



**BOCA RATON
REGIONAL HOSPITAL**

Date: November 22, 2016

RE: Officers Certificate for BRRH Corporation Obligated Group
Relating to the Quarter Ended September 30, 2016
Issues Including:

Palm Beach County Health Facilities Authority Hospital Revenue
Refunding Bonds, Series 2014 (BRRH Corporation Obligated Group)

I hereby certify that the following documents, filed on November 22, 2016, constitute the quarterly financial information required by the Continuing Disclosure Agreement:

- MDA Summary 09302016
- Quarterly Financial Statement Package 09302016
- Graph Volume Indicators 09302016

I further certify that the information complies with the Continuing Disclosure Agreement and the Rule as required. DAC shall be entitled to rely on this certificate.

If you have further questions about this matter please do not hesitate to call.

Dawn Javersack
CFO

**BRRH Corporation and Affiliates
Management's Discussion and Analysis of
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For the Quarter Ended September 30, 2016

INTRODUCTION

The information contained herein is being filed by BRRH Corporation and Affiliates (BRRH) for the purpose of complying with its obligations under the Continuing Disclosure Undertaking entered into in connection with the issuance of \$89,570,000 of Palm Beach County Health Facilities Authority Hospital Revenue Refunding Bonds, Series 2014.

BRRH includes the following principal entities:

- Boca Raton Regional Hospital, Inc. (Hospital), a not-for-profit corporation.
- BRRH Corporation (Corporation), a not-for-profit, parent holding company and sole voting member of the Hospital and Foundation.
- Boca Raton Regional Hospital Foundation, Inc. (Foundation), a not-for-profit corporation formed to raise funds to support the Hospital and other related organizations.
- BocaCare, Inc. (BocaCare), a taxable not-for-profit corporation formed to operate a primary care network of physician practices.
- Other affiliates within the BRRH consolidated entity include: BRRH Home Health Services, Inc., a not-for-profit, full service home health agency formed to assist the Hospital in the furtherance of specialized home care; BRRH Oaks Plaza, LLC, a limited liability company and owner of medical office properties; BRRH Women's Institute for Health and Wellness, Inc., a taxable, not-for-profit corporation formed to support women's diagnostic services; and Palm Accountable Care Organization, LLC, a limited liability company that was formed to perform, advance, and support the charitable, educational, and scientific missions of the Hospital, its affiliated entities, and the communities they serve.

The Corporation and the Hospital are the members of the Obligated Group under the Master Trust Indenture dated September 1, 2014. Pursuant to the Master Trust Indenture and First Supplemental Master Trust Indenture, the Foundation, a Designated Affiliate, can be directed by the members of the Obligated Group to transfer funds, as necessary, to pay principal and interest on its long term debt in accordance with its terms. The Corporation, the Hospital and the Foundation represent 95% of the total revenues of BRRH.

As of September 30, 2016, \$80.0 million of the Palm Beach County Health Facilities Authority Hospital Revenue Refunding Bonds, Series 2014, is outstanding.

The following financial data as of and for the quarters ended September 30, 2016 and 2015, is derived from the unaudited, consolidated financial statements of BRRH. Operating results for the quarter ended September 30, 2016 are not necessarily indicative of the results that may be expected for any future periods.

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EXECUTIVE SUMMARY

BRRH reported an operating loss of \$3.6 million for the quarter ended September 30, 2016 as compared to an operating loss of \$3.9 million in the same quarter of fiscal 2016. Due to the seasonal nature of the patient population and corresponding impact on hospital volume, the Hospital expects to incur an operating loss during the first quarter of each fiscal year. The operating results for the first quarter included \$0.7 million higher pension expense due to the adoption of new IRS mortality tables.

Total Hospital discharges of 5,943 for the quarter ended September 30, 2016 were 305 or 5.4% higher than the prior year. Total adjusted admissions increased 5.6%. Total emergency room visits increased by 1.5% for the quarter, comprised of a 7.8% increase in inpatient ED visits and comparable outpatient ED visits.

BRRH is an advanced academic tertiary institution with an expanding geographic reach, growing market share, and a reputation for excellence in patient care and satisfaction. BRRH has continued to make investments in clinical programs focusing resources and growth initiatives in neurosciences, oncology, cardiac services, women's services and physician integration:

- The Marcus Neuroscience Institute is one of a select number of hospitals nationally that has access to both intraoperative MRI and intraoperative CT for use in advanced neurosurgical procedures of the brain and spine. On August 15, 2016, BRRH announced the appointment of Frank D. Vrionis, M.D., MPH, PhD as Director of the Marcus Neuroscience Institute effective October 1, 2016.
- The Christine E. Lynn Heart & Vascular Institute has established the Fern F. Steinfeld Transcatheter Aortic Valve Replacement (TAVR) Center. This latest component of the LHVI provides a highly therapeutic treatment option for patients with symptomatic aortic stenosis and who are considered a high risk for standard valve replacement surgery.
- July 6, 2016 marked the one year anniversary of the opening of the new Christine E. Lynn Women's Health and Wellness Institute. The Institute is home to five centers of excellence, including the Schmidt Center for Breast Care, the Jean and David Blechman Center for Specialty Care, the Phyllis Sandler Center for Living Well, the Barbara Gutin Center for Pelvic Health and the Center for Imaging.
- Boca Raton Regional Hospital initiated and designed its BocaCare Physician Network to strengthen the relationship between the physicians and the Hospital, expand market reach, and moderate the seasonality and Medicare dependence of the organization. The BocaCare Network has grown to a total of 16 practice locations comprised of 64 providers within Palm Beach and Broward Counties.
- Construction for the new Gloria Drummond Physical Rehabilitation Institute began in December 2015, following receipt of a lead donation of \$10.0 million. Phase I of the

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new 35,000 square foot facility was completed in September 2016, and the entire project will be completed in early 2017.

- The Florida Atlantic University College of Medicine Graduate Medical Education Consortium (the "GME Consortium") is comprised of three health system partners, including BRRH as the principal facility for the internal medicine and general surgery residency training programs. The GME Consortium's internal medicine program has just started its third year in fiscal year 2017. In April 2016, the GME Consortium received formal approval of the application for a general surgery residency program. This 5-year training program was approved for 45 surgery residents and commenced on July 1, 2016. Boca Raton Regional Hospital is the primary teaching hospital for the surgery residency program.
- The Foundation was established in 1984 to raise funds to support the Hospital's mission of providing superior, compassionate health care through the cultivation and stewardship of philanthropic gifts and raising the public's awareness of the Hospital and its related organizations, programs and services. During the first quarter of fiscal year 2017, the Foundation received 1,100 gifts totaling \$4.5 million in cash and pledges.
- Boca Raton Regional Hospital is the recipient of numerous awards and accolades. Most recently, the Hospital was listed by *U.S. News & World Report* as a Top-Ranked Regional Hospital in South Florida, and as the highest ranked hospital in Palm Beach County.

In fiscal year 2016, BRRH selected Cerner as the replacement for the existing platform, McKesson Horizon Clinicals, which will be sunset in March 2018. The contract includes significant enterprise systems, both clinical and financial, with an anticipated completion date in 2020.

In August and November 2016, respectively, Fitch Ratings and Standard & Poor's Ratings Services (S&P) affirmed the Hospital's BBB+ rating, with a Stable outlook. The Hospital was previously upgraded in August 2015 by both agencies, from BBB to BBB+, with a Stable outlook.

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MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated Statement of Revenue and Expenses (Summarized) (in \$000's)

(Amounts in \$000's)	For the Quarter Ended	
	September 30	
	2017	2016
Net patient revenue	\$ 108,666	\$ 96,987
Other revenue	2,381	2,700
Total operating revenue	111,047	99,687
Salaries, wages and benefits	53,223	48,787
Supplies	31,923	26,487
Physician fees, professional fees and purchased services	13,485	11,570
Insurance and other expenses	8,637	8,932
Depreciation and amortization	6,580	6,962
Interest	838	896
Total expenses	114,686	103,634
Operating Income (Loss)	(3,639)	(3,947)
Other non-operating items (net)	(879)	(162)
Net Income (Loss)	\$ (4,518)	\$ (4,109)

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Utilization Statistics

The following table sets forth certain utilization statistics for the Hospital:

	For the Quarter Ended				
	9/30/2016	6/30/2016	3/31/2016	12/31/2015	9/30/2015
Total Discharges (IP and observation)	5,943	6,392	7,014	6,101	5,638
Total Admissions	4,339	4,720	5,272	4,545	4,191
Total Adjusted Admissions	10,649	11,372	12,583	10,940	10,081
Average Length of Stay	4.44	4.67	4.51	4.63	4.60
Surgeries – Inpatient	1,104	1,136	1,151	1,098	977
Surgeries – Outpatient	1,416	1,374	1,418	1,468	1,333
Emergency Room Visits	12,462	13,575	15,753	13,867	12,283
Outpatient Registrations	67,107	73,272	78,196	71,062	67,904
Cardiac Catheterizations	359	430	445	414	357

Consolidated Financial Results for the Quarter Ended September 30, 2016

BRRH reported an operating loss of \$3.6 million for the quarter ended September 30, 2016 as compared to an operating loss of \$3.9 million in the same quarter of fiscal 2016. Due to the seasonal nature of the patient population and corresponding impact on hospital volume, the Hospital expects to incur an operating loss during the first quarter of each fiscal year. The operating results for the first quarter included \$0.7 million higher pension expense due to the adoption of new IRS mortality tables and continued declines in the discount rate.

Total Hospital discharges of 5,943 for the quarter ended September 30, 2016 were 305 or 5.4% higher than the prior year. Total adjusted admissions increased 5.6%. Total emergency room visits increased by 1.5% for the quarter, comprised of a 7.8% increase in inpatient ED visits and comparable outpatient ED visits.

Total surgical cases of 2,520 were 9.1% ahead of volume for the first quarter of the prior year. Outpatient surgical cases increased by 6.2% and inpatient surgical cases increased by 13.0% compared to the prior year. The organization installed its third daVinci robot during August 2016.

For the quarter, 218 procedures were performed on the three robots, which are primarily used for outpatient procedures. This represents an increase of 23 procedures (11.8%) over the same period of the prior fiscal year.

Ancillary volume statistics were up in most areas as compared to the same quarter of the prior year. Medical oncology initial infusions and injections increased by 18.1%, radiation oncology procedures increased by 16.1%, outpatient imaging volumes increased by 1.4%, cardiac catheterizations increased by 0.6%, and deliveries were comparable to the prior year.

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Net patient service revenue increased by \$11.7 million or 12.0% compared to the same quarter of the prior year, due to the overall increase in patient volumes, an increase in the case mix index, certain rate increases and graduate medical education reimbursement related to the growth of the internal medicine residency program. Other operating revenue decreased by \$0.3 million, reflecting an expected decrease in electronic health records (EHR) incentive payments. Total operating revenue, inclusive of net patient service revenue, increased by \$11.4 million, or 11.4%.

Total operating expenses of \$114.7 million were \$11.1 million, or 10.7%, higher than the same quarter of the prior year. Major variances are described as follows:

- Salaries, wages and benefits of \$53.2 million were \$4.4 million or 9.1% higher than the same quarter of the prior year, due primarily to increased patient volumes, in addition to the increase in the number of employed physicians in BocaCare.
- Supplies expense of \$31.9 million was \$5.4 million or 20.5% higher than the same quarter of the prior year as a result of increased supply costs for more complex surgical cases, and pharmacy expenses related to the growth in medical oncology services.
- Physician fees, professional fees and purchased services of \$13.5 million were \$1.9 million or 16.6% higher than the same quarter of the prior year, primarily due to increases in equipment service contracts, purchased services related to the Cerner implementation and management fees.
- Insurance and other expenses of \$8.6 million were \$0.3 million or 3.3% favorable to the prior year, due to organizational controls over discretionary spending, as well as favorable experience with routine repairs and maintenance during the quarter.

Net non-operating losses of \$0.9 million were \$0.7 million unfavorable to the same quarter of the prior year, primarily related to unfavorable investment performance.

Clinical Program and Growth Initiatives

BRRH is an advanced academic tertiary institution with an expanding geographic reach, growing market share, and a reputation for excellence in patient care and satisfaction. BRRH has continued to make investments in clinical programs focusing resources and growth initiatives in neurosciences, oncology, cardiac services, women's services and physician integration:

- **Marcus Neuroscience Institute**

In January 2012, BRRH announced the largest single philanthropic gift in its history, a \$25.0 million lead grant from The Marcus Foundation, to create the Marcus Neuroscience Institute. The \$50.0 million Institute opened in October 2014.

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This state of the art facility serves as a new nexus of care for neurologic and neurosurgical patients and includes 20 critical care and step-down patient rooms, 8 pre- and post-operative beds, and 4 operating rooms. The institute is one of two hospitals nationally that has both intraoperative MRI and intraoperative CT for use in advanced neurosurgical procedures of the brain and spine.

On August 15, 2016, BRRH announced the appointment of Frank D. Vrionis, M.D., MPH, PhD as Director of the Marcus Neuroscience Institute effective October 1, 2016. Dr. Vrionis currently serves as Chief of Neurosurgery at the renowned Moffitt Cancer Center, and Professor of Neurosurgery, Orthopedics and Oncology at the University of South Florida.

Dr. Vrionis has authored or co-authored three books on brain and spinal tumors, 150 abstracts and 100 publications in such prestigious peer-reviewed publications as the *Journal of Neurosurgery*, *European Spine Journal* and *Lancet Oncology*. Dr. Vrionis received his medical degree from the University of Athens School of Medicine in Athens, Greece, where he graduated second in his class. He performed his residency training in Neurosurgery at Tufts University and completed a fellowship in Skull-Base Surgery at the University of Tennessee. He holds a Master's in Public Health from Harvard University and a PhD in Brain Tumor Immunology from Duke University. Dr. Vrionis has been the recipient of multiple honors and recognitions and is listed in the *Guide to America's Top Surgeons*.

- **Christine E. Lynn Heart & Vascular Institute**

In January 2016, the Fern F. Steinfeld Transcatheter Aortic Valve Replacement (TAVR) Center was established at the Christine E. Lynn Heart and Vascular Institute (LHVI). This latest component of the LHVI provides a highly therapeutic treatment option for patients with symptomatic aortic stenosis and who are considered a high risk for standard valve replacement surgery.

Aortic valve stenosis is a type of heart disease in which the valve that regulates blood flow from the heart is narrowed and prevented from opening fully. It is estimated that patients with severe aortic stenosis have about a 50 percent chance of living just two years without aortic valve replacement. Many of these patients are of advanced age or have co-existing health issues that disqualify them for traditional valve replacement. TAVR is a minimally invasive surgical technique that greatly reduces the procedural risk for these individuals. Thirty-five TAVR procedures have been completed since January 2016, with exceptional outcomes. All patients have been discharged and are doing well.

The Center is led by Carlos A. Velez, MD, FACC, FSCAI, who serves as Director of Structural Heart Disease Interventions at LHVI. Dr. Velez is a specialist in TAVR and has served on the faculty of some of the nation's most prestigious heart programs including those at Henry Ford Hospital in Detroit, Michigan, Ochsner Medical Center in New Orleans, Louisiana and the Swedish Medical Center in Seattle, Washington.

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The Hospital is in the planning stage for building a unique specialized integrated room for TAVR procedures. Currently, the procedures are being performed in the Hybrid OR. The new integrated room is more sophisticated than the hybrid room and will allow more flexibility of the procedures being performed.

The LHVI will be introducing the Mitra Clip procedure during fiscal year 2017. Until now, mitral valve surgery has been the only option for treating mitral regurgitation. The Mitra Clip procedure is a less-invasive treatment option and is only available at certain sites. BRRH has been appointed by the company to be a site for Mitra Clip procedures.

The Arrhythmia Center has a robust electrophysiology program. Physicians implant small cardiac devices under the skin, enabling remote transmission for physician monitoring and follow-up. BRRH performs the highest volume of this procedure in the country. The program is one of the few centers nationwide that performs ablation procedures without radiation or fluoroscopy.

The Vascular surgery program provides cutting-edge, tertiary care treatments, and is one of only nine sites in the nation providing endovascular repair of thoracoabdominal aortic aneurysms. This revolutionary therapy is performed in a minimally-invasive manner with two small groin incisions and one-inch incision in the left armpit. Traditional open heart surgery for these types of aneurysms can be extremely morbid and are associated with high mortality.

- **Eugene M. and Christine E. Lynn Cancer Institute**

Boca Raton Regional Hospital's Eugene M. & Christine E. Lynn Cancer Institute (LCI) is one of the largest cancer centers in South Florida and is accredited as a Comprehensive Cancer Center by the American College of Surgeons. More than 20 oncologists and a full complement of oncology professionals provide care at the Institute, which treats more than 3,000 cancer patients each year in facilities such as the Harvey & Phyllis Sandler Pavilion, our state-of-the-art cancer center, as well as our satellite locations in Delray Beach. With a vision to be recognized as a national leader and the premier provider of cancer care in South Florida, LCI offers the latest technology, sophisticated diagnostic services and the most advanced cancer treatments available in medicine today.

The Center for Hematology & Oncology (CHO) volumes for new patients continues to increase in both visits and infusion volumes. New office visits have increased 5.2% from prior year in the first quarter and infusions have increased by 18.2%.

Radiation had approximately a 13.5% overall increase in new patients in the first quarter of this year as compared to prior year. Part of the growth is attributed to Cyberknife which was launched in December 2015. A new Varian TrueBeam linear accelerator is in the process of being installed at the Delray LCI satellite and will be available for patients in April 2017.

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The Multi-Modality Clinics, Survivorship Clinics and The Morgan Pressel Center for Cancer Genetics experienced continue to be successful. Medical science advances in cancer genomics has greatly expanded the role of genetic testing in patients diagnosed with cancer. Targeted therapies are now being used in some patients based inherited cancer genes such as pancreatic cancer, breast cancer, ovarian cancer, colon cancer and prostate cancer. The cancer genetic program is seeing a significant expansion in consult and testing based on the expanded role for genetics in cancer care.

Philanthropy continues to provide program enhancements at LCI. Most recently, a million dollar donation by the Oxley Foundation is allowing for the creation of a Cancer Survivor Gym which will be opening in December. This new gym created out of shelled space will provide services to enhance the existing supportive care services already available at LCI.

Lastly, LCI engaged ECG Management Consulting to work with LCI leadership in the development of a five year strategic plan. The engagement has concluded and recommendations from LCI will be submitted to the Board in January.

- **Christine E. Lynn Women's Health & Wellness Institute**

July 6, 2016 marked the one year anniversary of the opening of the new Christine E. Lynn Women's Health and Wellness Institute. The 46,000 square foot exquisitely designed facility is a gateway for women in the community to access multidisciplinary services. The Lynn Women's Institute is home to five centers of excellence including the Schmidt Family Foundation Center for Breast Care, Jean and David Blechman Center for Specialty Care and Preventive Cardiology, Phyllis Sandler Center for Living Well, Barbara Gutin Center for Pelvic Health, and the Center for Imaging.

The Schmidt Family Center for Breast Care continues to grow in volume with a 5% increase above budget and a 4% increase over the prior year. The Barbara Gutin Center for Pelvic Health has added a full time uro-gynecologist in October and we anticipate this program will exceed volume projections based on community needs.

The Phyllis Sandler Center for Living Well experienced significant growth quarter over quarter. Over 6000 people have joined the Spirit of Women data base which has resulted in high attendance at all community events and outreach lectures. Tai Chi and Yoga are offered routinely. "Fresh Kitchen" opened offering employee and patients healthy drinks and food options. In June the hospital partnered with Peaceful Mind Peaceful Life founded by Barbara Schmidt. Ms. Schmidt is a noted spiritual teacher and mindfulness activist with a global following.

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- **BocaCare Physician Network**

Boca Raton Regional Hospital initiated and designed its BocaCare Physician Network to strengthen the relationship between the physicians and the Hospital, expand market reach, and moderate the seasonality and Medicare dependence of the organization. As of June 30, 2016, BocaCare includes providers in diverse specialties such as primary care, orthopedics, urgent care, general neurology and movement disorders, neuro-oncology, neuro-spine surgery, genetics, cardiac surgery and anesthesiology, TAVR and structural heart, and women's health. BocaCare is now comprised of 64 providers (47 physicians and 17 midlevels) practicing in 22 specialty areas. The BocaCare Network has grown to a total of 16 practice locations within Palm Beach and Broward Counties.

- **Graduate Medical Education**

The Florida Atlantic University College of Medicine Graduate Medical Education Consortium (the "GME Consortium") is comprised of three health system partners, including BRRH as the principal facility for the internal medicine program. The GME Consortium's internal medicine program began its third year on July 1, 2016, completing the full cycle of the three-year period. During fiscal year 2017, BRRH will host an average of 49 internal medicine residents daily. The program is the largest newly accredited internal medicine residency program in the history of the Accreditation Council for Graduate Medical Education (ACGME).

In April 2016, the GME Consortium received formal approval of the application for a general surgery residency program. This 5-year training program was approved for 45 surgery residents and commenced on July 1, 2016 with a total of 15 residents in the class. During fiscal year 2017, BRRH will host an average of 8 surgery residents daily. Boca Raton Regional Hospital is the primary teaching hospital for the surgery residency program.

Future programs planned for the Hospital include Neurology, where BRRH will be the principal training site. The integration of the Hospital's medical staff into the program also continues to expand, with over 100 physicians actively participating.

- **Ambulatory Care Network**

In March of 2015, BRRH opened a 25,000 square foot ambulatory care center in the City of Deerfield Beach, Florida. The Boca Regional Ambulatory Care Center is strategically located to serve the communities in northern Broward County and include an urgent care center, a multi-modality imaging center, a satellite location of the Lynn Women's Institute, and a BocaCare primary care office and orthopedic practice. The Center also include time-share office space for Hospital aligned specialists and sub-specialists.

At the end of fiscal year 2016, BRRH entered into a lease agreement to develop a second Boca Regional Urgent Care Center in downtown Boca Raton to serve the estimated 4,000 new

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residents moving into the core of the Boca Raton community. The downtown urgent care center is targeted to open in mid-fiscal year 2017.

- **The Gloria Drummond Physical Rehabilitation Institute**

Construction for the new Gloria Drummond Physical Rehabilitation Institute began in December 2015. This Institute exists as a result of a \$10.0 million lead gift from Elaine J. Wold. The entire project, estimated at \$15.0 million, is funded by philanthropy. The Institute's services have already expanded to provide neurological rehabilitation in conjunction with the Marcus Neurosciences Institute. Musculoskeletal rehabilitation and sports medicine services have expanded in partnership with the Orthopedic Institute and relationships with FAU and Lynn University. Cardiac/Pulmonary Rehabilitation continues to support the Lynn Heart and Vascular Institute. Diabetes Education and Nutrition continues to receive national recognition. In addition, wound care and hyperbaric medicine, offers advanced services that reduce the risks for readmissions. All services will be housed in a new 35,000 square foot state-of-the-art ambulatory facility.

The entire project will be completed in early 2017. The new building will offer Aquatic Therapy which will add to the comprehensive services already available. Outpatient Rehabilitation experienced an overall increase in volume 13% in the first quarter as compared to prior year.

Quality Initiatives

BRRH continues to maintain its status as one of the highest rated hospitals nationally for both quality and patient safety. BRRH's core measure compliance rate has remained at or near 100% in every measure, ranking it amongst the top 10% of hospitals nationally. Additionally, through an intense, multidisciplinary approach aimed at eliminating all hospital acquired conditions, BRRH has achieved a top 10% rate nationally for the avoidance of patient falls, catheter related urinary tract infections, central line associated blood stream infections, line related DVT's, and ventilator associated pneumonias. BRRH's door to balloon time has remained well within national best practices, and stroke care has achieved a Gold Plus status from the American Heart Association. The overall 30-day readmission rate for patients with pneumonia, congestive heart failure, and acute myocardial infarction remains amongst the best in the nation, while the length of stay for the patient population is well below expected length of stay on a national basis.

During fiscal 2016, BRRH successfully completed the triennial accreditation survey with The Joint Commission.

The Hospital continues to earn numerous awards and accolades recognizing its quality of care, the most recent of which include:

- 2016-2017 Listed by *U.S. News & World Report* as a Top-Ranked Regional Hospital in South Florida. Boca Regional is the highest ranked hospital in Palm Beach County.

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- 2016-2017 Listed by U.S. *News & World Report* among nation's High Performing Hospitals in Common Care in chronic obstructive pulmonary disease (COPD), colon cancer surgery, heart failure and hip replacement
- 2015-2016 National Research Corporation awards Boca Raton Regional Hospital the Consumer Choice Award – Boca Regional is the only hospital in Palm Beach County to receive the distinction
- 2015 Named one of Florida’s 10 “Best Value Hospitals” according to Verras Healthcare International’s Medical Value Index™
- 2016 American Heart Association / American Stroke Association’s Get With The Guidelines® – Gold Plus Target Stroke Honor Roll

Patient Experience Initiatives

The Hospital has consistently focused on improving patient satisfaction, with a goal of meeting or exceeding the 80th percentile in patient satisfaction judged in comparison to national peer benchmarks. The following table shows patient satisfaction results in key areas of the hospital:

Department	Q1, Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Emergency Department	98th Percentile	99th Percentile	98th Percentile	96th Percentile
Outpatient Department	93rd Percentile	89th Percentile	89th Percentile	82nd Percentile
Oncology Department	65th Percentile	80th Percentile	91st Percentile	88th Percentile
Inpatient Department	80th Percentile	66th Percentile	62nd Percentile	55th Percentile

Both the Patient Experience Committee and the Collaborative Care Council, consisting of community members, Medical Residents, and hospital executives, work together to improve the patient and family experience. In October, 2016, BRRH added the position of Chief Experience Officer whose role is to work with organizational leaders to formulate plans for improvement, assist with training and development of staff that support a positive patient experience. This individual will work with each department head to identify areas of improvement and tactical skills for the staff. The CXO will oversee organizational progress and will assist with developing action plans to ensure each priority is addressed and communicated.

The hospital partnered with Press Ganey to conduct organization-wide training for employees. This partnership included rounding with various leaders with a focus on coaching staff. BRRH is also addressing recent employee engagement survey results, and recognizes that high employee engagement leads to improved patient experiences. The Hospital is developing action plans to ensure each priority is addressed and communicated. The results of the survey indicated positive movement since the Hospital’s prior survey scores.

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Boca Raton Regional Hospital Foundation

The Foundation was established in 1984 to raise funds to support the Hospital's mission of providing superior, compassionate health care through the cultivation and stewardship of philanthropic gifts and raising the public's awareness of the Hospital and its related organizations, programs and services. During the first quarter of fiscal year 2017, the Foundation received 1,100 gifts totaling \$4.5 million in cash and pledges.

Information Systems Update

The Hospital is focused on providing services and information systems that enhance the patient experience and provide operational efficiency, while meeting regulatory standards. The strength of such systems is generally determined by the user community that deploys them in their daily operations. Staff, physicians, volunteers and patients collaborate to create and maintain comprehensive electronic records that make critical information available at the point of decision making.

In fiscal year 2016, BRRH selected Cerner as the replacement for the existing platform, McKesson Horizon Clinicals, which will be sunset in March 2018. The contract includes significant enterprise systems, both clinical and financial, with an anticipated completion date in 2020. The goal is to build a strong, fully integrated patient record eliminating, whenever possible, interfaces to disparate sources. Training for Information Systems employees and a comprehensive current state assessment is underway. The assessment will incorporate resources from throughout the organization and be a comprehensive view of workflow and opportunities for improvement.

On October 1, 2015, the U.S. healthcare industry transitioned to the ICD-10 coding system. The Hospital upgraded its core financial and other systems to ICD-10 compliant versions and implemented computer assisted coding, which enables automated review of electronic documentation and is expected to support the transition from the existing coding structure to the new ICD-10 platform. Extensive training was provided to both hospital and physician staff in preparation for the transition. No significant issues were experienced.

Strategic Affiliations

In January 2014, Boca Raton Regional Hospital and Northwell Health (formerly North Shore-LIJ Health System) announced an affiliation agreement aimed at creating synergistic opportunities in such areas as patient care, clinical program development and research and education in the health sciences. Northwell Health is the largest integrated healthcare network in the state of New York and one of the nation's largest healthcare systems.

This unique agreement between independent healthcare systems operating in different states provides substantial value to the respective hospitals, affiliated physicians and patients in both New York and Florida. The affiliation permits both organizations to collaborate and share best

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practices to better meet the healthcare needs of the patients who live in the New York area and spend the winter months in Palm Beach and Broward counties, leading to better continuity of care. In fiscal year 2015, Northwell Health and BRRH launched the “Boca HealthLinks” patient connection program that allows New York patients wintering in south Florida to connect with health resources in the Boca region and to consent to sharing medical records electronically across both organizations to promote continuity of care and patient care transitions.

The affiliation is indicative of the Hospital’s ongoing efforts to respond to industry challenges through the development of creative relationships.

Both BRRH and Northwell Health will maintain their respective corporate independence and local autonomy, and the hospitals’ relationship is expected to evolve over time to include additional opportunities.

Due to the success of the affiliation, which resulted in the navigation of over 100 new patients to BRRH during fiscal year 2016, BRRH management has entered into discussions with several other facilities in the northern states regarding similar programs for their seasonal residents and recently executed an affiliation agreement with LifeBridge Health in September 2016 to extend the Boca HealthLinks program to seasonal residents that reside in the Maryland area. Lifebridge Health is a four hospital health system serving the suburban Baltimore communities.

BRRH management is also evaluating the development of a regional clinically integrated network to pursue value based contract arrangements with third party payors and employers. This network of unrelated hospitals in south Florida could lead to the formation of a new joint venture organization in fiscal year 2017. BRRH also expects to be participating in the Medicare Shared Savings Program beginning in January 2017.

Managed Care Contract Negotiations

During fiscal year 2016, BRRH successfully negotiated contract renewals with Cigna Health Florida Blue Cross, and United Health Plan. These negotiations achieved favorable reimbursement for both the Hospital and the physician network, and position the Hospital and BocaCare as an Integrated Delivery System.

**BRRH Corporation and Affiliates
Management's Discussion and Analysis of
Financial Condition and Results of Operations**

For the Quarter Ended September 30, 2016

Liquidity / Days Cash on Hand

The following tables set forth BRRH's unrestricted cash and investment balances, restricted cash and investment balances and days of cash on hand ratio for the most recent five (5) quarters. Restricted cash and investments consist of amounts restricted by donors, and limited use assets, such as assets held in the self-insurance trust, and are excluded from the days cash on hand ratio.

From September 30, 2015 to September 30, 2016, total unrestricted cash and investments increased by \$12.2 million. However, Days Cash on Hand have decreased by 4.9 days because Daily expenses have increased year over year, consistent with the overall growth in patient volumes.

Unrestricted cash and investments (dollars in millions):

	<u>9/30/2016</u>	<u>6/30/2016</u>	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>9/30/2015</u>
Cash and cash equivalents	\$ 50.4	\$ 42.6	\$ 42.1	\$ 25.7	\$ 38.4
Unrestricted Investments	\$ 93.0	\$ 97.9	\$ 91.8	\$ 96.5	\$ 92.8
Total unrestricted cash and investments	<u>\$ 143.4</u>	<u>\$ 140.5</u>	<u>\$ 133.9</u>	<u>\$ 122.2</u>	<u>\$ 131.2</u>
Daily expenses (1)	\$ 1.2	\$ 1.2	\$ 1.1	\$ 1.1	\$ 1.1
Days cash on hand ratio (2)	118.4	119.1	117.4	111.1	123.3

(1) Daily expenses are calculated as total expenses, excluding depreciation expense, for the rolling twelve month period, divided by 365 days.

(2) Days cash on hand is calculated as unrestricted cash and investments divided by daily expenses and is calculated in accordance with the Master Trust Indenture dated September 1, 2014. BRRH is required to maintain a minimum of 60 days cash on hand.

Total cash and investments (dollars in millions):

	<u>9/30/2016</u>	<u>6/30/2016</u>	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>9/30/2015</u>
Cash and cash equivalents	\$ 50.4	\$ 42.6	\$ 42.1	\$ 25.7	\$ 38.4
Unrestricted Investments	\$ 93.0	\$ 97.9	\$ 91.8	\$ 96.5	\$ 92.8
Subtotal	\$ 143.4	\$ 140.5	\$ 133.9	\$ 122.2	\$ 131.2
Restricted cash and investments	\$ 56.1	\$ 59.5	\$ 62.3	\$ 64.5	\$ 51.0
Total Cash and Investments	<u>\$ 199.5</u>	<u>\$ 200.0</u>	<u>\$ 196.2</u>	<u>\$ 186.7</u>	<u>\$ 182.2</u>

**BRRH Corporation and Affiliates
Management's Discussion and Analysis of
Financial Condition and Results of Operations**

For the Quarter Ended September 30, 2016

Accounts Receivable

Total Days in Accounts Receivable (365 day rolling average) were 42.2 as of September 30, 2016, as compared to 38.6 as of September 30, 2015, consistent with volume growth.

Historical Debt Service Coverage Ratio

The calculations provided below are based on a rolling 12 month period. All periods have been restated for comparability, for presentation in accordance with the terms of the Master Trust Indenture dated September 1, 2014. BRRH is required to maintain a minimum Debt Service Coverage Ratio of 1.10 to 1.00. The Master Trust Indenture requires an annual calculation of the Debt Service Coverage Ratio as of June 30.

<i>\$ in 000s, based on a rolling 12-month period</i>	9/30/2016	6/30/2016	3/31/2016	12/31/2015	9/30/2015
Excess of unrestricted revenue and nonoperating gains over expenses	\$3,496	\$3,905	\$3,982	\$6,459	\$11,996
Add back:					
Interest expense	3,377	3,436	3,594	3,716	3,641
Depreciation and amortization expense	26,854	27,236	28,151	28,401	28,478
Gain or loss resulting from any reappraisal, revaluation, or write down/write up of assets, or resulting from early extinguishment of debt	-	-	-	-	-
Net assets released from restriction for capital purposes	19,515	17,319	19,975	21,619	20,170
Income Available for Debt Service	\$53,242	\$51,896	\$55,702	\$60,195	\$64,285
Actual annual debt service	\$9,709	\$9,671	\$9,485	\$9,581	\$9,525
Historical debt service coverage ratio	5.48	5.37	5.87	6.28	6.75

**BRRH Corporation and Affiliates
Management’s Discussion and Analysis of
Financial Condition and Results of Operations**

For the Quarter Ended September 30, 2016

Investment Performance

At September 30, 2016, BRRH’s allocation of its managed Foundation investment portfolio is comprised of:

	<u>% of Total</u>	<u>12 Mos. Return</u>
Cash and cash equivalents (1)	7.5%	0.1%
Money Market	0.1%	0.2%
Short-Term Bonds	0.7%	2.0%
Fixed Income	13.2%	5.8%
Hedge funds	31.4%	1.0%
Private Equity	2.2%	-3.5%
Large/Mid-Cap Equity Funds	11.5%	13.1%
Small Cap Equity	3.3%	14.0%
International Equity	9.7%	2.9%
Emerging Market Equity	4.9%	22.0%
TIPS	3.3%	6.6%
High Yield	4.7%	10.1%
Global Bonds	<u>7.5%</u>	<u>10.8%</u>
Total	100.0%	5.5 %

(1) Assets held in bank depository accounts and government money market funds.

For the rolling 12 month period ended September 30, 2016, the portfolio appreciated by 5.5% as compared to a target benchmark of 6.4%. The portfolio benchmark is a weighted average of market indices using the Foundation’s strategic asset allocation through time.

Fixed income investments have immediate liquidity. Investments in hedge funds have liquidity restrictions ranging from 90 days to eighteen months. Generally, after the initial lockup, some of the hedge fund investments offer liquidity every three months. It is anticipated that certain investments in private equity funds are nonredeemable. However, most of the capital is currently expected to be returned in accordance with the applicable offering agreement.

Certain statements included or incorporated by reference in this Notice constitute “forward-looking statements.” Such statements generally are identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. BRRH does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

FINANCIAL STATEMENTS



BOCA RATON REGIONAL HOSPITAL

FOR THE FIRST QUARTER ENDED SEPTEMBER 2016

(Unaudited)

BRRH CORPORATION AND AFFILIATES

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Boca Raton Regional Hospital
Statistical Operating Results
Volume Indicators

	For the 3 Months Ended September 30,				For the 3 Months Ended September 30,			
	2016	2015	Fav/(Unfav) Variance	Var %	2016	2015	Fav/(Unfav) Variance	Var %
Admissions	4,339	4,191	148	3.5%	4,339	4,191	148	3.5%
Inpatient Discharges	4,398	4,250	148	3.5%	4,398	4,250	148	3.5%
Observation Discharges	1,545	1,388	157	11.3%	1,545	1,388	157	11.3%
Inpatient & Observation Discharges	5,943	5,638	305	5.4%	5,943	5,638	305	5.4%
Adjusted Admissions	10,649.03	10,081	568	5.6%	10,649	10,081	568	5.6%
Patient Days	19,286	19,282	4	0.0%	19,286	19,282	4	0.0%
Observation Days	2,993	2,508	485	19.3%	2,993	2,508	485	19.3%
Patient Days & Observation Days	22,279	21,790	489	2.2%	22,279	21,790	489	2.2%
Adjusted Patient Days	47,333	46,379	953	2.1%	47,333	46,379	953	2.1%
Average Daily Census	210	210	0	0.0%	210	210	0	0.0%
Length of Stay - Medicare	4.81	5.01	0.20	4.1%	4.81	5.01	0.20	4.1%
Length of Stay - Total	4.44	4.60	0.16	3.4%	4.44	4.60	0.16	3.4%
Deliveries	620	617	3	0.5%	620	617	3	0.5%
Emergency Room Visits								
Inpatient	3,044	2,823	221	7.8%	3,044	2,823	221	7.8%
Outpatient	9,418	9,460	(42)	-0.4%	9,418	9,460	(42)	-0.4%
Total	12,462	12,283	179	1.5%	12,462	12,283	179	1.5%
Surgeries								
Other Inpatient	1,104	977	127	13.0%	1,104	977	127	13.0%
Outpatient	1,416	1,333	83	6.2%	1,416	1,333	83	6.2%
Total	2,520	2,310	210	9.1%	2,520	2,310	210	9.1%
Endoscopies	1,481	1,401	80	5.7%	1,481	1,401	80	5.7%
Outpatient Registrations	67,107	67,904	(797)	-1.2%	67,107	67,904	(797)	-1.2%
Hospital OP Imaging	16,360	15,997	363	2.3%	16,360	15,997	363	2.3%
Sandler	4,938	5,038	(100)	-2.0%	4,938	5,038	(100)	-2.0%
Deerfield	5,088	5,349	(261)	-4.9%	5,088	5,349	(261)	-4.9%
Clint Moore	4,094	4,177	(83)	-2.0%	4,094	4,177	(83)	-2.0%
Boca Clinic	3,646	3,314	332	10.0%	3,646	3,314	332	10.0%
DWC	-	-	-	-	-	-	-	-
Women's Center	15,331	14,933	398	2.7%	15,331	14,933	398	2.7%
Mammo Van	764	518	246	47.5%	764	518	246	47.5%
Tufts	1,320	1,483	(163)	-11.0%	1,320	1,483	(163)	-11.0%
Outpatient Imaging Chargeable Units	51,541	50,809	732	1.4%	51,541	50,809	732	1.4%
BocaCare Visits								
Office Visits - New	3,461	2,931	530	18.1%	3,461	2,931	530	18.1%
Office Visits - Established	15,970	13,971	1,999	14.3%	15,970	13,971	1,999	14.3%
Hospital Visits	4,075	2,869	1,206	42.0%	4,075	2,869	1,206	42.0%
Urgent Care Visits	665	482	183	38.0%	665	482	183	38.0%
Total BocaCare Visits	24,171	20,253	3,918	19.3%	24,171	20,253	3,918	19.3%

Boca Raton Regional Hospital
Statistical Operating Results
Volume Indicators by Center of Excellence

	For the 3 Months Ended September 30,				For the 3 Months Ended September 30,			
	2016	2015	Fav/(Unfav) Variance	Var %	2016	2015	Fav/(Unfav) Variance	Var %
Lynn Heart & Vascular Institute								
Open Heart Surgeries	50	43	7	16.3%	50	43	7	16.3%
TAVR	11	-	11	-	11	-	11	-
Vascular Surgeries	209	201	8	4.0%	209	201	8	4.0%
Thoracic Surgeries	60	53	7	13.2%	60	53	7	13.2%
Pacemakers	97	86	11	12.8%	97	86	11	12.8%
Defibrillators	37	45	(8)	-17.8%	37	45	(8)	-17.8%
Cardiac Caths	359	357	2	0.6%	359	357	2	0.6%
EP Studies	76	75	1	1.3%	76	75	1	1.3%
Ablations	84	82	2	2.4%	84	82	2	2.4%
Other Cath/EP Lab Procedures	483	449	34	7.6%	483	449	34	7.6%
Total	1,466	1,391	75	5.4%	1,466	1,391	75	5.4%
Hybrid OR Cases	201	186	15	8.1%	201	186	15	8.1%
Marcus Neuroscience Institute								
Surgeries								
MNI MDs*	44	74	(30)	-40.5%	44	74	(30)	-40.5%
Non-MNI Neuro MDs	70	56	14	25.0%	70	56	14	25.0%
All Other MDs	223	156	67	42.9%	223	156	67	42.9%
Total Surgeries	337	286	51	17.8%	337	286	51	17.8%
MNI ICU & MNI Stepdown								
Patient Days	1,081	1,053	28	2.7%	1,081	1,053	28	2.7%
Observation Days	79	50	29	58.0%	79	50	29	58.0%
Total Patient Days & Observation D	1,160	1,103	57	5.2%	1,160	1,103	57	5.2%
BocaCare MNI Practice Visits								
Office Visits - New	341	332	9	2.7%	341	332	9	2.7%
Office Visits - Established	1,012	613	399	65.1%	1,012	613	399	65.1%
Hospital Visits	1,198	544	654	120.2%	1,198	544	654	120.2%
Total BocaCare MNI Practice Visits	2,551	1,489	1,062	71.3%	2,551	1,489	1,062	71.3%
Lynn Cancer Institute								
Total Radiation Oncology Procedures	13,633	11,676	1,957	16.8%	13,633	11,676	1,957	16.8%
Radiation Oncology Block Leases Procedu	(1,131)	(907)	(224)	24.7%	(1,131)	(907)	(224)	24.7%
Radiation Oncology Charged Procedures, f	12,502	10,769	1,733	16.1%	12,502	10,769	1,733	16.1%
Radiation Oncology New Patients	334	280	54	19.3%	334	280	54	19.3%
CHO - Initial Infusions								
Boca Raton	2,639	2,097	542	25.8%	2,639	2,097	542	25.8%
Delray Beach	1,069	1,043	26	2.5%	1,069	1,043	26	2.5%
Total	3,708	3,140	568	18.1%	3,708	3,140	568	18.1%
Lynn Women's Health & Wellness Institute								
Breast Imaging & Procedures	13,560	13,544	16	0.1%	13,560	13,544	16	0.1%
Other Women's Imaging	1,776	1,395	381	27.3%	1,776	1,395	381	27.3%
Total	15,336	14,939	397	2.7%	15,336	14,939	397	2.7%
BocaCare WHWI Practice Visits								
Office Visits - New	546	462	84	18.2%	546	462	84	18.2%
Office Visits - Established	1,818	1,315	503	38.3%	1,818	1,315	503	38.3%
Hospital Visits	159	94	65	69.1%	159	94	65	69.1%
Total BocaCare WHWI Practice Vis	2,523	1,871	652	34.8%	2,523	1,871	652	34.8%

*Includes procedures performed in Interventional Radiology & Endoscopy suites

Boca Raton Regional Hospital
Statistical Operating Results
Financial Indicators

	For the 3 Months Ended September 30,				For the 3 Months Ended September 30,			
	2016	2015	Fav/(Unfav) Variance	Var %	2016	2015	Fav/(Unfav) Variance	Var %
NPSR (Normalized)/Adj Admission	\$ 9,755	\$ 9,212	\$ 542	5.9%	\$ 9,755	\$ 9,212	\$ 542	5.9%
NPSR (Normalized) /Adj Patient Days	\$ 2,195	\$ 2,002	\$ 192	9.6%	\$ 2,195	\$ 2,002	\$ 192	9.6%
Bad Debt Exp as % of NPSR	3.6%	4.5%	1.0%	21.0%	3.6%	4.5%	1.0%	21.0%
Medicare Case Mix Index	1.7144	1.5621	0.1523	9.7%	1.7141	1.5618	0.1523	9.8%
Overall Case Mix Index	1.5460	1.4311	0.1149	8.0%	1.5450	1.4317	0.1133	7.9%
Paid Full Time Equivalents (FTEs)	2,312	2,195	(117)	-5.3%	2,312	2,195	(117)	-5.3%
Productive Full Time Equivalents (FTEs)	2,016	1,926	(90)	-4.7%	2,016	1,926	(90)	-4.7%
FTE's/Adj Occupied Bed	4.49	4.35	(0.14)	-3.2%	4.49	4.35	(0.14)	-3.2%
Productive FTE's/Adj Occupied Bed	3.92	3.82	(0.10)	-2.6%	3.92	3.82	(0.10)	-2.6%
Labor Exp (Normalized) /Adj Admission	\$ 4,291	\$ 4,159	\$ (132)	-3.2%	\$ 4,291	\$ 4,159	\$ (132)	-3.2%
Labor Exp (Normalized) /Adj Patient Days	\$ 965	\$ 904	\$ (61)	-6.8%	\$ 965	\$ 904	\$ (61)	-6.8%
Labor Exp (Normalized) as % of NPSR	44.0%	45.1%	1.2%	2.6%	44.0%	45.1%	1.2%	2.6%
Average Hourly Rate (Normalized)	\$ 30.74	\$ 30.38	\$ (0.36)	-1.2%	\$ 30.74	\$ 30.38	\$ (0.36)	-1.2%
Supplies Exp/Adj Admission	\$ 2,978	\$ 2,601	\$ (377)	-14.5%	\$ 2,978	\$ 2,601	\$ (377)	-14.5%
Supplies Exp/Adj Patient Days	\$ 670	\$ 565	\$ (105)	-18.5%	\$ 670	\$ 565	\$ (105)	-18.5%
Supplies Exp as % of NPSR	30.5%	28.2%	-2.3%	-8.1%	30.5%	28.2%	-2.3%	-8.1%
Total Expenses (Normalized) /Adj Admission	\$ 9,816	\$ 9,339	\$ (477)	-5.1%	\$ 9,816	\$ 9,339	\$ (477)	-5.1%

BRRH Corporation and Affiliates
Financial Indicators

	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>S&P Benchmark (2014)</u>	
			<u>BBB+</u>	<u>A-</u>
LIQUIDITY:				
Days Cash on Hand	118.4	123.3	202.6	209.8
Days Cash on Hand Adjusted for MV of Investments	118.4	123.3	202.6	209.8
Days in Accounts Receivable (Consolidated)				
90-day rolling	44.5	41.1	N/A	N/A
365-day rolling	42.2	38.6	43.5	49.7
Hospital Billed Accounts Receivable Aging (at gross)				
% greater than 90 days	41.5%	42.7%	N/A	N/A
% greater than 180 days	25.1%	20.2%	N/A	N/A
Cash to Debt	1.6	1.4	1.6	1.5
DB Pension Funded Status	62.9%	68.7%	70.1%	76.8%
CAPITAL STRUCTURE:				
Debt to Capitalization	29.2%	30.5%	35.0%	36.1%
Average Age of Plant	11.8	10.7	11.2	10.9
Capital Expenditures as a % of Depreciation	178.7%	116.1%	98.5%	121.2%
PROFITABILITY:				
Operating Margin YTD	-3.3%	-4.0%	2.8%	3.3%
Operating EBITDA YTD	3.4%	3.9%	10.4%	10.0%
EBITDA YTD	2.6%	3.8%	12.2%	11.5%
Salaries & Benefits as a % of Net Patient Revenue YTD	49.0%	50.3%	53.0%	55.1%
BOND COVENANTS:				
Debt Service Coverage Ratio (12 mo Rolling) - Actual per MTI	5.49 to 1.0	6.75 to 1.0	N/A	N/A
Debt Service Coverage Ratio (12 mo Rolling) - Industry Standard	3.48 to 1.0	4.63 to 1.0	3.50 to 1.0	3.80 to 1.0

BRRH Corporation and Affiliates
Consolidated Statement of Operations
(Unaudited)

	For the 3 Months Ended September 30,				For the 3 Months Ended September 30,			
	2016	2015	Fav/(Unfav) Variance (\$)	Fav/(Unfav) Variance (%)	2016	2015	Fav/(Unfav) Variance	Fav/(Unfav) Variance (%)
<u>Patient Revenue</u>								
Inpatient	\$ 186,100,245	\$ 172,075,968	\$ 14,024,278	8.2%	\$ 186,100,245	\$ 172,075,968	\$ 14,024,278	8.2%
Outpatient	295,092,941	263,227,623	31,865,318	12.1%	295,092,941	263,227,623	31,865,318	12.1%
Total Gross Patient Revenue	481,193,186	435,303,591	45,889,596	10.5%	481,193,186	435,303,591	45,889,596	10.5%
<u>Deductions from Revenue</u>								
Medicare Contractuals	194,838,477	174,539,681	(20,298,797)	-11.6%	194,838,477	174,539,681	(20,298,797)	-11.6%
Managed Care Deductions	155,493,974	139,977,656	(15,516,318)	-11.1%	155,493,974	139,977,656	(15,516,318)	-11.1%
Other Allowances	18,343,890	19,416,440	1,072,550	5.5%	18,343,890	19,416,440	1,072,550	5.5%
Provision for Bad Debt	3,851,170	4,382,679	531,509	12.1%	3,851,170	4,382,679	531,509	12.1%
Total Deductions	372,527,511	338,316,456	(34,211,056)	-10.1%	372,527,511	338,316,456	(34,211,056)	-10.1%
Net Patient Service Revenue	108,665,675	96,987,135	11,678,540	12.0%	108,665,675	96,987,135	11,678,540	12.0%
Other Operating Revenue	1,566,682	1,912,438	(345,756)	-18.1%	1,566,682	1,912,438	(345,756)	-18.1%
Net assets released from restrictions	814,647	787,850	26,798	3.4%	814,647	787,850	26,798	3.4%
Total Operating Revenue	111,047,005	99,687,423	11,359,582	11.4%	111,047,005	99,687,423	11,359,582	11.4%
<u>Operating Expenses</u>								
Salaries and Wages	44,223,182	41,664,277	(2,558,905)	-6.1%	44,223,182	41,664,277	(2,558,905)	-6.1%
Fringe Benefits	9,000,067	7,122,504	(1,877,563)	-26.4%	9,000,067	7,122,504	(1,877,563)	-26.4%
Physician Fees	1,448,834	1,114,003	(334,831)	-30.1%	1,448,834	1,114,003	(334,831)	-30.1%
Supplies	31,922,978	26,486,908	(5,436,071)	-20.5%	31,922,978	26,486,908	(5,436,071)	-20.5%
Purchased Services	11,429,856	9,914,943	(1,514,913)	-15.3%	11,429,856	9,914,943	(1,514,913)	-15.3%
Professional Fees	605,501	540,895	(64,605)	-11.9%	605,501	540,895	(64,605)	-11.9%
Insurance	1,559,439	1,454,103	(105,336)	-7.2%	1,559,439	1,454,103	(105,336)	-7.2%
Other Expenses	7,078,187	7,477,774	399,587	5.3%	7,078,187	7,477,774	399,587	5.3%
Total Operating Expenses excl Depr & Int	107,268,043	95,775,406	(11,492,637)	-12.0%	107,268,043	95,775,406	(11,492,637)	-12.0%
Operating EBITDA	3,778,962	3,912,017	(133,055)	-3.4%	3,778,962	3,912,017	(133,055)	-3.4%
Depreciation	6,580,466	6,961,836	381,370	5.5%	6,580,466	6,961,836	381,370	5.5%
Interest	837,814	896,373	58,559	6.5%	837,814	896,373	58,559	6.5%
Operating Income (Loss)	(3,639,318)	(3,946,192)	306,874	-7.8%	(3,639,318)	(3,946,192)	306,874	-7.8%
<u>Nonoperating Gains & Losses</u>								
Investment Income ,net	177,953	211,330	(33,377)	-15.8%	177,953	211,330	(33,377)	-15.8%
Realized gain (loss) on investment funds	(685,521)	248,257	(933,779)	-376.1%	(685,521)	248,257	(933,779)	-376.1%
Contributions, Net of Expenses	(428,495)	(408,056)	(20,439)	-5.0%	(428,495)	(408,056)	(20,439)	-5.0%
Community Support	(230,921)	(233,779)	2,858	-1.2%	(230,921)	(233,779)	2,858	-1.2%
Other Non-Operating Revenues	333,706	28,741	304,965	1061.1%	333,706	28,741	304,965	1061.1%
Other Non-Operating Expenses	(45,654)	(8,967)	(36,687)	-409.1%	(45,654)	(8,967)	(36,687)	-409.1%
Nonoperating Income (Loss)	(878,933)	(162,474)	(716,459)	441.0%	(878,933)	(162,474)	(716,459)	441.0%
Net Income (Loss)	\$ (4,518,251)	\$ (4,108,666)	\$ (409,585)	10.0%	\$ (4,518,251)	\$ (4,108,666)	\$ (409,585)	10.0%
EBITDA	2,900,029	3,749,543	(849,514)	-22.7%	2,900,029	3,749,543	(849,514)	-22.7%
Operating Margin %	-3.3%	-4.0%			-3.3%	-4.0%		
Net Margin %	-4.1%	-4.1%			-4.1%	-4.1%		
Operating EBITDA %	3.4%	3.9%			3.4%	3.9%		
EBITDA %	2.6%	3.8%			2.6%	3.8%		

BRRH Corporation and Affiliates
Consolidating Statement of Operations
For the 3 Months Ended September 30, 2016

	Hospital	BRRH Foundation	BRRH Corporation	BRRH Home Health	Oaks Plaza LLC	Boca Care	Eliminations	Total
<u>Patient Revenue</u>								
Inpatient	\$ 186,100,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 186,100,245
Outpatient	273,509,740	-	-	489,210	-	21,143,005	(49,013)	295,092,941
Total Gross Patient Revenue	459,609,985	0	0	489,210	0	21,143,005	(49,013)	481,193,186
<u>Deductions from Revenue</u>								
Medicare Contractuals	194,838,477	-	-	-	-	-	-	194,838,477
Managed Care Deductions	138,716,174	-	-	-	-	16,777,800	-	155,493,974
Other Allowances	18,321,441	-	-	22,449	-	-	-	18,343,890
Provision for Bad Debt	3,856,967	-	-	20,095	-	(25,892)	-	3,851,170
Total Deductions	355,733,059	0	0	42,544	0	16,751,908	0	372,527,511
Net Patient Service Revenue	103,876,926	0	0	446,666	0	4,391,096	(49,013)	108,665,675
Other Operating Revenue	2,279,547	-	190,931	-	69,236	231,893	(1,204,924)	1,566,682
Net assets released from restrictions	0	814,647	-	-	-	-	-	814,647
Total Operating Revenue	106,156,473	814,647	190,931	446,666	69,236	4,622,989	(1,253,937)	111,047,005
<u>Operating Expenses</u>								
Salaries and Wages	37,364,838	-	-	364,083	-	6,543,274	(49,013)	44,223,182
Fringe Benefits	8,328,395	-	-	41,498	-	630,174	-	9,000,067
Physician Fees	1,634,232	-	-	-	-	-	(185,398)	1,448,834
Supplies	31,715,863	-	115	139	-	206,862	-	31,922,978
Purchased Services	11,171,187	-	102,781	-	-	155,889	-	11,429,856
Professional Fees	531,597	-	-	-	-	73,904	-	605,501
Insurance	1,311,578	-	11,936	-	428	235,496	-	1,559,439
Other Expenses	6,274,084	-	367,468	12,682	6,230	483,966	(66,243)	7,078,187
Total Operating Expenses excl Depr & Int	98,331,772	0	482,300	418,402	6,658	8,329,564	(300,654)	107,268,043
Operating EBITDA	7,824,701	814,647	(291,369)	28,264	62,577	(3,706,575)	(953,283)	3,778,962
Depreciation	6,155,071	-	292,374	-	28,710	104,311	-	6,580,466
Interest	41,176	-	796,228	-	-	410	-	837,814
Operating Income (Loss)	1,628,453	814,647	(1,379,971)	28,264	33,867	(3,811,296)	(953,283)	(3,639,318)
<u>Nonoperating Gains & Losses</u>								
Investment Income ,net	12,722	165,230	-	-	-	-	-	177,953
Realized gain (loss) on investment funds	0	(685,521)	-	-	-	-	-	(685,521)
Contributions, Net of Expenses	0	(1,381,778)	-	-	-	-	953,283	(428,495)
Community Support	(230,771)	-	-	-	-	(150)	-	(230,921)
Other Non-Operating Revenues	333,658	-	48	-	-	-	-	333,706
Other Non-Operating Expenses	(6,249)	(39,405)	-	-	-	-	-	(45,654)
Nonoperating Income (Loss)	109,360	(1,941,474)	48	0	0	(150)	953,283	(878,933)
Net Income (Loss)	\$ 1,737,813	\$ (1,126,827)	\$ (1,379,923)	\$ 28,264	\$ 33,867	\$ (3,811,446)	\$ -	\$ (4,518,251)
Operating Margin %	1.5%	100.0%	-722.8%	6.3%	48.9%	-82.4%	76.0%	-3.3%
Net Margin %	1.6%	-138.3%	-722.7%	6.3%	48.9%	-82.4%	0.0%	-4.1%
Operating EBITDA %	7.4%	100.0%	-152.6%	6.3%	90.4%	-80.2%	76.0%	3.4%
EBITDA %	7.5%	-138.3%	-152.6%	6.3%	90.4%	-80.2%	0.0%	2.6%

BRRH Corporation and Affiliates
Consolidated Balance Sheet
(Unaudited)

	September 30, 2016	June 30, 2016	September 30, 2015
Assets			
Current assets:			
Cash and cash equivalents	\$ 50,366,224	\$ 42,580,652	\$ 38,410,614
Restricted cash	1,201,672	1,163,337	1,457,261
Assets whose use is limited	4,698,000	4,698,000	4,687,400
Donor restricted assets, current	2,824,713	2,824,713	5,343,943
Marketable securities	29,463,807	28,200,488	30,859,873
Accounts receivable from patients, net	52,560,945	54,151,463	43,373,946
Pledges receivable, current	7,248,922	7,248,922	7,855,932
Other receivables	2,549,292	2,667,026	2,844,459
Inventories	8,356,003	8,208,354	7,533,067
Prepaid expenses and other current assets	4,950,440	5,880,034	5,484,789
Total current assets	<u>164,220,018</u>	<u>157,622,989</u>	<u>147,851,284</u>
Assets whose use is limited:			
Under trust indenture for professional liability claims, held by trustee	2,725,643	2,721,256	2,627,164
Donor-restricted assets	44,633,404	48,163,342	36,917,203
Pledges receivable	21,970,844	20,632,171	23,972,072
Property and equipment, net	218,441,697	219,163,033	215,854,037
Investments	63,598,456	69,693,968	61,922,643
Other assets	2,610,463	2,622,761	2,987,029
Total	<u>\$ 518,200,525</u>	<u>\$ 520,619,520</u>	<u>\$ 492,131,431</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts and drafts payable	\$ 17,435,505	\$ 23,535,641	\$ 20,079,150
Accrued expenses	31,090,525	30,570,450	22,974,512
Current portion of long-term debt and capital leases	5,829,131	5,829,131	5,809,002
Estimated third party settlements	(523,671)	252,735	(44,494)
Other current liabilities	6,393,829	6,583,857	6,560,811
Total current liabilities	<u>60,225,319</u>	<u>66,771,814</u>	<u>55,378,981</u>
Long-term liabilities:			
Reserve for professional liability claims	10,698,975	9,642,325	10,617,045
Long-term debt and capital leases	83,375,573	83,796,714	89,408,499
Additional minimum pension liability	67,948,808	68,387,505	43,456,664
Other long-term liabilities	1,690,880	1,673,109	8,700,347
Total liabilities	<u>223,939,555</u>	<u>230,271,466</u>	<u>207,561,535</u>
Net assets (deficit):			
Unrestricted	216,025,958	211,033,525	216,675,883
Temporarily restricted	78,235,012	79,314,529	67,894,013
Total net assets (deficit)	<u>294,260,970</u>	<u>290,348,054</u>	<u>284,569,896</u>
Total	<u>\$ 518,200,525</u>	<u>\$ 520,619,520</u>	<u>\$ 492,131,431</u>

BRRH Corporation and Affiliates
Consolidating Balance Sheet
September 30, 2016
(Unaudited)

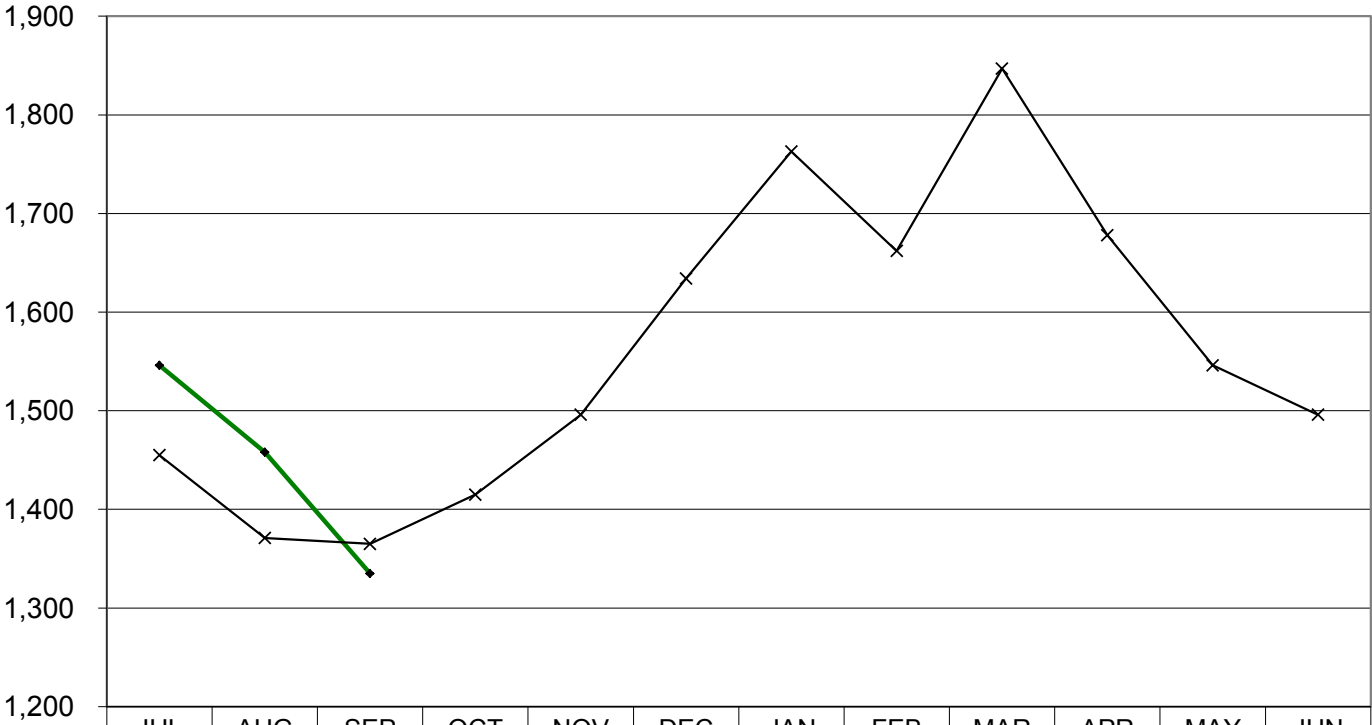
	BRRH							
	Hospital	Foundation	Corporation	Home Health	Oaks Plaza	Boca Care	Eliminations	Consolidated
Assets								
Current assets:								
Cash and cash equivalents	\$ (179,382)	\$ 15,072,290	\$ 32,769,068	\$ 37,461	\$ -	\$ 2,666,787	\$ -	\$ 50,366,224
Restricted cash	1,101,672	100,000	-	-	-	-	-	1,201,672
Assets whose use is limited	4,698,000	-	-	-	-	-	-	4,698,000
Donor restricted assets, current	-	2,824,713	-	-	-	-	-	2,824,713
Marketable securities	-	29,463,807	-	-	-	-	-	29,463,807
Accounts receivable from patients, net	50,514,640	-	-	157,136	-	1,889,169	-	52,560,945
Pledges receivable, current	-	7,248,922	-	-	-	-	-	7,248,922
Other receivables	2,351,445	(1,369)	130,449	-	-	68,766	0	2,549,292
Inventories	8,303,116	-	-	-	-	52,887	-	8,356,003
Prepaid expenses and other current assets	4,031,609	566,809	107,102	-	1,272	243,648	-	4,950,440
Due from affiliates	57,997,454	(823,003)	(51,385,726)	3,101,674	(8,772,704)	(117,694)	-	0
Total current assets	128,818,555	54,452,169	(18,379,107)	3,296,271	(8,771,432)	4,803,562	0	164,220,018
Assets whose use is limited:								
Under trust indenture for professional liability claims, held by trustee	2,725,643	-	-	-	-	-	-	2,725,643
Donor-restricted assets	-	44,633,404	-	-	-	-	-	44,633,404
Pledges receivable	-	21,970,844	-	-	-	-	-	21,970,844
Property and equipment, net	188,872,233	-	26,202,215	-	2,137,908	1,229,342	-	218,441,697
Beneficial Interest in BRRH Foundation	184,224,932	-	-	-	-	-	(184,224,932)	-
Investments	-	63,598,456	-	-	-	-	-	63,598,456
Other assets	2,610,463	-	49,012,252	-	-	-	(49,012,252)	2,610,463
Total	\$ 507,251,825	\$ 184,654,873	\$ 56,835,360	\$ 3,296,271	\$ (6,633,525)	\$ 6,032,905	\$ (233,237,183)	\$ 518,200,525
Liabilities and Net Assets								
Current liabilities:								
Accounts and drafts payable	\$ 16,974,545	\$ 218,296	\$ 121,542	\$ -	\$ 13,433	\$ 107,689	\$ 0	\$ 17,435,505
Accrued expenses	28,305,830	70,562	1,341,087	40,474	18,690	1,313,883	-	31,090,525
Current portion of long-term debt and capital leases	1,330,222	-	4,480,000	-	-	18,909	-	5,829,131
Estimated Third Party Settlements	(523,671)	-	-	-	-	-	-	(523,671)
Other current liabilities	4,744,232	-	1,649,597	-	-	-	-	6,393,829
Total current liabilities	50,831,159	288,857	7,592,226	40,474	32,123	1,440,481	0	60,225,319
Long-term liabilities:								
Reserve for professional liability claims	10,698,975	-	-	-	-	-	-	10,698,975
Long-term debt and capital leases	1,766,873	-	81,594,583	-	-	14,117	-	83,375,573
Additional minimum pension liability	67,948,808	-	-	-	-	-	-	67,948,808
Other long-term liabilities	962,960	141,083	-	-	-	586,836	-	1,690,880
Total liabilities	132,208,775	429,941	89,186,808	40,474	32,123	2,041,434	0	223,939,555
Net assets (deficit):								
Unrestricted	296,808,038	105,989,975	(32,351,449)	3,255,797	(6,665,647)	3,991,470	(155,002,227)	216,025,958
Temporarily restricted	78,235,012	78,234,957	-	-	-	-	(78,234,957)	78,235,012
Total net assets (deficit)	375,043,050	184,224,932	(32,351,449)	3,255,797	(6,665,647)	3,991,470	(233,237,183)	294,260,970
Total	\$ 507,251,825	\$ 184,654,873	\$ 56,835,360	\$ 3,296,271	\$ (6,633,525)	\$ 6,032,905	\$ (233,237,183)	\$ 518,200,525

BRRH Corporation and Affiliates
Consolidated Cash Flow Statement
For the 3 Months Ended September 30, 2016

	<i>Consolidated</i>
Operating Activities	
Change in net assets	\$ 3,912,916
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	6,489,516
Gain on sale of equipment	(4,889)
Loss on sale of investments	691,088
Provision for bad debts	3,851,170
Change in net unrealized losses on investments	(4,258,245)
Restricted contributions	(4,970,273)
Changes in operating assets and liabilities:	
Accounts receivable from patients	(2,260,652)
Other receivables	117,735
Inventories	(147,649)
Prepaid expenses and other current assets	927,288
Other	6,224
Accounts payable	(5,156,117)
Accrued expenses	520,073
Estimated third-party settlements	(776,406)
Other current liabilities	(190,028)
Reserve for professional liability claims	1,056,650
Other long-term liabilities	20,050
Pension liability	(438,697)
Net cash used in continuing operations	<u>\$ (610,246)</u>
Investing Activities	
Proceeds from sales and maturities of investments	\$ 8,725,884
Purchases of investments	(320,967)
Net decrease in assets whose use is limited and donor-designated assets	3,503,842
Purchases of property and equipment, net	(6,799,969)
Payments on gift annuities	(2,279)
Proceeds from the sale of property and equipment	7,376
Change in restricted cash	(38,335)
Net cash provided by (used in) investing activities	<u>\$ 5,075,552</u>
Financing Activities	
Repayments of long-term debt	\$ (4,513)
Payments on capital leases	(322,963)
Proceeds from restricted contributions	3,647,742
Net cash provided by (used in) financing activities	<u>\$ 3,320,266</u>
Increase (decrease) in cash	7,785,572
Cash equivalents and restricted cash at beginning of year	42,580,652
Cash and equivalents at end of period	<u>\$ 50,366,224</u>
Supplemental Disclosure of Noncash Financing and Investing Activities	
Acquisition of equipment through AP	741,815
Change in pledges receivable	(1,322,531)
Supplemental Disclosures of Cash Flow Information	
Cash paid for interest	<u>\$ 3,883,580</u>

**BOCA RATON REGIONAL HOSPITAL
VOLUME/OPERATING GRAPHS**

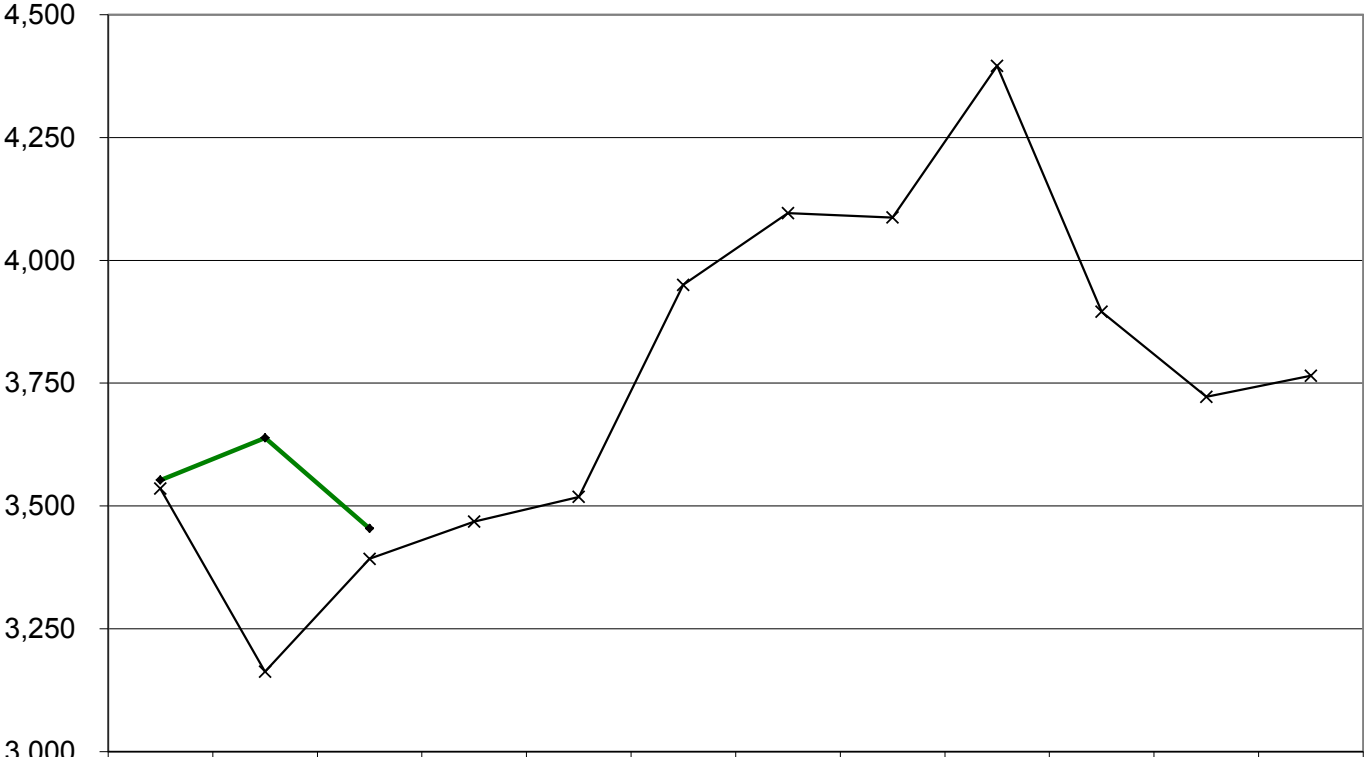
ADMISSIONS



◆ FY 17 ACT	1,546	1,458	1,335									
× FY 16 ACT	1,455	1,371	1,365	1,415	1,496	1,634	1,763	1,662	1,847	1,678	1,546	1,496

**BOCA RATON REGIONAL HOSPITAL
VOLUME/OPERATING GRAPHS**

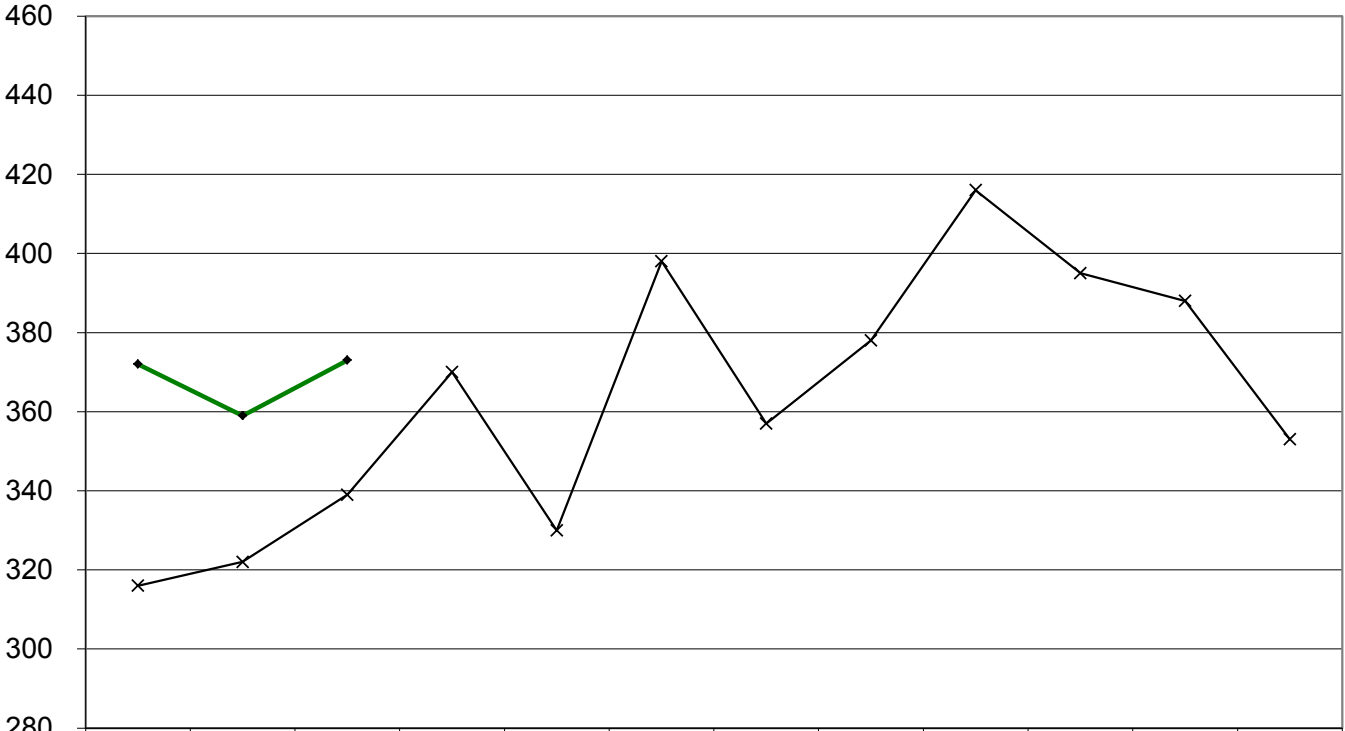
ADJUSTED ADMISSIONS



◆ FY 17 ACT	3,552	3,639	3,454									
× FY 16 ACT	3,535	3,163	3,392	3,468	3,518	3,950	4,096	4,087	4,396	3,895	3,722	3,765

**BOCA RATON REGIONAL HOSPITAL
VOLUME/OPERATING GRAPHS**

INPATIENT SURGERIES



◆ FY 17 ACT	372	359	373									
× FY 16 ACT	316	322	339	370	330	398	357	378	416	395	388	353

**BOCA RATON REGIONAL HOSPITAL
VOLUME/OPERATING GRAPHS**

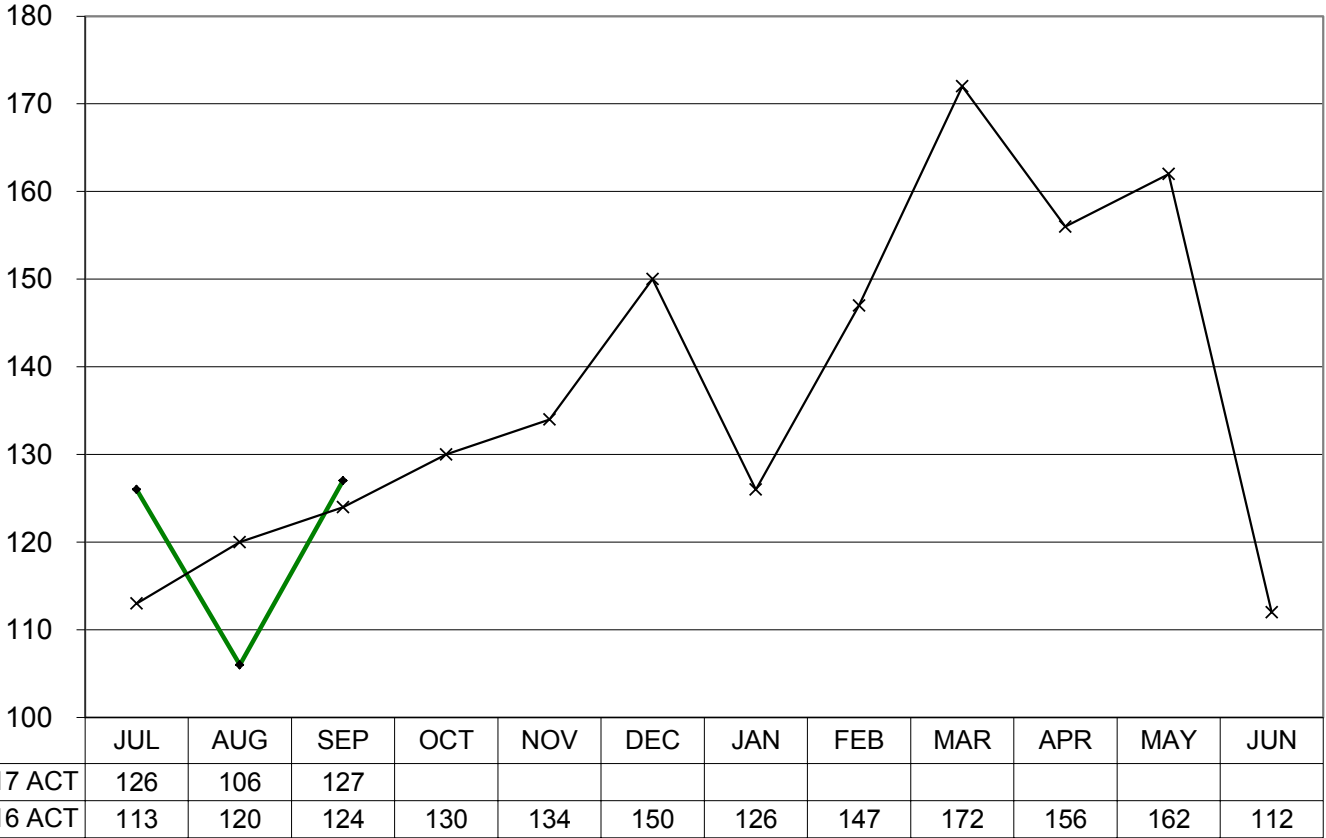
OUTPATIENT SURGERIES



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
◆ FY 17 ACT	470	497	449									
✕ FY 16 ACT	474	414	445	446	493	529	447	476	495	442	460	472

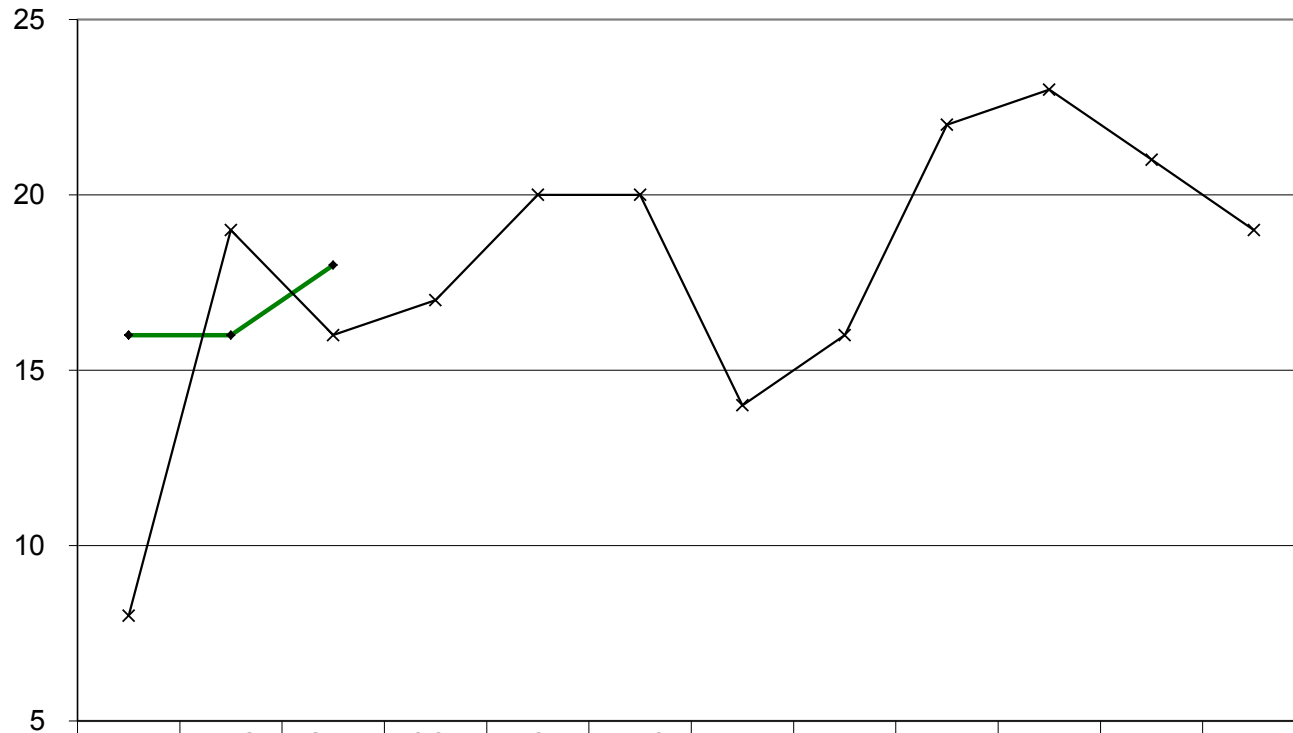
**BOCA RATON REGIONAL HOSPITAL
VOLUME/OPERATING GRAPHS**

CARDIAC CATH



**BOCA RATON REGIONAL HOSPITAL
VOLUME/OPERATING GRAPHS**

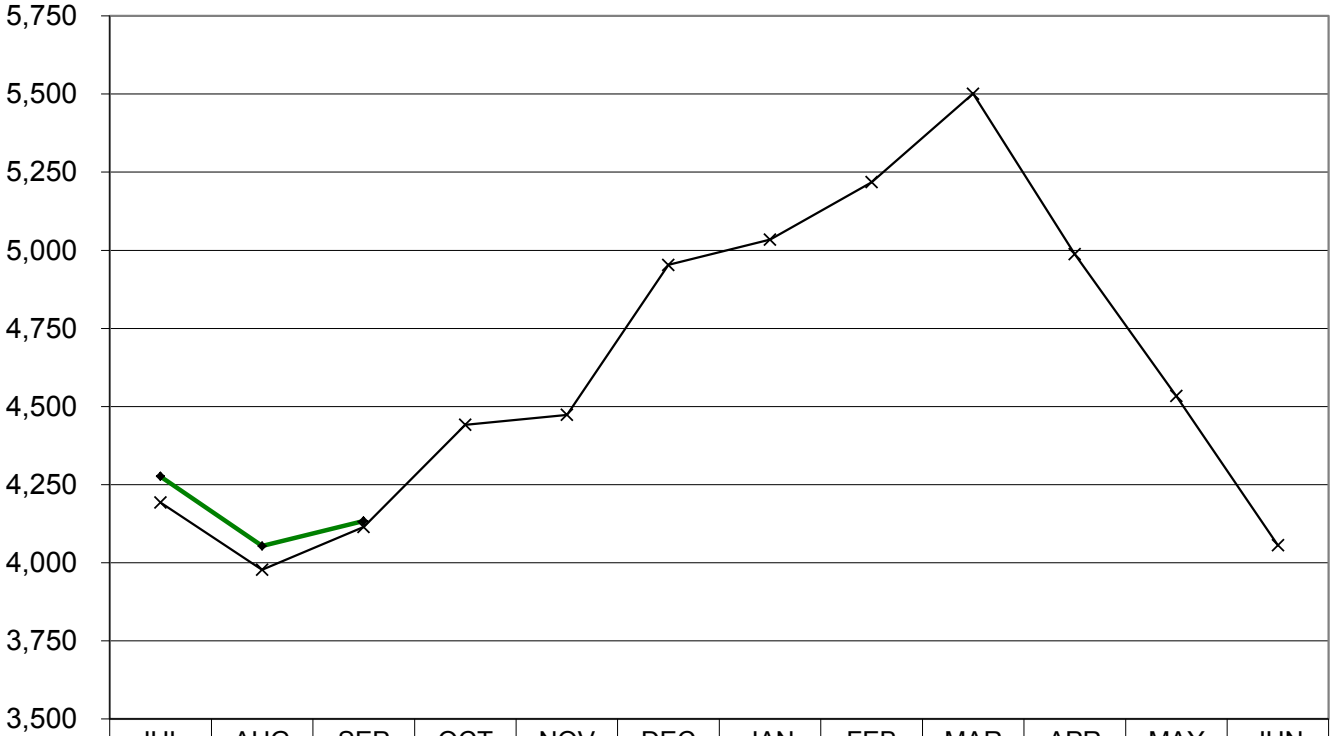
OPEN HEART



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
◆ FY 17 ACT	16	16	18									
× FY 16 ACT	8	19	16	17	20	20	14	16	22	23	21	19

**BOCA RATON REGIONAL HOSPITAL
VOLUME/OPERATING GRAPHS**

ER VISITS



◆ FY 17 ACT	4,276	4,053	4,133									
✕ FY 16 ACT	4,192	3,977	4,114	4,441	4,473	4,953	5,034	5,218	5,501	4,987	4,533	4,055