



February 24, 2017

Shana Blanchard, Assistant Client Service Manager Director  
Digital Assurance Certification LLC  
390 North Orange Avenue, Suite 1750  
Orlando, FL 32801-1674

Dear Ms. Blanchard,

According to Section 3(b) of the Continuing Covenants Agreement between South Shore Hospital, Inc. and Digital Assurance Certification LLC dated May 10, 2016 for our Series I Bonds, the Institution is required to furnish a balance sheet and statement of activities and changes in net assets for the most recently completed fiscal quarter. Based on the undersigned's knowledge, the attached **unaudited** statements for the quarter ended December 31, 2016 are complete and accurate and prepared in accordance with generally accepted accounting principles consistently applied and present fairly the financial condition on the Institution as at the dates thereof and for the periods covered thereby (subject to normal year-end audit adjustments, which I assume will not be material).

Please do not hesitate to call Maura Horan, Senior Business Analyst, at 781-624-8416, if you should have any questions concerning this matter.

Sincerely,

Pamela D. Whelton  
Executive Vice President/CFO & Treasurer

/mkc

**SOUTH SHORE HOSPITAL, INC.**  
**BALANCE SHEET**  
**AS OF DECEMBER 31, 2016**

	DEC 2016 BALANCE	NOV 2016 BALANCE	SEP 2016 AUDITED		DEC 2016 BALANCE	NOV 2016 BALANCE	SEP 2016 AUDITED
<b>ASSETS</b>				<b>LIABILITIES AND NET ASSETS</b>			
CURRENT ASSETS:				CURRENT LIABILITIES:			
CASH & CASH EQUIVALENTS	\$ 73,713,114	\$ 77,914,997	\$ 72,201,700	CURRENT PORTION LONG-TERM DEBT	\$ 9,361,876	\$ 9,334,975	\$ 9,334,975
LIMITED USE ASSETS-CURR PORTION	5,600,254	4,667,166	2,801,599	ACCOUNTS PAYABLE	36,972,245	33,197,111	36,834,832
PATIENT ACCOUNTS RECEIVABLE	87,882,429	86,165,619	86,297,635	ACCRUED LIABILITIES	36,008,040	42,878,523	36,931,318
ALLOW FOR UNCOLLECTIBLE ACCTS	(14,112,831)	(14,148,878)	(13,783,492)	DUE TO THIRD PARTY PAYORS	11,642,203	10,707,101	11,396,964
				DUE TO AFFILIATES	2,367,543	5,453,801	1,640,724
NET PATIENT ACCOUNTS RECEIVABLE	73,769,598	72,016,741	72,514,143	TOTAL CURRENT LIABILITIES	96,351,907	101,571,511	96,138,813
THIRD PARTY SETTLEMENTS	294,234	-	-	LONG-TERM DEBT:			
SUPPLIES	7,363,551	7,371,357	7,102,319	TAX-EXEMPT BONDS	221,833,766	222,137,855	222,746,033
PREPAID EXPENSES	8,078,027	7,306,292	5,335,574	LEASES	12,829,015	12,892,252	13,017,307
OTHER CURRENT ASSETS	6,162,715	7,373,154	6,981,578				
TOTAL CURRENT ASSETS	174,981,493	176,649,707	166,936,913	TOTAL LONG-TERM DEBT	234,662,781	235,030,107	235,763,340
				LESS: CURRENT PORTION LTD	(9,361,876)	(9,334,975)	(9,334,975)
DUE FROM AFFILIATES	548,612	20,633	39,431	NET LONG-TERM DEBT	225,300,905	225,695,132	226,428,365
DESIGNATED ASSETS:				OTHER NONCURRENT LIABILITIES	93,711,148	97,963,732	97,964,409
BOARD-DESIGNATED INVESTMENTS	186,148,246	185,155,451	183,838,034	TOTAL LIABILITIES	415,363,960	425,230,375	420,531,587
DONOR-RESTRICTED INVESTMENTS	9,412,261	8,720,514	8,462,552				
OTHER INVESTMENTS	3,267,639	3,166,545	3,657,481	NET ASSETS:			
UNEXPENDED BOND PROCEEDS	82,804,686	89,181,561	98,839,839	UNRESTRICTED NET ASSETS	259,999,879	250,886,155	246,677,645
TOTAL DESIGNATED ASSETS	281,632,832	286,224,071	294,797,906	TEMP RESTRICTED NET ASSETS	16,150,466	15,501,285	11,414,958
PROPERTY AND EQUIPMENT, Net	207,997,897	202,159,731	194,327,990	PERM RESTRICTED NET ASSETS	1,403,158	1,383,158	1,383,158
OTHER ASSETS	27,756,629	27,946,831	23,905,108	TOTAL NET ASSETS	277,553,503	267,770,598	259,475,761
TOTAL ASSETS	\$ 692,917,463	\$ 693,000,973	\$ 680,007,348	TOTAL LIABILITIES AND NET ASSETS	\$ 692,917,463	\$ 693,000,973	\$ 680,007,348

**SOUTH SHORE HOSPITAL, INC**  
**STATEMENT OF REVENUE & EXPENSE**  
**FOR THE PERIOD ENDED DECEMBER 31, 2016**

	DECEMBER 2016			YEAR-TO-DATE		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
REVENUE, GAINS & OTHER SUPPORT:						
PATIENT SERVICE REVENUE (net of contractual allowances and discounts)	\$ 49,230,790	\$ 49,024,084	\$ 206,706	\$ 143,956,415	\$ 146,714,102	\$ (2,757,687)
PROVISION FOR BAD DEBTS	(1,535,965)	(1,122,436)	(413,529)	(3,779,424)	(3,366,776)	(412,648)
NET PATIENT SERVICE REVENUE LESS PROVISION FOR BAD DEBTS	47,694,825	47,901,648	(206,823)	140,176,991	143,347,326	(3,170,335)
OTHER REVENUE	2,250,567	2,282,941	(32,374)	6,568,996	6,777,118	(208,122)
NET ASSETS RELEASED FROM RESTRICTIONS	271,179	184,133	87,046	490,625	551,027	(60,402)
TOTAL REVENUE, GAINS & OTHER SUPPORT	50,216,571	50,368,722	(152,151)	147,236,612	150,675,471	(3,438,859)
OPERATING EXPENSES:						
SALARIES & WAGES	23,025,077	22,672,665	(352,412)	67,964,477	67,484,862	(479,615)
TEMPORARY HELP	357,521	181,348	(176,173)	1,160,680	544,041	(616,639)
EMPLOYEE BENEFITS	5,675,307	6,215,486	540,179	17,569,988	19,353,226	1,783,238
SUPPORT OF PHYSICIAN AMBULATORY ENTERPRISE	509,273	542,262	32,989	1,474,648	1,619,842	145,194
PHYSICIAN SERVICES	3,601,843	3,478,241	(123,602)	10,308,573	10,189,206	(119,367)
SUPPLIES & OTHER	11,194,716	11,477,658	282,942	33,033,142	33,875,053	841,911
GROSS POOL ASSESSMENT	387,717	493,207	105,490	1,267,710	1,479,620	211,910
DEPRECIATION/AMORTIZATION	1,654,865	1,672,754	17,889	5,030,683	5,018,258	(12,425)
INTEREST	472,464	519,549	47,085	1,423,174	1,558,926	135,752
TOTAL OPERATING EXPENSES	46,878,783	47,253,170	374,387	139,233,075	141,123,034	1,889,959
INCOME (LOSS) FROM OPERATIONS	3,337,788	3,115,552	222,236	8,003,537	9,552,437	(1,548,900)
NONOPERATING INCOME:						
INVESTMENT INCOME	264,076	883,555	(619,479)	316,963	937,165	(620,202)
REALIZED GAINS AND LOSSES	1,479,395	500,000	979,395	1,479,325	500,000	979,325
GAIN (LOSS) ON INT RATE SWAPS	3,795,686	-	3,795,686	3,795,686	-	3,795,686
UNRESTRICTED GIFTS AND BEQUESTS	602,637	43,000	559,637	690,012	125,000	565,012
FUND-RAISING COSTS	(247,860)	(471,630)	223,770	(798,087)	(1,062,874)	264,787
NONOPERATING INCOME, NET	5,893,934	954,925	4,939,009	5,483,899	499,291	4,984,608
EXCESS OF REVENUES OVER EXPENSES	9,231,722	4,070,477	5,161,245	13,487,436	10,051,728	3,435,708
CHANGE IN NET UNREALIZED GAIN/LOSS-INVESTMENTS	(147,194)	250,000	(397,194)	(194,396)	750,000	(944,396)
CHG IN UNREALIZED GAIN/LOSS ON INT RATE SWAP	16,835	-	16,835	16,835	-	16,835
NET ASSETS RELEASED FOR CAPITAL EQUIPMENT PURCHASES	12,360	-	12,360	12,360	-	12,360
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ 9,113,723	\$ 4,320,477	\$ 4,793,246	\$ 13,322,235	\$ 10,801,728	\$ 2,520,507