159,403	\$ (4,776)	\$ 422,088	\$ 764,750	\$ 42,533	\$ (17,413)	\$ 2,469	\$ (686,362)	\$ (658,773)
WITHOUT TFHD SUPPORT & TRANSFERS TO TFHD	\$ -	\$ -	\$ -	\$ 266,047	\$ 266,047	\$ -	\$ -	\$ -	\$ (111,913)	\$ (111,913)	\$ -	\$ -	\$ -	\$ 377,960	\$ 377,960
FOUNDATION NET FUNDING WITHOUT TFHD SUPPORT	\$ 230,568	\$ 141,990	\$ (2,307)	\$ 1,773	\$ 372,025	\$ 188,035	\$ 159,403	\$ (4,776)	\$ 310,175	\$ 652,837	\$ 42,533	\$ (17,413)	\$ 2,469	\$ (308,402)	\$ (280,813)

**TAHOE FOREST HEALTH SYSTEM FOUNDATION
REVENUES**

	AUDITED 6/30/2015	BUDGET FYE 6/30/2016	AS OF 6/30/2016	VARIANCE
Unrestricted:				
Area of Most Need	94,053	45,000	82,267	37,267
The Gift Tree	38,880	50,000	42,212	(7,788)
Designated/Restricted Funds				
Cancer Care Endowment - Patient & Family Program	7,125	57,410	28,950	(28,460)
Cancer Care Endowment - Sustainability Fund	-	1,000	8,200	7,200
Cancer Care Endowment - General Fund	9,721	15,195	39,718	24,523
Cancer Center - GUMTFCC	51,848	17,000	34,933	17,933
Cancer Center - Restricted Funds	9,161	10,000	6,143	(3,857)
Community for Cancer Care Endowment	750	190,000	-	(190,000)
Nutrition Coalition Fund	21,774	25,000	13,100	(11,900)
Patient Assistance Fund	-	10,000	3,612	(6,388)
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	802	(1,198)
Skilled Nursing Facility Fund	25	25,000	625	(24,375)
Tahoe Forest Hospice Program fund	25,657	26,021	32,791	6,770
Tahoe Forest Hospice - Renee's Place	-	5,000	250	(4,750)
Wellness Neighborhood	77,186	-	55,958	55,958
Children's Center	688	5,000	780	(4,220)
Grateful Patient	-	10,000	-	(10,000)
Employee Assistance Fund	2,519	8,000	1,340	(6,660)
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	2,160	1,330
Gene Upshaw Memorial Fund	700	1,000	600	(400)
Sub-Total	376,915	612,956	384,306	(228,650)
Designated/Restricted Funds				
Gene Upshaw Memorial Golf Classic - Event Gross Proceeds	411,675	400,000	495,519	95,519
Best of Tahoe Chefs - Event Gross Proceeds	159,632	200,000	204,951	4,951
TFHF Stewardship Fund	-	2,000	-	(2,000)
Grants - Misc	-	15,000	-	(15,000)
Sub Total	571,307	617,000	700,470	83,470
Grand Total Revenues	948,222	1,229,956	1,084,776	(145,180)

TAHOE FOREST HEALTH SYSTEM FOUNDATION
STATEMENT OF FINANCIAL POSITION - BALANCE SHEET
AS OF SEPTEMBER 30, 2016

	SEPTEMBER 30, 2016	PRE-AUDIT JUNE 30, 2016	AUDITED JUNE 30, 2015	AUDITED JUNE 30, 2014	AUDITED JUNE 30, 2013
ASSETS					
Cash and cash equivalents	\$ 724,230	\$ 694,552	\$ 629,921	\$ 636,397	\$ 578,576
Unconditional promises to give - net	14,762	16,622	28,281	86,706	187,299
Beneficial interest in Community for Cancer Care Endowment	1,411,256	1,356,049	1,274,996	1,205,980	937,938
Other assets	3,942	36,282	40,572	23,023	3,942
Total Assets	<u>\$ 2,154,190</u>	<u>\$ 2,103,505</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	\$ 114,825	\$ 100,510	\$ 1,873	\$ 18,116	\$ -
Held in trust for others	904	805	5,183	3,345	984
Deferred revenue	-	202,765	273,265	219,732	134,600
Total Liabilities	<u>\$ 115,728</u>	<u>\$ 304,079</u>	<u>\$ 280,321</u>	<u>\$ 241,193</u>	<u>\$ 135,584</u>
NET ASSETS					
Unrestricted	\$ 41,851	\$ 39,626	\$ 32,814	\$ 106,129	\$ 148,845
Temporarily restricted	1,996,611	1,759,800	1,660,635	1,604,784	1,423,326
Total Net Assets	<u>\$ 2,038,462</u>	<u>\$ 1,799,426</u>	<u>\$ 1,693,449</u>	<u>\$ 1,710,913</u>	<u>\$ 1,572,171</u>
Total Liabilities and Net Assets	<u>\$ 2,154,190</u>	<u>\$ 2,103,505</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 SEPTEMBER 30, 2016**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUE			
Contributions - net	\$ 113,826	\$ 38,593	\$ 152,419
Special event revenue	-	375,690	375,690
Change in value of beneficial interest in Community for Cancer Care Endowment	-	48,136	48,136
Net assets released from restrictions	225,608	(225,608)	-
Total Support and Revenue	<u>\$ 339,434</u>	<u>\$ 236,811</u>	<u>\$ 576,245</u>
EXPENSES			
Program support	58,544	-	58,544
Costs of direct benefits to donors	153,368	-	153,368
Supporting services:			
Supplies	3,762	-	3,762
Wages and benefits	98,429	-	98,429
Outside services and fees	23,106	-	23,106
Total Supporting Services	125,297	-	125,297
Total Expenses	<u>\$ 337,209</u>	<u>\$ -</u>	<u>\$ 337,209</u>
Change in Net Assets	\$ 2,225	\$ 236,811	\$ 239,036
Net Assets - Beginning of Year	<u>\$ 39,626</u>	<u>\$ 1,759,800</u>	<u>\$ 1,799,426</u>
Net Assets - End of Year	<u>\$ 41,851</u>	<u>\$ 1,996,611</u>	<u>\$ 2,038,462</u>

STATEMENT OF REVENUE AND EXPENSE (STATEMENT OF ACTIVITIES)
AS OF SEPTEMBER 30, 2016

	ACTUAL					FY2017 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	Over/(Under) Budget
REVENUES:															
Philanthropic Sources															
Gross Event Funds	\$ 375,690	\$ -	\$ -	\$ -	\$ 375,690	\$ 400,000	\$ 200,000	\$ -	\$ -	\$ 600,000	\$ (24,310)	\$ (200,000)	\$ -	\$ -	\$ (224,310)
Other Giving	-	-	-	20,872	20,872	-	-	2,000	433,500	435,500	-	-	(2,000)	(412,628)	(414,628)
Total Philanthropic Revenues	375,690	-	-	20,872	396,562	400,000	200,000	2,000	433,500	1,035,500	(24,310)	(200,000)	(2,000)	(412,628)	(638,938)
Other Sources															
Grant Funds	-	-	-	10,000	10,000	-	-	-	100,000	100,000	-	-	-	(90,000)	(90,000)
Change in Value CCCE	-	-	-	48,136	48,136	-	-	-	-	-	-	-	-	48,136	48,136
Gift Tree	-	-	-	9,346	9,346	-	-	-	-	-	-	-	-	(38,654)	(38,654)
TFHD Support	-	-	-	112,201	112,201	-	-	-	48,000	48,000	-	-	-	(392,585)	(392,585)
Total Other Revenues	-	-	-	179,683	179,683	-	-	-	504,786	504,786	-	-	-	(473,103)	(473,103)
TOTAL REVENUES	\$ 375,690	\$ -	\$ -	\$ 200,556	\$ 576,245	\$ 400,000	\$ 200,000	\$ 2,000	\$ 1,086,286	\$ 1,688,286	\$ (24,310)	\$ (200,000)	\$ (2,000)	\$ (885,730)	\$ (1,112,041)
EXPENSES:															
Salaries/Wages/Benefits	\$ -	\$ -	\$ -	\$ 98,429	\$ 98,429	\$ -	\$ -	\$ -	\$ 201,979	\$ 201,979	\$ -	\$ -	\$ -	\$ (103,550)	\$ (103,550)
Supplies	44	526	-	3,762	4,332	-	-	-	29,736	35,935	(2,524)	(3,069)	(36)	(25,974)	(31,603)
Professional Fees	-	-	-	5,046	5,046	2,568	3,595	36	21,383	21,383	-	-	-	(16,337)	(16,337)
Purchased Services	152,798	-	-	5,935	158,733	183,800	55,075	1,800	20,245	260,920	(31,002)	(55,075)	(1,800)	(14,310)	(102,187)
Marketing	-	-	-	-	-	-	-	-	20,120	20,120	-	-	-	(20,120)	(20,120)
Rent & Utilities	-	-	-	6,277	6,277	-	-	-	25,671	25,671	-	-	-	(19,394)	(19,394)
Other	-	-	-	5,848	5,848	3,600	1,090	24	19,351	24,065	(3,600)	(1,090)	(24)	(13,503)	(18,217)
TOTAL EXPENSES	\$ 152,841	\$ 526	\$ -	\$ 125,298	\$ 278,665	\$ 189,968	\$ 59,760	\$ 1,860	\$ 338,485	\$ 590,073	\$ (37,127)	\$ (59,234)	\$ (1,860)	\$ (213,188)	\$ (311,408)
FOUNDATION NET FUNDING	\$ 222,849	\$ (526)	\$ -	\$ 75,258	\$ 297,580	\$ 210,032	\$ 140,240	\$ 140	\$ 747,801	\$ 1,098,213	\$ 12,817	\$ (140,766)	\$ (140)	\$ (672,543)	\$ (800,632)
PROGRAM SUPPORT - TRANSFERS TO TFHD	\$ -	\$ -	\$ -	\$ (58,544)	\$ (58,544)	\$ -	\$ -	\$ -	\$ (467,000)	\$ (467,000)	\$ -	\$ -	\$ -	\$ 408,456	\$ 408,456
CHANGE IN NET ASSETS	\$ 222,849	\$ (526)	\$ -	\$ 16,714	\$ 239,036	\$ 210,032	\$ 140,240	\$ 140	\$ 280,801	\$ 631,213	\$ 12,817	\$ (140,766)	\$ (140)	\$ (264,087)	\$ (392,177)
WITHOUT TFHD SUPPORT & TRANSFERS TO TFHD	\$ -	\$ -	\$ -	\$ (53,657)	\$ (53,657)	\$ -	\$ -	\$ -	\$ (37,786)	\$ (37,786)	\$ -	\$ -	\$ -	\$ (15,871)	\$ (15,871)
FOUNDATION NET FUNDING WITHOUT TFHD SUPPORT	\$ 222,849	\$ (526)	\$ -	\$ (36,943)	\$ 185,379	\$ 210,032	\$ 140,240	\$ 140	\$ 243,015	\$ 593,427	\$ 12,817	\$ (140,766)	\$ (140)	\$ (279,958)	\$ (408,048)

**TAHOE FOREST HEALTH SYSTEM FOUNDATION
REVENUES**

	PRE-AUDIT FYE 6/30/2016	BUDGET FYE 6/30/2017	AS OF 9/30/2016	VARIANCE
Unrestricted:				
Area of Most Need	82,267	70,000	1,625	(68,375)
The Gift Tree	42,212	48,000	9,346	(38,654)
Designated/Restricted Funds				
Cancer Care Endowment - Patient & Family Program	28,950	-	2,600	2,600
Cancer Care Endowment - Sustainability Fund	8,200	-	-	-
Cancer Care Endowment - General Fund	39,718	-	2,462	2,462
Cancer Center - GUMTFCC	34,933	17,000	524	(16,476)
Cancer Center - Restricted Funds	6,143	20,000	3,231	(16,769)
Community for Cancer Care Endowment	-	5,000	-	(5,000)
Nutrition Coalition Fund	13,100	25,000	660	(24,340)
Patient Assistance Fund	3,612	1,500	909	(591)
Intensive Care Unit Fund	-	-	25	25
Women and Family Fund	1,050	5,000	300	(4,700)
Emergency Department Fund	802	2,000	-	(2,000)
Diagnostic Imaging	-	-	25	25
Skilled Nursing Facility Fund	625	25,000	-	(25,000)
Tahoe Forest Hospice Program fund	32,791	25,000	3,358	(21,643)
Tahoe Forest Hospice - Renee's Place	250	5,000	535	(4,465)
Wellness Neighborhood	55,958	125,000	7,741	(117,259)
Children's Center	780	5,000	550	(4,450)
Grateful Patient	-	10,000	-	(10,000)
Employee Assistance Fund	1,340	2,000	478	(1,522)
Employee Giving Campaign	-	75,000	-	(75,000)
Auxiliary	23,790	-	-	-
Equipment	-	-	-	-
Quality and Regulation	-	-	-	-
Restricted Donation - Designation TBD	-	-	250	250
Restricted Donation	5,000	-	-	-
Spirit of Giving Award Fund	-	-	-	-
Home Health	25	-	-	-
Tahoe Forest Hospital Endowment Fund	2,160	15,000	-	(15,000)
Gene Upshaw Memorial Fund	600	1,000	-	(1,000)
Sub-Total	384,306	481,500	34,617	(446,883)
Designated/Restricted Funds				
Gene Upshaw Memorial Golf Classic - Event Gross Proceeds	495,519	400,000	375,690	(24,310)
Best of Tahoe Chefs - Event Gross Proceeds	204,951	200,000	-	(200,000)
TFHF Stewardship Fund	-	2,000	-	(2,000)
Grants - Misc	-	100,000	10,000	(90,000)
Sub Total	700,470	702,000	385,690	(316,310)
Grand Total Revenues	1,084,776	1,183,500	420,307	(763,193)

Truckee Surgery Center LLC
Balance Sheet

As of July 31, 2016

	<u>Jul 31, 16</u>	<u>Jun 30, 16</u>
ASSETS		
Current Assets		
Checking/Savings		
Bank of the West	260,920.41	275,272.58
Petty Cash	286.22	253.71
Total Checking/Savings	<u>261,206.63</u>	<u>275,526.29</u>
Accounts Receivable		
Accounts Receivable		
Allowance for Doubtful Accounts	-47,933.91	-45,075.52
Accounts Receivable - Other	264,120.93	290,506.39
Total Accounts Receivable	<u>216,187.02</u>	<u>245,430.87</u>
Total Accounts Receivable	216,187.02	245,430.87
Other Current Assets		
Prepaid Expense		
Franchise Tax Prepaid	2,833.38	3,400.04
General Liability Insurance	4,526.02	5,657.52
HSA Contribution	6,041.16	3,040.28
Personal Property Taxes	4,566.62	0.00
Preventative Maint	3,781.25	4,537.50
Property Insurance	654.00	817.50
Worker's Comp	370.59	0.00
Total Prepaid Expense	<u>22,773.02</u>	<u>17,452.84</u>
Total Other Current Assets	<u>22,773.02</u>	<u>17,452.84</u>
Total Current Assets	500,166.67	538,410.00
Fixed Assets		
Furniture & Fixtures	14,087.00	14,087.00
Instruments	24,241.87	24,241.87
Leasehold Improvements	853,418.00	853,418.00
Machinery & Equipment	87,129.12	87,129.12
Surgical & Medical Equipment	210,601.13	210,601.13
Accumulated Depreciation	-357,892.26	-351,220.15
Goodwill	3,914,333.00	3,914,333.00
Accumulated Amortization	-1,304,778.98	-1,304,778.98
Total Fixed Assets	<u>3,441,138.88</u>	<u>3,447,810.99</u>
Other Assets		
Rent Deposit	20,256.00	20,256.00
Total Other Assets	<u>20,256.00</u>	<u>20,256.00</u>
TOTAL ASSETS	<u><u>3,961,561.55</u></u>	<u><u>4,006,476.99</u></u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	21,132.52	13,935.85
Total Accounts Payable	<u>21,132.52</u>	<u>13,935.85</u>
Credit Cards		

Truckee Surgery Center LLC
Balance Sheet

As of July 31, 2016

	Jul 31, 16	Jun 30, 16
BankCard 0177	823.10	0.00
BankCard 0253	1,003.40	0.00
Total Credit Cards	<u>1,826.50</u>	<u>0.00</u>
Other Current Liabilities		
Property Taxes Payable	0.00	5,158.08
Billing Fee Due	3,231.12	4,530.68
Compensated Absenses	27,858.00	31,029.51
Payroll Liabilities	<u>173.69</u>	<u>150.92</u>
Total Other Current Liabilities	<u>31,262.81</u>	<u>40,869.19</u>
Total Current Liabilities	<u>54,221.83</u>	<u>54,805.04</u>
Total Liabilities	54,221.83	54,805.04
Equity		
Tahoe Forest Hospital		
Tahoe Forest Hospital Equity	3,327,670.01	3,327,670.01
Distributions TFH	<u>-150.09</u>	<u>-150.09</u>
Total Tahoe Forest Hospital	<u>3,327,519.92</u>	<u>3,327,519.92</u>
Truckee Surgery Center Inc		
Truckee Surgery Cntr Inc Equity	681,507.02	681,507.02
Distributions TSC Inc	<u>-144.20</u>	<u>-144.20</u>
Total Truckee Surgery Center Inc	<u>681,362.82</u>	<u>681,362.82</u>
Net Income	<u>-101,543.02</u>	<u>-57,210.79</u>
Total Equity	<u>3,907,339.72</u>	<u>3,951,671.95</u>
TOTAL LIABILITIES & EQUITY	<u><u>3,961,561.55</u></u>	<u><u>4,006,476.99</u></u>

Truckee Surgery Center LLC
Profit & Loss YTD Comparison
July 2016

	Jul 16	Jan - Jul 16
Ordinary Income/Expense		
Income		
Patient Revenue		
Medbridge	81,991.44	976,624.66
Medical Record Copy Fee	0.00	60.58
Total Patient Revenue	81,991.44	976,685.24
Refunds		
Insurance Refund	0.00	-756.00
Patient Refund	0.00	-2,060.49
Total Refunds	0.00	-2,816.49
Total Income	81,991.44	973,868.75
Gross Profit	81,991.44	973,868.75
Expense		
Billing Service	4,099.60	48,690.40
General Office		
Dues and Subscriptions	623.99	2,796.82
Office Supplies	199.94	2,113.01
Postage and Delivery	175.79	504.58
Total General Office	999.72	5,414.41
Liability Gen'l, Prof Insurance	1,131.50	7,920.50
Property Insurance Expense	163.50	1,144.50
Licenses and Permits	281.30	2,106.30
Linen	1,593.26	11,948.13
Medical Supplies Total		
Gas Medical	238.32	2,859.99
Implants	20,490.30	195,779.37
Instrument Expense	0.00	5,470.91
Medical Supplies	8,642.64	98,240.40
Pharmacy	1,755.43	23,092.09
Patient Nutrition	51.02	1,153.84
Total Medical Supplies Total	31,177.71	326,596.60
Other Expenses		
Advertising & Promotion	0.00	2,423.00
Bank Charges	40.90	407.64
Cleaning Supplies	64.48	1,641.01
Educational	0.00	2,483.00
Equipment Rental/Lease	1,592.37	7,489.71
Interest Expense	0.00	17.28
Meals & Entertainment	0.00	710.37
Merchant Fees	46.00	700.26
Miscellaneous	166.57	3,753.50
Travel	505.96	908.72
Total Other Expenses	2,416.28	20,534.49
Payroll Expenses		
Health Insurance Total		
Vision	158.30	775.00
Dental	658.32	4,162.76
HSA	3,203.24	22,800.46
Health	8,520.91	38,981.91
Total Health Insurance Total	12,540.77	66,720.13

Truckee Surgery Center LLC
Profit & Loss YTD Comparison
July 2016

	Jul 16	Jan - Jul 16
Employee Benefit	163.09	1,246.58
Payroll Taxes	3,099.90	27,290.62
Retirement Contribution	450.05	3,952.93
Wages	36,837.87	301,924.20
Work Comp	623.41	3,542.76
Payroll Expenses - Other	57.75	942.01
Total Payroll Expenses	53,772.84	405,619.23
Professional Fees		
Accounting	55.00	3,775.00
Consulting	0.00	2,597.50
Pension Fees	0.00	105.00
Transcription Services	221.49	2,227.13
Total Professional Fees	276.49	8,704.63
Rent & CAM	13,065.12	91,455.84
Repairs		
Building/Equipment Repairs	2,133.78	20,323.14
Instrument Refurbishing	578.41	8,999.85
Instrument Repairs	0.00	2,630.61
Maintenance-Preventative	1,016.25	19,117.43
Total Repairs	3,728.44	51,071.03
Taxes		
Property	2,310.98	15,855.02
State	566.66	4,018.05
Total Taxes	2,877.64	19,873.07
Utilities		
Alarm Monitor	72.45	899.96
Cable	77.79	533.92
Gas and Electric	1,901.19	19,865.70
Medical Waste	157.00	638.00
Sewer	1,153.62	2,307.24
Telephone	450.10	3,378.05
Utilities - Other	0.00	5.00
Total Utilities	3,812.15	27,627.87
Depreciation Expense	6,672.11	46,704.77
Total Expense	126,067.66	1,075,411.77
Net Ordinary Income	-44,076.22	-101,543.02
Net Income	-44,076.22	-101,543.02

Truckee Surgery Center LLC Balance Sheet

As of August 31, 2016

	<u>Aug 31, 16</u>	<u>Jul 31, 16</u>
ASSETS		
Current Assets		
Checking/Savings		
Bank of the West	243,595.33	260,920.41
Petty Cash	<u>286.22</u>	<u>286.22</u>
Total Checking/Savings	243,881.55	261,206.63
Accounts Receivable		
Accounts Receivable		
Allowance for Doubtful Accounts	-49,706.88	-47,933.91
Accounts Receivable - Other	<u>272,768.87</u>	<u>264,120.93</u>
Total Accounts Receivable	<u>223,061.99</u>	<u>216,187.02</u>
Total Accounts Receivable	223,061.99	216,187.02
Other Current Assets		
Prepaid Expense		
Franchise Tax Prepaid	2,266.72	2,833.38
General Liability Insurance	3,394.52	4,526.02
HSA Contribution	2,837.92	6,041.16
Personal Property Taxes	3,653.30	4,566.62
Preventative Maint	3,025.00	3,781.25
Property Insurance	490.50	654.00
Worker's Comp	<u>513.18</u>	<u>370.59</u>
Total Prepaid Expense	<u>16,181.14</u>	<u>22,773.02</u>
Total Other Current Assets	<u>16,181.14</u>	<u>22,773.02</u>
Total Current Assets	483,124.68	500,166.67
Fixed Assets		
Furniture & Fixtures	14,087.00	14,087.00
Instruments	24,241.87	24,241.87
Leasehold Improvements	853,418.00	853,418.00
Machinery & Equipment	87,129.12	87,129.12
Surgical & Medical Equipment	210,601.13	210,601.13
Accumulated Depreciation	-364,564.37	-357,892.26
Goodwill	3,914,333.00	3,914,333.00
Accumulated Amortization	<u>-1,304,778.98</u>	<u>-1,304,778.98</u>
Total Fixed Assets	3,434,466.77	3,441,138.88
Other Assets		
Rent Deposit	<u>20,256.00</u>	<u>20,256.00</u>
Total Other Assets	<u>20,256.00</u>	<u>20,256.00</u>
TOTAL ASSETS	<u><u>3,937,847.45</u></u>	<u><u>3,961,561.55</u></u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	<u>6,478.87</u>	<u>21,132.52</u>
Total Accounts Payable	6,478.87	21,132.52
Credit Cards		
BankCard 0177	1,188.08	823.10
BankCard 0253	<u>670.33</u>	<u>1,003.40</u>

Truckee Surgery Center LLC
Balance Sheet

As of August 31, 2016

	<u>Aug 31, 16</u>	<u>Jul 31, 16</u>
Total Credit Cards	1,858.41	1,826.50
Other Current Liabilities		
Billing Fee Due	3,697.45	3,231.12
Compensated Absenses	22,934.53	27,858.00
Payroll Liabilities	<u>236.06</u>	<u>173.69</u>
Total Other Current Liabilities	<u>26,868.04</u>	<u>31,262.81</u>
Total Current Liabilities	<u>35,205.32</u>	<u>54,221.83</u>
Total Liabilities	35,205.32	54,221.83
Equity		
Tahoe Forest Hospital		
Tahoe Forest Hospital Equity	3,327,670.01	3,327,670.01
Distributions TFH	<u>-150.09</u>	<u>-150.09</u>
Total Tahoe Forest Hospital	3,327,519.92	3,327,519.92
Truckee Surgery Center Inc		
Truckee Surgery Cntr Inc Equity	681,507.02	681,507.02
Distributions TSC Inc	<u>-144.20</u>	<u>-144.20</u>
Total Truckee Surgery Center Inc	681,362.82	681,362.82
Net Income	<u>-106,240.61</u>	<u>-101,543.02</u>
Total Equity	<u>3,902,642.13</u>	<u>3,907,339.72</u>
TOTAL LIABILITIES & EQUITY	<u><u>3,937,847.45</u></u>	<u><u>3,961,561.55</u></u>

Truckee Surgery Center LLC
Profit & Loss YTD Comparison
August 2016

	Aug 16	Jan - Aug 16
Ordinary Income/Expense		
Income		
Patient Revenue		
Private Pay	527.00	527.00
Medbridge	102,841.39	1,079,466.05
Medical Record Copy Fee	0.00	60.58
Total Patient Revenue	103,368.39	1,080,053.63
Refunds		
Insurance Refund	0.00	-756.00
Patient Refund	-109.54	-2,170.03
Total Refunds	-109.54	-2,926.03
Total Income	103,258.85	1,077,127.60
Gross Profit	103,258.85	1,077,127.60
Expense		
Billing Service	5,136.68	53,827.08
General Office		
Dues and Subscriptions	1,245.28	4,042.10
Office Supplies	36.32	2,149.33
Postage and Delivery	107.32	611.90
Total General Office	1,388.92	6,803.33
Liability Gen'l, Prof Insurance	1,131.50	9,052.00
Property Insurance Expense	163.50	1,308.00
Licenses and Permits	1,000.00	3,106.30
Linen	1,985.36	13,933.49
Medical Supplies Total		
Gas Medical	44.68	2,904.67
Implants	10,173.39	205,952.76
Instrument Expense	1,281.44	6,752.35
Medical Supplies	5,278.85	103,519.25
Pharmacy	1,922.68	25,014.77
Patient Nutrition	174.42	1,328.26
Total Medical Supplies Total	18,875.46	345,472.06
Other Expenses		
Advertising & Promotion	0.00	2,423.00
Bank Charges	50.90	458.54
Cleaning Supplies	0.00	1,641.01
Educational	80.00	2,563.00
Equipment Rental/Lease	575.09	8,064.80
Interest Expense	0.00	17.28
Meals & Entertainment	82.60	792.97
Merchant Fees	66.09	766.35
Miscellaneous	14.09	3,767.59
Travel	327.13	1,235.85
Total Other Expenses	1,195.90	21,730.39
Payroll Expenses		
Health Insurance Total		
Vision	132.50	907.50
Dental	658.32	4,821.08
HSA	3,203.24	26,003.70
Health	6,710.25	45,692.16
Total Health Insurance Total	10,704.31	77,424.44

Truckee Surgery Center LLC
Profit & Loss YTD Comparison
August 2016

	Aug 16	Jan - Aug 16
Employee Benefit	29.26	1,275.84
Payroll Taxes	2,789.78	30,080.40
Retirement Contribution	388.00	4,340.93
Wages	30,844.26	332,768.46
Work Comp	623.41	4,166.17
Payroll Expenses - Other	57.75	999.76
Total Payroll Expenses	45,436.77	451,056.00
Professional Fees		
Accounting	275.00	4,050.00
Consulting	0.00	2,597.50
Pension Fees	0.00	105.00
Transcription Services	222.54	2,449.67
Total Professional Fees	497.54	9,202.17
Rent & CAM	13,065.12	104,520.96
Repairs		
Building/Equipment Repairs	2,174.93	22,498.07
Instrument Refurbishing	919.99	9,919.84
Instrument Repairs	0.00	2,630.61
Maintenance-Preventative	3,135.02	22,252.45
Total Repairs	6,229.94	57,300.97
Taxes		
Property	2,310.98	18,166.00
State	566.66	4,584.71
Total Taxes	2,877.64	22,750.71
Utilities		
Alarm Monitor	72.45	972.41
Cable	77.79	611.71
Gas and Electric	1,606.20	21,471.90
Medical Waste	99.36	737.36
Sewer	0.00	2,307.24
Telephone	469.20	3,847.25
Utilities - Other	0.00	5.00
Total Utilities	2,325.00	29,952.87
Depreciation Expense	6,672.11	53,376.88
Total Expense	107,981.44	1,183,393.21
Net Ordinary Income	-4,722.59	-106,265.61
Other Income/Expense		
Other Income		
Other Income	25.00	25.00
Total Other Income	25.00	25.00
Net Other Income	25.00	25.00
Net Income	-4,697.59	-106,240.61

Truckee Surgery Center LLC Balance Sheet

As of September 30, 2016

	Sep 30, 16	Aug 31, 16
ASSETS		
Current Assets		
Checking/Savings		
Bank of the West	277,992.84	243,595.33
Petty Cash	217.22	286.22
Total Checking/Savings	278,210.06	243,881.55
Accounts Receivable		
Accounts Receivable		
Allowance for Doubtful Accounts	-49,237.31	-49,706.88
Accounts Receivable - Other	254,677.58	272,768.87
Total Accounts Receivable	205,440.27	223,061.99
Total Accounts Receivable	205,440.27	223,061.99
Other Current Assets		
Prepaid Expense		
Franchise Tax Prepaid	1,700.06	2,266.72
General Liability Insurance	2,263.02	3,394.52
HSA Contribution	1,297.18	2,837.92
Personal Property Taxes	2,739.98	3,653.30
Preventative Maint	2,268.75	3,025.00
Property Insurance	327.00	490.50
Worker's Comp	248.77	513.18
Total Prepaid Expense	10,844.76	16,181.14
Total Other Current Assets	10,844.76	16,181.14
Total Current Assets	494,495.09	483,124.68
Fixed Assets		
Furniture & Fixtures	14,087.00	14,087.00
Instruments	24,241.87	24,241.87
Leasehold Improvements	853,418.00	853,418.00
Machinery & Equipment	87,129.12	87,129.12
Surgical & Medical Equipment	210,601.13	210,601.13
Accumulated Depreciation	-371,236.48	-364,564.37
Goodwill	3,914,333.00	3,914,333.00
Accumulated Amortization	-1,304,778.98	-1,304,778.98
Total Fixed Assets	3,427,794.66	3,434,466.77
Other Assets		
Rent Deposit	20,256.00	20,256.00
Total Other Assets	20,256.00	20,256.00
TOTAL ASSETS	3,942,545.75	3,937,847.45
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	25,180.85	6,478.87
Total Accounts Payable	25,180.85	6,478.87
Credit Cards		

Truckee Surgery Center LLC Balance Sheet

As of September 30, 2016

	Sep 30, 16	Aug 31, 16
BankCard 0177	0.00	1,188.08
BankCard 0253	494.32	670.33
Total Credit Cards	494.32	1,858.41
Other Current Liabilities		
Billing Fee Due	2,906.96	3,697.45
Compensated Absenses	24,787.91	22,934.53
Payroll Liabilities	222.32	236.06
Total Other Current Liabilities	27,917.19	26,868.04
Total Current Liabilities	53,592.36	35,205.32
Total Liabilities	53,592.36	35,205.32
Equity		
Tahoe Forest Hospital		
Tahoe Forest Hospital Equity	3,327,670.01	3,327,670.01
Distributions TFH	-150.09	-150.09
Total Tahoe Forest Hospital	3,327,519.92	3,327,519.92
Truckee Surgery Center Inc		
Truckee Surgery Cntr Inc Equity	681,507.02	681,507.02
Distributions TSC Inc	-144.20	-144.20
Total Truckee Surgery Center Inc	681,362.82	681,362.82
Net Income	-119,929.35	-106,240.61
Total Equity	3,888,953.39	3,902,642.13
TOTAL LIABILITIES & EQUITY	3,942,545.75	3,937,847.45

Truckee Surgery Center LLC
Profit & Loss YTD Comparison
September 2016

	Sep 16	Jan - Sep 16
Ordinary Income/Expense		
Income		
Patient Revenue		
Private Pay	2,870.00	3,397.00
Medbridge	105,384.04	1,184,850.09
Medical Record Copy Fee	0.00	60.58
Total Patient Revenue	108,254.04	1,188,307.67
Refunds		
Insurance Refund	0.00	-756.00
Patient Refund	0.00	-2,170.03
Total Refunds	0.00	-2,926.03
Total Income	108,254.04	1,185,381.64
Gross Profit	108,254.04	1,185,381.64
Expense		
Billing Service	5,269.12	59,096.20
General Office		
Dues and Subscriptions	71.95	4,114.05
Office Supplies	207.10	2,356.43
Postage and Delivery	0.00	611.90
Printing and Reproduction	213.11	213.11
Total General Office	492.16	7,295.49
Liability Gen'l, Prof Insurance	1,131.50	10,183.50
Property Insurance Expense	163.50	1,471.50
Licenses and Permits	500.00	3,606.30
Linen	1,471.96	15,405.45
Medical Supplies Total		
Gas Medical	238.32	3,142.99
Implants	13,054.98	219,007.74
Instrument Expense	546.72	7,299.07
Medical Supplies	7,388.00	110,907.25
Pharmacy	1,511.44	26,526.21
Patient Nutrition	137.27	1,465.53
Total Medical Supplies Total	22,876.73	368,348.79
Other Expenses		
Advertising & Promotion	0.00	2,423.00
Bank Charges	40.90	499.44
Cleaning Supplies	263.33	1,904.34
Educational	0.00	2,563.00
Equipment Rental/Lease	1,172.89	9,237.69
Interest Expense	0.00	17.28
Meals & Entertainment	0.00	792.97
Merchant Fees	88.38	854.73
Miscellaneous	103.37	3,870.96
Travel	0.00	1,235.85
Total Other Expenses	1,668.87	23,399.26
Payroll Expenses		
Health Insurance Total		
Vision	132.50	1,040.00
Dental	658.32	5,479.40
HSA	3,203.24	29,206.94
Health	6,710.25	52,402.41
Total Health Insurance Total	10,704.31	88,128.75

Truckee Surgery Center LLC
Profit & Loss YTD Comparison
September 2016

	Sep 16	Jan - Sep 16
Employee Benefit	134.15	1,409.99
Payroll Taxes	2,967.42	33,047.82
Retirement Contribution	424.03	4,764.96
Wages	40,075.72	372,844.18
Work Comp	623.41	4,789.58
Payroll Expenses - Other	63.00	1,062.76
Total Payroll Expenses	54,992.04	506,048.04
Professional Fees		
Accounting	55.00	4,105.00
Consulting	1,420.00	4,017.50
Pension Fees	0.00	105.00
Transcription Services	327.53	2,777.20
Total Professional Fees	1,802.53	11,004.70
Rent & CAM	13,065.12	117,586.08
Repairs		
Building/Equipment Repairs	2,425.89	24,923.96
Instrument Refurbishing	0.00	9,919.84
Instrument Repairs	0.00	2,630.61
Maintenance-Preventative	3,738.75	25,991.20
Total Repairs	6,164.64	63,465.61
Taxes		
Property	2,310.98	20,476.98
State	509.97	5,094.68
Total Taxes	2,820.95	25,571.66
Utilities		
Alarm Monitor	72.45	1,044.86
Cable	77.79	689.50
Gas and Electric	2,135.54	23,607.44
Medical Waste	102.60	839.96
Sewer	0.00	2,307.24
Telephone	463.17	4,310.42
Utilities - Other	0.00	5.00
Total Utilities	2,851.55	32,804.42
Depreciation Expense	6,672.11	60,048.99
Total Expense	121,942.78	1,305,335.99
Net Ordinary Income	-13,688.74	-119,954.35
Other Income/Expense		
Other Income		
Other Income	0.00	25.00
Total Other Income	0.00	25.00
Net Other Income	0.00	25.00
Net Income	-13,688.74	-119,929.35

November 9, 2016

Crystal Betts
Chief Financial Officer
Tahoe Forest Health System
10121 Pine Avenue
Truckee, CA 96161

Re: Audit and Nonattest Services

Dear Ms. Betts:

Thank you for the opportunity to provide services to Tahoe Forest Hospital District, Tahoe Forest Hospital System Foundation, and Incline Village Community Hospital Foundation. This engagement letter ("Engagement Letter") and the attached Professional Services Agreement, which is incorporated by this reference, confirm our acceptance and understanding of the terms and objectives of our engagement, and limitations of the services that Moss Adams LLP ("Moss Adams," "we," "us," and "our") will provide to Tahoe Forest Hospital District ("TFHD"), Tahoe Forest Hospital System Foundation ("TFHSF"), and Incline Village Community Hospital Foundation ("IVCHF") ("you," "your," and "Organizations").

Scope of Services – Audit

You have requested that we audit the TFHD's consolidated financial statements, which comprise the consolidated balance sheet as of June 30, 2017; June 30, 2018; and June 30, 2019, and the related consolidated statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

You have requested that we audit the TFHSF's consolidated financial statements, which comprise the consolidated balance sheet as of June 30, 2017; June 30, 2018; and June 30, 2019, and the related consolidated statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

You have requested that we audit the IVCHF's consolidated financial statements, which comprise the consolidated balance sheet as of June 30, 2017; June 30, 2018; and June 30, 2019, and the related consolidated statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

MOSS ADAMS LLP

Tahoe Forest Health System
November 9, 2016

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Scope of Services and Limitations – Nonattest

We will provide the Organizations with the following nonattest services:

1. Assist you in drafting TFHD's consolidated financial statements and related footnotes as of and for the years ended June 30, 2017; June 30, 2018; and June 30, 2019.
2. Assist you in drafting TFHSF's consolidated financial statements and related footnotes as of and for the years ended June 30, 2017; June 30, 2018; and June 30, 2019.
3. Assist you in drafting IVCHF's consolidated financial statements and related footnotes as of and for the years ended June 30, 2017; June 30, 2018; and June 30, 2019.

Our professional standards require that we remain independent with respect to our attest clients, including those situations where we also provide nonattest services such as those identified in the preceding paragraphs. As a result, Organizations management must accept the responsibilities set forth below related to this engagement:

- Assume all management responsibilities.
- Oversee the service by designating an individual, preferably within senior management, who possesses skill, knowledge, and/or experience to oversee our nonattest services. The individual is not required to possess the expertise to perform or reperform the services.
- Evaluate the adequacy and results of the nonattest services performed.
- Accept responsibility for the results of the nonattest services performed.

It is our understanding that you have been designated by the Organizations to oversee the nonattest services and that in the opinion of the Organizations you are qualified to oversee our nonattest services as outlined above. If any issues or concerns in this area arise during the course of our engagement, we will discuss them with you prior to continuing with the engagement.

Timing

Ben Mack is responsible for supervising the engagement and authorizing the signing of the report. We expect to begin the audit fieldwork for this engagement at your offices in late May, 2017, and the audit engagement plan calls for two weeks of on-site procedures at year end in the fall during 8/28/ and 9/6/2017. As we reach the conclusion of the audit, we will coordinate with you the date the audited consolidated financial statements will be available for issuance. You understand that (1) you will be required to consider subsequent events through the date the consolidated financial statements are available for issuance, (2) you will disclose in the notes to the consolidated financial statements the date through which subsequent events have been considered, and (3) the subsequent event date

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Tahoe Forest Health System
November 9, 2016

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disclosed in the footnotes will not be earlier than the date of the management representation letter and the date of the report of independent auditors.

Our scheduling depends on your completion of the year-end closing and adjusting process prior to our arrival to begin the fieldwork. We may experience delays in completing our services due to your staff's unavailability or delays in your closing and adjusting process. You understand our fees are subject to adjustment if we experience these delays in completing our services.

Fees

We estimate that our fees for the services will be as follows:

Entity	2017	2018	2019
Tahoe Forest Hospital District	\$60,270	\$63,580	\$67,080
Tahoe Forest Health System Foundation	\$17,920	\$18,910	\$19,950
Incline Village Community Hospital Foundation	\$14,930	\$15,750	\$16,620
Out-of-pocket Expenses	\$9,500	\$9,500	\$9,500
Total	\$102,620	\$107,740	\$113,150

Our ability to provide services in accordance with our estimated fees depends on the quality, timeliness, and accuracy of the Organizations' records, and, for example, the number of general ledger adjustments required as a result of our work. To assist you in this process, we will provide you with a Client Audit Preparation Schedule that identifies the key work you will need to perform in preparation for the audit. We will also need your accounting staff to be readily available during the engagement to respond in a timely manner to our requests. Lack of preparation, poor records, general ledger adjustments and/or untimely assistance will result in an increase of our fees.

Reporting

We will issue a written report upon completion of our audit of the Organizations' consolidated financial statements. Our report will be addressed to the Audit Committee of the Organizations. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. Our services will be concluded upon delivery to you

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Tahoe Forest Health System
November 9, 2016

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of our report on your consolidated financial statements for the years ended June 30, 2017; June 30, 2018; and June 30, 2019.

Additional Services

You may request that we perform additional services not contemplated by this Engagement Letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. It is our practice to issue a separate agreement covering additional services. However, absent such a separate agreement, all services we provide you shall be subject to the terms and conditions in the Professional Services Agreement.

We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in the Agreement, please sign the enclosed copy of this letter and return it to us with the Professional Services Agreement.

Very truly yours,



Ben Mack, Partner, for
Moss Adams LLP

Enclosures



Tahoe Forest Health System
November 9, 2016

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ACCEPTED AND AGREED:

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of Tahoe Forest Hospital District, Tahoe Forest Hospital System Foundation, and Incline Village Community Hospital Foundation with respect to this engagement and the services to be provided by Moss Adams LLP:

Signature: _____

Print Name: _____

Title: _____

Date: _____

Client: #TBD
v. 10/28/2016

PROFESSIONAL SERVICES AGREEMENT

Audit and Nonattest Services

This Professional Services Agreement (the "PSA") together with the Engagement Letter, which is hereby incorporated by reference, represents the entire agreement (the "Agreement") relating to services that Moss Adams will provide to the Organizations. Any undefined terms in this PSA shall have the same meaning as set forth in the Engagement Letter.

Objective of the Audit

The objective of our audit is the expression of an opinion on the financial statements and supplementary information. We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). It will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Procedures and Limitations

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain receivables and certain other assets, liabilities and transaction details by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. The supplementary information will be subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. At the conclusion of our audit, we will require certain written representations from management about the financial statements and supplementary information and related matters. Management's failure to provide representations to our satisfaction will preclude us from issuing our report.

An audit includes examining evidence, on a test basis, supporting the amounts and disclosures in the financial statements. Therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. Such material misstatements may include errors, fraudulent financial reporting, misappropriation of assets, or noncompliance with the provisions of laws or regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity that may have a direct financial statement impact. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements and noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS. An audit is not designed to detect immaterial misstatements or noncompliance with the provisions of laws or regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, fraudulent financial reporting, misappropriation of assets, and noncompliance with the provisions of laws or regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any time period for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Organizations and its environment, including its internal control sufficient to assess the risks of material misstatements of the financial statements whether due to error or fraud and to design the nature, timing, and extent of further audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify deficiencies in the design or operation of internal control. However, if, during the audit, we become aware of any matters involving internal control or its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, we will communicate them in writing to management and those charged with governance. We will also identify if we consider any significant deficiency, or combination of significant deficiencies, to be a material weakness.

We may assist management in the preparation of the Organizations's financial statements and supplementary information. Regardless of any assistance we may render, all information included in the financial statements and supplementary information remains the representation of management. We may issue a preliminary draft of the financial statements and supplementary information to you for your review. Any preliminary draft financial statements and supplementary information should not be relied upon, reproduced, or otherwise distributed without the written permission of Moss Adams.

Professional Services Agreement

Audit and Nonattest Services

Page 2 of 6

Management's Responsibility for Financial Statements

As a condition of our engagement, management acknowledges and understands that management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. We may advise management about appropriate accounting principles and their application and may assist in the preparation of your financial statements, but management remains responsible for the financial statements. Management also acknowledges and understands that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. This responsibility includes the maintenance of adequate records, the selection and application of accounting principles, and the safeguarding of assets. You are responsible for informing us about all known or suspected fraud affecting the Organizations involving: (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organizations received in communications from employees, former employees, regulators or others. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole. Management is also responsible for identifying and ensuring that the Organizations complies with applicable laws and regulations.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management agrees that as a condition of our engagement management will provide us with:

- access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
- additional information that we may request from management for the purpose of the audit; and
- unrestricted access to persons within the Organizations from whom we determine it necessary to obtain audit evidence.

Management's Responsibility for Supplementary Information

Management is responsible for the preparation of the supplementary information in accordance with the applicable criteria. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. Management is responsible to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon. For purposes of this Agreement, audited financial statements are deemed to be readily available if a third party user can obtain the audited financial statements without any further action by management. For example, financial statements on your Web site may be considered readily available, but being available upon request is not considered readily available.

Dissemination of Financial Statements

Our report on the financial statements must be associated only with the financial statements that were the subject of our engagement. You may make copies of our report, but only if the entire financial statements (including related footnotes and supplementary information, as appropriate) are reproduced and distributed with our report. You agree not to reproduce or associate our report with any other financial statements, or portions thereof, that are not the subject of this engagement.

Professional Services Agreement

Audit and Nonattest Services

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Offering of Securities

This Agreement does not contemplate Moss Adams providing any services in connection with the offering of securities, whether registered or exempt from registration, and Moss Adams will charge additional fees to provide any such services. You agree not to incorporate or reference our report in a private placement or other offering of your equity or debt securities without our express written permission. You further agree we are under no obligation to reissue our report or provide written permission for the use of our report at a later date in connection with an offering of securities, the issuance of debt instruments, or for any other circumstance. We will determine, at our sole discretion, whether we will reissue our report or provide written permission for the use of our report only after we have conducted any procedures we deem necessary in the circumstances. You agree to provide us with adequate time to review documents where (a) our report is requested to be reissued, (b) our report is included in the offering document or referred to therein, or (c) reference to our firm is expected to be made. If we decide to reissue our report or provide written permission to the use of our report, you agree that Moss Adams will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to reissue our report or withhold our written permission to use our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our engagement documentation for those periods, we are under no obligation to permit such access.

Changes in Professional or Accounting Standards

To the extent that future federal, state, or professional rule-making activities require modification of our audit approach, procedures, scope of work, etc., we will advise you of such changes and the impact on our fee estimate. If we are unable to agree on the additional fees, if any, that may be required to implement any new accounting and auditing standards that are required to be adopted and applied as part of our engagement, we may terminate this Agreement as provided herein, regardless of the stage of completion.

Representations of Management

During the course of our engagement, we may request information and explanations from management regarding, among other matters, the Organizations's operations, internal control, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide us with a written representation letter confirming some or all of the representations made during the engagement. The procedures that we will perform in our engagement will be heavily influenced by the representations that we receive from management. Accordingly, false representations could cause us to expend unnecessary efforts or could cause a material error or fraud to go undetected by our procedures. In view of the foregoing, you agree that we will not be responsible for any misstatements in the Organizations's financial statements and supplementary information that we fail to detect as a result of false or misleading representations, whether oral or written, that are made to us by the Organizations's management. While we may assist management in the preparation of the representation letter, it is management's responsibility to carefully review and understand the representations made therein.

In addition, because our failure to detect material misstatements could cause others relying upon our audit report to incur damages, the Organizations further agrees to indemnify and hold us harmless from any liability and all costs (including legal fees) that we may incur in connection with claims based upon our failure to detect material misstatements in the Organizations's financial statements and supplementary information resulting in whole or in part from knowingly false or misleading representations made to us by any member of the Organizations's management.

Fees and Expenses

The Organizations acknowledges that the following circumstances will result in an increase of our fees:

- Failure to prepare for the audit as evidenced by accounts and records that have not been subject to normal year-end closing and reconciliation procedures;
- Failure to complete the audit preparation work by the applicable due dates;

Professional Services Agreement

Audit and Nonattest Services

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- Significant unanticipated transactions, audit issues, or other such circumstances;
- Delays causing scheduling changes or disruption of fieldwork;
- After audit or post fieldwork circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit;
- Issues with the prior audit firm, prior year account balances or report disclosures that impact the current year engagement; and
- An excessive number of audit adjustments.

We will endeavor to advise you in the event these circumstances occur, however we may be unable to determine the impact on the estimated fee until the conclusion of the engagement. We will bill any additional amounts based on the experience of the individuals involved and the amount of work performed.

Billings are due upon presentation and become delinquent if not paid within 30 days of the invoice date. Any past due fee under this Agreement shall bear interest at the highest rate allowed by law on any unpaid balance. In addition to fees, you may be billed for expenses and any applicable sales and gross receipts tax. Direct expenses may be charged based on out-of-pocket expenditures, per diem allotments, and mileage reimbursements, depending on the nature of the expense. Indirect expenses, such as processing and copying, are passed through at our estimated clerical and equipment cost and may be charged as a flat fee. If we elect to suspend our engagement for nonpayment, we may not resume our work until the account is paid in full. If we elect to terminate our services for nonpayment, or as otherwise provided in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our work. You will be obligated to compensate us for fees earned for services rendered and to reimburse us for expenses. You acknowledge and agree that in the event we stop work or terminate this Agreement as a result of your failure to pay on a timely basis for services rendered by Moss Adams as provided in this Agreement, or if we terminate this Agreement for any other reason, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

Limitation on Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

Subpoena or Other Release of Documents

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Document Retention Policy

At the conclusion of this engagement, we will return to you all original records you supplied to us. Your Organizations records are the primary records for your operations and comprise the backup and support for the results of this engagement. Our records and files, including our engagement documentation whether kept on paper or electronic media, are our property and are not a substitute for your own records. Our firm policy calls for us to destroy our engagement files and all pertinent engagement documentation after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. We are under no obligation to notify you regarding the destruction of our records. We reserve the right to modify the retention period without

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notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that Moss Adams may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

Use of Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential. We employ measures in the use of electronic communications designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of electronic communications to your representatives and other use of these electronic devices during the term of this Agreement as we deem appropriate.

Enforceability

In the event that any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this Agreement.

Entire Agreement

This Professional Services Agreement and Engagement Letter constitute the entire agreement and understanding between Moss Adams and the Organizations. The Organizations agrees that in entering into this Agreement it is not relying and has not relied upon any oral or other representations, promise or statement made by anyone which is not set forth herein.

In the event the parties fail to enter into a new Agreement for each subsequent calendar year in which Moss Adams provides services to the Organizations, the terms and conditions of this PSA shall continue in force until such time as the parties execute a new written Agreement or terminate their relationship, whichever occurs first.

Use of Moss Adams' Name

The Organizations may not use any of Moss Adams' name, trademarks, service marks or logo in connection with the services contemplated by this Agreement or otherwise without the prior written permission of Moss Adams, which permission may be withheld for any or no reason and may be subject to certain conditions.

Use of Third-Party Service Providers

We may use third party service providers in serving you, including software and data storage providers. You understand that Moss Adams does not control the providers' networks, security or availability of services.

Use of Nonlicensed Personnel

Certain engagement personnel who are not licensed as certified public accountants may provide services during this engagement.

Dispute Resolution Procedure and Venue

This Agreement shall be governed by the laws of the state of Washington, without giving effect to any conflicts of laws principles. If a dispute arises out of or relates to the engagement described herein, and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon

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mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter if litigation were to ensue and request the appointment of a mediator, and such appointment shall be binding on the parties. Each party shall be responsible for its own mediation expenses, and shall share equally in the mediator's fees and expenses.

If the claim or dispute cannot be settled through mediation, each party hereby irrevocably (a) consents to the exclusive jurisdiction and venue of the appropriate state or federal court located in King County, state of Washington, in connection with any dispute hereunder or the enforcement of any right or obligation hereunder, and (b) WAIVES ITS RIGHT TO A JURY TRIAL. EACH PARTY FURTHER AGREES THAT ANY SUIT ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE FILED WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION ARISES.

Termination

This Agreement may be terminated by either party, with or without cause, upon ten (10) days' written notice. In such event, we will stop providing services hereunder except on work, mutually agreed upon in writing, necessary to carry out such termination. In the event of termination: (a) you shall pay us for services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished reports that we have prepared pursuant to this Agreement, (c) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render services, and (d) we will require any new accounting firm that you may retain to execute access letters satisfactory to Moss Adams prior to reviewing our files.

FINANCE COMMITTEE

RECOMMENDED AGENDA ITEMS FOR NEXT FINANCE COMMITTEE MEETING

1. Financial Report – November 2016
2. Financial Report – December 2016 Quarterly Packet
3. Quarterly Review of Separate Entities
4. Quarterly Review of Payor Mix
5. TIRHR Expenditure Report
6. Truckee Surgery Center – October-December 2016 Financial Statements
7. 2002 VR Demand Bond Refinancing

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

1. Recommend going dark for December. Financials can't be completed by December 8th, 1 week prior to the scheduled December 15th Board Meeting. Review November and December in January 2017.
2. Dates for January 2017 Finance Committee Meeting
 - a. Friday, January 20, 2017 3 hrs – Between 10am-4pm
 - b. Monday, January 23, 2017 3 hrs – Between 9am-4pm