DISCLOSURE STATEMENT

November 29, 2019

St. Joseph of the Pines

Belle Meade | Pine Knoll

100 Gossman Drive, Suite B, Southern Pines, NC 28387
Telephone Number
(910) 246-3100
Facsimile Number
(910) 246-3187

DISCLOSURE STATEMENT UNDER THE PROVISIONS OF ARTICLE 64 OF CHAPTER 58 OF THE GENERAL STATUTES OF NORTH CAROLINA

This Statement is required to be delivered to a contracting party before the execution of a contract for the provision of continuing care as required under said Article.

This Statement has been filed with the Department of Insurance of the State of North Carolina but has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.

Copies of the standard forms of contract for continuing care used by St. Joseph of the Pines, Inc. for Belle Meade and Pine Knoll are attached hereto as a part of this Statement.

By:

Timothy Buist, President
St. Joseph of the Pines, Inc.

The last day through which this statement may be delivered if not earlier revised is April 27, 2021.

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I. Organization Information

A. Sponsor

St. Joseph of the Pines, Inc. ("SJP" or "St. Joseph" or "Corporation") is a not-for-profit corporation that owns and operates two retirement communities on separate campuses and eight affordable housing facilities in North Carolina. SJP was incorporated in 1948 and has been in continuous operation since that time. The mission of the Corporation, a part of Trinity Health, is "to serve together in the spirit of the Gospel as a compassionate and transforming healing presence within our communities."

Trinity Health Corporation ("Trinity") is a multi-institutional, Catholic health organization with 92 hospitals and 106 continuing care facilities, PACE programs, home care agencies and outpatient centers in 22 states, our 129,000 colleagues are ready to serve you.

The Corporation is affiliated with the Roman Catholic Church. The sole member of the Corporation is Trinity, an Indiana nonprofit corporation.

A local Board of Directors, the members of which serve on a volunteer basis, governs SJP and is responsible for oversight of the corporation consistent with its fiduciary obligations. Trinity maintains a high level of authority over the entire health system and exercises this authority through certain reserved powers identified within SJP's corporate bylaws. Action such as approval of SJP's mission, strategic plan, operating plans and budgets are among the powers reserved to Trinity. Notwithstanding the foregoing, neither the Roman Catholic Church nor Trinity is responsible for the Corporation's financial or contractual obligations.

St. Joseph is dedicated to the care of the sick and needy and operates on the philosophy that all people, regardless of race, color, or creed, are entitled to high quality care in the attainment and maintenance of good health. St. Joseph has grown to include a wide variety of health care services and facilities.

B. Not-for-Profit Status

St. Joseph is classified by the Internal Revenue Service as a 501(c)(3) organization. This not-for-profit classification exempts the corporation from corporate income taxes and allows St. Joseph to receive charitable contributions that are tax deductible by the donor. Under Internal Revenue Service regulations, no earnings of the Corporation may be used for the benefit of, nor be distributed to, corporate directors, officers, or other private individuals. All excess funds remain with St. Joseph for use in its programs and services to residents.

C. Associations

St. Joseph maintains active memberships in the following associations:

- Leading Age
- National PACE Association

D. Accreditation

St. Joseph of the Pines is accredited as a Continuing Care Retirement Community as Person-Centered Long-Term Care Community by the Commission on Accreditation of Rehabilitative Facilities, which accredits continuing care retirement communities nationwide. The purpose of accreditation is to ensure that staff education and training is on-going; to provide an organized forum for the setting standards of excellence to continually improve services; and to promote quality and value within member organizations.

Accreditation is a continuous process and can be revoked whenever a community falls below a designated standard. Areas surveyed include every area which touches residents' lives, from financial management to dining services to health care.

E. Conflicts of Interest

There are no conflicts of interest that require disclosure in accordance with N.C.G.S. 58-64-20(a)(3)(b). No member of the board, officer or person managing the community on a day to day basis has a 10% or greater interest in any other entity or if any other entity has a 10% or greater interest in any member of the board, officer or person managing the community on a day to day basis has or will provide $500 or more in goods or services to the community. (Unless disclosed, no Board member or individual responsible for daily management shall operate business ventures which provide any good or services to the facility). N.C.G.S. 58-64-20(a)(3)(b).

F. Licensures

Belle Meade and Pine Knoll are licensed by the North Carolina Department of Insurance as a Continuing Care Retirement Community (CCRC). St. Joseph of the Pines, Inc. is certified by Medicare/Medicaid and licensed by the North Carolina Department of Health and Human Services for the Health Center, Coventry, Family Care Homes, Home Care, and LIFE St. Joseph of the Pines.

II. Facilities Introduction and Information

A. A brief description of SJP entities is as follows:

- **Belle Meade Campus** ("Belle Meade") is located at 100 Waters Drive and consists of two-hundred twelve (212) available independent living residential apartments in three-story buildings, cottages, homes, and a community center with common areas and amenities. As of June 30, 2019, Belle Meade had approximately 184 occupied residential living units.
- **The Pine Knoll Campus** ("Pine Knoll") began its operations in 1984 as St. Joseph of the Pines Villas. The 19-acre campus is located in Southern Pines at 590 Central Drive and is approximately one-point-five miles from Belle Meade. It consists of eighty-five (85) available independent living apartments and cottage homes and a community commons area with amenity space. As of June 30, 2019, Pine Knoll had approximately 66 occupied residential living units.
- **The Health Center** ("Health Center"), located at 103 Gossman Drive, is licensed for 176 nursing beds and is adjacent to Belle Meade. The Health Center includes a Rehabilitation and Memory Support Unit.
- **The Coventry** ("Coventry"), located at 105 Gossman Drive, is licensed as a (sixty) 60 bed Adult Care Home and is adjacent to Belle Meade.
- **Family Care Homes** ("Family Care Homes") are licensed for 18 beds (six per home) and include **Constance Cottage** located at 145 Waters Drive at Belle Meade, **Mary Manor** located at 147 Waters Drive at Belle Meade, and **The Pines** located at 125 Longleaf Road near the Pine Knoll Campus.
- **Home Care** ("Home Care") provides assistance with activities of daily living and companionship in home settings.
- **PACE** ("LIFE St. Joseph of the Pines") is a Program of All-Inclusive Care of the Elderly, assisting older adults living safely at home.

B. Biographical Information of St. Joseph of the Pines' Management

1. Timothy Buist, President

   Mr. Buist joined St. Joseph of the Pines in 2019. A seasoned finance professional in the senior living industry, Mr. Buist has almost 20 years of medical industry, healthcare and continuing care experience. He has held progressive leadership positions across the field of senior living while demonstrating success in business development, operations management and marketing. He earned a bachelor's degree from Western Michigan University, an Executive MBA from Florida Gulf Coast University, and a certificate in Executive Management from the University of Notre Dame.

2. Stephen Phillips, Executive Director, Independent Living

   Mr. Phillips came to St. Joseph of the Pines in January 2013 with nearly three decades of experience in the hospitality and wellness industries. He holds a Masters degree in clinical Exercise Physiology from Northeastern University with a focus in exercise and aging.

3. Kimberly Wessell, Director of Sales and Marketing

   Ms. Wessell is a Hamlet native who joined SJP in June 2017, bringing with her more than two decades of sales and marketing experience. Prior to her arrival, Ms. Wessell spent 10 years as a national integrated media sales executive for Valassis, Inc., where she consistently exceeded her annual sales quota and won numerous company awards. Ms. Wessell earned a Bachelor of Science Degree in Early Childhood Education with Reading Certification from East Carolina University, where she also studied Fashion Merchandising.

C. Board of Directors

The Board of Directors ("Board") governs St. Joseph as a community-based, not-for-profit corporation.

The board serves on a volunteer basis and consists of thirteen (13) people, including two ex-officio members. Ex-officio trustees include a representative of Trinity Health Senior Communities - a member of Trinity Health and the president of St. Joseph of the Pines, Inc. All other board members are elected for a three-year term and may be re-elected to serve successive terms. Most board members reside in Moore County and are individuals with proven success in professional business or community activities.

John Burns
335 Swoope Drive
Southern Pines, NC 28387

Mr. Burns joined First Savings Bank in 1972 as president and chief executive officer. He currently holds the position as executive vice president of First Bank, also serving on the Board of Directors. As an active member of the local community, Mr. Burns has been charter president of the Aberdeen Jaycees, served on the Moore County Board of Education (1982-1990), acted as treasurer of the Sandhills Area Chamber of Commerce, been past president of the Kiwanis Club of the Sandhills, was Campaign Chairman of the United Way of Moore County, and sat on the SJP Board of Trustees from 2002-2007. Mr. Burns earned his Bachelor of Science degree in Business Administration from UNC Chapel Hill and is a graduate of the Graduate School of Banking of the South in Baton Rouge, LA.

Brian Canfield
P.O. Box 3000
Pinehurst, NC 28374

Brian Canfield has been the Chief Operating Officer (COO) at FirstHealth/Moore Regional Hospital since September 2012. Prior to joining FirstHealth, he served in the United States Army and retired as a Colonel after more than 28 years of active service in a variety of command and staff leadership positions in the United States and overseas. Most recently he served as CEO/Commanding Officer for Womack Army Medical Center, Fort Bragg, North Carolina, U.S. Army Europe V CORPS Command Surgeon/NATO International Security Assistance Force (ISAF) Joint Command Medical Advisor in Kabul, Afghanistan, CEO/Commanding Officer for the 212th Combat Support Hospital and Commander, 30th Medical Command (Rear), Miesau, Germany. He also served as COO/Chief of Staff for D.D. Eisenhower Army Medical Center, Fort Gordon, Georgia, COO/Deputy Commander for Wurzburg Army Community Hospital and 67th Combat Support Hospital in Wurzburg, Germany, and VP/Director of Business Operations, Finance, Patient Administration and Managed Care Operations for Womack Army Medical Center, Fort Bragg, North Carolina.

William (Bill) Healy
17410 College Parkway Suite 200
Livonia, MI 48152

Bill Healy possesses progressive administrative, executive, and consulting experience working with long term care and continuing care retirement communities. He led the nation's earliest home and community based service models and the Aging-in-Place movement enabling seniors to remain in their communities as their needs advance. He has a successful record of redirecting workout organizations through: integration of core corporate traditions and values; governance and management transformation; repositioning and pricing of services; development of strong quality and expense accountabilities. Prior to joining Trinity Health, Bill held various executive level positions including operational oversight of long term care and retirement communities, and marketing roles where he assisted clients with operational assessments and strategic planning. Bill works extensively with religious congregations to support efforts in sustaining their ministries. He has a Bachelor's degree in Education and a Master's degree in Health Services Administration.

Fr. Javier Castrejon

Father Javier Castrejon serves as Administrator of San Juan Diego Mission in Robbins and Parochial Vicar of Sacred Heart Parish in Pinehurst. A priest of the Diocese of Ciudad Altamirano in Mexico, he is on loan to the Diocese of Raleigh where for the past three years he has ministered to both English and Spanish speaking residents of Moore County. Fr. Castrejon has partnered with St. Joseph of the Pines to help with the distribution of food and other assistance to residents of northern Moore County. A native of Mexico City, Father Castrejon received degrees in Philosophy and Theology at the seminaries in Tacambaro and Ciudad Altamirano. Subsequently he studied Canon Law at the Pontifical University of Mexico. Prior to his arrival in Moore County, he taught in the seminary and served as Judicial Vicar (judge of the diocesan ecclesiastical court) in his home diocese, as well as a member of the Council of Priests and the College of Consultors.

Mitchell Capel, Sr.
235 Fairway Drive
Southern Pines, NC 28387

Mitchell G. Capel was born in and raised in Southern Pines, NC. He continued his educational studies at North Carolina A&T State University in Greensboro, NC and Howard University in Washington, D.C. studying Speech & Theater, Political Science and English. Mitchell was hired by Piedmont Airlines in 1985 (now American) and is still currently working in Inflight Services. In addition, Mitchell has been (and still is) an internationally known Storyteller, Writer and Motivational Speaker since 1985 teaching respect, character education, good morals and anti-drug messages to young audiences as the character "Gran'Daddy Junebug". He is the National Interpreter of Poet Laureate Paul Laurence Dunbar and has performed at venues nationwide including The Kennedy Center, The Smithsonian, and the Inauguration of President Barack Obama. He is currently on the board of directors of The Boys & Girls Club and a past board member and treasurer for The National Association of Black Storytellers (NABS).

Michael Fiske (Chair)
15 Muirfield Road
Pinehurst, NC 28374

Michael Fiske has traveled the world providing his expertise in sales and marketing as well as acquisitions and mergers. His travels include Bombay, China, Shanghai and Vietnam to name a few. Michael has held positions with JC Penny USA and the Textile Alliance. His education includes Colgate University and Columbia Graduate School – special development program for Chase Bank.

Lin Hutaff
25 Chinquapin Road, #15
Pinehurst, NC 28374

Lin Hutaff holds a Masters Degree in Mathematics from St. Louis University and a Bachelors Degree, Mathematics, St. Louis University. Lin has held positions with NCR Corporation specializing in Customer Relationship Management Solutions and IBM Corporation as a member of the Executive Briefing staff. The Executive Briefing Center served IBM's top 50 accounts worldwide. Presently Lin has her own Real Estate Firm.

Cheryl McNeill
340 Lakewood Drive
Pinehurst, NC 28374

Ms. McNeill earned a Master of Science in Nursing from East Carolina University in Greenville, North Carolina. She has served as Nursing Education Coordinator at the Northwest Area Health Education Center in Winston-Salem, a clinical Assistant Professor at the University of Greensboro, and as professor of the Nursing Program at Sandhills Community College where she currently works as the Nursing Department Chair.

Timothy Buist
100 Gossman Drive, Suite B
Southern Pines, NC 28387

Mr. Buist, a seasoned finance professional in the senior living industry, has almost 20 years of medical industry, healthcare and continuing care experience. He has held progressive leadership positions across the field of senior living while demonstrating success in business development, operations management and marketing. He earned a bachelor's degree from Western Michigan University, an Executive MBA from Florida Gulf Coast University, and a certificate in Executive Management from the University of Notre Dame.

Clare Ruggles
2265 Longleaf Drive West
Pinehurst, NC 28374

Ms. Ruggles has an in-depth understanding of financial management through her experience as an entrepreneur and positions with the University of Houston, Rice University and Price Waterhouse, among others. Ms. Ruggles is currently the Executive Director of Northern Moore Family Resource Center, a non-profit organization that supports children in their education and improving housing in a poor and rural community.

Matt West
203 Oakmont Circle
Pinehurst, NC 28374

Mr. West is currently the founder and CEO of Intangibles, LLC. His business experience includes serving as Vice President of Business Operations of the

Carolina Hurricanes managing all sales, marketing, promotion and broadcasting. Mr. West has served on the board of the Museum of Life and Science, YMCA of Greater Durham and the First Tee of the Triangle. Mr. West has a degree in Political Science from Long Beach University.

Carla Williams, SPHR
190 Pinehurst Trace Drive
Pinehurst, NC 28374

Ms. Williams is a Human Resource professional with experience in the areas of Employee Relations, Administration, Policies and Procedures, Employment Law Compliance, Selection and Placement, Compensation and Performance Management, Labor Relations, Supervisory and Management Training, Recognition Programs, Risk Management and International Human Resources, to name a few. Ms. Williams is currently Senior Vice President, Human Resources, Pinehurst Resort and Country Club.

D. Criminal Violation Statement

No board member or individual responsible for the management of SJP has been convicted of a felony, pleaded no contest to a felony charge, or been held liable in a civil action by final judgment in cases in which the felony or civil charge has involved fraud, embezzlement, misappropriation or fraudulent conversion of property. Likewise, no board member or individual responsible for the management of SJP is subject to a current injunctive or restrictive court order or within the past five (5) years have had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department involving the business activity of operating a retirement home, assisted living or skilled nursing facility.

E. Location and Description of Physical Property

The Belle Meade campus is located on a 100-acre property off Camp Easter Road at 100 Waters Drive in Southern Pines, North Carolina. The property has been owned and maintained by St. Joseph of the Pines, Inc. since 1991. Belle Meade opened in 1999 and includes a clubhouse, four buildings housing a total of 172 apartment residences, 28 cottage duplexes, and 20 freestanding homes.

The Pine Knoll campus is located on a 19-acre property at 590 Central Drive in Southern Pines, North Carolina. The property has been owned and maintained by St. Joseph of the Pines, Inc. since 1948. The Pine Knoll campus, formally St Joseph of the Pines Villas, opened in 1984 and currently includes 73 apartment residences and 18 cottage units.

Assisted living and skilled nursing home services for Belle Meade and Pine Knoll residents are provided in the Coventry and Health Center, respectively, located adjacent to Belle Meade.

F. Residents Association

All residents are eligible for membership in the Resident Association. The Residents Association meets periodically and is often joined by Management. Management works closely with the residents through its committees. Each department manager meets routinely with the appropriate resident committees.

III. Facility Policies

A. Resident Health Criteria

Within 60 days prior to the occupancy date, a prospective resident will submit a physical examination report made by his/her personal physician. The report must state that the resident is in good health, can move about independently, and is able to take care of him or herself in daily living without assistance. In addition, the St. Joseph of the Pines Health Evaluation Team will conduct an evaluation of the prospective resident to determine appropriate placement.

SJP may require the prospective resident to undergo a second physical examination by SJP's Medical Director or by another physician approved by SJP. The resident will be responsible for the cost of such physical examination. If the results of the examination report(s) differ materially from the information disclosed in the Application for Residency Form and Personal Health History Form, SJP retains the right to decline residency and to terminate the Residency Agreement.

B. Financial and Insurance Criteria

All residents must have sufficient assets and income to pay the financial obligation under the Residency Agreement and to meet ordinary current and future living expenses of the resident. Beyond the Confidential Financial Statement, SJP may require the prospective Resident to furnish additional financial information as may be needed. All Residents must secure and keep in force during the term of the Residency Agreement health insurance approved by SJP (e.g., supplemental insurance). Residents eligible for Medicare/Medicaid must apply for and secure the maximum benefits available under Medicare Parts A and B and provide copies of policies and/or Medicare coverage upon admission or upon eligibility.

C. Execution of Certain Forms

Residents will, from time to time as appropriate, take such action and execute such forms as are necessary to secure the payment to any hospital, skilled nursing facility, or other provider of services, or to any physician (including reimbursement to the corporation for services rendered) of any and all amounts payable in respect of services to Resident and for which benefits, such as Medicare and Medicaid, are available, or may be available in the future.

D. Execution of Power of Attorney

Residents will grant to a family member or other responsible individual a durable power of attorney to act on behalf of the resident with respect to the resident's other rights and obligations under the Residency Agreement. Evidence of such provision will be made available to a representative of SJP prior to the resident's occupancy.

E. Age Requirements

Admission is restricted to persons sixty-two (62) years of age or older; if the Resident is a couple, at least one member of the couple must be sixty-two (62) years of age at the time of occupancy.

F. Cancellation/Termination in Relation to Refunds

1. Termination Prior to Occupancy

You may rescind the Agreement within 30 days following the later of the execution of the Agreement or the receipt of a disclosure statement of the Corporation. You are not required to move into the Residential Unit before the expiration of the 30-day period.

If You die before physically occupying a unit in the facility, or if, on account of illness, injury, or incapacity, before physically occupying a unit in the facility, You are precluded from ever physically occupying a Residential Unit under the terms of the Agreement for continuing care, this Agreement is automatically canceled.

For rescinded or canceled Agreements under this section, You or Your legal representative shall receive a refund of the Deposit and Entrance Fee paid or Membership Fee paid to the Corporation, as applicable, less (i) periodic charges specified in this Agreement and applicable only to the period a Residential Unit was actually occupied by You; (ii) those nonstandard costs specifically incurred by the Corporation at Your request and described in the Agreement (i.e. including but not limited to costs required to return the Residential Unit to its original condition (normal wear and tear excepted); plus any costs owed by You to the Corporation; plus any costs required to remove and dispose of or store personal belongings left in the Residential Unit) ; (iii) nonrefundable fee of $250 which is a processing fee of the Deposit; and (iv) a reasonable service charge not to exceed the greater of one thousand dollars ($ 1,000) or two percent (2%) of the Entrance Fee paid or Membership Fee, as applicable.

2. Voluntary Termination After Occupancy

You may rescind the Agreement within 30 days following the later of the execution of the Agreement or the receipt of a disclosure statement of the Corporation. Also, at any time after occupancy, the Resident may terminate the Residency Agreement by giving SJP thirty (30) days written notification. The Refund Option selected as indicated on the Residency Agreement will determine the amount refunded to the Resident.

a. Standard Refund Option

The Resident will receive a refund amount equal to the Entrance Fee paid less two percent (2%) for each month of residency during the first 49 months of occupancy and less an administrative charge of the greater of one thousand dollars ($1000.00) or two percent (2%) of the Entrance Fee; and less the periodic charges specified in the Agreement and applicable only to the period of occupancy by You; and less any other unpaid fees. Any refund due to You will be made no later than Your Residential Unit having been reserved by a prospective Resident, and such prospective Resident having paid the Entrance Fee. Any other unpaid fees to the Corporation shall reduce any refund.

b. 50% Refund Option

The Resident will receive a refund equal to the Fifty Percent (50%) Refund Entrance Fee less two percent (2%) for each month of residency for up to twenty four (24) months of occupancy; and less an administrative charge of the greater of one thousand dollars ($1000.00) or two percent (2%) of the Entrance Fee; and less the periodic charges specified in the Agreement and applicable only to the period of occupancy by You; and less any other unpaid fees. The refund will never be less than Fifty Percent (50%) of the Fifty Percent Refund Entrance Fee, less the periodic charges specified in the Agreement, and applicable only to the period of occupancy by You. Upon termination of the Agreement, any refund will be made no later than Your Residential Unit having been reserved by a prospective Resident, and such prospective Resident having paid the Entrance Fee. Any other unpaid fees to the Corporation shall reduce any refund. This Option must be elected at time of closing or within ninety (90) days of closing date.

c. 90% Refund Option

The Resident will receive a refund amount equal to the Ninety Percent (90%) Refund Entrance Fee less two percent (2%) for each month of residency for up to four months of occupancy and less an administrative charge of the greater of one thousand dollars ($1000.00) or two percent (2%) of the Entrance Fee; and less the periodic charges specified in the Agreement and applicable only to the period of occupancy by You The refund will never be less than Ninety Percent (90%) of the Ninety Percent Refund Entrance Fee, less the periodic charges specified in the Agreement, and applicable only to the period of occupancy by You, and less any other unpaid fees. Upon termination of the Agreement, any refund due will be made no later than Your Residential Unit having been reserved by a prospective Resident, and such prospective Resident having paid the Entrance Fee. Any other unpaid fees to the Corporation shall reduce any refund. This Option must be elected at time of closing or within ninety (90) days of closing date.

3. Termination Upon Death

In the event of a Resident's death after occupancy, the Residency Agreement will terminate and the refund of the Entrance Fee paid will be determined by the arrangements made by the Resident as indicated on the signed Residency Agreement.

4. Termination by St. Joseph

SJP may terminate the Residency Agreement if there has been a material misrepresentation or omission made by the Resident in his or her Application for Residency and associated forms; if the Resident fails to make payment of any fees or expenses due SJP within sixty (60) days of due date; if the Resident does not abide by the rules and regulations adopted by the community; or if the Resident breaches any of the terms and conditions of the Residency Agreement. In the event of termination by any of these causes, the refund will be determined by the arrangements made with the Resident upon entering into the Residency Agreement.

G. Moves

The resident may transfer from one residence to another or from independent living to assisted living or skilled nursing, on a permanent or temporary basis. SJP must approve all changes in the accommodations and all decisions are binding. A transfer fee may be assessed for resident moves between independent living units.

In the event that two Residents occupy a residence under the terms of the Residency Agreement, upon the permanent transfer to the Health Center, the Coventry or other health care facility, or in the event of the termination of the Residency Agreement with respect to one of such Residents, the Residency Agreement will continue in effect as to the remaining or surviving Resident who will have the option of retaining the same residence, in which event there will be no addition to or refund of the entrance fee, or the surviving resident may move to a less spacious residence. If a co-Resident terminates the Residency Agreement by death or otherwise, the remaining Resident will pay the monthly fee for single occupancy associated with the occupied residence.

SJP will have authority to determine if a Resident should be transferred from an independent living residence to assisted living or skilled nursing care or from one level of care to another level of care. Such determination will be based on the professional opinion of Management and/or the Medical Director and will be made only after consultation to the extent practical with the Resident and/or a representative of the family.

H. Marriage During Occupancy/New Second Occupant

1. Resident

In the event that a Resident wishes to marry and share a residence with another Resident, or share a residence with another Resident, they may occupy either residence and choose to surrender the other residence, subject to the approval of SJP. A refund will be payable with respect to the residence surrendered, based on the selected refund option for such surrendered residence less the current second person fee/periodic charge applicable only to the period the non-surrendered residence was actually occupied by the surrendering Resident as prorated on a per-diem basis.

2. Non-Resident

In the event that a Resident wishes to marry and share a residence with a non-Resident, or share a residence with a non-Resident, the non-Resident spouse/occupant may occupy the residence with the Resident only if he or she meets the current residency criteria, executes a Residency Agreement, and pays the subsequent second person entrance fee as determined by Management. Upon entry, the Resident and the new spouse/occupant will pay the double occupancy monthly fee associated with the occupied residence. Should the new spouse/occupant not meet the requirements for entry, the non Resident spouse/occupant must vacate the residence within 30 days.

I. Financial Hardship

It is the intent of SJP to permit a resident to reside in the community if the resident is no longer capable of paying the prevailing fees and charges as a result of financial hardship occurring after occupancy, provided such difficulties are not the result of willful or unreasonable dissipation of the resident's finances. SJP will give careful consideration to subsidizing the fees and charges payable by the resident so long as such subsidies can be made without impairing the ability of SJP to attain its objectives while operating on a sound financial basis. SJP may request that the resident make every effort to obtain assistance from all available resources both private and public. When a resident dies, the estate, if any, will be liable to SJP for the full amount of the subsidy received during the resident's time of residency.

IV. Facility Services

A. Independent Living Services

Residents are entitled to enjoy the following services, programs, amenities, and common areas, which are supported by the initial Entrance Fee and an ongoing Monthly Fee.

a. Amenities/Programs:

Belle Meade

1. Public and private dining rooms for parties and other functions
2. A lounge area for use by residents for social and other activities
3. A swimming pool and fitness room equipped with exercise equipment
4. A beauty salon/barber shop
5. A library where an assortment of books and current periodicals can be checked out by residents
6. A game room for cards, chess and other table games
7. A multi-purpose room, craft room and woodworking shop, where residents can participate in private or group activities
8. A branch office of a local FDIC insured bank
9. Paved sidewalks for resident exercise and a wellness trail
10. An ecumenical chapel for worship
11. A putting green, practice golf range, shuffle board and croquet courts
12. A pickle ball court for resident use
13. Golf membership at nine local golf courses available for a nominal monthly fee

Pine Knoll

1. Public and private dining rooms for parties and other functions
2. A lounge area for use by residents for social and other activities
3. A beauty salon/barber shop
4. A library where an assortment of books and current periodicals can be checked out by residents
5. A billiards room
6. A theater
7. A game room for cards, chess and other table games
8. A multi-purpose room, where residents can participate in private or group activities
9. Paved sidewalks for resident exercise and a wellness trail
10. An ecumenical chapel for worship
11. Golf membership at nine local golf courses available for a nominal monthly fee

b. Services:

Belle Meade

1. A monthly discretionary credit allowance
2. All utilities
3. Emergency call devices will be provided and twenty-four (24) hour emergency call response.
4. Housekeeping service
5. Trash removal
6. Interior and exterior maintenance of Residence and common areas
7. Health and exercise programs in the indoor pool, fitness center and in other open areas
8. Scheduled transportation to medical appointments
9. Scheduled activities
10. Receptionist/Concierge
11. Routine landscaping
12. Lighted parking areas
13. Guest parking
14. Personal storage space
15. General liability and property insurance coverage (residents are encouraged to consider personal property insurance coverage)

Pine Knoll

1. A monthly discretionary credit allowance
2. All utilities
3. Emergency call devices will be provided and twenty-four (24) hour emergency call response.
4. Housekeeping service
5. Trash removal
6. Interior and exterior maintenance of Residence and common areas
7. Scheduled transportation to medical appointments
8. Scheduled activities
9. Receptionist/Concierge
10. Routine landscaping
11. Lighted parking areas
12. Guest parking
13. General liability and property insurance coverage (residents are encouraged to consider personal property insurance coverage)

B. Healthcare Benefit

If you are in need of temporary care in the Health Center or in Assisted Living, it will be provided for the first fourteen (14) days of a stay in any calendar year in the Health Center or Assisted Living after consultation between the Corporation's Health Evaluation Team, Your physician, You, and Your spouse (if any) or immediate family. During such period, You shall continue to pay the Monthly Fee for the Residential Unit.

The Corporation offers two Healthcare Benefit Options as part of the Residency Agreement for Belle Meade and Pine Knoll, as set forth below.

1. **Extensive Benefit:** Upon determination by Management that Your stay in the Health Center or Assisted Living is permanent, You agree to vacate the Residential Unit, and You will no longer pay the Monthly Fee for Your Residential Unit. Instead, You shall receive a fifty percent (50%) discount from the published per diem fee at the time You transfer to either Assisted Living or nursing care. Resident's short- and long-term skilled nursing needs are provided in the Health Center through the standard accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability.

2. **Fee-for-service:** Upon determination by Management that Your stay in the Health Center or Assisted Living is permanent, You agree to vacate the Residential Unit, and You will no longer pay the Monthly Fee for Your Residential Unit and, instead, shall pay the then current, published per diem fee for either assisted living or nursing care. Resident's short- and long-term skilled nursing needs are provided in the Health Center through the standard accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability.

You agree that the Corporation will have the right and ability to file for any health care reimbursement available to You on Your behalf.

C. Services Available at Extra Charge

In addition to the standard services included in the Monthly Fee, SJP will make available: delivery of meals to residences, catering for special occasions, beauty salon/barber shop services, additional housekeeping and maintenance services, and transportation at additional costs.

Independent Living Ancillary Charges	
BEAUTY/BARBER SHOP	**COST**
	Varies upon selection
ADDITIONAL HOUSEKEEPING	
1 Hour	$60.00
ADDITIONAL MAINTENANCE	
1 Hour	$60.00
CATERING	
Varies upon selection	
Delivery of meals to residents	$4.00

Physician services are available at the Neese Clinic located adjacent to the Belle Meade campus. The Neese Clinic is operated by Pinehurst Medical Center. Residents will pay for medical clinic services as they would for other private health care.

D. Continuum Services Available

1. Assisted Living

Assisted living is available for residents who need assistance with activities of daily living. Residents will receive three meals a day, snacks, assistance with bathing and dressing, medication, medical treatments, support services, housekeeping and laundry services.

Coventry	Qty	Square Footage	2019	2018	2017	2016	2015	2014
Studio - 1st Floor	30	301	$ 5,958	$ 5,784	$ 5,643	$ 5,479	$ 5,319	$ 5,144
Apartment - 2nd Floor	10	651	$ 6,660	$ 6,466	$ 6,309	$ 6,125	$ 5,947	$ 5,751
	40	% Change	3.0%	2.5%	3.0%	3.0%	3.4%	3.5%
		Average $ Change	$ 179	$ 145	$ 169	$ 165	$ 180	$ 179
2nd Person	10% discount on 1st Person rate							

2019 Coventry Private Pay Daily Room Rate			
	Quantity	Sq Footage	Rate
Studio - 1st Floor	30	301	$ 195.88
Apartment - 2nd Floor	10	651	$ 218.96

Assisted Living services are also provided in a Family Care Home environment. At June 30, 2019 there were 16 Units and 18 Beds available. The Coventry Assisted Living building includes a Memory Support unit. There are currently 78 licenses available for Assisted Living between Coventry and Family Care Home.

2. Skilled Nursing Services

The Health Center is licensed to provide services in 176 skilled nursing beds. Residents' short- and long- term skilled nursing needs are provided in the Health Center through the standard accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability.

Health Center	Quantity	2019	2018	2017	2016	2015	2014
Private Pay Daily Room Rate	160	$ 329	$ 319	$ 310	$ 295	$ 281	$ 268
	% change	3.1%	2.9%	5.1%	5.0%	4.9%	3.5%
Average daily $ change		$ 10	$ 9	$ 15	$ 14	$ 13	$ 9

V. Facility Fees

A. Residency Agreement Deposit

Upon submission of Residency Agreement, a prospective resident is required to make a deposit equal to 10 percent (10%) of the Standard Entrance Fee described in the Residency Agreement. The Residency Agreement Deposit is fully refundable for thirty (30) days, less an administrative charge of two hundred and fifty dollars ($250), from the execution date of the Residency Agreement or the receipt of a disclosure statement that meets the requirement of North Carolina General Statutes, whichever is later.

B. Entrance Fee and Monthly Fee

Residents will pay an initial Entrance Fee and an ongoing Monthly Fee, both of which are partially tax-deductible under current tax law. The entrance fee is a payment that assures the resident a place in the community for life; payment of a membership fee provides this same assurance. A membership fee is an option detailed in the Residency Agreement; this option affords a lower entry fee counterbalanced with a higher monthly fee.

Schedule of past Independent Living Monthly Fees with % and dollar amount of annual increases:

Belle Meade	Quantity	Square Footage	2019	2018	2017	2016	2015	2014
Bristol	3	800	$2,426	$2,367	$2,309	$2,605	$2,564	$2,480
Somerset	26	962	$2,701	$2,635	$2,570	$2,849	$2,804	$2,712
Wellington	27	1,205	$3,100	$3,024	$2,950	$3,212	$3,161	$3,058
Cotswold	55	1,366	$3,367	$3,285	$3,205	$3,455	$3,400	$3,288
Avington	21	1,454	$3,429	$3,345	$3,263	$3,587	$3,530	$3,414
Dorset I	11	1,518	$3,433	$3,349	$3,267	$3,683	$3,624	$3,505
Dorset II	21	1,620	$3,629	$3,641	$3,553	$3,836	$3,776	$3,652
Keswick	4	1,906	$4,167	$4,065	$3,966	$4,266	$4,199	$4,061
Combo	4	2,323	$4,656	$4,542	$4,431	$4,892	$4,814	$4,656
Prescott Cottage	11	2,060	$4,137	$4,036	$3,938	$3,861	$3,800	$3,675
Essex Cottage	13	1,973	$4,346	$4,328	$4,222	$4,139	$4,073	$3,940
Sterling Cottage	14	2,322	$4,854	$4,736	$4,620	$4,592	$4,519	$4,371
Windsor Home	2	1,632	$3,975	$3,878	$3,783	$3,709	$3,651	$3,531
Hampstead Home	8	1,799	$4,230	$4,127	$4,026	$3,947	$3,885	$3,758
	220							
		% change	2.1%	2.5%	-4.8%	1.6%	3.4%	3.4%
		Average $ change	$72	$85	($210)	$57	$116	$113
Second Person Fee			$ 1,345	$ 1,312	$ 1,280	$ 1,255	$ 1,235	$ 1,194

Pine Knoll	Quantity	Square Footage	2019	2018	2017	2016	2015	2014
Halsford	7	384	$1,414	$1,767	$1,724	$1,847	$1,818	$1,758
Lampford	18	573	$1,688	$1,899	$1,852	$2,232	$2,197	$2,125
Upton	15	720	$1,919	$2,190	$2,137	$2,442	$2,405	$2,325
Newland	8	836	$2,128	$2,290	$2,234	$2,660	$2,617	$2,531
Ashmore	8	1,295	$2,661	$3,333	$3,252	$3,312	$3,260	$3,153
Scotsgrove	4	1,344	$2,722	$3,428	$3,345	$3,415	$3,361	$3,251
Kingston	8	1,618	$2,905	$3,603	$3,515	$3,551	$3,495	$3,380
Woodleigh	8	1,211	$2,937	$3,178	$3,101	$3,312	$3,161	$3,058
Bickleigh	10	1,322	$3,034	$3,386	$3,304	$3,324	$3,272	$3,164
Ashleigh	1	1,347	$3,065	$3,713	$3,622	$3,551	$3,495	$3,380
Kingsford	1	1,381	$3,114	$3,783	$3,691	$3,619	$3,562	$3,445
Dunsford	1	1,443	$3,139	$3,855	$3,761	$3,687	$3,630	$3,510
Fernhill	1	1,733	$3,510	$4,285	$4,180	$4,098	$4,033	$3,900
	90							
		% change	-15.9%	2.5%	-3.2%	1.8%	3.4%	3.4%
		Average $ change	($374)	$65	($204)	$53	$91	$88
Second Person Fee			$ 1,100	$ 1,073	$ 1,047	$ 1,026	$ 1,010	$ 977

C. Adjustments in the Monthly Fee

SJP retains the right to adjust the Monthly Fee, fee-for-service charges, and any other fees and charges, as necessary to meet the financial obligations of the Corporation. In the event that it should be determined that SJP is required to pay sales tax or ad valorem taxes upon its property, the Monthly Fee may be adjusted to reflect the amount of such taxes. SJP may make any such adjustments in the Monthly Fee or other charges upon sixty (60) days written notice to residents.

D. Fee Change Policies

Fees are generally changed once annually but may be changed at any time. At least sixty (60) days' notice is provided to residents before new fees take effect. The objective in setting fees is to keep them at the lowest feasible rates consistent with sound fiscal practices and maintenance of the quality of service. Notification of any adjustment in the Monthly Fee will be given to all residents at least sixty (60) days prior to the actual adjustment.

E. Options Costs

Residents may request structural changes to their units and, if approved, must make an advance deposit of the construction cost, and upon move out the Resident may be required to return the unit to its original condition. The Corporation may charge (with advance notice to You upon your selection of custom features) a non refundable "upfit fee" to You as a result of Your custom features, in the sole discretion of the Corporation. The upfit fee shall correlate to the anticipated cost of returning the Residential Unit to its original condition upon vacating of the Unit by You.

VI. Financial Information

A. Financial Statement Summary

St. Joseph of the Pines, Inc. ended fiscal year 2019 with a net income of $0.5 Million. A copy of the audited financial statements is included.

B. Compliance with Operating Reserve Requirement

North Carolina State law requires that existing CCRCs provide for a minimum operating reserve. The North Carolina Department of Insurance requires that an operating reserve calculated on the total operating costs of the facility forecasted for the 12-month period following the period reported in the most recent disclosure statement shall be maintained.

SJP Independent Living and Assisted Living occupancy was eighty-seven percent (87%) as of June 30, 2019. The Pine Knoll Independent Living campus ended 2019 with an occupancy of eighty-four percent (84%) with 72 of the 86 available units occupied/unoccupied but reserved, the Belle Meade Independent Living campus ended 2019 ninety-three percent (93%) occupied with 197 of 212 available units occupied/unoccupied but reserved, the Coventry Assisted Living building was seventy-three percent (73%) occupied and the Family Care Homes (Assisted Living) were sixty-one percent (61%) occupied. SJP is poised to meet the ninety (90%) occupancy target in this coming fiscal year.

SJP is required to maintain a minimum operating reserve of $8.202 million for the 2020 fiscal year.

Operating Reserve Requirement

Projected FY20 Adjusted Operating Costs (*in thousands)*	$16,404
Occupancy Factor	x 50%
Total Operating Reserve Required	$8,202

The invested funds identified to meet the operating reserve requirement are managed through the Treasury Services department of Trinity. The Treasury Services department is responsible for managing approximately $9.1 billion in investments and contracts with experienced consultants that assist with the oversight of the various fund managers.

C. Amortization of Entrance Fees

Entrance Fees are fees used to help cover costs of providing services to a resident over one's lifetime. As such, the Entrance Fee is not recorded as revenue in the year it is paid, but rather is deferred over time and recognized as income over the estimated life expectancy of the residents in accordance with generally accepted accounting principles.

C. Contracts for Continuing Care

An estimated 324 independent living residents of the facility are provided services by SJP pursuant to contracts for continuing care.

D. 2019 Variances from Previous Forecast

St. Joseph of the Pines operations consists of six lines of service:

Independent Living	PACE
Assisted Living	Home Care
Skilled Nursing	HUD Property Management

Operating Margin

St. Joseph of the Pines operating income was lower than the forecasted operating margin of $259,000; actual operations resulted in an operating loss of $197,000.

Total Operating Revenues

Total operating revenues were forecasted at $58.9 million. Actual operating revenues exceeded this by $2.6 million, at $61.6 million. The favorable performance was driven by growth in the PACE program.

Total Operating Expenses

Total operating expenses were forecasted at $58.7 million. Actual operating expenses were $61.8 million. The organization was unfavorable to the forecasted operating expenses primarily due to higher than anticipated health care costs in the PACE program and unanticipated repair costs.

Independent Living

- Monthly Service Fee income was forecasted at $17.2 million, while actual Service Fee income for 2019 was favorable at $17.7 million.
- PACE revenue was forecast at $22.0 million. Actual 2019 revenue was $24.4 million, as a result of program growth.
- Entrance Fee amortization forecast was $3.4 million; actual realized entrance

fee amortization was unfavorable at $3.2 million. Fee amortization is the portion of the entrance fee that is recognized into revenue annually as the entrance fee amortization may not be fully realized upon entrance.

- Maintenance costs were forecasted at $3.4 million, actual expense was $3.9 million, as a result of unanticipated facility-wide repairs.

*10% or greater was the threshold for materiality

Balance Sheet	2019 Forecast	2019 Actual	$ Variance	% Variance	* Variance Explanation
Current Assets:					
Cash & Cash Equivalents	$ 17,046	$ 10,977	$ (6,069)	-36%	Refer to cash flow variance explanations
Patient accounts receivable (AR), net	6,009	5,883	(126)	-2%	
Prepaid expenses, inventories and other current assets	269	289	20	7%	
Total current assets	23,324	17,149	(6,175)	-26%	
Assets Limited as to Use:					
Statutory Operating Reserve Investments	10,201	11,114	913	9%	
Other Restricted Investments	1,195	1,264	69	6%	
	11,396	12,378	982	9%	
Property, Plant and Equipment	143,407	142,244	(1,163)	-1%	
Less: accumulated depreciation	79,096	79,374	278	0%	
Net Property, Plant and equipment	64,311	62,870	(1,441)	-2%	
Other Assets:					
Other long-term assets	816	790	(26)	-3%	
Total other assets	816	790	(26)	-3%	
Total assets	99,847	93,187	(6,660)	-7%	
Liabilities and Net Assets					
Current Liabilities:					
Current portion of long term debt	856	848	(8)	-1%	
Accounts Payable (AP) and accrued expenses	8,813	7,325	(1,488)	-17%	AP run near end of year, reducing year-end liability
Other accrued liabilities	1,254	352	(902)	-72%	PACE program IBNR lower than projected
Total current liabilities	10,923	8,525	(2,398)	-22%	
Deferred revenues - refundable	7,344	5,699	(1,645)	-22%	Decrease in retained entrance fees and refundable advances due to new program
Deferred revenues - nonrefundable	24,114	22,763	(1,351)	-6%	
Long-term debt	46,050	46,058	8	0%	
Other long-term liabilities	285	249	(36)	-13%	
Total deferred revenues and long-term liabilities	77,793	74,769	(3,024)		
Total liabilities	88,716	83,294	(5,422)	-6%	
Net Assets (Deficit)					
Unrestricted	10,875	9,624	(1,251)	-11%	Lower than projected net income
Temporarily restricted	256	269	13	5%	
Permanently restricted	-	-	-	0%	
Total net assets (deficit)	11,131	9,893	(1,238)	-11%	
Total liabilities and net assets (deficit)	99,847	93,187	(6,659)	-7%	

*10% or greater was the threshold for materiality

Statement of Operations	2019 Forecast	2019 Actual	$ Variance	% Variance	* Variance Explanation
Revenues, gains and other support:					
Monthly fees	17,196	17,738	$ 542	3%	
Amortization of entrance fees	3,417	3,205	(212)	-6%	
Health Care Revenues	15,423	15,112	(311)	-2%	
PACE Revenue	21,980	24,415	2,435	11%	Member months favorable to forecasted
Contributions and gifts	563	747	184	33%	Effective philanthropic campaign
Other operating revenues	348	352	4	1%	
Total unrestricted revenues, gains and other support	58,927	61,569	2,642	4%	
Expenses:					
Health Care	11,251	11,523	272	2%	
PACE	21,084	23,993	2,909	14%	IBNR higher than projected
Dietary	6,372	6,362	(10)	0%	
Administrative	6,551	6,602	51	1%	
Maintenance	3,426	3,864	438	13%	Higher than anticipated maintenance expenditures
Laundry (Linen)	117	142	25	21%	
Housekeeping	1,295	1,429	134	10%	
Depreciation and amortization	5,267	5,420	153	3%	
Interest	1,851	1,844	(7)	0%	
Other operating expenses	1,454	587	(867)	-60%	
Total expenses	58,668	61,766	3,098	5%	
Operating (loss) income	259	(197)	(456)	-176%	
Equity changes (rel from rest capital & equity xfer)	-	(475)	-	100%	
Non-operating gains (losses)	1,000	680	(320)	-32%	Lower than forecasted realized operating gains
Increase (Decrease) in Unrestricted Net Assets	1,259	8	(1,251)	-99%	
Increase (Decrease) in Restricted Net Assets		13			
Net assets (deficit), beginning of year	9,872	9,872	1	0%	
Net assets (deficit), end of year	11,131	9,893	(456)	-4%	

* 10% or greater, over $200k was the threshold for materiality

Statement of Cash Flows	2019 Forecast	2019 Actual	$ Variance	% Variance	* Variance Explanation
Changes in net assets	$ 1,259	$ 21	$ (456)	-36%	Lower than projected operating income
Adjustments to reconcile changes in nets assets to cash:					
Entrance fees received	2,808	(400)	(3,208)	-114%	New program with no entrance fees implemented
Amortization of entrance fees	(3,417)	(3,205)	212	-6%	New program with no entrance fees implemented
Depreciation and amortization	5,267	5,420	153	3%	
Changes in operating assets and liabilities:					
Patient accounts receivable	(175)	(49)	126	-72%	
Prepaid expenses inventory and other assets	5	11	6	120%	
Accounts payable and accrued expenses	(171)	(2,585)	(2,414)	1412%	Increase in vendor payments near year-end
Other LT liabs	(24)	(36)	(12)	50%	
Net cash provided by operating activities	5,552	(823)	(5,581)	13	
Cash flows from investing activities:					
Change in investments and assets limited as to use	325	(657)	(982)	-302%	Decrease in assets limited as to use
Purchases of property and equipment	(5,267)	(3,979)	1,288	-24%	Delayed acquisition of property and equipment
Net cash used in investing activities	(4,942)	(4,636)	$ 306	-6%	
Cash flows from financing activities:					
Belle Meade and Pine Knoll payments on Long term debt	(832)	(832)	-	0%	
Related party borrowings	-	-	-	0%	
Other Payments on long-term debt	-	-	-	0%	
Net cash used in financing activities	(832)	(832)	-	0%	
Net increase (decrease) in cash and cash equivalents	(222)	(6,291)	(6,069)	2729%	
Cash and cash equivalents, beginning	17,268	17,268	-	0%	
Cash and cash equivalents, ending	17,046	10,977	$ (6,069)	-36%	
Cash payments for interest	1,851	1,947	$ 96	5%	

Trinity Health

Consolidated Financial Statements as of and for the years ended June 30, 2019 and 2018,
Supplemental Consolidating Schedules as of and for the year ended June 30, 2019
and Independent Auditors' Reports

TRINITY HEALTH

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Trinity Health Corporation
Livonia, Michigan

We have audited the accompanying consolidated financial statements of Trinity Health Corporation and its subsidiaries (the "Corporation"), which comprise the consolidated balance sheets as of June 30, 2019 and 2018, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the consolidated financial statements of BayCare Health System, the Corporation's investment which is accounted for by the use of the equity method. The accompanying consolidated financial statements of the Corporation include its investment in the net assets of BayCare Health System of $3.1 billion and $2.8 billion as of June 30, 2019, and 2018, respectively, and its equity method income from BayCare Health System of $295.7 million and $296.4 million for the years ended June 30, 2019 and 2018, respectively. The combined financial statements of BayCare Health System for the years ended December 31, 2018 and 2017, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for BayCare Health System, is based on the reports of the other auditors and the procedures that we considered necessary in the circumstances with respect to the inclusion of the Corporation's equity investment and equity method income in the accompanying consolidated financial statements taking into consideration the differences in fiscal years. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2019 and 2018, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

September 18, 2019

TRINITY HEALTH

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2019 AND 2018
(In thousands)

ASSETS	2019	2018
CURRENT ASSETS:		
Cash and cash equivalents	$ 474,314	$ 971,726
Investments	4,833,039	3,846,190
Security lending collateral	264,435	275,228
Assets limited or restricted as to use - current portion	403,799	352,231
Patient accounts receivable, net of allowance for doubtful accounts of $480.8 million at June 30, 2018	2,012,354	2,070,567
Estimated receivables from third-party payers	267,181	213,563
Other receivables	374,818	360,477
Inventories	297,804	292,945
Assets held for sale	-	67,793
Prepaid expenses and other current assets	179,124	172,819
Total current assets	9,106,868	8,623,539
ASSETS LIMITED OR RESTRICTED AS TO USE - Noncurrent portion:		
Held by trustees under bond indenture agreements	5,828	6,865
Self-insurance, benefit plans and other	867,132	865,949
By Board	3,474,947	3,881,021
By donors	460,836	498,871
Total assets limited or restricted as to use - noncurrent portion	4,808,743	5,252,706
PROPERTY AND EQUIPMENT - Net	8,359,974	8,025,580
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	3,876,028	3,493,495
GOODWILL	437,403	438,460
OTHER ASSETS	383,088	361,920
TOTAL ASSETS	$ 26,972,104	$ 26,195,700

LIABILITIES AND NET ASSETS	2019	2018
CURRENT LIABILITIES:		
Commercial paper	$ 99,493	$ 99,904
Short-term borrowings	686,670	711,020
Current portion of long-term debt	126,727	276,295
Accounts payable and accrued expenses	1,435,939	1,548,741
Salaries, wages and related liabilities	919,055	863,143
Payable under security lending agreements	264,435	275,228
Liabilities held for sale	-	32,440
Estimated payables to third-party payers	375,116	395,970
Current portion of self-insurance reserves	282,364	272,842
Total current liabilities	4,189,799	4,475,583
LONG-TERM DEBT - Net of current portion	6,222,908	5,982,141
SELF-INSURANCE RESERVES - Net of current portion	1,036,697	1,002,274
ACCRUED PENSION AND RETIREE HEALTH COSTS	933,238	688,259
OTHER LONG-TERM LIABILITIES	754,054	703,427
Total liabilities	13,136,696	12,851,684
NET ASSETS:		
Net assets without donor restrictions	13,047,732	12,581,754
Noncontrolling ownership interest in subsidiaries	234,987	176,156
Total net assets without donor restrictions	13,282,719	12,757,910
Net assets with donor restrictions	552,689	586,106
Total net assets	13,835,408	13,344,016
TOTAL LIABILITIES AND NET ASSETS	$ 26,972,104	$ 26,195,700

The accompanying notes are an integral part of the consolidated financial statements.

TRINITY HEALTH

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2019 AND 2018
(In thousands)

	2019	2018
OPERATING REVENUE:		
Patient service revenue, net of contractual and other allowances		$ 16,406,252
Provision for bad debts		(574,954)
Net patient service revenue	$ 16,601,888	15,831,298
Premium and capitation revenue	1,060,900	1,067,582
Net assets released from restrictions	39,184	50,510
Other revenue	1,591,251	1,396,015
Total operating revenue	19,293,223	18,345,405
EXPENSES:		
Salaries and wages	8,331,228	7,949,446
Employee benefits	1,646,679	1,525,511
Contract labor	315,601	296,611
Total labor expenses	10,293,508	9,771,568
Supplies	3,228,199	2,983,635
Purchased services and medical claims	2,642,804	2,490,091
Depreciation and amortization	861,009	857,154
Occupancy	780,984	748,346
Interest	238,944	224,882
Other	921,954	868,437
Total expenses	18,967,402	17,944,113
OPERATING INCOME BEFORE OTHER ITEMS	325,821	401,292
Restructuring costs	(82,384)	-
Loss on transfer of Lourdes Health System	(57,405)	-
Asset impairment charges	(25,192)	(264,366)
OPERATING INCOME	160,840	136,926
NONOPERATING ITEMS:		
Investment earnings	421,163	488,715
Equity in earnings of unconsolidated affiliates	318,510	328,353
Change in market value and cash payments of interest rate swaps	(54,215)	25,671
Loss from early extinguishment of debt	(7,067)	(39,857)
Other, including income taxes	(4,926)	9,322
Total nonoperating items	673,465	812,204
EXCESS OF REVENUE OVER EXPENSES	834,305	949,130
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(48,334)	(47,619)
EXCESS OF REVENUE OVER EXPENSES, net of noncontrolling interest	$ 785,971	$ 901,511

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Net assets without donor restrictions attributable to Trinity Health:		
Excess of revenue over expenses	$ 785,971	$ 901,511
Net assets released from restrictions for capital acquisitions	57,306	31,900
Net change in retirement plan related items - consolidated organizations	(418,622)	394,751
Net change in retirement plan related items - unconsolidated organizations	7,762	(14,501)
Other	33,561	(14,340)
Increase in net assets without donor restrictions attributable to Trinity Health	465,978	1,299,321
Net assets without donor restrictions attributable to noncontrolling interests:		
Excess of revenue over expenses attributable to noncontrolling interests	48,334	47,619
Sale of noncontrolling interest in subsidiaries	56,715	-
Noncontrolling interests related to acquisitions	-	9,454
Dividends	(46,218)	(44,142)
Other	-	(10,478)
Increase in net assets without donor restrictions attributable to noncontrolling interests	58,831	2,453
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions:		
Program and time restrictions	95,686	112,140
Endowment funds	3,877	7,350
Net investment gains:		
Program and time restrictions	3,667	12,367
Endowment funds	1,547	7,266
Net assets released from restrictions	(96,490)	(82,410)
Other	(41,704)	102
(Decrease) increase in net assets with donor restrictions	(33,417)	56,815
INCREASE IN NET ASSETS	491,392	1,358,589
NET ASSETS - BEGINNING OF YEAR	13,344,016	11,985,427
NET ASSETS - END OF YEAR	$ 13,835,408	$ 13,344,016

The accompanying notes are an integral part of the consolidated financial statements.

TRINITY HEALTH

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018
(In thousands)

	2019	2018
OPERATING ACTIVITIES:		
Increase in net assets	$ 491,392	$ 1,358,589
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	861,009	857,154
Provision for bad debts	-	574,954
Asset impairment charges	25,192	264,366
Loss on transfer of Lourdes Health System	57,405	-
Gain on sale of subsidiaries	(16,018)	-
Sale of noncontrolling interest in subsidiaries	(56,715)	-
Inherent contributions related to acquisitions	-	(1,903)
Loss on extinguishment of debt	7,067	39,857
Change in net unrealized and realized gains on investments	(330,221)	(412,822)
Change in market values of interest rate swaps	40,729	(42,682)
Undistributed equity in earnings of unconsolidated affiliates	(343,290)	(384,534)
Deferred retirement items - consolidated organizations	418,622	(394,751)
Deferred retirement items - unconsolidated organizations	(7,762)	14,501
Increase in noncontrolling interests related to acquisitions	-	(9,454)
Restricted contributions and investment income received	(80,001)	(57,852)
Other adjustments	34,696	43,934
Changes in:		
Patient accounts receivable	(830)	(711,324)
Other assets	(42,015)	(65,283)
Accounts payable and accrued expenses	89,074	137,817
Estimated receivables from third-party payers	(34,418)	47,294
Estimated payables to third-party payers	(20,854)	26,181
Self-insurance reserves and other liabilities	9,699	5,095
Accrued pension and retiree health costs	(183,197)	(261,678)
Total adjustments	428,172	(331,130)
Net cash provided by operating activities	$ 919,564	$ 1,027,459

	2019	2018
INVESTING ACTIVITIES:		
Proceeds from sales of investments	$ 4,130,923	$ 3,877,168
Purchases of investments	(4,347,213)	(4,029,440)
Purchases of property and equipment	(1,276,346)	(1,124,533)
Proceeds from disposal of property and equipment	7,065	7,431
Net cash used for acquisitions	(188)	(261,023)
Proceeds from the sales of divestitures	21,944	5,009
Change in investments in unconsolidated affiliates	(45,276)	(10,460)
Net repayments from affiliates	6,665	6,665
(Increase) decrease in assets limited as to use and other	(16,941)	7,237
Net cash used in investing activities	(1,519,367)	(1,521,946)
FINANCING ACTIVITIES:		
Proceeds from issuance of debt	434,534	1,331,051
Repayments of debt	(339,604)	(865,374)
Net change in commercial paper	(411)	(1,769)
Dividends paid to noncontrolling interests	(46,218)	(44,142)
Proceeds from restricted contributions and restricted investment income	58,194	47,670
Increase in financing costs and other	(4,104)	(9,420)
Net cash provided by financing activities	102,391	458,016
NET DECREASE IN CASH AND CASH EQUIVALENTS	(497,412)	(36,471)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	971,726	1,008,197
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 474,314	$ 971,726
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest (net of amounts capitalized)	$ 251,755	$ 230,784
New capital lease obligations for buildings and equipment	-	2,452
Accruals for purchases of property and equipment and other long-term assets	144,696	184,024
Unsettled investment trades and purchases	22,253	75,394
Unsettled investment trades and sales	10,316	22,220
Decrease in security lending collateral	(10,793)	(57,744)
Decrease in payable under security lending agreements	10,793	57,744

The accompanying notes are an integral part of the consolidated financial statements.

1. ORGANIZATION AND MISSION

Trinity Health Corporation, an Indiana nonprofit corporation headquartered in Livonia, Michigan, and its subsidiaries ("Trinity Health" or the "Corporation"), controls one of the largest health care systems in the United States. The Corporation is sponsored by Catholic Health Ministries, a Public Juridic Person of the Holy Roman Catholic Church. The Corporation operates a comprehensive integrated network of health services, including inpatient and outpatient services, physician services, managed care coverage, home health care, long-term care, assisted living care and rehabilitation services located in 22 states. The operations are organized into Regional Health Ministries, National Health Ministries and Mission Health Ministries ("Health Ministries"). The mission statement for the Corporation is as follows:

We, Trinity Health, serve together in the spirit of the Gospel as a compassionate and transforming healing presence within our communities.

Community Benefit Ministry **–** Consistent with our mission, Trinity Health provides medical care to all patients regardless of their ability to pay. In addition, Trinity Health provides services intended to benefit those who are poor and vulnerable, including those persons who cannot afford health insurance or other payments, such as co-pays and deductibles because of inadequate resources and/or are uninsured or underinsured; and works to improve the health status of the communities in which it operates. In addition to the 6 million people Trinity Health touches directly with clinical care, our mission extends to reach another 30 million people who live in our communities. Much of our mission is carried out through clinical services serving those who are poor and vulnerable, such as our street outreach programs to meet the needs of our homeless populations. Trinity Health is building on the legacy of our founders by making a transformational shift from being primarily focused on traditional episodic care to emphasizing total population health, which includes contributing to the overall health and well-being of our communities by assessing and addressing needs, inclusive of the physical, mental and social influencers of health.

The following summary has been prepared in accordance with the Catholic Health Association of the United States' ("CHA"), *A Guide for Planning and Reporting Community Benefit*, *2015 Edition*.

The quantifiable costs of the Corporation's community benefit ministry for the years ended June 30 are as follows (in thousands):

	2019	2018
Ministry for those who are poor and underserved:		
Financial assistance	$ 203,581	$ 189,662
Unpaid cost of Medicaid and other public programs	586,161	594,136
Programs for those who are poor and the underserved:		
Community health improvement services	29,073	28,951
Subsidized health services	49,287	54,484
Financial contributions	19,675	19,751
Community building activities	2,130	2,693
Community benefit operations	5,976	6,103
Total programs for those who are poor and underserved	106,141	111,982
Ministry for those who are poor and underserved	895,883	895,780
Ministry for the broader community:		
Community health improvement services	13,223	15,297
Health professions education	168,132	148,241
Subsidized health services	45,039	46,381
Research	4,531	3,702
Financial contributions	28,321	28,462
Community building activities	1,639	1,846
Community benefit operations	3,889	2,964
Ministry for the broader community	264,774	246,893
Community benefit ministry	$ 1,160,657	$ 1,142,673

Ministry for those who are poor and underserved represents the financial commitment to seek out and serve those who need help the most, especially those who are poor, the uninsured and the indigent. This is done with the conviction that health care is a basic human right.

Ministry for the broader community represents the cost of services provided for the general benefit of the communities in which the Corporation operates. Many programs are targeted toward populations that may be poor, but also include those areas that may need special health services and support. These programs are not intended to be financially self-supporting.

Financial assistance represents the cost of services provided to patients who cannot afford health care services due to inadequate resources and/or are uninsured or underinsured. A patient is classified as a financial assistance patient in accordance with the Corporation's established policies as further described in Note 2. The cost of financial assistance is calculated using a cost-to-charge ratio methodology.

Unpaid cost of Medicaid and other public programs represent the cost (determined using a cost-to-charge ratio) of providing services to beneficiaries of public programs, including state Medicaid and indigent care programs, in excess of governmental and managed care contract payments.

Community health improvement services are activities and services carried out to improve community health and well-being, for which no patient bill exists. These services are not expected to be financially self-supporting, although some may be supported by outside grants or funding. Some examples include social and environmental improvement activities that address the social influencers of health, community health education, free immunization services, free or low-cost prescription medications and rural and urban outreach programs. The Corporation actively collaborates with community groups and agencies to assist those in need in providing such services.

Health professions education includes the unreimbursed cost of training health professionals, such as medical residents, nursing students, technicians and students in allied health professions.

Subsidized health services are net costs for billed services that are subsidized by the Corporation. These include services offered despite a financial loss because they are needed in the community and either other providers are unwilling to provide the services or the services would otherwise not be available in sufficient amount. Examples of services include free-standing community clinics, hospice care, mobile units and behavioral health services.

Research includes unreimbursed clinical and community health research and studies on health care delivery, which is generalizable and shared with the public.

Financial contributions are made by the Corporation on behalf of the poor and underserved to community agencies and restricted to support community benefit activities. These amounts include special system-wide funds used to improve community health and well-being as well as resources contributed directly to programs, organizations and foundations for efforts on behalf of the poor and underserved. Amounts included here also represent certain in-kind donations.

Community building activities include programs that address the root causes of health problems and focus on policy, systems and environmental changes. Examples include the costs of programs that improve the physical environment, promote economic development, enhance other community support systems, advocacy for community health improvement, develop leadership skills training and build community coalitions.

Community benefit operations include costs associated with dedicated staff, community health needs and/or asset assessments and other costs associated with community benefit strategy and operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation – The consolidated financial statements include the accounts of the Corporation, and all wholly-owned, majority-owned and controlled organizations. Investments where the Corporation holds less than 20% of the ownership interest are accounted for using the cost method. All other investments that are not controlled by the Corporation are accounted for using the equity method of accounting. The equity share of income or losses from investments in unconsolidated affiliates is recorded in other revenue if the unconsolidated affiliate is operational and projected to make routine and regular cash distributions; otherwise, the equity share of income or losses from investments in unconsolidated affiliates is recorded in nonoperating items in the consolidated statements of operations and changes in net assets. All material intercompany transactions and account balances have been eliminated in consolidation.

Use of Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management of the Corporation to make assumptions, estimates and judgments that affect the amounts reported in the consolidated financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any.

The Corporation considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following: recognition of net patient service revenue, which includes explicit and implicit price concessions; financial assistance; premium revenue; recorded values of investments, derivatives and goodwill; evaluation of long-lived assets for impairment; reserves for losses and expenses related to health care professional and general liabilities; and risks and assumptions for measurement of pension and retiree health liabilities. Management relies on historical experience and other assumptions believed to be reasonable in making its judgments and estimates. Actual results could differ materially from those estimates.

Cash and Cash Equivalents – For purposes of the consolidated statements of cash flows, cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

Investments – Investments, inclusive of assets limited or restricted as to use, include marketable debt and equity securities. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value and are classified as trading securities. Investments also include investments in commingled funds, hedge funds and other investments structured as limited liability corporations or partnerships. Commingled funds and hedge funds that hold securities directly are stated at the fair value of the underlying securities, as determined by the administrator, based on readily determinable market values or based on net asset value, which is calculated using the most recent fund financial statements. Limited liability corporations and partnerships are accounted for under the equity method.

Investment Earnings – Investment earnings include interest, dividends, realized gains and losses and unrealized gains and losses. Also included are equity earnings from investment funds accounted for using the equity method. Investment earnings on assets held by trustees under bond indenture agreements, assets designated by the Corporation's board of directors ("Board") for debt redemption, assets held for borrowings under the intercompany loan program, assets held by grant-making foundations, assets deposited in trust funds by a captive insurance company for self-insurance purposes and interest and dividends earned on life plan communities advance entrance fees, in accordance with industry practices, are included in other revenue in the consolidated statements of operations and changes in net assets. Investment earnings from all other investments and Board-designated funds are included in nonoperating investment income unless the income or loss is restricted by donor or law.

Derivative Financial Instruments – The Corporation periodically utilizes various financial instruments (e.g., options and swaps) to hedge interest rates, equity downside risk and other exposures. The Corporation's policies prohibit trading in derivative financial instruments on a speculative basis. The Corporation recognizes all derivative instruments in the consolidated balance sheets at fair value.

Securities Lending – The Corporation participates in securities lending transactions whereby a portion of its investments are loaned, through its agent, to various parties in return for cash and securities from the parties as collateral for the securities loaned. Each business day, the Corporation, through its agent, and the borrower determine the market value of the collateral and the borrowed securities. If on any business day the market value of the collateral is less than the required value, additional collateral is obtained as appropriate. The amount of cash collateral received under securities lending is reported as an asset and a corresponding payable in the consolidated balance sheets and is up to 105% of the market value of securities loaned. As of June 30, 2019 and 2018, the Corporation had securities loaned of $514.5 million and $486.3 million, respectively, and received collateral (cash and noncash) totaling $529.5 million and $472.0 million, respectively, relating to the securities loaned. The fees received for these transactions are recorded in nonoperating investment income in the consolidated statements of operations and changes in net assets. In addition, certain pension plans participate in securities lending programs with the Northern Trust Company, the plans' agent.

Assets Limited as to Use – Assets set aside by the Board for quasi-endowments, future capital improvements, future funding of retirement programs and insurance claims, retirement of debt, held for borrowings under the intercompany loan program, and other purposes over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under bond indenture and certain other agreements, and self-insurance trust and benefit plan arrangements are included in assets limited as to use.

Donor-Restricted Gifts – Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or program restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the consolidated statements of operations and changes in net assets.

Inventories – Inventories are stated at the lower of cost or market. The cost of inventories is determined principally by the weighted-average cost method.

Assets and Liabilities Held for Sale – The Corporation has classified certain assets as assets held for sale in the consolidated balance sheets when the assets have met applicable criteria for this classification. The Corporation has also classified as held for sale those liabilities related to assets held for sale.

Property and Equipment – Property and equipment, including internal-use software, are recorded at cost, if purchased, or at fair value at the date of donation, if donated. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using either the straight-line or an accelerated method and includes capital lease and internal-use software amortization. The useful lives of these assets range from 2 to 50 years. Interest costs incurred during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as support without donor restrictions and are excluded from the excess of revenue over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

Goodwill – Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized.

Asset Impairments –

> ***Property and Equipment*** – The Corporation evaluates long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future undiscounted cash flows. If the estimated future undiscounted cash flows are less than the carrying value of the assets, the impairment recognized is calculated as the carrying value of the long-lived assets in excess of the fair value of the assets. The fair value of the assets is estimated based on appraisals, established market values of comparable assets or internal estimates of future net cash flows expected to result from the use and ultimate disposition of the assets.

Goodwill – Goodwill is tested for impairment on an annual basis or when an event or change in circumstance indicates the value of a reporting unit may have changed. Testing is conducted at the reporting unit level. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. Estimates of fair value are based on appraisals, established market prices for comparable assets or internal estimates of future net cash flows.

Other Assets – Other assets include long-term notes receivable, reinsurance recovery receivables, definite- and indefinite-lived intangible assets other than goodwill and prepaid retiree health costs. The net balances of definite-lived intangible assets include noncompete agreements, physician guarantees and other definite-lived intangible assets with finite lives amortized using the straight-line method over their estimated useful lives, which generally range from 2 to 10 years. Indefinite-lived intangible assets primarily include trade names, which are tested annually for impairment.

Short-Term Borrowings – Short-term borrowings include puttable variable-rate demand bonds supported by self-liquidity or liquidity facilities considered short-term in nature.

Other Long-Term Liabilities – Other long-term liabilities include deferred compensation, asset retirement obligations, interest rate swaps and deferred revenue from entrance fees. Deferred revenue from entrance fees are fees paid by residents of facilities for the elderly upon entering into continuing care contracts, which are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident, net of the portion that is refundable to the resident.

Net Assets with Donor Restrictions – Net assets with donor restrictions are those whose use by the Corporation has been limited by donors to a specific time period or program. In addition, certain net assets have been restricted by donors to be maintained by the Corporation in perpetuity.

Patient Accounts Receivable, Estimated Receivables from and Payables to Third-Party Payers – The Corporation has agreements with third-party payers that provide for payments to the Corporation's Health Ministries at amounts different from established rates. Estimated retroactive adjustments under reimbursement agreements with third-party payers and other changes in estimates are included in net patient service revenue and estimated receivables from and payables to third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

For patient accounts receivable resulting from revenue recognized prior to July 1, 2018, patient accounts receivable were reported at estimated net realizable amounts from patients, third-party payers, and others for services rendered. Prior to this date, an allowance for doubtful accounts was established to reduce the carrying value of such receivables to their estimated net realizable value. Generally, this allowance was estimated based on the aging of accounts receivable and the historical collection experience by the Health Ministries for each type of payer. Under the provisions of Accounting Standards Update ("ASU") No. 2014-09 "*Revenue from Contracts with Customers (Topic 606),* " which was adopted effective July 1, 2018, an unconditional right to payment, subject only to the passage of time is treated as a receivable. Patient accounts receivable, including billed accounts and unbilled accounts for which there is an unconditional right to payment, and estimated amounts due from third-party payers for retroactive adjustments, are receivables if the right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. For patient accounts receivable subsequent to the adoption of ASU No. 2014-09 on July 1, 2018, the estimated uncollectable amounts are generally considered implicit price concessions that are a direct reduction to patient service revenue and accounts receivable.

Net Patient Service Revenue – Upon the adoption of ASU No. 2014-09, the Corporation reports patient service revenue at the amount that reflects the consideration it is expected to be entitled to in exchange for providing patient care. These amounts are due from patients, third-party payers (including commercial payers and government programs) and others, and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills patients and third-party payers several days after the services are performed or the patient is discharged from a facility.

The Corporation determines performance obligations based on the nature of the services provided. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in hospitals receiving inpatient acute care services, or receiving services in outpatient centers, or in their homes (home care). The Corporation measures performance obligations from admission to the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to the patient, which is generally at the time of discharge or the completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and the Corporation does not believe that it is required to provide additional goods and services related to that sale.

Because patient service performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption provided in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606-10-50-14(a) and, therefore, the Corporation is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payers for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payer pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The Corporation determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured and underinsured patients in accordance with the Corporation's policy, and implicit price concessions provided to uninsured and underinsured patients. The Corporation determines its estimates of contractual adjustments and discounts based on contractual agreements, discount policies and historical experience. The estimate of implicit price concessions is based on historical collection experience with the various classes of patients using a portfolio approach as a practical expedient to account for patient contracts with similar characteristics, as collective groups rather than individually. The financial statement effect of using this practical expedient is not materially different from an individual contract approach.

Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured and underinsured patients, and offers those uninsured and underinsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and for those who are uninsured and underinsured based on historical experience and current market conditions, using the portfolio approach. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense in other expenses in the statement of operations and changes in net assets.

Agreements with third-party payers typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payers is as follows:

Medicare – Acute inpatient and outpatient services rendered to Medicare program beneficiaries are paid primarily at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain items are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediaries.

Medicaid – Reimbursement for services rendered to Medicaid program beneficiaries includes prospectively determined rates per discharge, per diem payments, discounts from established charges, fee schedules and cost reimbursement methodologies with certain limitations. Cost reimbursable items are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid fiscal intermediaries.

Other – Reimbursement for services to certain patients is received from commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for reimbursement includes prospectively determined rates per discharge, per diem payments and discounts from established charges.

Cost report settlements under these programs are subject to audit by Medicare and Medicaid auditors and administrative and judicial review, and it can take several years until final settlement of such matters is determined and completely resolved. Because the laws, regulations, instructions and rule interpretations governing Medicare and Medicaid reimbursement are complex and change frequently, the estimates that have been recorded could change by material amounts.

Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations.

Financial Assistance – The Corporation provides services to all patients regardless of ability to pay. In accordance with the Corporation's policy, a patient is classified as a financial assistance patient based on specific criteria, including income eligibility as established by the *Federal Poverty Guidelines,* as well as other financial resources and obligations.

Charges for services to patients who meet the Corporation's guidelines for financial assistance are not reported as net patient service revenue in the accompanying consolidated financial statements. Therefore, the Corporation has determined it has provided implicit price concessions to uninsured and underinsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Corporation expects to collect based on its collection history with those patients.

Self-Insured Employee Health Benefits – The Corporation administers self-insured employee health benefit plans for employees. The majority of the Corporation's employees participate in the programs. The provisions of the plans permit employees and their dependents to elect to receive medical care at either the Corporation's Health Ministries or other health care providers. Patient service revenue has been reduced by an allowance for self-insured employee health benefits, which represents revenue attributable to medical services provided by the Corporation to its employees and dependents in such years.

Premium and Capitation Revenue – The Corporation has certain Health Ministries that arrange for the delivery of health care services to enrollees through various contracts with providers and common provider entities. Enrollee contracts are negotiated on a yearly basis. Premiums are due monthly and are recognized as revenue during the period in which the Corporation is obligated to provide services to enrollees. Premiums received prior to the period of coverage are recorded as deferred revenue and included in accrued expenses in the consolidated balance sheets.

Certain of the Corporation's Health Ministries have entered into capitation arrangements whereby they accept the risk for the provision of certain health care services to health plan members. Under these agreements, the Corporation's Health Ministries are financially responsible for services provided to the health plan members by other institutional health care providers. Capitation revenue is recognized during the period for which the Health Ministry is obligated to provide services to health plan enrollees under capitation contracts. Capitation receivables are included in other receivables in the consolidated balance sheets.

Reserves for incurred but not reported claims have been established to cover the unpaid costs of health care services covered under the premium and capitation arrangements. The premium and capitation arrangement reserves are classified with accrued expenses in the consolidated balance sheets. The liability is estimated based on actuarial studies, historical reporting and payment trends. Subsequent actual claim experience will differ from the estimated liability due to variances in estimated and actual utilization of health care services, the amount of charges and other factors. As settlements are made and estimates are revised, the differences are reflected in current operations.

Income Taxes – The Corporation and substantially all of its subsidiaries have been recognized as tax-exempt pursuant to Section 501(a) of the Internal Revenue Code. The Corporation also has taxable subsidiaries, which are included in the consolidated financial statements. The Corporation includes penalties and interest, if any, with its provision for income taxes in other nonoperating items in the consolidated statements of operations and changes in net assets.

Excess of Revenue Over Expenses – The consolidated statements of operations and changes in net assets include excess of revenue over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenue over expenses, consistent with industry practice, include the effective portion of the change in market value of derivatives that meet hedge accounting requirements, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets received or gifted (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets), net change in retirement plan related items, discontinued operations and cumulative effects of changes in accounting principles.

Adopted Accounting Pronouncements –

Effective July 1, 2018, the Corporation adopted the ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)"* using a modified retrospective method of application to all contracts existing on July 1, 2018. The core principle of the guidance in ASU No. 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For the Corporation's health care operations, the adoption of ASU No. 2014-09 resulted in changes to the presentation for and disclosure of revenue related to uninsured and underinsured patients. Under ASU No. 2014-09, the estimated uncollectible amounts due from these patients are generally considered an implicit price concession and are a direct reduction to patient service revenue and, correspondingly result in a material reduction in the amounts presented separately as provision for bad debts. For the year ended June 30, 2019, the Corporation recorded approximately $658.7 million of implicit price concessions as a direct reduction of patient service revenue that would have been recorded as provision for bad debts prior to the adoption of ASU No. 2014-09. At June 30, 2019, the Corporation recorded $492.4 million as a direct reduction of accounts receivable that would have been reflected as allowance for doubtful accounts prior to the adoption of ASU No. 2014-09. Other than these changes in presentation on the consolidated statement of operations and changes in net assets, consolidated balance sheet, and the statement of cash flows, the adoption of ASU No. 2014-09 did not have a material impact on the consolidated results of operations for the year ended June 30, 2019. The adoption of ASU No. 2014-09 also changed the Corporation's operating revenue disclosures.

Effective July 1, 2018, the Corporation adopted the FASB ASU No. 2018-08, *"Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). "* The guidance in ASU No. 2018-08 assists entities in (1) evaluating whether grants and similar transactions should be accounted for as contributions (nonreciprocal) within the scope of Topic 958, or as exchanges (reciprocal) subject to guidance in Topic 606 and (2) determining whether a contribution is conditional. The adoption of the guidance in ASU No. 2018-08 did not have a material impact on the Corporation's consolidated financial statements.

Effective June 30, 2019, the Corporation adopted the FASB ASU No. 2016-14, *"Presentation of Financial Statements of Not-For-Profit Entities."* This guidance simplifies and improves how not-for-profit entities classify net assets as well as the information presented in financial statements and notes about liquidity, financial performance and cash flows. Specifically, this guidance reduced the three classifications of net assets on the balance sheet to two classifications. While the adoption of ASU No. 2016-14 had a material effect on the amounts presented as net assets with donor restrictions in the consolidated balance sheets, statements of operations and changes in net assets and impacted certain disclosures, it did not materially impact the Corporation's financial position, results of operations or cash flows for the year ended June 30, 2019.

In August 2018, the FASB issued ASU No. 2018-13, *"Fair Value Measurement, Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. "* This guidance adds, modifies, and removes certain disclosure requirements on fair value measurements. This guidance is effective for the Corporation beginning July 1, 2020. This guidance allows for early adoption of only the disclosure modifications and disclosure eliminations. The Corporation early adopted those disclosure modifications and eliminations as of June 30, 2019. The adoption of additional disclosures required by ASU No. 2018-13 will have no impact on the consolidated financial statements of the Corporation but will result in changes to footnote disclosures.

In August 2018, the FASB issued ASU No. 2018-14, *"Defined Benefit Plans (Subtopic 715-20) Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans. "* This guidance changes the disclosure requirements of Subtopic 715-20, removing certain disclosure requirements no longer considered cost beneficial and clarifying existing disclosure requirements. This guidance also adds two new disclosure requirements, including disclosure of the weighted average interest crediting rates for cash balance plans, and adding an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period. The Corporation early adopted these disclosure changes as of June 30, 2019. The adoption of ASU No. 2018-14 did not have an impact on the consolidated financial statements of the Corporation but resulted in additional footnote disclosures.

In May 2019, the FASB issued ASU No. 2019-06, *"Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities (Topic 350 and Topic 805). "* This amendment extends the accounting alternative for goodwill and certain identifiable intangible assets to not-for-profit entities. The accounting alternative permits not-for-profit entities to amortize goodwill on a straight-line basis over 10 years, or less than 10 years (if a lower useful life is appropriate). Upon adoption of the accounting alternative, the entity must make a policy election to test for impairment of goodwill at either the entity level or the reporting unit level, such testing would only occur if an event occurs or circumstances change indicating the fair value of the entity or reporting unit may be below its carrying amount. The guidance was effective for the Corporation for the year ended June 30, 2019. The Corporation did not elect the alternative to amortize goodwill and continues to test goodwill for impairment.

Forthcoming Accounting Pronouncements –

In February 2016, the FASB issued ASU No. 2016-02, *"Leases. "* This guidance and related amendments introduces a lessee model that brings substantially all leases onto the consolidated balance sheet. The main difference between the guidance in ASU No. 2016-02 and current GAAP is the recognition of right-of-use lease assets and lease liabilities by lessees for those leases classified as operating leases under current GAAP. The Corporation plans to elect the practical expedients upon transition that will retain the lease classification and initial direct costs for any leases that exist prior to adoption of the standard. The Corporation will not reassess whether any contracts entered into prior to adoption are leases. The Corporation has cataloged existing lease contracts and implemented a new system for accounting in accordance with the new guidance. This guidance was effective for the Corporation beginning July 1, 2019. The Corporation is in the process of completing its evaluation of the effect this ASU will have on the consolidated financial statements, but given the material amount of future minimum payments under operating leases at June 30, 2019 discussed in Note 9, the Corporation expects to recognize material right-of-use lease assets and lease liabilities upon adoption of the ASU. The Corporation does not expect a material impact on the consolidated statements of operations and changes in net assets or cash flows.

In March 2017, the FASB issued ASU No. 2017-07, *"Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,"* which amends the requirements related to the presentation of the components of net periodic benefit cost in the statement of operations and changes in net assets for an entity's sponsored defined benefit pension and other postretirement plans. This guidance was effective for the Corporation beginning July 1, 2019. As a result of adoption, in the upcoming fiscal year 2020, the Corporation will record $79.0 million of pension and retiree medical plan income to nonoperating income in the consolidated statement of operations and changes in net assets.

In November 2016, the FASB issued ASU No. 2016-18 *"Restricted Cash,"* which adds and clarifies guidance in the presentation of changes in restricted cash on the statement of cash flows and requires restricted cash to be included with cash and cash equivalents in the statement of cash flows. This guidance does not provide a definition of restricted cash. This guidance was effective for the Corporation beginning July 1, 2019. The adoption of this guidance will change the amounts presented as cash and cash equivalents in the statement of cash flows but will not have a material effect on them. It will also impact certain disclosures but will not materially impact the Corporation's financial position, results of operation or cash flows.

In August 2016, the FASB issued ASU No. 2016-15, *"Classification of Certain Cash Receipts and Cash Payments."* This guidance adds and clarifies guidance on the classification of certain cash receipts and payments in the consolidated statement of cash flows. This guidance was effective for the Corporation beginning July 1, 2019. The Corporation does not expect this guidance to have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *"Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract."* This guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This guidance is effective for the Corporation beginning July 1, 2021. The Corporation does not expect this guidance to have a material impact on its consolidated financial statements.

In November 2018, the FASB issued ASU No. 2018-18, *"Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606."* This guidance clarifies whether certain transactions between collaborative arrangement participants should be accounted for with revenue under Topic 606. This guidance is effective for the Corporation beginning July 1, 2021. The Corporation is still evaluating the impact this guidance will have on its consolidated financial statements.

3. INVESTMENTS IN UNCONSOLIDATED AFFILIATES, BUSINESS ACQUISITIONS AND DIVESTITURES

Investments in Unconsolidated Affiliates – The Corporation and certain of its Health Ministries have investments in entities that are recorded under the cost and equity methods of accounting. As of June 30, 2019 and 2018, the Corporation maintained investments in unconsolidated affiliates with ownership interests ranging from 1.0% to 50.4%. The Corporation's share of equity earnings from entities accounted for under the equity method was $376.0 million and $410.5 million for the years ended June 30, 2019 and 2018, respectively, of which $57.5 million and $82.1 million, respectively, is included in other revenue and $318.5 million and $328.4 million, respectively, is included in nonoperating items in the consolidated statements of operations and changes in net assets. The most significant of these investments include the following:

BayCare Health System – The Corporation has a 50.4% interest in BayCare Health System Inc. and Affiliates ("BayCare"), a Florida not-for-profit corporation exempt from state and federal income taxes. BayCare was formed in 1997 pursuant to a Joint Operating Agreement ("JOA") among the not-for-profit, tax-exempt members of the Trinity Health BayCare Participants, Morton Plant Mease Health Care, Inc., and South Florida Baptist Hospital, Inc. (collectively, the "Members"). BayCare consists of three community health alliances located in the Tampa Bay area of Florida, including St. Joseph's-Baptist Healthcare Hospital, St. Anthony's Health Care, and Morton Plant Mease Health Care. The Corporation has the right to appoint nine of the 21 voting members of the Board of Directors of BayCare; therefore, the Corporation accounts for BayCare under the equity method of accounting. As of June 30, 2019 and 2018, the Corporation's investment in BayCare totaled $3,058 million and $2,759 million, respectively.

Gateway Health Plan – The Corporation has a 50% interest in Gateway Health Plan, L.P. and subsidiaries (“GHP”), a Pennsylvania limited partnership. GHP has two general partners, Highmark Ventures Inc., formerly known as Alliance Ventures, Inc., and Mercy Health Plan (a wholly owned subsidiary of the Corporation), each owning 1%. In addition to the general partners, there are two limited partners, Highmark Inc. and Mercy Health Plan, each owning 49%. As of June 30, 2019 and 2018, the Corporation’s investment in GHP totaled $213.7 million and $207.9 million, respectively.

Catholic Health System, Inc. – The Corporation has a 50% interest in Catholic Health System, Inc. and subsidiaries (“CHS”) with the Diocese of Buffalo holding the remaining 50%. CHS, formed in 1998, is a not-for-profit integrated delivery health care system in western New York. CHS operates several organizations, the largest of which are four acute care hospitals located in Buffalo, New York: Mercy Hospital of Buffalo, Kenmore Mercy Hospital, Sisters of Charity Hospital, and St. Joseph Hospital. As of June 30, 2019 and 2018, the Corporation’s investment in CHS totaled $97.3 million and $86.6 million, respectively.

Emory Healthcare/St. Joseph’s Health System – The Corporation has a 49% interest in Emory Healthcare/St. Joseph’s Health System (“EH/SJHS”). EH/SJHS operates several organizations, including two acute care hospitals, St. Joseph’s Hospital of Atlanta and John’s Creek Hospital. As of June 30, 2019 and 2018, the Corporation’s investment in EH/SJHS totaled $136.7 million and $113.7 million, respectively.

Mercy Health Network – The Corporation has a 50% interest in Mercy Health Network, dba MercyOne, (“MHN”), a nonstock-basis membership corporation with CommonSpirit Health, formerly known as Catholic Health Initiatives, (“CSH”) holding the remaining 50% interest. MHN is the sole member of Wheaton Franciscan Services, Inc. (“WFSI”) that operates three hospitals in Iowa: Covenant Medical Center located in Waterloo, Sartori Memorial Hospital located in Cedar Falls and Mercy Hospital of Franciscan Sisters located in Oelwein. In November 2018, a subsidiary of MHN acquired Central Community Hospital, a critical access hospital located in Elkader, Iowa, and as a result of this transaction, the Corporation recognized an inherent contribution of $3.7 million for the year ended June 30, 2019, in the consolidated statement of operations and changes in net assets.

Effective March 1, 2016, the Corporation and CSH amended and restated their existing MHN Joint Operating Agreement (“JOA”) that governs certain of their legacy operations in Iowa to strengthen MHN’s management responsibilities over the Iowa operations, to jointly acquire health care operations in Iowa and contiguous markets, and to provide for greater financial, governance and clinical integration. The JOA provides for the Corporation and CSH to maintain ownership of their respective assets in Iowa while agreeing to operate the Corporation’s Iowa hospitals in collaboration with CSH’s Mercy Hospital Medical Center, Des Moines, Iowa, as one organization with common governance and management. MHN has developed a regional health care network that provides for a collaborative effort in the areas of community health care development, enhanced access to health services for the poor and sharing of other common goals. Under the JOA, the Corporation and CSH equally share adjusted operating cash flow from Iowa operations, which commenced in July 2016. For the years ended June 30, 2019, and 2018, other expense includes a charge of $6.2 million and $11.9 million, respectively, related to the cash flow sharing agreement. As of June 30, 2019 and 2018, the Corporation’s investment in MHN totaled $95.7 million and $89.5 million, respectively.

Condensed consolidated balance sheets of BayCare, GHP, CHS, EH/SJHS and MHN as of June 30 are as follows (in thousands):

	2019				
	BayCare	GHP	CHS	EH/SJHS	MHN
Total assets	$ 8,390,504	$ 1,093,943	$ 1,335,359	$ 534,806	$ 301,725
Total liabilities	$ 2,141,893	$ 663,102	$ 1,066,702	$ 275,275	$ 105,207

	2018				
	BayCare	GHP	CHS	EH/SJHS	MHN
Total assets	$ 7,636,800	$ 1,110,648	$ 1,167,006	$ 514,789	$ 277,175
Total liabilities	$ 1,976,618	$ 695,165	$ 919,050	$ 287,833	$ 95,673

Condensed consolidated statements of operations of BayCare, GHP, CHS, EH/SJHS and MHN for the years ended June 30 are as follows (in thousands):

	2019				
	BayCare	GHP	CHS	EH/SJHS	MHN
Revenue, net	$ 3,921,211	$ 2,518,789	$ 1,169,970	$ 696,240	$ 390,429
Excess of revenue over expenses	$ 614,424	$ 19,731	$ (2,349)	$ 43,302	$ 8,014

	2018				
	BayCare	GHP	CHS	EH/SJHS	MHN
Revenue, net	$ 3,714,049	$ 2,538,078	$ 1,151,008	$ 509,373	$ 365,764
Excess of revenue over expenses	$ 587,888	$ 82,270	$ 25,086	$ 37,465	$ (16,115)

The following amounts have been recognized in the accompanying consolidated statements of operations and changes in net assets related to the investments in BayCare, GHP, CHS, EH/SJHS and MHN for the years ended June 30 (in thousands):

	2019				
	BayCare	GHP	CHS	EH/SJHS	MHN
Other revenue	$ -	$ 9,066	$ -	$ -	$ 2,511
Equity in earnings of unconsolidated organizations	295,688	-	(1,175)	23,591	-
Other changes in unrestricted net assets	6,373	(8,283)	11,932	-	-
Total	$ 302,061	$ 783	$ 10,757	$ 23,591	$ 2,511

	2018				
	BayCare	GHP	CHS	EH/SJHS	MHN
Other revenue	$ -	$ 42,037	$ -	$ -	$ (6,215)
Equity in earnings of unconsolidated organizations	296,354	-	12,543	22,495	-
Other changes in unrestricted net assets	8,125	(8,936)	(11,151)	-	-
Total	$ 304,479	$ 33,101	$ 1,392	$ 22,495	$ (6,215)

The unaudited summarized financial position and results of operations for the entities accounted for under the equity method excluding BayCare, GHP, CHS, EH/SJHS and MHN as of and for the years ended June 30 are as follows (in thousands):

	2019					
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Hospital Organizations	Other Investees	Total
Total assets	$ 69,646	$ 281,538	$ 55,037	$ 99,365	$ 738,944	$ 1,244,530
Total liabilities	$ 48,413	$ 121,091	$ 20,769	$ 23,363	$ 339,819	$ 553,455
Revenue, net	$ 15,615	$ 296,004	$ 88,662	$ 20,510	$ 1,498,902	$ 1,919,693
Excess (deficiency) of revenue over expenses	$ 3,777	$ 31,910	$ 25,621	$ (827)	$ 41,052	$ 101,533

	2018					
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Hospital Organizations	Other Investees	Total
Total assets	$ 70,038	$ 218,821	$ 52,003	$ 75,560	$ 684,176	$ 1,100,598
Total liabilities	$ 51,116	$ 97,123	$ 20,815	$ 30,830	$ 347,034	$ 546,918
Revenue, net	$ 16,391	$ 277,352	$ 85,617	$ 52,892	$ 1,522,794	$ 1,955,046
Excess (deficiency) of revenue over expenses	$ 2,604	$ 30,738	$ 24,470	$ (2,762)	$ 43,516	$ 98,566

Acquisitions:

MacNeal Hospital and MacNeal Health Providers ("MacNeal") – On March 1, 2018, the Corporation's Loyola University Health System ("Loyola"), through a wholly controlled subsidiary, purchased the assets of MacNeal Hospital, located in Berwyn, Illinois, and certain other health care operations affiliated with the hospital from an affiliate of Tenet Healthcare Corporation. MacNeal is a health care system that includes a 368-bed community hospital, clinical laboratory, physician medical group, real estate management company, accountable care organization and clinically integrated network. The acquisition of MacNeal will expand Loyola's delivery network for people-centered care, which includes population health and community health. As a result of this transaction, the Corporation recognized goodwill of $142.4 million as cash consideration paid exceeded net assets acquired for the year ended June 30, 2018. The majority of the transaction costs totaling $2.0 million were accrued and paid during the year ended June 30, 2018, primarily for legal and consulting services, and are included in purchased services in the consolidated statement of operations and changes in net assets.

Summarized consolidated balance sheet information for MacNeal at March 1, 2018, is shown below (in thousands):

Cash, cash equivalents, and investments	$ 226	Current portion of long-term debt	$ 926
Patient accounts receivable, net	51,238	Accounts payable and accrued expenses	21,463
Other receivables	4,670	Salaries, wages and related liabilities	14,679
Inventory	5,073	Estimated payables to third-party payors	38,204
Prepaid expenses and other current assets	889	Long-term debt	654
Property and equipment	121,790	Other long-term liabilities	1,238
Investment in unconsolidated affiliates	500	Total liabilities acquired	$ 77,164
Excess cost over net asset acquisition	142,357		
Other intangible assets	3,500	Total net assets without donor restrictions	$ 256,364
Other assets	3,285		
Total assets acquired	$ 333,528		

For the year ended June 30, 2019 and the four-month period ended June 30, 2018, MacNeal reported revenue of $345.5 million and $116.3 million, respectively, and deficiency of revenue over expenses of $1.6 million and $1.0 million, respectively, in the consolidated statements of operations and changes in net assets.

Sales and Divestitures:

St. Joseph Mercy Chelsea Hospital ("Chelsea") – Effective July 1, 2018, the Corporation, through its subsidiary Trinity Health - Michigan, sold a 49% noncontrolling membership interest to the Regents of the University of Michigan as part of a broader initiative to develop and implement new collaborations on a statewide basis throughout Michigan to improve the health of the communities that they serve and enhance the efficiencies and value of the systems' delivery of health care. The Corporation maintains control of Chelsea. At the effective date, $53.8 million was recorded as noncontrolling ownership interest in subsidiaries in the consolidated statements of operations and changes in net assets and on the consolidated balance sheet. For the year ended June 30, 2019, the Corporation's consolidated statements of operations and changes in net assets included revenue of $173.2 million and deficiency of revenue over expenses of $2.3 million, related to the operations of Chelsea prior to the provision for noncontrolling ownership interest.

Membership Transfer Agreement Lourdes Health System ("Lourdes") – Effective June 30, 2019, Maxis, a wholly-controlled subsidiary of Trinity Health, transferred membership interests of Our Lady of Lourdes Health Care Services, Inc. (the Lourdes legal entity) from Maxis to Virtua Health, Inc. ("Virtua"). The transfer to Virtua included substantially all of the health care operations and certain assets and working capital of Lourdes effective as of June 30, 2019. Lourdes includes Our Lady of Lourdes Medical Center (Camden, NJ) and Lourdes Medical Center of Burlington County (Willingboro, NJ) and their affiliated operations. As a result of the Membership Transfer agreement executed on June 4, 2018, certain assets and liabilities met the criteria to be classified as held for sale in accordance with the guidance in the FASB's Accounting Standards Codification 360, "*Property, Plant and Equipment*." Assets of $67.8 million were reclassified as "assets held for sale" in current assets and related liabilities of $32.4 million were reclassified as "liabilities held for sale" in current liabilities in the accompanying consolidated balance sheet as of June 30, 2018. These assets and liabilities were recorded at the lower of their carrying amount or their fair value less estimated costs to sell. As further described in Note 5, an asset impairment charge of $69.9 million was recorded in the statement of operations and changes in net assets during the year ended June 30, 2018 to write-down fixed assets held for sale to their estimated fair value, less estimated costs to sell, as a result of the planned divestiture of these assets. As a result of the transaction, a loss on transfer of $57.4 million was recorded in the statement of operations and changes in net assets for the year-ended

June 30, 2019. For the years ended June 30, 2019 and 2018, the Corporation's consolidated statements of operations and changes in net assets included revenue of $542.4 million and $564.2 million, respectively, and deficiency of revenue over expenses of $90.6 million and $93.6 million respectively, related to the operations of Lourdes.

4. OPERATING REVENUE

Operating revenue consists primarily of net patient service revenue and premium and capitation revenue. Revenue from patient's deductibles and coinsurance are included in the categories presented below based on the primary payer. Premium revenue primarily results from the Corporation's health plans, which sell Medicare Advantage products, under two separate contracts with CMS. The table below shows sources of net patient service revenue by primary payer for the year ended June 30 (in thousands):

		2019
Net patient service revenue, by payer:		
Medicare	$	6,681,591
Blue Cross		3,384,270
Medicaid		2,640,210
Uninsured		372,364
Commercial and Other		3,523,453
Net patient service revenue, by payer	$	16,601,888

Patient service revenue, net of contractual and other allowances (but before provision for bad debts) recognized during the year ended June 30 are as follows (in thousands):

		2018
Patient service revenue, by payer:		
Medicare	$	6,321,196
Blue Cross		3,427,570
Medicaid		2,603,890
Uninsured		453,003
Commercial and Other		3,600,593
Patient service revenue, by payer	$	16,406,252

The composition of net patient service revenue and other revenue based on service lines for the year ended June 30 (in thousands) are as follows:

		2019
Service line net patient service revenue:		
Acute care - inpatient	$	7,531,801
Acute care - outpatient		6,351,416
Physician services		1,986,771
Long term care		324,644
Home health care		407,256
Net patient service revenue, by service line	$	16,601,888
Premium revenue		612,487
Capitation revenue		448,413
Revenue from other sources		1,630,435
Total operating revenue	$	19,293,223

5. LONG-LIVED ASSETS

Property and Equipment:

A summary of property and equipment as of June 30 is as follows (in thousands):

	2019	2018
Land	$ 357,802	$ 354,787
Buildings and improvements	9,928,543	9,277,115
Equipment	6,264,515	6,194,869
Capital leased assets	133,181	160,685
Total	16,684,041	15,987,456
Accumulated depreciation and amortization	(9,439,638)	(9,068,253)
Construction in progress	1,115,571	1,106,377
Property and equipment, net	$ 8,359,974	$ 8,025,580

As of June 30, 2019, commitments for capital projects of approximately $334.7 million were outstanding. Significant commitments are primarily for facility expansion at existing campuses and related infrastructures at the following Health Ministries: Mount Carmel Health System in Columbus, Ohio – $70.8 million; Mercy Health Campus in Muskegon, Michigan – $42.2 million; St. Peter's Health Partners in Albany, New York – $39.2 million; St. Mary Mercy in Livonia, Michigan – $20.6 million; and MercyOne Medical Center in Dubuque, Iowa – $18.7 million. Additionally, Trinity Information Services has commitments of $42.8 million primarily related to system-wide software licenses and upgrades. The remaining amount is due to several smaller projects across the Corporation.

In conjunction with the acquisition of St. Francis Hospital and Medical Center, Hartford, CT ("SFC") during the year ended June 30, 2016, the Corporation committed to $275 million of capital spending over five years, if performance metrics were achieved, with the commitment period ending June 30, 2020. The Corporation's related capital spending for SFC through June 30, 2019 is $193.2 million.

Goodwill:

The following table provides information on changes in the carrying amount of goodwill, which is included in the accompanying consolidated financial statements of the Corporation as of June 30 (in thousands):

	2019	2018
As of July 1:		
Goodwill	$ 468,441	$ 331,024
Accumulated impairment loss	(29,981)	(29,981)
Total	438,460	301,043
Goodwill acquired during the year	-	156,593
Reclassification to assets held for sale	-	(19,176)
Impairment loss	(1,057)	-
Total	$ 437,403	$ 438,460
As of June 30:		
Goodwill	$ 468,441	$ 468,441
Accumulated impairment loss	(31,038)	(29,981)
Total	$ 437,403	$ 438,460

Impairments:

During the year ended June 30, 2019, the Corporation recorded impairment charges of $25.2 million in the consolidated statement of operations and changes in net assets. $23.4 million of the impairments were primarily at certain facilities of four Health Ministries across the Corporation where material adverse trends in the most recent estimates of future undiscounted cash flows indicated that the carrying value of the long-lived assets were not recoverable from estimated future cash flows. The Corporation believes the most significant factors contributing to the continuing adverse financial trends in these locations include reduction in volumes, shifts in payer mix or a reduction in the remaining estimated useful life of the assets. The total impairments were comprised of $23.4 million of property and equipment, and $1.8 million of goodwill and other assets.

During the year ended June 30, 2018, the Corporation recorded impairment charges of $264.4 million in the consolidated statement of operations and changes in net assets. $107.8 million of impairments were due to the Corporation's decision to move to a single, enterprise-wide electronic health record and revenue cycle management system platform. The integrated system will enable the health system to improve experiences for patients and clinicians. The project has commenced during fiscal year 2019. As discussed in Note 3, $69.9 million of the impairments were due to the planned divestiture of the Corporation's Lourdes subsidiary. $86.7 million of the impairments were primarily at three Health Ministries across the Corporation where material adverse trends in the most recent estimates of future undiscounted cash flows indicated that the carrying value of the long-lived assets were not recoverable from estimated future cash flows. The Corporation believes the most significant factors contributing to the continuing adverse financial trends in these locations include reduction in volumes and shifts in payer mix. The total impairments were comprised of $15.7 million of land, $244.4 million of property and equipment, and $4.3 million of intangible and other assets.

6. LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

A summary of short-term borrowings and long-term debt as of June 30 is as follows (in thousands):

	2019	2018
Short-term borrowings:		
Variable rate demand bonds with contractual maturities through 2049. Interest payable monthly at rates ranging from 0.85% to 2.40% during 2019 and 0.74% to 1.82% during 2018	$ 686,670	$ 711,020
Long-term debt:		
Tax-exempt revenue bonds and refunding bonds:		
Fixed-rate term and serial bonds, payable at various dates through 2049. Interest rates ranging from 2.72% to 6.25% during 2019 and 2.00% to 8.38% during 2018	$ 4,388,570	$ 4,288,594
Variable-rate term bonds, payable at various dates through 2051. Interest rates ranging from 1.32% to 3.19% during 2019 and 1.15% to 2.95% during 2018	830,967	834,812
Taxable revenue bonds:		
Fixed-rate term, payable in 2046. Interest rate of 4.13% during 2019 and 2018	481,515	481,515
Variable-rate term bonds, payable at various dates through 2051. Interest rates ranging from 2.53% to 2.97% during 2019 and 1.68% to 2.43% during 2018	54,680	54,680
Notes payable to banks. Interest payable at rates ranging from 1.44% to 5.15% during 2019 and 1.44% to 8.00% during 2018, fixed and variable, payable in varying monthly installments through 2032	27,214	30,693
Capital lease obligations (excluding imputed interest of $24.9 million at June 30, 2019 and $28.9 million at June 30, 2018)	69,715	81,618
Mortgage obligations. Interest payable at rates ranging from 3.35% to 5.04% during 2019 and 3.05% to 5.75% during 2018	70,817	78,396
Other	59,223	55,270
Total long-term debt	5,982,701	5,905,578
Less current portion, net of current discounts	(126,727)	(276,295)
Unamortized debt issuance costs	(37,670)	(37,838)
Unamortized premiums, net	404,604	390,696
Long-term debt, net of current portion	$ 6,222,908	$ 5,982,141

Contractually obligated principal repayments on short-term borrowings and long-term debt are as follows (in thousands):

	Short-Term Borrowings	Long-Term Debt
Years ending June 30:		
2020	$ 19,395	$ 127,400
2021	16,810	118,021
2022	17,735	117,001
2023	16,395	124,408
2024	16,920	127,016
Thereafter	599,415	5,368,855
Total	$ 686,670	$ 5,982,701

A summary of interest costs on borrowed funds primarily under the revenue bond indentures during the years ended June 30 is as follows (in thousands):

	2019	2018
Interest costs incurred	$ 256,692	$ 240,748
Less capitalized interest	(17,748)	(15,866)
Interest expense included in operations	$ 238,944	$ 224,882

Obligated Group and Other Requirements – The Corporation has debt outstanding under a master trust indenture dated October 3, 2013, as amended and supplemented, the amended and restated master indenture ("ARMI"). The ARMI permits the Corporation to issue obligations to finance certain activities. Obligations issued under the ARMI are joint and several obligations of the obligated group established thereunder (the "Obligated Group," which currently consists of the Corporation). Proceeds from tax-exempt bonds and refunding bonds are to be used to finance the construction, acquisition and equipping of capital improvements. Proceeds from taxable bonds are to be used to finance corporate purposes. Certain Health Ministries of the Corporation constitute designated affiliates and the Corporation covenants to cause each designated affiliate to pay, loan or otherwise transfer to the Obligated Group such amounts necessary to pay the amounts due on all obligations issued under the ARMI. The Obligated Group and the designated affiliates are referred to as the Trinity Health Credit Group.

Effective June 28, 2019, the St. Peter's obligated group and master trust indenture were discharged and certain New York entities that constitute designated affiliates were formally transitioned to the Trinity Health Credit Group. Prior to June 28, 2019, those New York entities, consisting of St. Peter's Hospital of the City of Albany; St Peter's Health Partners; Memorial Hospital, Albany, New York; Samaritan Hospital of Troy, New York; Seton Health System, Inc.; Sunnyview Hospital and Rehabilitation Center; the Capital Region Geriatric Center, Inc. and Hawthorne Ridge, Inc., were included in the Corporation's consolidated financial statements, but were not part of the Trinity Health Credit Group. Additionally, St. Joseph's Hospital Health Center, Syracuse, New York became a designated affiliate on June 28, 2019. Also, as a result of the transfer of Lourdes, described in Note 3, the related designated affiliates were removed from the Trinity Health Credit Group effective June 30, 2019.

Pursuant to the ARMI, the Obligated Group agent (which is the Corporation) has caused the designated affiliates representing, when combined with the Obligated Group members, at least 85% of the consolidated net revenues of the Trinity Health Credit Group to grant to the master trustee security interests in their pledged property which security interests secure all obligations issued under the ARMI. There are several conditions and covenants required by the ARMI with which the Corporation must comply, including covenants that require the Corporation to maintain a minimum historical debt-service coverage and limitations on liens or security interests in property, except for certain permitted encumbrances, affecting the property of the Corporation or any material designated affiliate (a designated affiliate whose total revenues for the most recent fiscal year exceed 5% of the combined total revenues of the Corporation for the most recent fiscal year). Long-term debt outstanding as of June 30, 2019 and 2018, that has not been secured under the ARMI is generally collateralized by certain property and equipment.

Further, Mercy Health System of Chicago ("MHSC") has a $53.3 million mortgage loan outstanding at June 30, 2019, that is insured by the U.S. Department of Housing and Urban Development ("HUD"). MHSC's payment obligations under the two mortgage notes evidencing this loan are guaranteed by the Corporation. The mortgage loan agreements with HUD contain various covenants, including those relating to limitations on incurring additional debt, transactions with affiliates, transferring or disposing of designated property, use of funds and other assets of the mortgaged property, financial performance, required reserves, insurance coverage, timely submission of specified financial reports and restrictions on prepayment of the mortgage loan. MHSC and the Corporation provided covenants to HUD not to interfere in the performance of MHSC's obligations under the HUD-insured loan documents. MHSC is not a designated affiliate and is not part of the Trinity Health Credit Group.

Commercial Paper – The Corporation's commercial paper program is authorized for borrowings up to $600 million. As of June 30, 2019 and 2018, the total amount of commercial paper outstanding was $99.5 million and $99.9 million, respectively. Proceeds from this program are to be used for general purposes of the Corporation. The notes are payable from the proceeds of subsequently issued notes and from other funds available to the Corporation, including funds derived from the liquidation of securities held by the Corporation in its investment portfolio. The interest rate charged on borrowings outstanding during the years ended June 30, 2019 and 2018, ranged from 1.89% to 2.55% and 1.03% to 2.03%, respectively.

Liquidity Facilities – On August 30, 2018, the Corporation reduced its commitment amount from $931 million to $900 million under a single Credit Agreement (the "Credit Agreement"), by and among the Corporation and U.S. Bank National Association, which acts as an administrative agent for a group of lenders under the Credit Agreement. The Credit Agreement establishes a revolving credit facility for the Corporation, under which that group of lenders agree to lend to the Corporation amounts that may fluctuate from time to time. Amounts drawn under the Credit Agreement can only be used to support the Corporation's obligation to pay the purchase price of bonds that are subject to tender and that have not been successfully remarketed, and the maturing principal of and interest on commercial paper notes. Of the $900 million available balance, the amount is divided equally among the three tranches ($300 million each), with maturity dates of August 2020, August 2021 and August 2022. The Credit Agreement is secured by obligations under the ARMI. As of June 30, 2019 and 2018, there were no amounts outstanding on this Credit Agreement. See Note 14 for further discussion of liquidity facilities.

In addition, in August 2017, the Corporation renewed a three-year general purpose credit facility of $200 million. As of June 30, 2019 and 2018, there were no amounts outstanding under this credit facility. See Note 14 for further discussion of liquidity facilities.

Standby Letters of Credit – The Corporation has entered into various standby letters of credit totaling $107.0 million and $56.9 million as of June 30, 2019 and 2018, respectively. These standby letters of credit are renewed annually and are available to the Corporation as necessary under its insurance programs and for unemployment liabilities. There were no draws on the letters of credit during the years ended June 30, 2019 and 2018.

Transactions – In October 2017, the Corporation remarketed $50 million in tax-exempt, variable-rate hospital revenue bonds under the ARMI, pursuant to a continuing covenant agreement with a private purchaser which provides for a three-year mandatory tender period (subject to mandatory tender on October 2, 2020).

During December 2017, the Trinity Health Credit Group issued $986.1 million par value in tax-exempt fixed-rate hospital revenue bonds at a premium of $137.0 million under the ARMI. Proceeds were used to refund $504.4 million of certain tax-exempt bonds and pay down $217.5 million of then outstanding taxable commercial paper obligations in December 2017. The remaining proceeds were used to finance, refinance and reimburse a portion of the costs of acquisition, construction, and renovation and equipping of health facilities. The Corporation advance refunded the bonds by depositing funds in trustee-held escrow accounts exclusively for the payment of principal and interest. The trustees/escrow agents are solely responsible for the subsequent extinguishment of the bonds. The trustee-held escrow accounts are invested in U.S. government securities.

Also during December 2017, tax-exempt bonds of $204 million were converted from variable-rate to fixed-rate bonds. Concurrently during December 2017, the Trinity Health Credit Group issued $131.5 million of additional bonds under the existing taxable fixed-rate bonds that were originally issued in 2015, at a premium of $7.2 million. Proceeds were used to refund $56.0 million of the tax-exempt bonds. Remaining proceeds were used to finance corporate purposes of the Corporation and its affiliates and to pay certain costs of issuance. The Corporation advance refunded the tax-exempt bonds by depositing funds in trustee-held escrow accounts exclusively for the payment of principal and interest. The trustees/escrow agents are solely responsible for the subsequent extinguishment of the bonds. The trustee-held escrow accounts are invested in U.S. government securities. In January 2018, tax-exempt bonds of $49.2 million were converted from variable-rate to fixed-rate bonds.

During February 2019, the Trinity Health Credit Group issued $347.0 million par value tax-exempt fixed-rate hospital revenue bonds at a premium of $36.5 million under the ARMI. Proceeds were used to partially refund $78.9 million of certain tax-exempt bonds. The remaining proceeds will be used to refinance and reimburse a portion of the costs of acquisition, construction, and renovation and equipping of health facilities. The Corporation also refunded certain tax-exempt bonds within 90 days of the call date of such bonds, by depositing funds in trustee-held escrow accounts exclusively for the payment of principal and interest of such bonds. The trustees/escrow agents are solely responsible for the subsequent extinguishment of the bonds. The trustee held escrow accounts are invested in U.S. government securities. Also during February 2019, $75.0 million of tax-exempt variable-rate direct placement bonds were converted to a floating rate note.

As a result of the divestiture of Lourdes on June 30, 2019, described in Note 3, the Corporation defeased approximately $85.2 million of bonds through the funding of various escrow accounts on June 28, 2019. In addition, the Corporation redeemed approximately $1.3 million of bonds on June 28, 2019.

7. PROFESSIONAL AND GENERAL LIABILITY PROGRAMS

The Corporation operates a wholly owned insurance company, Trinity Assurance, Ltd. ("TAL"). TAL qualifies as a captive insurance company and provides certain insurance coverage to the Corporation's Health Ministries under a centralized program. The Corporation is self-insured for certain levels of general and professional liability, workers' compensation and certain other claims. The Corporation has limited its liability by purchasing other coverages from unrelated third-party commercial insurers. TAL has also limited its liability through commercial reinsurance arrangements.

The Corporation's current self-insurance program includes $15 million per occurrence for the primary layers of professional liability as well as $10 million per occurrence for general and hospital government liability, $5 million per occurrence for miscellaneous errors and omissions liability, and $1 million per occurrence for management liability (directors' and officers' and employment practices), network security and privacy liability and certain other coverages. In addition, through TAL and its various commercial reinsurers, the Corporation maintains integrated excess liability coverage with separate annual aggregate limits for professional/general liability and management liability. The Corporation self-insures $750,000 per occurrence for workers' compensation in most states, with commercial insurance providing coverage up to the statutory limits, and self-insures up to $500,000 per occurrence for first-party property damage with commercial insurance providing additional coverage. Privacy and network security coverage in excess of the self-insurance is also commercially insured.

The liability for self-insurance reserves represents estimates of the ultimate net cost of all losses and loss adjustment expenses, which are incurred but unpaid at the consolidated balance sheet date. The reserves are based on the loss and loss adjustment expense factors inherent in the Corporation's premium structure. Independent consulting actuaries determined these factors from estimates of the Corporation's expenses and available industry-wide data. The Corporation discounts the reserves to their present value using a 2.5% and 3% discount rate as of June 30, 2019 and 2018, respectively. The reserves include estimates of future trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the liability for unpaid claims and related adjustment expenses is adequate based on the loss experience of the Corporation. The estimates are continually reviewed and adjusted as necessary. The changes to the estimated self-insurance reserves were determined based upon the annual independent actuarial analyses.

Claims in excess of certain insurance coverage and the recorded self-insurance liability have been asserted against the Corporation by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. There are known incidents occurring through June 30, 2019, that may result in the assertion of additional claims and other claims may be asserted arising from services provided in the past. While it is possible that settlement of asserted claims and claims which may be asserted in the future could result in liabilities in excess of amounts for which the Corporation has provided, management, based upon the advice of legal counsel, believes that the excess liability, if any, should not materially affect the consolidated financial statements of the Corporation.

8. PENSION AND OTHER BENEFIT PLANS

Deferred Compensation – The Corporation has nonqualified deferred compensation plans at certain Health Ministries that permit eligible employees to defer a portion of their compensation. The deferred amounts are distributable in cash after retirement or termination of employment. As of June 30, 2019 and 2018, the assets under these plans totaled $256.0 million and $230.4 million, respectively, and liabilities totaled $269.3 million and $240.3 million, respectively, which are included in self-insurance, benefit plans and other assets and other long-term liabilities in the consolidated balance sheets.

Defined Contribution Benefits – The Corporation sponsors defined contribution pension plans covering substantially all of its employees. These programs are funded by employee voluntary contributions, subject to legal limitations. Employer contributions to these plans include a nonelective contribution of 3% for participants who satisfy certain eligibility requirements, with a minimum nonelective contribution for certain participants, and varying levels of matching contributions based on employee service. The employees direct their voluntary contributions and employer contributions among a variety of investment options. Contribution expense under the plans totaled $353.6 million and $336.2 million for the years ended June 30, 2019 and 2018, respectively.

Noncontributory Defined Benefit Pension Plans ("Pension Plans") – The Corporation maintains qualified Pension Plans that are closed to new participants and under which benefit accruals are frozen. Certain nonqualified, supplemental plan arrangements also provide retirement benefits to specified groups of participants.

Certain plans are subject to the provisions of the Employee Retirement Security Act of 1974 ("ERISA"). The majority of the plans sponsored by the Corporation are intended to be "Church Plans," as defined in the Code Section 414(e) and Section 3(33) of the ERISA, as amended, which have not made an election under Section 410(d) of the Code to be subject to ERISA. The Corporation's adopted funding policy for its qualified church plans, which is reviewed annually, is to fund the current service cost based on the accumulated benefit obligations and amortization of any under or over funding.

Postretirement Health Care and Life Insurance Benefits ("Postretirement Plans") – The Corporation sponsors both funded and unfunded contributory plans to provide health care benefits to certain of its retirees. All of the Postretirement Plans are closed to new participants. The Postretirement Plans cover certain hourly and salaried employees who retire from certain Health Ministries. Medical benefits for these retirees are subject to deductibles and cost sharing provisions. The funded plans provide benefits to certain retirees at fixed dollar amounts in health reimbursement account arrangements for Medicare eligible participants.

The following table sets forth the changes in projected benefit obligations, accumulated postretirement obligations and changes in plan assets and funded status of the plans for both the Pension Plans and Postretirement Plans for the years ended June 30 (in thousands):

	2019	2018	2019	2018
	Pension Plans		Postretirement Plans	
Change in Benefit Obligations:				
Benefit obligation, beginning of year	$ 7,190,747	$ 7,713,581	$ 123,762	$ 135,753
Service cost	-	-	87	168
Interest cost	313,309	313,868	5,290	5,342
Actuarial loss (gain)	560,724	(388,277)	(3,697)	(11,326)
Benefits paid	(454,129)	(448,425)	(6,238)	(6,243)
Medicare Part D reimbursement	-	-	25	68
Plan change	-	-	(652)	-
Benefit obligation, end of year	7,610,651	7,190,747	118,577	123,762
Change in Plan Assets:				
Fair value of plan assets, beginning of year	6,533,160	6,433,395	113,506	106,168
Actual return on plan assets	499,917	363,810	10,415	10,999
Employer contributions	127,049	184,380	2,280	2,582
Benefits paid	(454,129)	(448,425)	(6,238)	(6,243)
Fair value of plan assets, end of year	6,705,997	6,533,160	119,963	113,506
Unfunded amount recognized June 30	$ (904,654)	$ (657,587)	$ 1,386	$ (10,256)
Recognized in other long-term assets	$ 101	$ 435	$ 29,869	$ 19,981
Recognized in accrued pension and retiree health costs	$ (904,755)	$ (658,022)	$ (28,483)	$ (30,237)

Actuarial losses during 2019 are due primarily to decreases in the discount rates used to measure plan liabilities and changes in demographics. Actuarial gains during 2018 are due primarily to increases in discount rates used to measure plan liabilities and changes in mortality assumptions. One of the postretirement plans was modified to exclude life insurance eligibility for participants not retired as of December 31, 2018 resulting in a gain of $0.6 million.

The accumulated benefit obligation for all defined benefit pension plans was $7,610,527 and $7,190,428 at June 30, 2019 and 2018, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets

	2019	2018
Accumulated benefit obligation	$ 7,601,244	$ 7,181,243
Fair value of plan assets	6,696,610	6,523,540
Funded status	$ (904,634)	$ (657,703)

Information for pension plans with a projected benefit obligation in excess of plan assets

	2019	2018
Projected benefit obligation	$ 7,601,365	$ 7,181,565
Fair value of plan assets	6,696,610	6,523,540
Funded status	$ (904,755)	$ (658,025)

The accumulated postretirement benefit obligation for all plans was $118,577 and $123,762 at June 30, 2019 and 2018, respectively.

Information for postretirement plans with an accumulated benefit obligation in excess of plan assets

	2019	2018
Accumulated benefit obligation	$ 28,782	$ 30,721
Fair value of plan assets	508	591
Funded status	$ (28,274)	$ (30,130)

Components of net periodic benefit income for the years ended June 30 consisted of the following (in thousands):

	2019	2018	2019	2018
	Pension Plans		Postretirement Plans	
Service cost	$ -	$ -	$ 87	$ 168
Interest cost	313,309	313,868	5,290	5,342
Expected return on assets	(425,523)	(440,103)	(7,716)	(7,735)
Amortization of prior service credit	(5,428)	(9,057)	(421)	(501)
Recognized net actuarial loss (gain)	67,590	77,869	(1,188)	(183)
Net periodic benefit income	$ (50,052)	$ (57,423)	$ (3,948)	$ (2,909)

The amounts included in net assets without donor restrictions, including amounts arising during the year and amounts reclassified into net periodic benefit cost, are as follows (in thousands):

	Pension Plans		
	Net Loss (Gain)	Prior Service Credit	Total
Balance at July 1, 2017	$ 2,595,555	$ (125,670)	$ 2,469,885
Reclassified into net periodic benefit cost	(77,869)	9,057	(68,812)
Arising during the year	(311,976)	-	(311,976)
Balance at June 30, 2018	$ 2,205,710	$ (116,613)	$ 2,089,097
Reclassified into net periodic benefit cost	(67,590)	5,428	(62,162)
Arising during the year	486,326	-	486,326
Balance at June 30, 2019	$ 2,624,446	$ (111,185)	$ 2,513,261

	Postretirement Plans			All Plans
	Net Loss (Gain)	Prior Service Credit	Total	Grand Total
Balance at July 1, 2017	$ (4,353)	$ (2,706)	$ (7,059)	$ 2,462,826
Reclassified into net periodic benefit cost	183	501	684	(68,128)
Arising during the year	(14,647)	-	(14,647)	(326,623)
Balance at June 30, 2018	$ (18,817)	$ (2,205)	$ (21,022)	$ 2,068,075
Reclassified into net periodic benefit cost	1,188	421	1,609	(60,553)
Arising during the year	(6,499)	(652)	(7,151)	479,175
Balance at June 30, 2019	$ (24,128)	$ (2,436)	$ (26,564)	$ 2,486,697

Assumptions used to determine benefit obligations and net periodic benefit cost as of and for the years ended June 30 were as follows:

	2019	2018	2019	2018
	Pension Plans		**Postretirement Plans**	
Benefit Obligations:				
Discount rate	3.60% - 4.00%	4.15% - 4.60%	3.30% - 3.75%	3.75% - 4.55%
Weighted average interest crediting rate	3.12%	3.59%	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A
Net Periodic Benefit Cost:				
Discount rate	4.15% - 4.60%	3.95% - 4.35%	3.75% - 4.55%	3.60% - 4.20%
Weighted average interest crediting rate	3.59%	3.37%	N/A	N/A
Expected long-term return on plan assets	5.00% - 6.75%	7.00%	7.00%	7.50%
Rate of compensation increase	N/A	N/A	N/A	N/A

Approximately 72% of the Corporation's pension plan liabilities were measured using a 3.80% and 4.50% discount rate as of June 30, 2019 and 2018, respectively.

The Corporation utilizes a pension liability driven investment strategy in determining its asset allocation and long-term rate of return for plan assets. This risk management strategy uses a glide path methodology based on funded status to initiate asset allocation changes across the efficient frontier. Efficient frontier analysis models the risk and return trade-offs among asset classes while taking into consideration the correlation among the asset classes. Historical market returns and risks are examined as part of this process, but risk-based adjustments are made to correspond with modern portfolio theory. Long-term historical correlations between asset classes are used, consistent with widely accepted capital markets principles. Current market factors, such as inflation and interest rates, are evaluated before long-term capital market assumptions are determined. The long-term rate of return is established using the efficient frontier analysis approach with proper consideration of asset class diversification and rebalancing. Peer data and historical returns are reviewed to check for reasonableness and appropriateness.

Health Care Cost Trend Rates – Assumed health care cost trend rates have a significant effect on the amounts reported for the postretirement plans. The postretirement benefit obligation includes assumed health care cost trend rates as of June 30 as follows:

	2019	2018
Medical and drugs, pre-age 65	6.95%	7.22%
Medical and drugs, post-age 65	6.95%	7.22%
Ultimate trend rate	5.0%	5.0%
Year rate reaches the ultimate rate	2026	2026

The Corporation's investment allocations as of June 30 by investment category are as follows:

	2019	2018	2019	2018
	Pension Plans		Postretirement Plans	
Investment Category:				
Cash and cash equivalents	3%	3%	-	1%
Marketable securities:				
U.S. and non-U.S. equity securities	12%	12%	-	-
Equity mutual funds	4%	5%	-	-
Debt securities	42%	34%	19%	22%
Other investments:				
Commingled funds	20%	24%	81%	77%
Hedge funds	16%	18%	-	-
Private equity funds	3%	4%	-	-
Total	100%	100%	100%	100%

The Corporation employs a total return investment approach whereby a mix of equities and fixed-income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed-income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value and small and large capitalizations. Other investments, such as hedge funds, interest rate swaps and private equity are used judiciously to enhance long-term returns while improving portfolio diversification. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements and periodic asset/liability studies. For the majority of the Corporation's pension plan investments, the combined target investment allocation as of June 30, 2019, was global and traditional equity securities 35%; long/short equity 7%; fixed-income obligations 40%; hedge funds 11%; alternative debt 5%; and cash 2%.

The following tables summarize the Pension Plans' and Postretirement Plans' assets measured at fair value as of June 30 (in thousands). See Note 10 for definitions of Levels 1, 2 and 3 of the fair value hierarchy. There were no Level 3 assets held in any of the retirement plans at June 30, 2019.

	2019		
Pension Plans:	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Total Fair Value**
Cash and cash equivalents	$ 224,876	$ 6,677	$ 231,553
Equity securities	797,342	101	797,443
Debt securities			
Government and government agency obligations	-	1,070,431	1,070,431
Corporate bonds	-	1,672,888	1,672,888
Asset backed securities	-	38,286	38,286
Exchange traded/mutual funds			
Equity funds	255,465	-	255,465
Fixed-income funds	52,440	-	52,440
Other	(1,089)	-	(1,089)
Subtotal	$ 1,329,034	$ 2,788,383	$ 4,117,417
Investments measured at net asset value:			
Commingled funds			
Equity funds			1,304,625
Fixed-income funds			13,279
Hedge funds			1,065,553
Private equity			205,123
Total assets			$ 6,705,997
Postretirement Plans:			
Exchange traded/mutual funds			
Short-term investment funds	$ 281	$ -	$ 281
Fixed-income funds	22,985	-	22,985
Other	809	-	809
Subtotal	$ 24,075	$ -	$ 24,075
Investment measured at net asset value:			
Equity commingled fund			95,888
Total assets			$ 119,963

Pension Plans:	2018 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Cash and cash equivalents	$ 161,162	$ 9,176	$ -	$ 170,338
Equity securities	755,918	100	-	756,018
Debt securities				
Government and government agency obligations	-	814,823	-	814,823
Corporate bonds	-	1,344,248	-	1,344,248
Asset backed securities	-	68,698	-	68,698
Exchange traded/mutual funds				
Equity funds	311,707	-	-	311,707
Fixed-income funds	58,149	-	-	58,149
Private equity	-	-	2,421	2,421
Other	(17,895)	-	-	(17,895)
Subtotal	$ 1,269,041	$ 2,237,045	$ 2,421	$ 3,508,507
Investments measured at net asset value:				
Commingled funds				
Equity funds				1,535,149
Fixed-income funds				12,479
Hedge funds				1,204,394
Private equity				272,631
Total assets				$ 6,533,160
Postretirement Plans:				
Exchange traded/mutual funds				
Short-term investment funds	$ 1,254	$ -	$ -	$ 1,254
Fixed-income funds	24,310	-	-	24,310
Other	4,174	-	-	4,174
Subtotal	$ 29,738	$ -	$ -	$ 29,738
Investment measured at net asset value:				
Equity commingled fund				83,768
Total assets				$ 113,506

Unfunded capital commitments related to private equity investments totaled $51.1 million and $47.3 million as of June 30, 2019 and 2018, respectively.

See Note 10 for the Corporation's methods and assumptions to estimate the fair value of equity and debt securities, mutual funds, commingled funds and hedge funds.

Private Equity – These assets include two private equity funds that invest primarily in Europe, both directly and on the secondary market. These funds are valued based on competitive bid evaluation.

Other – Represents unsettled transactions relating primarily to purchases and sales of plan assets, accrued income and derivatives. Due to the short maturity of these assets and liabilities, the fair value approximates the carrying amounts. The fair value of the derivatives is estimated utilizing the terms of the derivative instruments and publicly available market yield curves. The Pension Plans' investment policies specifically prohibit the use of derivatives for speculative purposes.

The following table summarizes the changes in Level 3 Pension Plan assets for the years ended June 30 (in thousands):

	Private Equity	
Balance at July 1, 2017	$	4,275
Realized gain		775
Unrealized loss		(645)
Settlements		(1,984)
Balance at June 30, 2018	$	2,421
Transfer out of level 3		(2,421)
Balance at June 30, 2019	$	-

Assets were transferred out of Level 3 into Level 1 as the funds are winding down and the remaining balance is not material to the portfolio.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Expected Contributions – The Corporation expects to contribute approximately $169 million to its Pension Plans and $3 million to its Postretirement Plans during the year ended June 30, 2020, under the Corporation's stated funding policies.

Expected Benefit Payments – The Corporation expects to pay the following for pension benefits for the year ending June 30, which reflect expected future service as appropriate, and expected postretirement benefits, before deducting the Medicare Part D subsidy (in thousands):

	Pension Plans		Postretirement Plans		Postretirement Medicare Part D Subsidy	
Years ending June 30:						
2020	$	542,583	$	9,032	$	62
2021		492,119		9,074		57
2022		490,236		9,019		51
2023		490,618		8,852		47
2024		486,337		8,629		41
Years 2025 - 2029		2,303,069		39,848		140

9. COMMITMENTS AND CONTINGENCIES

Operating Leases – The Corporation leases various land, facilities and equipment under operating leases. Total rental expense, which includes provisions for maintenance in some cases, was $223.6 million and $224.1 million for the years ended June 30, 2019 and 2018, respectively.

The following is a schedule of future minimum lease payments under operating leases as of June 30, 2019, that have initial or remaining lease terms in excess of one year (in thousands):

Years ending June 30:		
2020	$	172,118
2021		148,749
2022		127,253
2023		98,410
2024		73,409
Thereafter		172,236
Total	$	792,175

Litigation and Settlements – One of the Corporation's Regional Health Ministries, Mount Carmel Health System ("MCHS"), discovered sentinel events relating to a clinical practice by one of its physicians and the related conduct of certain of MCHS' staff. The physician's employment was terminated, and this matter was reported to the authorities. The Corporation and MCHS continue to fully cooperate with the investigations. Based on its own investigation, the Corporation and MCHS developed an action plan and immediately began implementing steps to ensure that these events do not happen again. The Corporation believes that this matter will be resolved without material adverse effect to the Corporation's future consolidated financial position or results of operations.

The Corporation is involved in other litigation and regulatory investigations arising in the ordinary course of doing business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Corporation's future consolidated financial position or results of operations.

Health Care Regulatory Environment - The health care industry is subject to numerous and complex laws and regulations of federal, state and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, privacy, government health care program participation requirements and government reimbursement for patient services, fraud and abuse requirements, and requirements for tax-exempt organizations. Laws and regulations concerning government programs, including Medicare and Medicaid, are subject to varying interpretation. Compliance with such laws and regulations is complex and can be subject to future government review and interpretation as well as significant regulatory enforcement actions, including fines, penalties and potential exclusion from government health care programs such as Medicare and Medicaid. As a result of investigations by governmental agencies, the Corporation and its Health Ministries periodically receive requests for information and notices regarding alleged noncompliance with those laws and regulations, billing, payment or other reimbursement matters initiating investigations, or indicating the existence of whistleblower litigation which, in some instances, have resulted in the Corporation entering into significant settlement agreements. There can be no assurance that regulatory authorities will not challenge the Corporation's compliance with these laws and regulations. In addition, the contracts the Corporation has with commercial payers also provide for retroactive audit and review of claims. The health care industry in general is experiencing an increase in these activities as federal and state governments increase their enforcement activities and institute new programs designed to identify potential irregularities in reimbursement or quality of patient care. Based on the information received to date, management does not believe the ultimate resolution of these matters will have a material adverse effect on the Corporation's future consolidated financial position or results of operations.

10. LIQUIDITY AND FAIR VALUE MEASUREMENTS

Liquidity and Availability – The following financial assets are not subject to donor or other contractual restrictions and are available for expenditure generally within one year of the balance sheet date. Board-designated funds have been established in which the Board has the objective of setting funds aside that can be drawn upon for current needs. Also, as more fully described in Note 6, the Corporation has a commercial paper program authorized for borrowings of up to $600 million and a general purpose credit facility of $200 million, of which both could be drawn upon in the event of an unanticipated liquidity need.

The Corporation monitors liquidity position through days cash on hand, which is defined as total unrestricted cash and investments without donor or contractual restrictions, divided by total operating expenses minus depreciation and amortization, divided by the number of days in the period.

The following table depicts the liquidity position of the Corporation at June 30, 2019, but does not include cash or securities provided to the Corporation as collateral under its securities lending program (in thousands):

Cash and cash equivalents	$	474,314
Investment securities classified as current assets		4,833,039
Board-designated funds		3,648,527
Total unrestricted cash and investments	$	8,955,880
Days cash on hand		181

Approximately 5% of the Board-designated funds include private equity investments that may not be as readily available depending on market conditions.

The Corporation has other assets limited or restricted as to use for donor-restricted purposes, debt service and for future capital improvements. Additionally, certain other Board-designated assets are designated for future capital expenditures and operating reserves. These assets limited to use, which are more fully described in Note 12, are not available for general expenditure within the next year. However, the Board-designated amounts could be made available, if necessary and are thus reflected in the amounts above.

In addition, as of June 30, 2019 the Corporation has a working capital surplus of $4.9 billion.

Fair Value Measurements – The Corporation's consolidated financial statements reflect certain assets and liabilities recorded at fair value. Assets and liabilities measured at fair value on a recurring basis in the Corporation's consolidated balance sheets include cash, cash equivalents, security lending collateral, equity securities, debt securities, mutual funds, commingled funds, hedge funds and derivatives. Defined benefit retirement plan assets are measured at fair value on an annual basis; see Note 8 for further details. Liabilities measured at fair value on a recurring basis for disclosure only include debt.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value should be based on assumptions that market participants would use, including a consideration of nonperformance risk.

To determine fair value, the Corporation uses various valuation methodologies based on market inputs. For many instruments, pricing inputs are readily observable in the market; the valuation methodology is widely accepted by market participants and involves little to no judgment. For other instruments, pricing inputs are less observable in the marketplace. These inputs can be subjective in nature and involve uncertainties and matters of considerable judgment. The use of different assumptions, judgments and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The Corporation assesses the inputs used to measure fair value using a three-level hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. The fair value hierarchy is as follows:

Level 1 – Quoted (unadjusted) prices for identical instruments in active markets

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar instruments in active markets
- Quoted prices for identical or similar instruments in nonactive markets (few transactions, limited information, noncurrent prices, high variability overtime, etc.)
- Inputs other than quoted prices that are observable for the instrument (interest rates, yield curves, volatilities, default rates, etc.)
- Inputs that are derived principally from or corroborated by other observable market data

Level 3 – Unobservable inputs that cannot be corroborated by observable market data

Valuation Methodologies – Exchange-traded securities whose fair value is derived using quoted prices in active markets are classified as Level 1. In instances where quoted market prices are not readily available, fair value is estimated using quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models and other pricing models. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve as well as other relevant economic measures. The inputs to these models depend on the type of security being priced, but are typically benchmark yields, credit spreads, prepayment spreads, reported trades and broker-dealer quotes, all with reasonable levels of transparency. Generally, significant changes in any of those inputs in isolation would result in a significantly different fair value measurement. The Corporation classifies these securities as Level 2 within the fair value hierarchy. The Corporation also has certain investments that are classified as Level 3. These investments are primarily valued using competitive bid evaluations or cost, if it approximates fair value.

The Corporation maintains policies and procedures to value instruments using the best and most relevant data available. The Corporation has not adjusted the prices obtained. Third-party administrators do not provide access to their proprietary valuation models, inputs and assumptions. Accordingly, the Corporation reviews the independent reports of internal controls for these service providers. In addition, on a quarterly basis, the Corporation performs reviews of investment consultant industry peer group benchmarking and supporting relevant market data. Finally, all of the fund managers have an annual independent audit performed by an accredited accounting firm. The Corporation reviews these audited financials for ongoing validation of pricing used. Based on the information available, the Corporation believes that the fair values provided by the third-party administrators and investment fund managers are representative of prices that would be received to sell the assets.

In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest-level input that is significant to the fair value measurement in its entirety. The Corporation's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset.

Following is a description of the valuation methodologies the Corporation used for instruments recorded at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Cash and Cash Equivalents – The carrying amounts reported in the consolidated balance sheets approximate their fair value. Certain cash and cash equivalents are included in investments and assets limited or restricted as to use in the consolidated balance sheet. Included in this category is commercial paper. The fair value of commercial paper is based on amortized cost. Commercial paper is designated as Level 2 investments with significant observable inputs, including security cost, maturity and credit rating.

Security Lending Collateral – The security lending collateral is invested in a Northern Trust sponsored commingled collateral fund, which is composed primarily of short-term securities. The fair value amounts of the commingled collateral fund are determined using the calculated net asset value per share (or its equivalent) for the fund with the underlying investments valued using techniques similar to those used for instruments noted below.

Equity Securities – Equity securities are valued at the closing price reported on the applicable exchange on which the security is traded or are estimated using quoted market prices for similar securities.

Debt Securities – Debt securities are valued using quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models and other pricing models. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve as well as other relevant economic measures.

Exchange-Traded/Mutual Funds – Exchange-traded funds are valued at the closing price reported on the applicable exchange on which the fund is traded or estimated using quoted market prices for similar securities. Mutual funds are valued using the net asset value based on the value of the underlying assets owned by the fund, minus liabilities, divided by the number of shares outstanding and multiplied by the number of shares owned.

Commingled Funds – Commingled funds are developed for investment by institutional investors only and, therefore, do not require registration with the Securities and Exchange Commission. Commingled funds are recorded at fair value based on net asset value, which is calculated using the most recent fund financial statements.

Hedge Funds – Hedge funds utilize either a direct or a “fund-of-funds” approach resulting in diversified multistrategy, multimanager investments. Underlying investments in these funds may include equity securities, debt securities, commodities, currencies and derivatives. These funds are valued at net asset value, which is calculated using the most recent fund financial statements.

The Corporation classifies its equity and debt securities, mutual funds, commingled funds and hedge funds as trading securities. The amount of holding gains included in the excess of revenue over expenses related to securities still held as of June 30, 2019 and 2018, were $1,013.4 million and $928.7 million, respectively.

Equity Method Investments – Certain other investments are accounted for using the equity method. These investments are structured as limited liability corporations and partnerships and are designed to produce stable investment returns regardless of market activity. These investments utilize a combination of “fund-of-funds” and direct fund investment strategies resulting in a diversified multistrategy, multimanager investment approach. Some of these funds are developed by investment managers specifically for the Corporation’s use and are similar to mutual funds, but are not traded on a public exchange. Underlying investments in these funds may include other funds, equity securities, debt securities, commodities, currencies and derivatives. Audited information is only available annually based on the limited liability corporations, partnerships or funds' year-end. Management's estimates of the fair values of these investments are based on information provided by the third-party administrators and fund managers or the general partners. Management obtains and considers the audited financial statements of these investments when evaluating the overall reasonableness of the recorded value. In addition to a review of external information provided, management's internal procedures include such things as review of returns against benchmarks and discussions with fund managers on performance, changes in personnel or process, along with evaluations of current market conditions for these investments. Because of the inherent uncertainty of valuations, values may differ materially from the values that would have been used had a ready market existed. Unfunded capital commitments related to equity method investments totaled $825.9 million and $599.0 million as of June 30, 2019 and 2018, respectively.

Interest Rate Swaps – The fair value of the Corporation's derivatives, which are mainly interest rate swaps, are estimated utilizing the terms of the swaps and publicly available market yield curves along with the Corporation's nonperformance risk as observed through the credit default swap market and bond market and based on prices for recent trades. These swap agreements are classified as Level 2 within the fair value hierarchy.

The following tables present information about the fair value of the Corporation's financial instruments measured at fair value on a recurring basis and recorded as of June 30, (in thousands):

	2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Cash and cash equivalents	$ 699,225	$ 51,255	$ -	$ 750,480
Security lending collateral	-	264,435	-	264,435
Equity securities	2,851,609	1,414	6,708	2,859,731
Debt securities:				
Government and government agency obligations	-	641,859	107	641,966
Corporate bonds	-	1,008,042	293	1,008,335
Asset backed securities	-	319,678	-	319,678
Bank loans	-	13,462	-	13,462
Other	-	14,353	-	14,353
Exchange traded/mutual funds:				
Equity funds	587,061	-	-	587,061
Fixed income funds	469,638	-	-	469,638
Real estate investment funds	81,615	-	-	81,615
Other	109,129	-	-	109,129
Interest rate swaps	-	6,813	-	6,813
Subtotal	$ 4,798,277	$ 2,321,311	$ 7,108	$ 7,126,696
Equity method investments				1,611,706
Investments measured at net asset value:				
Commingled funds				1,235,860
Hedge funds				691,561
Total assets				$ 10,665,823
Liabilities:				
Interest rate swaps	$ -	$ 168,933	$ -	$ 168,933

The following tables present information about the fair value of the Corporation's financial instruments measured at fair value on a recurring basis and recorded as of June 30, (in thousands):

	2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value**
Assets:				
Cash and cash equivalents	$ 1,625,102	$ 57,831	$ -	$ 1,682,933
Security lending collateral	-	275,228	-	275,228
Equity securities	2,404,812	1,143	6,540	2,412,495
Debt securities:				
Government and government agency obligations	-	695,980	4,180	700,160
Corporate bonds	-	993,772	622	994,394
Asset backed securities	-	294,055	-	294,055
Bank loans	-	35,218	-	35,218
Other	-	11,484	-	11,484
Exchange traded/mutual funds:				
Equity funds	688,434	-	-	688,434
Fixed income funds	95,713	-	-	95,713
Real estate investment funds	37,603	-	-	37,603
Other	92,856	-	-	92,856
Interest rate swaps	-	6,139	-	6,139
Subtotal	$ 4,944,520	$ 2,370,850	$ 11,342	$ 7,326,712
Equity method investments				1,317,827
Investments measured at net asset value:				
Commingled funds				1,296,703
Hedge funds				681,978
Total assets				$ 10,623,220
Liabilities:				
Interest rate swaps	$ -	$ 127,531	$ -	$ 127,531

The following table reconciles the information about the fair value of the Corporation's financial instruments measured at fair value on a recurring basis presented in the table above to amounts presented in the consolidated balance sheets as of June 30 (in thousands):

	2019	2018
Assets:		
Cash and cash equivalents	$ 474,314	$ 971,726
Investments	4,833,039	3,846,190
Security lending collateral	264,435	275,228
Assets limited or restricted as to use - current portion	403,799	352,231
Assets limited or restricted as to use - noncurrent portion:		
Held by trustees under bond indenture agreements	5,828	6,865
Self-insurance, benefit plans and other	867,132	865,949
By Board	3,474,947	3,881,021
By donor	460,836	498,871
Interest rate swaps in other long-term assets	6,813	6,139
Less items not recorded at fair value:		
Total unconditional promises to give, net	(74,392)	(54,427)
Reinsurance recovery receivable	(42,487)	(20,731)
Other, primarily beneficial interests in trusts	(8,441)	(5,842)
Total assets	$ 10,665,823	$ 10,623,220

The following table summarizes the changes in Level 3 assets for the years ended June 30 (in thousands):

	Equity Securities	Government and Government Agency Obligations	Corporate Bonds	Total
Balance at July 1, 2017	$ 5,468	$ 5,310	$ 1,019	$ 11,797
Realized (loss) gain	-	(95)	63	(32)
Unrealized gain	1,072	270	26	1,368
Purchases	-	490	567	1,057
Settlements	-	(1,795)	(1,053)	(2,848)
Balance at June 30, 2018	$ 6,540	$ 4,180	$ 622	$ 11,342
Realized loss	-	-	(29)	(29)
Unrealized loss	-	(8)	(59)	(67)
Purchases	168	-	297	465
Settlements	-	(3,848)	(538)	(4,386)
Transfers to Level 2	-	(217)	-	(217)
Balance at June 30, 2019	$ 6,708	$ 107	$ 293	$ 7,108

Investments in Entities that Calculate Net Asset Value per Share – The Corporation holds shares or interests in investment companies at year-end, included in commingled funds and hedge funds, where the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company. There were no unfunded commitments as of June 30, 2019 and 2018. The fair value and redemption rules of these investments are as follows as of June 30 (in thousands):

	2019		
	Fair Value	**Redemption Frequency**	**Redemption Notice Period**
Commingled funds	$ 1,235,860	Daily, monthly, semi-monthly	2 - 15 days
Hedge funds	691,561	Monthly, quarterly, semi-annually	15 - 120 days
Total	$ 1,927,421		

	2018		
	Fair Value	**Redemption Frequency**	**Redemption Notice Period**
Commingled funds	$ 1,296,703	Daily and semi-monthly	2 - 3 days
Hedge funds	681,978	Monthly, quarterly, semi-annually, bi-annually	30 - 95 days
Total	$ 1,978,681		

The hedge fund category includes equity long/short hedge funds, multistrategy hedge funds and relative value hedge funds. Equity long/short hedge funds invest both long and short, primarily in U.S. common stocks. Management of the fund has the ability to shift investments from value to growth strategies, from small to large capitalization stocks and from a net long position to a net short position. Multistrategy hedge funds pursue multiple strategies to diversify risks and reduce volatility. Relative value hedge fund's strategy is to exploit structural and technical inefficiencies in the market by investing in financial instruments that are perceived to be inefficiently priced as a result of business, financial or legal uncertainties. Investments representing approximately 0% and 0.5% of the value of the investments in this category as of June 30, 2019 and 2018, respectively, can only be redeemed bi-annually subsequent to the initial investment date. Investments representing 68.5% and 59.2% of the investments in this category as of June 30, 2019 and 2018, respectively, can only be redeemed at the rate of 25% per quarter.

The commingled fund category primarily includes investments in funds that invest in financial instruments of U.S. and non-U.S. entities, primarily bonds, notes, bills, debentures, currencies and interest rate and derivative products.

The composition of investment returns included in the consolidated statements of operations and changes in net assets for the years ended June 30 is as follows (in thousands):

	2019	2018
Dividend, interest income and other	$ 177,085	$ 163,389
Realized gain, net	176,969	266,841
Realized equity earnings, other investments	38,450	48,414
Change in net unrealized gain on investments	123,793	95,867
Total investment return	$ 516,297	$ 574,511
Included in:		
Operating income	$ 89,920	$ 66,163
Nonoperating items	421,163	488,715
Changes in net assets with donor restrictions	5,214	19,633
Total investment return	$ 516,297	$ 574,511

In addition to investments, assets restricted as to use include receivables for unconditional promises to give cash and other assets, net of allowances for uncollectible promises to give. Unconditional promises to give consist of the following as of June 30 (in thousands):

	2019	2018
Amounts expected to be collected in:		
Less than one year	$ 48,501	$ 25,343
One to five years	29,891	31,978
More than five years	4,933	4,491
	83,325	61,812
Discount to present value of future cash flows	(5,104)	(3,789)
Allowance for uncollectible amounts	(3,828)	(3,596)
Total unconditional promises to give, net	$ 74,393	$ 54,427

Patient Accounts Receivable, Estimated Receivables from Third-Party Payers and Current Liabilities – The carrying amounts reported in the consolidated balance sheets approximate their fair value.

Long-Term Debt – The carrying amounts of the Corporation's variable-rate debt approximate their fair values. The fair value of the Corporation's fixed-rate debt is estimated using discounted cash flow analyses, based on current incremental borrowing rates for similar types of borrowing arrangements. Under the fair value hierarchy, these financial instruments are valued primarily using Level 2 inputs. The fair value of the tax-exempt fixed-rate long-term revenue and refunding bonds was $4,931 million and $4,674 million as of June 30, 2019 and 2018, respectively. The related carrying value of the tax-exempt fixed-rate long-term revenue and refunding bonds was $4,389 million and $4,289 million as of June 30, 2019 and 2018, respectively. The fair value of the taxable fixed-rate long-term revenue bonds was $520 million and $471 million as of June 30, 2019 and 2018, respectively. The related carrying value of the taxable fixed-rate long-term revenue bonds was $482 million as of June 30, 2019 and 2018. The fair values of the remaining fixed-rate capital leases, notes payable to banks and mortgage loans are not materially different from their carrying values.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Financial Instruments – In the normal course of business, the Corporation is exposed to market risks, including the effect of changes in interest rates and equity market volatility. To manage these risks, the Corporation enters into various derivative contracts, primarily interest rate swaps. Interest rate swaps are used to manage the effect of interest rate fluctuations.

Management reviews the Corporation's hedging program, derivative position and overall risk management on a regular basis. The Corporation only enters into transactions it believes will be highly effective at offsetting the underlying risk.

Interest Rate Swaps – The Corporation utilizes interest rate swaps to manage interest rate risk related to the Corporation's variable interest rate debt. Cash payments on interest rate swaps totaled $13.3 million and $16.3 million for the years ended June 30, 2019 and 2018, respectively, and are included in nonoperating income.

Certain of the Corporation's interest rate swaps contain provisions that give certain counterparties the right to terminate the interest rate swap if a rating is downgraded below specified thresholds. If a ratings downgrade threshold is breached, the counterparties to the derivative instruments could demand immediate termination of the swaps. Such termination could result in a payment from the Corporation or a payment to the Corporation depending on the market value of the interest rate swap.

Effect of Derivative Instruments on Excess of Revenue over Expenses – The Corporation has interest rate swaps not designated as hedging instruments which are included in the excess of revenue over expenses in the statement of operations. Net (losses) gains included in the change in market value and cash payments of interest rate swaps totaled ($54.2) million and $25.7 million for the years ended June 30, 2019 and 2018, respectively.

Balance Sheet Effect of Derivative Instruments – The following table summarizes the estimated fair value of the Corporation's derivative financial instruments as of June 30 (in thousands):

Derivatives Not Designated as Hedging Instruments	Consolidated Balance Sheet Location	Fair Value 2019	Fair Value 2018
Asset Derivatives:			
Interest rate swaps	Other long-term assets	$ 6,813	$ 6,139
Liability Derivatives:			
Interest rate swaps	Other long-term liabilities	$ 168,933	$ 127,531

The counterparties to the interest rate swaps expose the Corporation to credit loss in the event of nonperformance. As of June 30, 2019 and 2018, an adjustment for nonperformance risk reduced derivative assets by $0.1 million and $0.2 million and derivative liabilities by $5.2 million and $6.4 million, respectively.

12. NET ASSETS WITHOUT DONOR RESTRICTIONS AND WITH DONOR RESTRICTIONS

Net assets with donor restrictions are those whose use by the Corporation has been limited by donors to a specific program or time period. In addition, certain restricted assets have been restricted by donors to be maintained by the Corporation in perpetuity. Net assets with donor restrictions as of June 30 are restricted for the following programs or periods (in thousands):

	2019	2018
Subject to expenditure for specified program		
Education and research	$ 40,424	$ 28,489
Building and equipment	98,797	110,920
Patient care	42,121	60,789
Cancer center/research	26,290	28,233
Services for elderly care	36,566	36,013
Other	90,630	102,730
Total subject to expenditure for specified program	334,828	367,174
Subject to the passage of time		
For periods after June 30	23,958	21,450
Total subject to expenditure for specified program and passage of time	$ 358,786	$ 388,624
Subject to organization spending policy and appropriation		
Investment in perpetuity, which, once appropriated, is expendable to support:		
Hospital operations	108,763	108,078
Medical programs	12,377	9,947
Scholarship funds	8,819	7,032
Research funds	11,684	12,579
Community service funds	14,221	17,160
Other	38,039	42,686
Total subject to organization spending policy and appropriation	193,903	197,482
Total net assets with donor restrictions	$ 552,689	$ 586,106

The Corporation's endowments consist of funds established for a variety of purposes. Endowments include both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Corporation considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

The Corporation employs a total return investment approach whereby a mix of equities and fixed-income investments are used to maximize the long-term return of endowment funds for a prudent level of risk. The Corporation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. The Corporation can appropriate each year all available earnings in accordance with donor restrictions. The endowment corpus is to be maintained in perpetuity. Certain donor-restricted endowments require a portion of annual earnings to be maintained in perpetuity along with the corpus. Only amounts exceeding the amounts required to be maintained in perpetuity are expended.

The changes in endowment net assets and composition by type of fund for the years ended June 30 are as follows (in thousands):

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, July 1, 2017	$ 74,100	$ 247,384	$ 321,484
Investment return:			
Investment income	2,056	5,349	7,405
Change in net realized and unrealized gains	3,512	7,159	10,671
Total investment return	5,568	12,508	18,076
Contributions	249	7,499	7,748
Appropriation of endowment assets for expenditures	(4,508)	(1,504)	(6,012)
Other	12,181	(12,726)	(545)
Endowment net assets, June 30, 2018	87,590	253,161	340,751
Investment return:			
Investment income	2,225	8,524	10,749
Change in net realized and unrealized gains (losses)	2,800	(5,166)	(2,366)
Total investment return	5,025	3,358	8,383
Contributions	957	6,142	7,099
Appropriation of endowment assets for expenditures	(3,648)	(2,666)	(6,314)
Other	3,861	(15,915)	(12,054)
Endowment net assets, June 30, 2019	$ 93,785	$ 244,080	$ 337,865

The table below describes the restrictions for endowment amounts classified as net assets with donor restrictions as of June 30 (in thousands):

	2019	2018
Net assets with donor restrictions:		
Endowments requiring income to be added to the original gift	$ 6,483	$ 6,019
Term endowment funds	4,677	5,245
Accumulated investment gains on endowment funds:		
Without purpose restrictions	150,111	149,770
With purpose restrictions	82,809	92,127
Total endowment funds classified as net assets with donor restrictions	$ 244,080	$ 253,161

Underwater Endowments – Periodically, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the Corporation to retain as a fund of perpetual duration. Deficiencies of this nature exist did not exist for the years ended June 30, 2019 and 2018. The Corporation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. However, the Corporation's policy for all endowments is the investment returns released into income during the year may not exceed 5% of the total investment pool balance. This policy also applies to underwater endowments.

Governing Board Designations – At times, the Corporation's governing Board may make designations or appropriations that result in self-imposed limits on the use of resources without donor restrictions, known as Board-designated net assets. The Corporation's governing Board has designated, from net assets without donor restrictions amounts for the following purposes as of June 30 (in thousands):

	2019	2018
Quasi-endowment funds	$ 93,785	$ 87,590
Future capital improvements	1,098,835	1,426,196
System development fund	865,983	1,088,784
Insurance and retirement programs	666,662	608,123
Retirement of debt/intercompany loan program	542,427	461,538
Program/mission	265,051	284,915
Liquidity reserve	23,555	18,751
Other	92,222	68,515
Total governing Board designations	3,648,520	4,044,412
Less current portion	(173,573)	(163,391)
Total governing Board designations, net of current portion	$ 3,474,947	$ 3,881,021

13. RESTRUCTURING CHARGES

During the year ended June 30, 2019, management authorized a plan to consolidate and restructure staffing, primarily related to revenue cycle billing services, voluntary severance programs and certain information systems colleagues. In addition, certain sites undertook early lease terminations. As a result of these actions, restructuring charges of $82.4 million for the year ended June 30, 2019 were recorded in the consolidated statement of operations and changes in net assets. The restructuring charges are primarily for severance, termination benefits and early lease termination costs. As of June 30, 2019, $26.3 million has been paid.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 18, 2019, the date the consolidated financial statements were issued. The following subsequent events were noted:

Liquidity Facilities – On August 30, 2019, the Corporation extended the maturity dates of the single Credit Agreement with a total commitment amount of $900 million. The amount is divided equally among three tranches ($300 million each), with maturity dates of August 2021, August 2022 and August 2023. In addition, on August 30, 2019, the Corporation renewed a general purpose credit facility of $200 million and was extended to August 2022.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL CONSOLIDATING SCHEDULES

To the Board of Directors of
Trinity Health Corporation
Livonia, Michigan

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating schedules (the "Schedules") listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. These Schedules are the responsibility of Trinity Health Corporation's management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such Schedules have been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such Schedules directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such Schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Deloitte & Touche LLP

September 18, 2019

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	Saint Agnes Medical Center, Fresno, California	Saint Alphonsus Health System, Oregon-Idaho	Mercy Health Services, Iowa-Nebraska	Loyola University Health System, Maywood, Illinois	Mercy Hospital and Medical Center, Chicago, Illinois	Saint Joseph Regional Medical Center, South Bend, Indiana	Trinity Health Michigan Region	Mount Carmel Health System, Columbus, Ohio	Holy Cross Health Inc, Maryland
ASSETS									
CURRENT ASSETS:									
Cash, cash equivalents and investments	$ 42,750	$ 259,424	$ 224,276	$ 203,509	$ 15,949	$ 82,929	$ 1,568,834	$ 788,449	$ 317,930
Assets limited or restricted as to use - current portion	198	479	583	7,109	4,037	299	25,680	668	955
Patient and other receivables, net	158,328	185,320	155,840	314,855	36,934	80,863	525,179	210,966	76,878
Other current assets	9,296	19,237	29,289	41,703	5,830	10,748	64,377	30,335	11,411
Total current assets	210,572	464,460	409,988	567,176	62,750	174,839	2,184,070	1,030,418	407,174
ASSETS LIMITED OR RESTRICTED AS TO USE -									
Noncurrent portion:									
Held in trust	-	9,805	21,856	40,032	5,845	6,828	57,039	21,806	765
By Board	320,106	81,658	236,747	1,684	-	-	389,226	139,718	2,000
By donors	9,410	6,470	11,057	63,213	3,179	10,576	64,517	11,227	3,896
Total assets limited or restricted as to use - noncurrent portion	329,516	97,933	269,660	104,929	9,024	17,404	510,782	172,751	6,661
PROPERTY AND EQUIPMENT, Net	201,590	530,327	285,746	637,011	33,289	313,725	1,603,682	1,119,983	436,657
OTHER ASSETS	34,027	95,955	317,890	264,155	2,185	35,798	306,393	159,638	75,167
TOTAL ASSETS	$ 775,705	$ 1,188,675	$ 1,283,284	$ 1,573,271	$ 107,248	$ 541,766	$ 4,604,927	$ 2,482,790	$ 925,659
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES	$ 82,114	$ 125,213	$ 133,723	$ 354,994	$ 124,163	$ 56,987	$ 491,620	$ 286,472	$ 84,548
LONG-TERM DEBT, Net of current portion	90,230	257,505	278,316	813,553	79,017	292,111	991,191	663,283	387,715
OTHER LIABILITIES	3,100	11,696	28,813	106,595	-	7,162	72,393	25,701	8,533
NET ASSETS:									
Net assets without donor restrictions	590,654	787,312	830,893	227,809	(102,842)	174,631	2,960,645	1,495,438	440,012
Net assets with donor restrictions	9,607	6,949	11,539	70,320	6,910	10,875	89,078	11,896	4,851
TOTAL LIABILITIES AND NET ASSETS	$ 775,705	$ 1,188,675	$ 1,283,284	$ 1,573,271	$ 107,248	$ 541,766	$ 4,604,927	$ 2,482,790	$ 925,659

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	St. Peter's Health Partners, Albany, New York	St. Joseph Health, Inc., Syracuse, New York	Trinity Health Of New England Corporation, Inc.	Mercy Health System of SEPA, Philadelphia, Pennsylvania	St. Mary Medical Center, Langhorne, Pennsylvania	Lourdes Health System, Camden, New Jersey	St. Francis Medical Center, Trenton, New Jersery	Saint Francis Healthcare, Wilmington, Delaware	St. Mary's Health Care System, Inc., Athens, Georgia
ASSETS									
CURRENT ASSETS:									
Cash, cash equivalents and investments	$ 281,010	$ 67,042	$ 165,730	$ 107,594	$ 461,593	$ -	$ 1,349	$ 24,421	$ 43,626
Assets limited or restricted as to use - current portion	4,174	5,377	3,398	-	102	-	-	-	1,164
Patient and other receivables, net	163,661	104,285	204,576	87,396	51,951	-	17,903	17,500	50,503
Other current assets	22,409	16,103	60,962	13,539	11,267	-	5,252	4,156	9,029
Total current assets	471,254	192,807	434,666	208,529	524,913	-	24,504	46,077	104,322
ASSETS LIMITED OR RESTRICTED AS TO USE -									
Noncurrent portion:									
Held in trust	24,361	4,838	8,145	592	1,211	-	-	-	1,939
By Board	203,832	21,068	31,081	-	9,628	-	1,767	-	23,622
By donors	75,915	7,866	120,533	5,622	10,023	-	1,645	462	4,597
Total assets limited or restricted as to use - noncurrent portion	304,108	33,772	159,759	6,214	20,862	-	3,412	462	30,158
PROPERTY AND EQUIPMENT, Net	592,542	284,026	613,900	120,235	200,871	-	-	31,618	114,253
OTHER ASSETS	63,052	29,570	152,774	260,268	25,068	-	6,393	7,329	13,229
TOTAL ASSETS	$ 1,430,956	$ 540,175	$ 1,361,099	$ 595,246	$ 771,714	$ -	$ 34,309	$ 85,486	$ 261,962
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES	$ 212,352	$ 116,258	$ 243,162	$ 126,074	$ 68,228	$ -	$ 65,293	$ 33,533	$ 40,856
LONG-TERM DEBT, Net of current portion	256,581	307,950	398,442	131,438	119,313	-	87,516	109,666	64,133
OTHER LIABILITIES	84,583	27,746	328,646	7,064	1,545	-	1,537	-	2,404
NET ASSETS:									
Net assets without donor restrictions	795,369	74,978	267,341	325,048	572,636	-	(121,682)	(58,175)	149,919
Net assets with donor restrictions	82,071	13,243	123,508	5,622	9,992	-	1,645	462	4,650
TOTAL LIABILITIES AND NET ASSETS	$ 1,430,956	$ 540,175	$ 1,361,099	$ 595,246	$ 771,714	$ -	$ 34,309	$ 85,486	$ 261,962

TRINITY HEALTH

Supplemental Condensed Consolidating Balance Sheets - Information

June 30, 2019

(In thousands)

	Holy Cross Hospital, Inc., Ft. Lauderdale, Florida	Trinity Continuing Care Services	Trinity Home Health Services	Trinity Health PACE	Pittsburgh Mercy Health System Inc., Pittsburgh, Pennsylvania	Mercy Primary Care Center, Detroit, Michigan	Trinity Health Consolidated Labs	Trinity Health Warde Lab LLC	Global Health Ministry
ASSETS									
CURRENT ASSETS:									
Cash, cash equivalents and investments	$ 24,296	$ 65,985	$ 13,665	$ 31,016	$ 12,360	$ 9,174	$ 4,603	$ 3,185	$ 5,599
Assets limited or restricted as to use - current portion	8,159	2,036	20	-	-	-	-	-	10
Patient and other receivables, net	83,016	45,296	18,755	5,172	25,503	63	6,237	-	(10)
Other current assets	10,431	2,314	467	443	612	-	3,027	-	-
Total current assets	125,902	115,631	32,907	36,631	38,475	9,237	13,867	3,185	5,599
ASSETS LIMITED OR RESTRICTED AS TO USE -									
Noncurrent portion:									
Held in trust	14,043	12,997	85	-	149	-	-	-	-
By Board	37,615	995	-	1,067	98,074	-	-	-	-
By donors	34,751	4,350	316	351	1,530	414	-	-	309
Total assets limited or restricted as to use - noncurrent portion	86,409	18,342	401	1,418	99,753	414	-	-	309
PROPERTY AND EQUIPMENT, Net	223,007	283,565	1,067	9,606	13,629	135	2,792	6,653	-
OTHER ASSETS	44,789	25,490	5,245	14,215	11,954	-	854	-	-
TOTAL ASSETS	$ 480,107	$ 443,028	$ 39,620	$ 61,870	$ 163,811	$ 9,786	$ 17,513	$ 9,838	$ 5,908
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES	$ 74,320	$ 50,997	$ 18,046	$ 24,084	$ 5,130	$ 382	$ 9,094	$ -	$ 1,564
LONG-TERM DEBT, Net of current portion	157,549	235,403	513	21,226	474	-	2,161	-	-
OTHER LIABILITIES	39,891	101,617	86	472	482	-	139	-	649
NET ASSETS:									
Net assets without donor restrictions	171,741	50,660	20,626	15,737	156,178	8,990	6,119	9,838	3,459
Net assets with donor restrictions	36,606	4,351	349	351	1,547	414	-	-	236
TOTAL LIABILITIES AND NET ASSETS	$ 480,107	$ 443,028	$ 39,620	$ 61,870	$ 163,811	$ 9,786	$ 17,513	$ 9,838	$ 5,908

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	St. Joseph's Health System, Inc., Atlanta, Georgia	Trinity Health Partners	Trinity Health ACO, Inc.	Allegany Franciscan Ministries	SJSA Foundation	Cadillac Foundation	Trinity Assurance, Ltd.	Investment in Baycare Health System	Investment in Catholic Health System, Inc.
ASSETS									
CURRENT ASSETS:									
Cash, cash equivalents and investments	$ 178,082	$ -	$ 10,068	$ 116,161	$ -	$ -	$ 120	$ -	$ -
Assets limited or restricted as to use - current portion	25	-	-	833	-	-	113,535	-	-
Patient and other receivables, net	1,384	-	22,000	20	-	-	2,839	-	-
Other current assets	236	-	-	15	-	-	18	-	-
Total current assets	179,727	-	32,068	117,029	-	-	116,512	-	-
ASSETS LIMITED OR RESTRICTED AS TO USE -									
Noncurrent portion:									
Held in trust	20	-	-	-	-	-	579,579	-	-
By Board	29,577	-	-	-	-	12,076	-	-	-
By donors	8,607	-	-	-	-	-	-	-	-
Total assets limited or restricted as to use - noncurrent portion	38,204	-	-	-	-	12,076	579,579	-	-
PROPERTY AND EQUIPMENT, Net	29,768	-	-	25	-	-	-	-	-
OTHER ASSETS	136,681	-	-	6	-	-	-	3,058,110	97,313
TOTAL ASSETS	$ 384,380	$ -	$ 32,068	$ 117,060	$ -	$ 12,076	$ 696,091	$ 3,058,110	$ 97,313
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES	$ 3,120	$ -	$ 37,260	$ 6,929	$ -	$ 2,545	$ 178,823	$ -	$ -
LONG-TERM DEBT, Net of current portion	-	-	-	-	-	-	-	-	-
OTHER LIABILITIES	759	-	-	-	-	-	491,621	-	-
NET ASSETS:									
Net assets without donor restrictions	369,434	-	(5,192)	110,131	-	9,531	25,647	3,028,798	94,739
Net assets with donor restrictions	11,067	-	-	-	-	-	-	29,312	2,574
TOTAL LIABILITIES AND NET ASSETS	$ 384,380	$ -	$ 32,068	$ 117,060	$ -	$ 12,076	$ 696,091	$ 3,058,110	$ 97,313

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	Mercy Health Services, North	Saint Michael's Medical Center and Related Entities, Newark, New Jersey	St. James Mercy Health System, Inc., Hornell, New York	Mercy Hospital, Inc., Miami, Florida	Maxis Health System	System Office	Eliminations and Other	**TRINITY HEALTH**
ASSETS								
CURRENT ASSETS:								
Cash, cash equivalents and investments	$ 5,934	$ -	$ 273	$ -	$ -	$ 597,530	$ (162,678)	**$ 5,571,788**
Assets limited or restricted as to use - current portion	-	-	-	-	-	224,958	-	**403,799**
Patient and other receivables, net	9	-	126	-	54,875	399,131	(453,001)	**2,654,353**
Other current assets	-	-	8	1	-	128,538	(34,125)	**476,928**
Total current assets	5,943	-	407	1	54,875	1,350,157	(649,804)	**9,106,868**
ASSETS LIMITED OR RESTRICTED AS TO USE -								
Noncurrent portion:								
Held in trust	-	-	-	-	4,364	56,661	-	**872,960**
By Board	-	-	-	-	-	1,833,406	-	**3,474,947**
By donors	-	-	-	-	-	-	-	**460,836**
Total assets limited or restricted as to use - noncurrent portion	-	-	-	-	4,364	1,890,067	-	**4,808,743**
PROPERTY AND EQUIPMENT, Net	-	-	469	-	-	669,504	299	**8,359,974**
OTHER ASSETS	-	-	210	4,123	-	6,074,739	(6,626,101)	**4,696,519**
TOTAL ASSETS	$ 5,943	$ -	$ 1,086	$ 4,124	$ 59,239	$ 9,984,467	$ (7,275,606)	**$ 26,972,104**
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES	$ 5,177	$ -	$ 4,293	$ 1,843	$ 53,932	$ 1,712,773	$ (646,103)	**$ 4,189,799**
LONG-TERM DEBT, Net of current portion	-	-	153	-	224,475	6,022,787	(5,769,793)	**6,222,908**
OTHER LIABILITIES	-	-	1,255	-	5,029	2,222,032	(857,561)	**2,723,989**
NET ASSETS:								
Net assets without donor restrictions	766	-	(4,615)	2,281	(224,197)	26,753	(4,691)	**13,282,719**
Net assets with donor restrictions	-	-	-	-	-	122	2,542	**552,689**
TOTAL LIABILITIES AND NET ASSETS	$ 5,943	$ -	$ 1,086	$ 4,124	$ 59,239	$ 9,984,467	$ (7,275,606)	**$ 26,972,104**

TRINITY HEALTH

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	Saint Agnes Medical Center, Fresno, California	Saint Alphonsus Health System, Oregon-Idaho	Mercy Health Services, Iowa-Nebraska	Loyola University Health System, Maywood, Illinois	Mercy Hospital and Medical Center, Chicago, Illinois	Saint Joseph Regional Medical Center, South Bend, Indiana	Trinity Health Michigan Region	Mount Carmel Health System, Columbus, Ohio	Holy Cross Health Inc, Maryland
Operating revenue:									
Net patient service revenue	$ 535,256	$ 919,422	$ 880,357	$ 1,605,310	$ 224,729	$ 437,617	$ 3,334,452	$ 1,186,995	$ 552,749
Other	8,701	75,187	141,111	222,124	13,764	18,148	435,543	683,508	19,552
Total operating revenue	543,957	994,609	1,021,468	1,827,434	238,493	455,765	3,769,995	1,870,503	572,301
Expenses:									
Labor costs	253,579	471,807	467,125	929,834	136,659	211,840	1,899,794	757,461	290,107
Purchased services and medical claims	110,009	158,836	174,586	227,967	57,206	79,987	477,988	619,053	83,263
Depreciation, amortization and interest	29,559	65,163	60,307	103,279	6,303	38,093	209,683	119,121	53,625
Other	150,927	240,411	274,564	536,795	68,054	135,981	1,003,024	377,225	119,956
Total expenses	544,074	936,217	976,582	1,797,875	268,222	465,901	3,590,489	1,872,860	546,951
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(117)	58,392	44,886	29,559	(29,729)	(10,136)	179,506	(2,357)	25,350
Other items	-	(2,213)	(1,605)	(7,305)	(4,615)	(5,594)	(17,179)	(3,464)	(1,224)
OPERATING INCOME (LOSS)	(117)	56,179	43,281	22,254	(34,344)	(15,730)	162,327	(5,821)	24,126
NONOPERATING ITEMS:									
Investment income and interest rate swaps	18,686	13,299	21,767	5,848	(2,013)	3,761	98,824	29,960	16,036
Loss from early extinguishment of debt	-	-	-	-	-	-	-	-	-
Other	(44)	(2,697)	3,717	(176)	-	(84)	(1,516)	(1,055)	-
Total nonoperating items	18,642	10,602	25,484	5,672	(2,013)	3,677	97,308	28,905	16,036
EXCESS OF REVENUE OVER EXPENSES	18,525	66,781	68,765	27,926	(36,357)	(12,053)	259,635	23,084	40,162
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	(232)	(30,054)	-	-	-	(3,006)	(4,380)	-
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 18,525	$ 66,549	$ 38,711	$ 27,926	$ (36,357)	$ (12,053)	$ 256,629	$ 18,704	$ 40,162
CHANGES IN NET ASSETS									
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 8,326	$ 54,599	$ 27,588	$ (19,482)	$ (34,958)	$ (20,439)	$ 273,548	$ (3,936)	$ 30,383
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	305	(479)	1,198	17,099	89	207	14,036	(6,904)	109
INCREASE (DECREASE) IN NET ASSETS	8,631	54,120	28,786	(2,383)	(34,869)	(20,232)	287,584	(10,840)	30,492
NET ASSETS, Beginning of year	591,630	740,141	813,646	300,512	(61,063)	205,738	2,762,139	1,518,174	414,371
NET ASSETS, End of year	$ 600,261	$ 794,261	$ 842,432	$ 298,129	$ (95,932)	$ 185,506	$ 3,049,723	$ 1,507,334	$ 444,863

TRINITY HEALTH

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	St. Peter's Health Partners, Albany, New York	St. Joseph Health, Inc., Syracuse, New York	Trinity Health Of New England Corporation, Inc.	Mercy Health System of SEPA, Philadelphia, Pennsylvania	St. Mary Medical Center, Langhorne, Pennsylvania	Lourdes Health System, Camden, New Jersey	St. Francis Medical Center, Trenton, New Jersey	Saint Francis Healthcare, Wilmington, Delaware	St. Mary's Health Care System, Inc., Athens, Georgia
Operating revenue:									
Net patient service revenue	$ 1,305,338	$ 693,410	$ 1,864,848	$ 612,827	$ 461,000	$ 488,442	$ 121,032	$ 163,974	$ 308,127
Other	111,333	49,033	101,060	117,369	52,185	53,984	33,519	32,656	10,628
Total operating revenue	1,416,671	742,443	1,965,908	730,196	513,185	542,426	154,551	196,630	318,755
Expenses:									
Labor costs	812,197	410,304	1,041,964	437,937	254,069	312,814	75,877	95,730	156,724
Purchased services and medical claims	172,431	106,403	231,002	131,783	66,809	117,863	47,652	35,772	54,367
Depreciation, amortization and interest	75,060	47,153	92,286	23,702	31,998	18,748	4,869	10,256	18,093
Other	345,435	187,344	537,257	133,990	129,449	124,854	34,648	45,439	83,585
Total expenses	1,405,123	751,204	1,902,509	727,412	482,325	574,279	163,046	187,197	312,769
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	11,548	(8,761)	63,399	2,784	30,860	(31,853)	(8,495)	9,433	5,986
Other items	(9,363)	(1,708)	(9,166)	(9,226)	(2,105)	(57,405)	(4,983)	(847)	(1,391)
OPERATING INCOME (LOSS)	2,185	(10,469)	54,233	(6,442)	28,755	(89,258)	(13,478)	8,586	4,595
NONOPERATING ITEMS:									
Investment income and interest rate swaps	23,553	4,270	10,403	6,113	25,091	(627)	(735)	330	4,024
Loss from early extinguishment of debt	-	-	-	-	-	-	-	-	-
Other	(787)	523	(173)	-	(26)	(139)	-	-	-
Total nonoperating items	22,766	4,793	10,230	6,113	25,065	(766)	(735)	330	4,024
EXCESS OF REVENUE OVER EXPENSES	24,951	(5,676)	64,463	(329)	53,820	(90,024)	(14,213)	8,916	8,619
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	(3,340)	(17)	-	(4,569)	(590)	(1,618)	-	-
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 24,951	$ (9,016)	$ 64,446	$ (329)	$ 49,251	$ (90,614)	$ (15,831)	$ 8,916	$ 8,619
CHANGES IN NET ASSETS									
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 29,880	$ (11,112)	$ 26,296	$ (15,436)	$ 43,970	$ 124,664	$ (16,292)	$ 7,105	$ 6,988
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(15,138)	(341)	(329)	(816)	206	-	(87)	161	(259)
INCREASE (DECREASE) IN NET ASSETS	14,742	(11,453)	25,967	(16,252)	44,176	124,664	(16,379)	7,266	6,729
NET ASSETS, Beginning of year	862,698	99,674	364,882	346,922	538,452	(124,664)	(103,658)	(64,979)	147,840
NET ASSETS, End of year	$ 877,440	$ 88,221	$ 390,849	$ 330,670	$ 582,628	$ -	$ (120,037)	$ (57,713)	$ 154,569

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	Holy Cross Hospital, Inc., Ft. Lauderdale, Florida	Trinity Continuing Care Services	Trinity Home Health Services	Trinity Health PACE	Pittsburgh Mercy Health System Inc., Pittsburgh, Pennsylvania	Mercy Primary Care Center, Detroit, Michigan	Trinity Health Consolidated Labs	Trinity Health Warde Lab LLC	Global Health Ministry
Operating revenue:									
Net patient service revenue	$ 482,246	$ 197,026	$ 140,364	$ (548)	$ 67,009	$ 390	$ -	$ -	$ -
Other	17,690	170,467	2,691	114,057	39,703	1,080	54,101	703	4,149
Total operating revenue	499,936	367,493	143,055	113,509	106,712	1,470	54,101	703	4,149
Expenses:									
Labor costs	273,437	202,953	111,963	42,325	73,918	1,518	10,037	-	1,245
Purchased services and medical claims	69,584	56,006	13,109	43,362	4,907	232	23,198	-	65
Depreciation, amortization and interest	29,418	33,436	1,292	3,592	1,695	328	1,149	308	-
Other	135,717	68,906	17,114	22,231	23,936	1,145	19,505	-	2,734
Total expenses	508,156	361,301	143,478	111,510	104,456	3,223	53,889	308	4,044
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(8,220)	6,192	(423)	1,999	2,256	(1,753)	212	395	105
Other items	(1,440)	(5,243)	(466)	(573)	-	-	-	-	-
OPERATING INCOME (LOSS)	(9,660)	949	(889)	1,426	2,256	(1,753)	212	395	105
NONOPERATING ITEMS:									
Investment income and interest rate swaps	2,673	1,602	700	1,438	11,896	475	303	171	289
Loss from early extinguishment of debt	-	-	-	-	-	-	-	-	-
Other	(110)	-	-	-	-	-	-	-	-
Total nonoperating items	2,563	1,602	700	1,438	11,896	475	303	171	289
EXCESS OF REVENUE OVER EXPENSES	(7,097)	2,551	(189)	2,864	14,152	(1,278)	515	566	394
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(348)	-	-	-	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ (7,445)	$ 2,551	$ (189)	$ 2,864	$ 14,152	$ (1,278)	$ 515	$ 566	$ 394
CHANGES IN NET ASSETS									
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (11,148)	$ (1,860)	$ (2,806)	$ 10,558	$ 15,249	$ 886	$ 206	$ 566	$ 377
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	3,088	(90)	(184)	(108)	(5,155)	(132)	-	-	-
INCREASE (DECREASE) IN NET ASSETS	(8,060)	(1,950)	(2,990)	10,450	10,094	754	206	566	377
NET ASSETS, Beginning of year	216,407	56,961	23,965	5,638	147,631	8,650	5,913	9,272	3,318
NET ASSETS, End of year	$ 208,347	$ 55,011	$ 20,975	$ 16,088	$ 157,725	$ 9,404	$ 6,119	$ 9,838	$ 3,695

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	St. Joseph's Health System, Inc., Atlanta, Georgia	Trinity Health Partners	Trinity Health ACO, Inc.	Allegany Franciscan Ministries	SJSA Foundation	Cadillac Foundation	Trinity Assurance, Ltd.	Investment in Baycare Health System	Investment in Catholic Health System, Inc.
Operating revenue:									
Net patient service revenue	$ 3,016	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other	27,077	-	34,891	9,650	2,317	466	125,243	-	-
Total operating revenue	30,093	-	34,891	9,650	2,317	466	125,243	-	-
Expenses:									
Labor costs	21,064	-	-	1,136	929	-	-	-	-
Purchased services and medical claims	3,257	-	34,848	1,101	338	-	982	-	-
Depreciation, amortization and interest	1,119	-	-	6	3	-	-	-	-
Other	4,653	1	-	7,407	155	4,188	124,261	-	-
Total expenses	30,093	1	34,848	9,650	1,425	4,188	125,243	-	-
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	-	(1)	43	-	892	(3,722)	-	-	-
Other items	-	-	-	-	-	-	-	-	-
OPERATING INCOME (LOSS)	-	(1)	43	-	892	(3,722)	-	-	-
NONOPERATING ITEMS:									
Investment income and interest rate swaps	25,187	(1,037)	(442)	(3,043)	(2,415)	-	-	295,688	(1,175)
Loss from early extinguishment of debt	-	-	-	-	-	-	-	-	-
Other	(51)	-	-	-	-	-	-	-	-
Total nonoperating items	25,136	(1,037)	(442)	(3,043)	(2,415)	-	-	295,688	(1,175)
EXCESS OF REVENUE OVER EXPENSES	25,136	(1,038)	(399)	(3,043)	(1,523)	(3,722)	-	295,688	(1,175)
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 25,136	$ (1,038)	$ (399)	$ (3,043)	$ (1,523)	$ (3,722)	$ -	$ 295,688	$ (1,175)
CHANGES IN NET ASSETS									
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 37,559	$ (21,639)	$ (399)	$ (3,043)	$ (13,372)	$ (3,722)	$ -	$ 302,061	$ 10,757
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(13,808)	-	-	-	(24,356)	-	(1)	(2,736)	-
INCREASE (DECREASE) IN NET ASSETS	23,751	(21,639)	(399)	(3,043)	(37,728)	(3,722)	(1)	299,325	10,757
NET ASSETS, Beginning of year	356,750	21,639	(4,793)	113,174	37,728	13,253	25,648	2,758,785	86,556
NET ASSETS, End of year	$ 380,501	$ -	$ (5,192)	$ 110,131	$ -	$ 9,531	$ 25,647	$ 3,058,110	$ 97,313

TRINITY HEALTH

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information

June 30, 2019

(In thousands)

	Mercy Health Services, North	Saint Michael's Medical Center and Related Entities, Newark, New Jersey	St. James Mercy Health System, Inc., Hornell, New York	Mercy Hospital, Inc., Miami, Florida	Maxis Health System	System Office	Eliminations and Other	**TRINITY HEALTH**
Operating revenue:								
Net patient service revenue	$ -	$ -	$ -	$ -	$ -	$ 16,500	$ -	**$16,601,888**
Other	-	-	193	-	-	1,837,451	(1,929,999)	**2,691,335**
Total operating revenue	-	-	193	-	-	1,853,951	(1,929,999)	**19,293,223**
Expenses:								
Labor costs	-	-	3	-	-	770,294	(233,136)	**10,293,508**
Purchased services and medical claims	-	-	9	-	-	382,756	(943,927)	**2,642,804**
Depreciation, amortization and interest	-	-	82	-	-	370,287	(350,060)	**1,099,953**
Other	-	-	217	-	-	361,651	(391,622)	**4,931,137**
Total expenses	-	-	311	-	-	1,884,988	(1,918,745)	**18,967,402**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	-	-	(118)	-	-	(31,037)	(11,254)	**325,821**
Other items	-	-	-	-	-	(17,622)	(244)	**(164,981)**
OPERATING INCOME (LOSS)	-	-	(118)	-	-	(48,659)	(11,498)	**160,840**
NONOPERATING ITEMS:								
Investment income and interest rate swaps	-	-	-	988	-	63,747	9,823	**685,458**
Loss from early extinguishment of debt	-	-	-	-	-	(7,067)	-	**(7,067)**
Other	-	-	-	-	-	(2,308)	-	**(4,926)**
Total nonoperating items	-	-	-	988	-	54,372	9,823	**673,465**
EXCESS OF REVENUE OVER EXPENSES	-	-	(118)	988	-	5,713	(1,675)	**834,305**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	(180)	**(48,334)**
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ -	$ -	$ (118)	$ 988	$ -	$ 5,713	$ (1,855)	**$ 785,971**
CHANGES IN NET ASSETS								
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (4,593)	$ 173,434	$ (105)	$ 24,549	$(222,581)	$ (276,473)	$ (1,344)	**$ 524,809**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-	-	(518)	1,526	**(33,417)**
INCREASE (DECREASE) IN NET ASSETS	(4,593)	173,434	(105)	24,549	(222,581)	(276,991)	182	**491,392**
NET ASSETS, Beginning of year	5,359	(173,434)	(4,510)	(22,268)	(1,616)	303,866	(2,331)	**13,344,016**
NET ASSETS, End of year	$ 766	$ -	$ (4,615)	$ 2,281	$(224,197)	$ 26,875	$ (2,149)	**$13,835,408**

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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors of
Trinity Health Corporation
Livonia, Michigan

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. This additional information is the responsibility of Trinity Health Corporation's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion such additional information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Deloitte & Touche LLP

September 18, 2019

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

Mercy Health Services, Iowa-Nebraska

	Mercy Medical Center, Clinton	Mercy Medical Center, Dubuque	North Iowa Mercy Medical Center, Mason City	Mercy Medical Center, Sioux City	Mercy Health Network	Eliminations and Other	**Mercy Health Services, Iowa-Nebraska**
ASSETS							
CURRENT ASSETS:							
Cash, cash equivalents and investments	$ 19,812	$ 68,802	$ 90,449	$ 45,213	$ -	$ -	**$ 224,276**
Assets limited or restricted as to use - current portion	29	86	394	74	-	-	**583**
Patient and other receivables, net	13,678	27,921	63,757	50,996	-	(512)	**155,840**
Other current assets	3,060	6,128	11,657	8,444	-	-	**29,289**
Total current assets	36,579	102,937	166,257	104,727	-	(512)	**409,988**
ASSETS LIMITED OR RESTRICTED AS TO USE -							
Noncurrent portion:							
Held in trust	835	-	8,246	12,775	-	-	**21,856**
By Board	61,717	37,080	131,925	6,025	-	-	**236,747**
By donors	3,097	4,464	2,498	998	-	-	**11,057**
Total assets limited or restricted as to use - noncurrent portion	65,649	41,544	142,669	19,798	-	-	**269,660**
PROPERTY AND EQUIPMENT, Net	31,666	67,929	123,838	62,313	-	-	**285,746**
OTHER ASSETS	6,883	13,728	27,733	173,845	95,701	-	**317,890**
TOTAL ASSETS	$ 140,777	$ 226,138	$ 460,497	$ 360,683	$ 95,701	$ (512)	**$ 1,283,284**
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES	$ 10,946	$ 17,985	$ 48,403	$ 33,890	$ 23,011	$ (512)	**$ 133,723**
LONG-TERM DEBT, Net of current portion	16,566	28,618	81,260	151,872	-	-	**278,316**
OTHER LIABILITIES	1,746	1,443	11,232	14,392	-	-	**28,813**
NET ASSETS:							
Net assets without donor restrictions	108,394	173,544	316,775	159,490	72,690	-	**830,893**
Net assets with donor restrictions	3,125	4,548	2,827	1,039	-	-	**11,539**
TOTAL LIABILITIES AND NET ASSETS	$ 140,777	$ 226,138	$ 460,497	$ 360,683	$ 95,701	$ (512)	**$ 1,283,284**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	Mercy Medical Center, Clinton	Mercy Medical Center, Dubuque	North Iowa Mercy Medical Center, Mason City	Mercy Medical Center, Sioux City	Mercy Health Network	Eliminations and Other	**Mercy Health Services, Iowa-Nebraska**
Operating revenue:							
Net patient service revenue	$ 89,743	$ 145,174	$ 357,888	$ 287,552	$ -	$ -	**$ 880,357**
Other	3,953	37,843	87,343	9,584	2,511	(123)	**141,111**
Total operating revenue	93,696	183,017	445,231	297,136	2,511	(123)	**1,021,468**
Expenses:							
Labor costs	50,536	73,831	208,501	134,316	-	(59)	**467,125**
Purchased services and medical claims	18,110	32,622	79,007	44,900	-	(53)	**174,586**
Depreciation, amortization and interest	9,187	11,665	22,709	16,746	-	-	**60,307**
Other	19,549	57,350	111,898	79,542	6,236	(11)	**274,564**
Total expenses	97,382	175,468	422,115	275,504	6,236	(123)	**976,582**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(3,686)	7,549	23,116	21,632	(3,725)	-	**44,886**
Other Items	(1,429)	-	-	(176)	-	-	**(1,605)**
OPERATING INCOME (LOSS)	(5,115)	7,549	23,116	21,456	(3,725)	-	**43,281**
NONOPERATING ITEMS:							
Investment income and interest rate swaps	4,246	5,499	11,011	1,011	-	-	**21,767**
Loss from early extinguishment of debt	-	-	-	-	-	-	**-**
Other	(8)	-	-	-	3,725	-	**3,717**
Total nonoperating items	4,238	5,499	11,011	1,011	3,725	-	**25,484**
EXCESS OF REVENUE OVER EXPENSES	(877)	13,048	34,127	22,467	-	-	**68,765**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(20)	-	(3,883)	(26,151)	-	-	**(30,054)**
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ (897)	$ 13,048	$ 30,244	$ (3,684)	$ -	$ -	**$ 38,711**
CHANGES IN NET ASSETS							
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (3,017)	$ 10,243	$ 23,103	$ (2,741)	$ -	$ -	**$ 27,588**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	885	1,049	(666)	(70)	-	-	**1,198**
INCREASE (DECREASE) IN NET ASSETS	(2,132)	11,292	22,437	(2,811)	-	-	**28,786**
NET ASSETS, Beginning of year	113,651	166,800	297,165	163,340	72,690	-	**813,646**
NET ASSETS, End of year	$ 111,519	$ 178,092	$ 319,602	$ 160,529	$ 72,690	$ -	**$ 842,432**

TRINITY HEALTH

Trinity Health Michigan Region

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	Mercy Health Saint Mary's, Grand Rapids	Mercy Health Partners, Muskegon	West Michigan Regional CIN	Saint Joseph Mercy Health System, Ann Arbor	St. Joseph Mercy, Chelsea
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	$ 180,728	$ 79,008	$ 43,614	$ 903,328	$ 25,262
Assets limited or restricted as to use - current portion	75	2,693	-	22,911	-
Patient and other receivables, net	164,747	109,881	9,925	233,609	20,625
Other current assets	12,446	14,911	-	18,700	3,305
Total current assets	357,996	206,493	53,539	1,178,548	49,192
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	13,896	6,261	-	31,447	-
By Board	374,972	14,254	-	-	-
By donors	9,018	4,936	-	50,563	-
Total assets limited or restricted as to use - noncurrent portion	397,886	25,451	-	82,010	-
PROPERTY AND EQUIPMENT, Net	275,731	354,752	-	484,559	93,746
OTHER ASSETS	38,363	40,820	-	161,317	272
TOTAL ASSETS	$ 1,069,976	$ 627,516	$ 53,539	$ 1,906,434	$ 143,210
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	$ 103,751	$ 134,416	$ 46,262	$ 185,020	$ 28,135
LONG-TERM DEBT, Net of current portion	159,208	214,043	-	375,541	245
OTHER LIABILITIES	14,004	10,683	-	37,002	1,072
NET ASSETS:					
Net assets without donor restrictions	783,920	260,745	7,277	1,236,515	113,758
Net assets with donor restrictions	9,093	7,629	-	72,356	-
TOTAL LIABILITIES AND NET ASSETS	$ 1,069,976	$ 627,516	$ 53,539	$ 1,906,434	$ 143,210

Trinity Health Michigan Region

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	St. Joseph Mercy, Livonia	St. Joseph Mercy, Oakland	Eliminations and Other	**Trinity Health Michigan Region**
ASSETS				
CURRENT ASSETS:				
Cash, cash equivalents and investments	$ 186,145	$ 150,749	$ -	**$ 1,568,834**
Assets limited or restricted as to use - current portion	1	-	-	**25,680**
Patient and other receivables, net	47,079	64,936	(125,623)	**525,179**
Other current assets	4,474	10,854	(313)	**64,377**
Total current assets	237,699	226,539	(125,936)	**2,184,070**
ASSETS LIMITED OR RESTRICTED AS TO USE -				
Noncurrent portion:				
Held in trust	1,926	3,509	-	**57,039**
By Board	-	-	-	**389,226**
By donors	-	-	-	**64,517**
Total assets limited or restricted as to use - noncurrent portion	1,926	3,509	-	**510,782**
PROPERTY AND EQUIPMENT, Net	132,108	262,786	-	**1,603,682**
OTHER ASSETS	35,422	30,199	-	**306,393**
TOTAL ASSETS	$ 407,155	$ 523,033	$ (125,936)	**$ 4,604,927**
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES	$ 66,482	$ 53,789	$ (126,235)	**$ 491,620**
LONG-TERM DEBT, Net of current portion	126,075	116,079	-	**991,191**
OTHER LIABILITIES	4,189	5,443	-	**72,393**
NET ASSETS:				
Net assets without donor restrictions	210,409	347,722	299	**2,960,645**
Net assets with donor restrictions	-	-	-	**89,078**
TOTAL LIABILITIES AND NET ASSETS	$ 407,155	$ 523,033	$ (125,936)	**$ 4,604,927**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	Mercy Health Saint Mary's, Grand Rapids	Mercy Health Partners, Muskegon	West Michigan Regional CIN	Saint Joseph Mercy Health System, Ann Arbor	St. Joseph Mercy, Chelsea
Operating revenue:					
Net patient service revenue	$ 565,127	$ 608,624	$ -	$ 1,229,825	$ 160,864
Other	183,897	94,948	16,458	119,718	12,383
Total operating revenue	749,024	703,572	16,458	1,349,543	173,247
Expenses:					
Labor costs	343,240	354,355	7,188	705,217	84,700
Purchased services and medical claims	106,751	102,592	8,527	139,969	24,891
Depreciation, amortization and interest	42,370	29,123	-	74,328	8,050
Other	218,011	191,504	642	330,662	54,354
Total expenses	710,372	677,574	16,357	1,250,176	171,995
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	38,652	25,998	101	99,367	1,252
Other Items	(4,613)	(1,677)	-	(7,742)	(548)
OPERATING INCOME (LOSS)	34,039	24,321	101	91,625	704
NONOPERATING ITEMS:					
Investment income and interest rate swaps	30,762	3,373	2,274	43,142	1,602
Loss from early extinguishment of debt	-	-	-	-	-
Other	3	-	(58)	(425)	-
Total nonoperating items	30,765	3,373	2,216	42,717	1,602
EXCESS OF REVENUE OVER EXPENSES	64,804	27,694	2,317	134,342	2,306
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(383)	(5)	-	(1,330)	-
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 64,421	$ 27,689	$ 2,317	$ 133,012	$ 2,306
CHANGES IN NET ASSETS					
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 54,608	$ 20,708	$ 2,317	$ 147,255	$ 25,206
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(290)	(1,456)	-	15,781	-
INCREASE (DECREASE) IN NET ASSETS	54,318	19,252	2,317	163,036	25,206
NET ASSETS, Beginning of year	738,695	249,122	4,960	1,145,835	88,552
NET ASSETS, End of year	$ 793,013	$ 268,374	$ 7,277	$ 1,308,871	$ 113,758

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	St. Joseph Mercy, Livonia	St. Joseph Mercy, Oakland	Eliminations and Other	**Trinity Health Michigan Region**
Operating revenue:				
Net patient service revenue	$ 329,466	$ 440,546	$ -	**$ 3,334,452**
Other	12,228	28,161	(32,250)	**435,543**
Total operating revenue	341,694	468,707	(32,250)	**3,769,995**
Expenses:				
Labor costs	180,479	224,896	(281)	**1,899,794**
Purchased services and medical claims	53,401	69,797	(27,940)	**477,988**
Depreciation, amortization and interest	22,988	32,824	-	**209,683**
Other	78,556	133,311	(4,016)	**1,003,024**
Total expenses	335,424	460,828	(32,237)	**3,590,489**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	6,270	7,879	(13)	**179,506**
Other Items	(1,631)	(968)	-	**(17,179)**
OPERATING INCOME (LOSS)	4,639	6,911	(13)	**162,327**
NONOPERATING ITEMS:				
Investment income and interest rate swaps	9,987	7,684	-	**98,824**
Loss from early extinguishment of debt	-	-	-	**-**
Other	-	(1,057)	21	**(1,516)**
Total nonoperating items	9,987	6,627	21	**97,308**
EXCESS OF REVENUE OVER EXPENSES	14,626	13,538	8	**259,635**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	(1,288)	**(3,006)**
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 14,626	$ 13,538	$ (1,280)	**$ 256,629**
CHANGES IN NET ASSETS				
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 13,165	$ 9,992	$ 297	**$ 273,548**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	-	1	**14,036**
INCREASE (DECREASE) IN NET ASSETS	13,165	9,992	298	**287,584**
NET ASSETS, Beginning of year	197,244	337,730	1	**2,762,139**
NET ASSETS, End of year	$ 210,409	$ 347,722	$ 299	**$ 3,049,723**

TRINITY HEALTH **Holy Cross Health, Inc., Maryland**

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	Holy Cross Hospital	Holy Cross Germantown Hospital	Holy Cross Health Network	Holy Cross Health Foundation, Inc.	**Holy Cross Health, Inc., Maryland**
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	$ 189,238	$ 127,672	$ 233	$ 787	**$ 317,930**
Assets limited or restricted as to use - current portion	-	-	-	955	**955**
Patient and other receivables, net	62,257	14,157	464	-	**76,878**
Other current assets	8,063	3,273	59	16	**11,411**
Total current assets	259,558	145,102	756	1,758	**407,174**
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	527	210	28	-	**765**
By Board	2,000	-	-	-	**2,000**
By donors	60	-	-	3,836	**3,896**
Total assets limited or restricted as to use - noncurrent portion	2,587	210	28	3,836	**6,661**
PROPERTY AND EQUIPMENT, Net	277,838	156,032	2,787	-	**436,657**
OTHER ASSETS	35,923	8,506	30,738	-	**75,167**
TOTAL ASSETS	$ 575,906	$ 309,850	$ 34,309	$ 5,594	**$ 925,659**
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	$ (138,109)	$ 217,031	$ 2,113	$ 3,513	**$ 84,548**
LONG-TERM DEBT, Net of current portion	237,161	150,554	-	-	**387,715**
OTHER LIABILITIES	4,248	3,834	451	-	**8,533**
NET ASSETS:					
Net assets without donor restrictions	472,546	(61,569)	31,745	(2,710)	**440,012**
Net assets with donor restrictions	60	-	-	4,791	**4,851**
TOTAL LIABILITIES AND NET ASSETS	$ 575,906	$ 309,850	$ 34,309	$ 5,594	**$ 925,659**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	Holy Cross Hospital	Holy Cross Germantown Hospital	Holy Cross Health Network	Holy Cross Health Foundation, Inc.	**Holy Cross Health, Inc., Maryland**
Operating revenue:					
Net patient service revenue	$ 452,580	$ 96,006	$ 4,163	$ -	**$ 552,749**
Other	14,344	1,319	3,782	107	**19,552**
Total operating revenue	466,924	97,325	7,945	107	**572,301**
Expenses:					
Labor costs	233,229	45,400	10,728	750	**290,107**
Purchased services and medical claims	53,421	25,795	3,872	175	**83,263**
Depreciation, amortization and interest	35,007	18,403	215	-	**53,625**
Other	98,888	19,127	1,770	171	**119,956**
Total expenses	420,545	108,725	16,585	1,096	**546,951**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	46,379	(11,400)	(8,640)	(989)	**25,350**
Other Items	(1,224)	-	-	-	**(1,224)**
OPERATING INCOME (LOSS)	45,155	(11,400)	(8,640)	(989)	**24,126**
NONOPERATING ITEMS:					
Investment income and interest rate swaps	9,276	6,442	-	318	**16,036**
Loss from early extinguishment of debt	-	-	-	-	**-**
Other	-	-	-	-	**-**
Total nonoperating items	9,276	6,442	-	318	**16,036**
EXCESS OF REVENUE OVER EXPENSES	54,431	(4,958)	(8,640)	(671)	**40,162**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 54,431	$ (4,958)	$ (8,640)	$ (671)	**$ 40,162**
CHANGES IN NET ASSETS					
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 32,496	$ (4,757)	$ 3,315	$ (671)	**$ 30,383**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	3	(1)	-	107	**109**
INCREASE (DECREASE) IN NET ASSETS	32,499	(4,758)	3,315	(564)	**30,492**
NET ASSETS, Beginning of year	440,107	(56,811)	28,430	2,645	**414,371**
NET ASSETS, End of year	$ 472,606	$ (61,569)	$ 31,745	$ 2,081	**$ 444,863**

TRINITY HEALTH

Supplemental Condensed Consolidating Balance Sheets - Information

June 30, 2019

(In thousands)

Trinity Health Of New England Corporation, Inc.

	Mercy Medical Center	MercyCare Alliance, LLC	Providence Behavioral Hospital	Brightside, Inc.	Continuing Care Network	Farren Care Center, Inc.
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	$ 356,299	$ 21	$ 901	$ 52	$ -	$ -
Assets limited or restricted as to use - current portion	708	-	-	-	-	-
Patient and other receivables, net	57,347	-	4,072	184	-	-
Other current assets	11,927	-	225	-	-	-
Total current assets	426,281	21	5,198	236	-	-
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Held in trust	1,785	-	-	-	-	-
By Board	-	-	-	4,889	-	-
By donors	1,669	-	1,111	889	-	-
Total assets limited or restricted as to use - noncurrent portion	3,454	-	1,111	5,778	-	-
PROPERTY AND EQUIPMENT, Net	79,207	-	7,351	-	-	-
OTHER ASSETS	39,094	-	-	179	-	-
TOTAL ASSETS	$ 548,036	$ 21	$ 13,660	$ 6,193	$ -	$ -
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	$ 138,143	$ 231	$ 99,471	$ 23,856	$ (1)	$ -
LONG-TERM DEBT, Net of current portion	90,486	-	19,457	1,341	-	-
OTHER LIABILITIES	25,937	-	899	-	-	-
NET ASSETS:						
Net assets without donor restrictions	291,522	(210)	(107,277)	(19,893)	1	-
Net assets with donor restrictions	1,948	-	1,110	889	-	-
TOTAL LIABILITIES AND NET ASSETS	$ 548,036	$ 21	$ 13,660	$ 6,193	$ -	$ -

TRINITY HEALTH

Supplemental Condensed Consolidating Balance Sheets - Information

June 30, 2019

(In thousands)

Trinity Health Of New England Corporation, Inc.

	Mercy Life Inc.	System Coordinated Services	Mercy Specialist Physicians	Pioneer Valley Cardiology Associates	Mercy Medical Group, Inc.	Accountable Care Organization of New England, LLC
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	$ -	$ 18,890	$ 953	$ 1	$ 144	$ 1,920
Assets limited or restricted as to use - current portion	-	-	-	-	-	-
Patient and other receivables, net	-	2,631	908	665	(45)	-
Other current assets	-	809	-	279	529	-
Total current assets	-	22,330	1,861	945	628	1,920
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Held in trust	-	-	-	-	-	-
By Board	-	-	-	-	-	-
By donors	-	-	-	-	-	-
Total assets limited or restricted as to use - noncurrent portion	-	-	-	-	-	-
PROPERTY AND EQUIPMENT, Net	-	3,224	65	24	220	-
OTHER ASSETS	-	720	-	-	319	-
TOTAL ASSETS	$ -	$ 26,274	$ 1,926	$ 969	$ 1,167	$ 1,920
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	$ -	$ 102,145	$ 22,250	$ 29,903	$ 40,013	$ -
LONG-TERM DEBT, Net of current portion	-	-	-	-	-	-
OTHER LIABILITIES	-	-	-	-	-	-
NET ASSETS:						
Net assets without donor restrictions	-	(75,871)	(20,324)	(28,934)	(38,846)	1,920
Net assets with donor restrictions	-	-	-	-	-	-
TOTAL LIABILITIES AND NET ASSETS	$ -	$ 26,274	$ 1,926	$ 969	$ 1,167	$ 1,920

TRINITY HEALTH

Supplemental Condensed Consolidating Balance Sheets - Information

June 30, 2019

(In thousands)

Trinity Health Of New England Corporation, Inc.

	Riverbend Medical Group	The Mercy Hospital Inc. Eliminations and Other	The Mercy Hospital Inc. and Subsidiaries Subtotal	Trinity Health Of New England Corporation, Inc., & Connecticut Operations	Eliminations and Other	**Trinity Health Of New England Corporation, Inc.**
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	$ 8,739	$ (353,653)	$ 34,267	$ 131,463	$ -	**$ 165,730**
Assets limited or restricted as to use - current portion	-	-	708	2,690	-	**3,398**
Patient and other receivables, net	5,602	(26)	71,338	225,040	(91,802)	**204,576**
Other current assets	798	1	14,568	46,394	-	**60,962**
Total current assets	15,139	(353,678)	120,881	405,587	(91,802)	**434,666**
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Held in trust	-	-	1,785	6,360	-	**8,145**
By Board	-	-	4,889	26,192	-	**31,081**
By donors	-	-	3,669	116,864	-	**120,533**
Total assets limited or restricted as to use - noncurrent portion	-	-	10,343	149,416	-	**159,759**
PROPERTY AND EQUIPMENT, Net	7,716	1	97,808	516,092	-	**613,900**
OTHER ASSETS	1,716	(99)	41,929	110,845	-	**152,774**
TOTAL ASSETS	$ 24,571	$ (353,776)	$ 270,961	$ 1,181,940	$ (91,802)	**$ 1,361,099**
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	$ 53,638	$ (353,159)	$ 156,490	$ 178,474	$ (91,802)	**$ 243,162**
LONG-TERM DEBT, Net of current portion	12	1	111,297	287,145	-	**398,442**
OTHER LIABILITIES	1,121	(2)	27,955	300,691	-	**328,646**
NET ASSETS:						
Net assets without donor restrictions	(30,200)	(617)	(28,729)	296,070	-	**267,341**
Net assets with donor restrictions	-	1	3,948	119,560	-	**123,508**
TOTAL LIABILITIES AND NET ASSETS	$ 24,571	$ (353,776)	$ 270,961	$ 1,181,940	$ (91,802)	**$ 1,361,099**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	Mercy Medical Center	MercyCare Alliance, LLC	Providence Behavioral Hospital	Brightside, Inc.	Continuing Care Network	Farren Care Center, Inc.
Operating revenue:						
Net patient service revenue	$ 274,170	$ -	$ 30,842	$ 2,252	$ -	$ -
Other	92,124	-	588	425	4,527	3,824
Total operating revenue	366,294	-	31,430	2,677	4,527	3,824
Expenses:						
Labor costs	117,792	24	27,704	2,283	4,526	3,824
Purchased services and medical claims	147,188	9	6,653	480	-	-
Depreciation, amortization and interest	16,519	-	1,490	56	-	-
Other	79,394	44	3,155	213	-	-
Total expenses	360,893	77	39,002	3,032	4,526	3,824
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	5,401	(77)	(7,572)	(355)	1	-
Other Items	(770)	-	-	-	-	-
OPERATING INCOME (LOSS)	4,631	(77)	(7,572)	(355)	1	-
NONOPERATING ITEMS:						
Investment income and interest rate swaps	1,565	-	(45)	252	-	-
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total nonoperating items	1,565	-	(45)	252	-	-
EXCESS OF REVENUE OVER EXPENSES	6,196	(77)	(7,617)	(103)	1	-
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 6,196	$ (77)	$ (7,617)	$ (103)	$ 1	$ -
CHANGES IN NET ASSETS						
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 16,555	$ (77)	$ (7,616)	$ (103)	$ (849)	$ 5,260
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(602)	1	83	10	-	-
INCREASE (DECREASE) IN NET ASSETS	15,953	(76)	(7,533)	(93)	(849)	5,260
NET ASSETS, Beginning of year	277,517	(134)	(98,634)	(18,911)	850	(5,260)
NET ASSETS, End of year	$ 293,470	$ (210)	$ (106,167)	$ (19,004)	$ 1	$ -

Trinity Health Of New England Corporation, Inc.

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	Mercy Life Inc.	System Coordinated Services	Mercy Specialist Physicians	Pioneer Valley Cardiology Associates	Mercy Medical Group, Inc.	Accountable Care Organization of New England, LLC
Operating revenue:						
Net patient service revenue	$ -	$ 32,766	$ 2,562	$ 7,907	$ 3,733	$ -
Other	-	9,397	269	317	2,381	-
Total operating revenue	-	42,163	2,831	8,224	6,114	-
Expenses:						
Labor costs	-	26,216	3,363	1,824	3,189	3
Purchased services and medical claims	-	7,665	768	10,322	5,091	-
Depreciation, amortization and interest	-	458	26	11	128	-
Other	-	8,994	789	771	2,010	-
Total expenses	-	43,333	4,946	12,928	10,418	3
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	-	(1,170)	(2,115)	(4,704)	(4,304)	(3)
Other Items	-	(71)	-	-	(1,170)	-
OPERATING INCOME (LOSS)	-	(1,241)	(2,115)	(4,704)	(5,474)	(3)
NONOPERATING ITEMS:						
Investment income and interest rate swaps	-	-	-	-	-	-
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	-	(150)	-	-	-	-
Total nonoperating items	-	(150)	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES	-	(1,391)	(2,115)	(4,704)	(5,474)	(3)
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ -	$ (1,391)	$ (2,115)	$ (4,704)	$ (5,474)	$ (3)
CHANGES IN NET ASSETS						
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 53	$ (20,813)	$ (2,115)	$ (4,705)	$ (5,534)	$ (3)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	1	(1)	1	-	-
INCREASE (DECREASE) IN NET ASSETS	53	(20,812)	(2,116)	(4,704)	(5,534)	(3)
NET ASSETS, Beginning of year	(53)	(55,059)	(18,208)	(24,230)	(33,312)	1,923
NET ASSETS, End of year	$ -	$ (75,871)	$ (20,324)	$ (28,934)	$ (38,846)	$ 1,920

Trinity Health Of New England Corporation, Inc.

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	Riverbend Medical Group	The Mercy Hospital Inc. Eliminations and Other	The Mercy Hospital Inc. and Subsidiaries Subtotal	Trinity Health Of New England Corporation, Inc., & Connecticut Operations	Eliminations and Other	**Trinity Health Of New England Corporation, Inc.**
Operating revenue:						
Net patient service revenue	$ 72,838	$ (9,511)	$ 417,559	$ 1,447,289	$ -	**$ 1,864,848**
Other	6,624	(65,046)	55,430	110,874	(65,244)	**101,060**
Total operating revenue	79,462	(74,557)	472,989	1,558,163	(65,244)	**1,965,908**
Expenses:						
Labor costs	70,887	1,560	263,195	789,020	(10,251)	**1,041,964**
Purchased services and medical claims	6,964	(75,289)	109,851	176,144	(54,993)	**231,002**
Depreciation, amortization and interest	1,384	-	20,072	72,214	-	**92,286**
Other	14,909	(722)	109,557	427,700	-	**537,257**
Total expenses	94,144	(74,451)	502,675	1,465,078	(65,244)	**1,902,509**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(14,682)	(106)	(29,686)	93,085	-	**63,399**
Other Items	(514)	-	(2,525)	(6,641)	-	**(9,166)**
OPERATING INCOME (LOSS)	(15,196)	(106)	(32,211)	86,444	-	**54,233**
NONOPERATING ITEMS:						
Investment income and interest rate swaps	-	-	1,772	8,631	-	**10,403**
Loss from early extinguishment of debt	-	-	-	-	-	**-**
Other	-	-	(150)	(23)	-	**(173)**
Total nonoperating items	-	-	1,622	8,608	-	**10,230**
EXCESS OF REVENUE OVER EXPENSES	(15,196)	(106)	(30,589)	95,052	-	**64,463**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	(17)	-	**(17)**
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ (15,196)	$ (106)	$ (30,589)	$ 95,035	$ -	**$ 64,446**
CHANGES IN NET ASSETS						
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (15,137)	$ (104)	$ (35,188)	$ 61,484	$ -	**$ 26,296**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	(1)	(508)	178	1	**(329)**
INCREASE (DECREASE) IN NET ASSETS	(15,137)	(105)	(35,696)	61,662	1	**25,967**
NET ASSETS, Beginning of year	(15,063)	(511)	10,915	353,968	(1)	**364,882**
NET ASSETS, End of year	$ (30,200)	$ (616)	$ (24,781)	$ 415,630	$ -	**$ 390,849**

TRINITY HEALTH **Mercy Health System of SEPA, Philadelphia, Pennsylvania**

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	Mercy Catholic Medical Center	Mercy Suburban Hospital	Nazareth Hospital	St. Agnes Continuing Care Corp	MHS Combined Physicians	Mercy Home Health Services
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	$ 5,450	$ -	$ 19,745	$ 23,397	$ 27,936	$ 73,536
Assets limited or restricted as to use - current portion	-	-	-	-	-	-
Patient and other receivables, net	37,825	-	24,155	1,843	4,709	17,922
Other current assets	7,744	-	3,609	382	721	52
Total current assets	51,019	-	47,509	25,622	33,366	91,510
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Held in trust	-	-	-	-	-	-
By Board	-	-	-	-	-	-
By donors	3,427	-	161	1,826	-	-
Total assets limited or restricted as to use - noncurrent portion	3,427	-	161	1,826	-	-
PROPERTY AND EQUIPMENT, Net	72,229	-	36,865	3,863	1,460	403
OTHER ASSETS	98	-	412	-	-	-
TOTAL ASSETS	$ 126,773	$ -	$ 84,947	$ 31,311	$ 34,826	$ 91,913
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	$ 13,917	$ -	$ 17,428	$ 15,598	$ 264,388	$ 13,352
LONG-TERM DEBT, Net of current portion	80,394	-	31,153	-	-	-
OTHER LIABILITIES	3,824	-	1,242	1,222	127	20
NET ASSETS:						
Net assets without donor restrictions	25,211	-	34,963	12,665	(229,689)	78,541
Net assets with donor restrictions	3,427	-	161	1,826	-	-
TOTAL LIABILITIES AND NET ASSETS	$ 126,773	$ -	$ 84,947	$ 31,311	$ 34,826	$ 91,913

TRINITY HEALTH

Supplemental Condensed Consolidating Balance Sheets - Information

June 30, 2019

(In thousands)

Mercy Health System of SEPA, Philadelphia, Pennsylvania

	Mercy Eastwick, Inc.	Mercy Health Plan	Mercy Health System Foundation	Mercy Home Office	Eliminations and Other	**Mercy Health System of SEPA, Philadelphia, Pennsylvania**
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	$ -	$ -	$ 47,091	$ 136,768	$ (226,329)	**$ 107,594**
Assets limited or restricted as to use - current portion	-	-	-	-	-	**-**
Patient and other receivables, net	35	447	-	460	-	**87,396**
Other current assets	77	-	-	954	-	**13,539**
Total current assets	112	447	47,091	138,182	(226,329)	**208,529**
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Held in trust	-	-	-	592	-	**592**
By Board	-	-	-	-	-	**-**
By donors	-	-	208	-	-	**5,622**
Total assets limited or restricted as to use - noncurrent portion	-	-	208	592	-	**6,214**
PROPERTY AND EQUIPMENT, Net	5,067	-	-	348	-	**120,235**
OTHER ASSETS	-	229,727	-	30,031	-	**260,268**
TOTAL ASSETS	$ 5,179	$ 230,174	$ 47,299	$ 169,153	$ (226,329)	**$ 595,246**
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	$ 44,476	$ -	$ -	$ (11,210)	$ (231,875)	**$ 126,074**
LONG-TERM DEBT, Net of current portion	-	-	-	19,891	-	**131,438**
OTHER LIABILITIES	-	-	-	629	-	**7,064**
NET ASSETS:						
Net assets without donor restrictions	(39,297)	230,174	47,091	159,843	5,546	**325,048**
Net assets with donor restrictions	-	-	208	-	-	**5,622**
TOTAL LIABILITIES AND NET ASSETS	$ 5,179	$ 230,174	$ 47,299	$ 169,153	$ (226,329)	**$ 595,246**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	Mercy Catholic Medical Center	Mercy Suburban Hospital	Nazareth Hospital	St. Agnes Continuing Care Corp	MHS Combined Physicians	Mercy Home Health Services
Operating revenue:						
Net patient service revenue	$ 320,059	$ -	$ 151,533	$ -	$ 49,916	$ 91,940
Other	21,300	-	3,144	76,923	36,969	473
Total operating revenue	341,359	-	154,677	76,923	86,885	92,413
Expenses:						
Labor costs	155,340	-	74,416	30,824	74,536	70,410
Purchased services and medical claims	73,499	-	29,838	36,206	27,203	7,596
Depreciation, amortization and interest	10,514	-	5,450	434	331	79
Other	95,542	-	44,136	5,443	9,645	5,347
Total expenses	334,895	-	153,840	72,907	111,715	83,432
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	6,464	-	837	4,016	(24,830)	8,981
Other Items	-	-	(235)	-	-	-
OPERATING INCOME (LOSS)	6,464	-	602	4,016	(24,830)	8,981
NONOPERATING ITEMS:						
Investment income and interest rate swaps	(383)	-	344	688	(4,642)	2,018
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total nonoperating items	(383)	-	344	688	(4,642)	2,018
EXCESS OF REVENUE OVER EXPENSES	6,081	-	946	4,704	(29,472)	10,999
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 6,081	$ -	$ 946	$ 4,704	$ (29,472)	$ 10,999
CHANGES IN NET ASSETS						
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 2,643	$ 46,465	$ 1,430	$ 4,731	$ 24,163	$ 11,001
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(99)	-	(661)	(62)	-	-
INCREASE (DECREASE) IN NET ASSETS	2,544	46,465	769	4,669	24,163	11,001
NET ASSETS, Beginning of year	26,094	(46,465)	34,355	9,822	(253,852)	67,540
NET ASSETS, End of year	$ 28,638	$ -	$ 35,124	$ 14,491	$ (229,689)	$ 78,541

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	Mercy Eastwick, Inc.	Mercy Health Plan	Mercy Health System Foundation	Mercy Home Office	Eliminations and Other	**Mercy Health System of SEPA, Philadelphia, Pennsylvania**
Operating revenue:						
Net patient service revenue	$ -	$ -	$ -	$ -	$ (621)	**$ 612,827**
Other	977	9,066	266	109,458	(141,207)	**117,369**
Total operating revenue	977	9,066	266	109,458	(141,828)	**730,196**
Expenses:						
Labor costs	-	-	-	61,110	(28,699)	**437,937**
Purchased services and medical claims	580	-	-	38,613	(81,752)	**131,783**
Depreciation, amortization and interest	633	-	-	6,261	-	**23,702**
Other	777	-	-	4,477	(31,377)	**133,990**
Total expenses	1,990	-	-	110,461	(141,828)	**727,412**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(1,013)	9,066	266	(1,003)	-	**2,784**
Other Items	-	-	-	(8,991)	-	**(9,226)**
OPERATING INCOME (LOSS)	(1,013)	9,066	266	(9,994)	-	**(6,442)**
NONOPERATING ITEMS:						
Investment income and interest rate swaps	(899)	-	1,326	7,661	-	**6,113**
Loss from early extinguishment of debt	-	-	-	-	-	**-**
Other	-	-	-	-	-	**-**
Total nonoperating items	(899)	-	1,326	7,661	-	**6,113**
EXCESS OF REVENUE OVER EXPENSES	(1,912)	9,066	1,592	(2,333)	-	**(329)**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES **-** net of noncontrolling interest	$ (1,912)	$ 9,066	$ 1,592	$ (2,333)	$ -	**$ (329)**
CHANGES IN NET ASSETS						
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (1,911)	$ 784	$ 6,592	$ (111,331)	$ (3)	**$ (15,436)**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	-	6	-	-	**(816)**
INCREASE (DECREASE) IN NET ASSETS	(1,911)	784	6,598	(111,331)	(3)	**(16,252)**
NET ASSETS, Beginning of year	(37,386)	229,390	40,701	271,174	5,549	**346,922**
NET ASSETS, End of year	$ (39,297)	$ 230,174	$ 47,299	$ 159,843	$ 5,546	**$ 330,670**

TRINITY HEALTH

St. Mary Medical Center, Langhorne, Pennsylvania

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	St. Mary Medical Center	Quality Health Alliance, MSSP	Quality Health Alliance	Ambulatory Surgery Center	St. Mary Rehabilitation Hospital	Life St. Mary
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	$ 374,591	$ 1,897	$ 1,286	$ 2,232	$ 4,883	$ 11,884
Assets limited or restricted as to use - current portion	-	-	-	-	-	-
Patient and other receivables, net	361,498	61	4,239	973	3,490	138
Other current assets	9,233	-	-	600	630	33
Total current assets	745,322	1,958	5,525	3,805	9,003	12,055
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Held in trust	1,211	-	-	-	-	-
By Board	-	-	-	-	-	-
By donors	-	-	-	-	-	-
Total assets limited or restricted as to use - noncurrent portion	1,211	-	-	-	-	-
PROPERTY AND EQUIPMENT, Net	172,841	-	-	650	325	861
OTHER ASSETS	24,918	-	-	124	5,800	-
TOTAL ASSETS	$ 944,292	$ 1,958	$ 5,525	$ 4,579	$ 15,128	$ 12,916
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	$ 60,437	$ 4,913	$ 9,864	$ 706	$ 3,660	$ 8,206
LONG-TERM DEBT, Net of current portion	116,930	-	-	2,383	-	-
OTHER LIABILITIES	1,402	-	-	9	-	-
NET ASSETS:						
Net assets without donor restrictions	765,523	(2,955)	(4,339)	1,481	11,468	4,710
Net assets with donor restrictions	-	-	-	-	-	-
TOTAL LIABILITIES AND NET ASSETS	$ 944,292	$ 1,958	$ 5,525	$ 4,579	$ 15,128	$ 12,916

TRINITY HEALTH

Supplemental Condensed Consolidating Balance Sheets - Information

June 30, 2019

(In thousands)

St. Mary Medical Center, Langhorne, Pennsylvania

	St. Mary Emergency Medical Services	Langhorne Physician Services	St. Mary Building and Development	St. Mary Foundation	Eliminations and Other	**St. Mary Medical Center, Langhorne, Pennsylvania**
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	$ (9)	$ 50,163	$ 1,089	$ 13,515	$ 62	**$ 461,593**
Assets limited or restricted as to use - current portion	-	-	-	102	-	**102**
Patient and other receivables, net	31	10,384	1,140	20	(330,023)	**51,951**
Other current assets	-	712	26	25	8	**11,267**
Total current assets	22	61,259	2,255	13,662	(329,953)	**524,913**
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Held in trust	-	-	-	-	-	**1,211**
By Board	-	-	-	9,628	-	**9,628**
By donors	-	-	-	10,023	-	**10,023**
Total assets limited or restricted as to use - noncurrent portion	-	-	-	19,651	-	**20,862**
PROPERTY AND EQUIPMENT, Net	3	8,425	17,758	8	-	**200,871**
OTHER ASSETS	-	-	-	-	(5,774)	**25,068**
TOTAL ASSETS	$ 25	$ 69,684	$ 20,013	$ 33,321	$ (335,727)	**$ 771,714**
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	$ 2,940	$ 265,253	$ 20,246	$ 21,534	$ (329,531)	**$ 68,228**
LONG-TERM DEBT, Net of current portion	-	-	-	-	-	**119,313**
OTHER LIABILITIES	-	-	-	134	-	**1,545**
NET ASSETS:						
Net assets without donor restrictions	(2,915)	(195,569)	(233)	1,661	(6,196)	**572,636**
Net assets with donor restrictions	-	-	-	9,992	-	**9,992**
TOTAL LIABILITIES AND NET ASSETS	$ 25	$ 69,684	$ 20,013	$ 33,321	$ (335,727)	**$ 771,714**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	St. Mary Medical Center	Quality Health Alliance, MSSP	Quality Health Alliance	Ambulatory Surgery Center	St. Mary Rehabilitation Hospital	Life St. Mary
Operating revenue:						
Net patient service revenue	$ 390,090	$ -	$ -	$ 10,275	$ 25,291	$ 8
Other	20,527	3,051	873	9	42	22,193
Total operating revenue	410,617	3,051	873	10,284	25,333	22,201
Expenses:						
Labor costs	176,858	1,234	1,232	2,947	10,549	6,615
Purchased services and medical claims	58,174	1,296	858	959	4,233	8,561
Depreciation, amortization and interest	29,717	-	-	479	318	163
Other	109,825	17	12	3,252	2,278	3,814
Total expenses	374,574	2,547	2,102	7,637	17,378	19,153
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	36,043	504	(1,229)	2,647	7,955	3,048
Other Items	(1,910)	-	-	-	-	-
OPERATING INCOME (LOSS)	34,133	504	(1,229)	2,647	7,955	3,048
NONOPERATING ITEMS:						
Investment income and interest rate swaps	24,295	-	-	48	-	-
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	-	-	-	(26)	-	-
Total nonoperating items	24,295	-	-	22	-	-
EXCESS OF REVENUE OVER EXPENSES	58,428	504	(1,229)	2,669	7,955	3,048
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 58,428	$ 504	$ (1,229)	$ 2,669	$ 7,955	$ 3,048
CHANGES IN NET ASSETS						
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 59,895	$ 650	$ (931)	$ 263	$ (254)	$ 3,048
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	-	(1)	-	-	1
INCREASE (DECREASE) IN NET ASSETS	59,895	650	(932)	263	(254)	3,049
NET ASSETS, Beginning of year	705,628	(3,605)	(3,407)	1,218	11,722	1,661
NET ASSETS, End of year	$ 765,523	$ (2,955)	$ (4,339)	$ 1,481	$ 11,468	$ 4,710

St. Mary Medical Center, Langhorne, Pennsylvania

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	St. Mary Emergency Medical Services	Langhorne Physician Services	St. Mary Building and Development	St. Mary Foundation	Eliminations and Other	**St. Mary Medical Center, Langhorne, Pennsylvania**
Operating revenue:						
Net patient service revenue	$ 178	$ 35,425	$ -	$ -	$ (267)	**$ 461,000**
Other	100	12,748	2,136	1,862	(11,356)	**52,185**
Total operating revenue	278	48,173	2,136	1,862	(11,623)	**513,185**
Expenses:						
Labor costs	566	53,090	-	983	(5)	**254,069**
Purchased services and medical claims	287	3,153	40	650	(11,402)	**66,809**
Depreciation, amortization and interest	-	807	508	6	-	**31,998**
Other	37	9,363	445	618	(212)	**129,449**
Total expenses	890	66,413	993	2,257	(11,619)	**482,325**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(612)	(18,240)	1,143	(395)	(4)	**30,860**
Other Items	-	(195)	-	-	-	**(2,105)**
OPERATING INCOME (LOSS)	(612)	(18,435)	1,143	(395)	(4)	**28,755**
NONOPERATING ITEMS:						
Investment income and interest rate swaps	-	-	-	733	15	**25,091**
Loss from early extinguishment of debt	-	-	-	-	-	**-**
Other	-	-	-	-	-	**(26)**
Total nonoperating items	-	-	-	733	15	**25,065**
EXCESS OF REVENUE OVER EXPENSES	(612)	(18,435)	1,143	338	11	**53,820**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	(4,569)	**(4,569)**
EXCESS OF REVENUE OVER EXPENSES **-** net of noncontrolling interest	$ (612)	$ (18,435)	$ 1,143	$ 338	$ (4,558)	**$ 49,251**
CHANGES IN NET ASSETS						
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (612)	$ (18,436)	$ (1)	$ 338	$ 10	**$ 43,970**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	2	-	206	(2)	**206**
INCREASE (DECREASE) IN NET ASSETS	(612)	(18,434)	(1)	544	8	**44,176**
NET ASSETS, Beginning of year	(2,303)	(177,135)	(232)	11,109	(6,204)	**538,452**
NET ASSETS, End of year	$ (2,915)	$ (195,569)	$ (233)	$ 11,653	$ (6,196)	**$ 582,628**

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

Lourdes Health System, Camden, New Jersey

	Our LOL Medical Center	Lourdes Medical Center of Burlington	Lourdes Medical Associates, PA	Lourdes Urgent Care, P.C.	Lourdes Cardiology Services, P.C.
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	$ 17,747	$ 304	$ -	$ -	$ -
Assets limited or restricted as to use - current portion	-	-	-	-	-
Patient and other receivables, net	49,200	20,258	3,368	-	1,526
Assets held for sale	-	-	-	-	-
Other current assets	8,484	2,688	587	-	183
Total current assets	75,431	23,250	3,955	-	1,709
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	-	-	-	-	-
By Board	-	-	-	-	-
By donors	512	19	-	-	-
Total assets limited or restricted as to use - noncurrent portion	512	19	-	-	-
PROPERTY AND EQUIPMENT, Net	18,127	4,462	369	-	144
OTHER ASSETS	223	167	1,014	-	-
TOTAL ASSETS	$ 94,293	$ 27,898	$ 5,338	$ -	$ 1,853
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	$ 23,978	$ 11,742	$ 16,496	$ 23	$ 40,973
LONG-TERM DEBT, Net of current portion	161,197	71,809	-	-	-
OTHER LIABILITIES	458	207	-	-	-
NET ASSETS:					
Net Assets without Donor Restrictions	(92,163)	(55,937)	(11,158)	(23)	(39,120)
Net Assets with Donor Restrictions	823	77	-	-	-
TOTAL LIABILITIES AND NET ASSETS	$ 94,293	$ 27,898	$ 5,338	$ -	$ 1,853

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

Lourdes Health System, Camden, New Jersey

	Health Management Services Organization, Inc.	LHS Health Network, LLC	Life at Lourdes	Our LOL Assoc. Foundation, Inc.	Lourdes Ancillary Services, Inc.
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	$ -	$ -	$ -	$ 850	$ -
Assets limited or restricted as to use - current portion	-	-	-	-	-
Patient and other receivables, net	-	723	-	42	1
Assets held for sale	-	-	-	-	-
Other current assets	14	3	-	-	-
Total current assets	14	726	-	892	1
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	-	-	-	-	-
By Board	-	-	-	-	-
By donors	-	-	-	609	-
Total assets limited or restricted as to use - noncurrent portion	-	-	-	609	-
PROPERTY AND EQUIPMENT, Net	9	-	-	5	472
OTHER ASSETS	6,007	-	-	-	-
TOTAL ASSETS	$ 6,030	$ 726	$ -	$ 1,506	$ 473
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	$ 3,080	$ 1,461	$ -	$ 128	$ -
LONG-TERM DEBT, Net of current portion	-	-	-	-	-
OTHER LIABILITIES	-	-	-	-	-
NET ASSETS:					
Net Assets without Donor Restrictions	2,950	(735)	-	1,052	473
Net Assets with Donor Restrictions	-	-	-	326	-
TOTAL LIABILITIES AND NET ASSETS	$ 6,030	$ 726	$ -	$ 1,506	$ 473

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

Lourdes Health System, Camden, New Jersey

	Centennial Surgical Unit, LLC	Health Care Services	Eliminations	Transfers to Virtua Health Inc. and Maxis Health System	**Lourdes Health System, Camden, New Jersey**
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	$ 761	$ -	$ (19,662)	$ -	$ -
Assets limited or restricted as to use - current portion	-	-	-	-	-
Patient and other receivables, net	523	979	(383)	(76,237)	-
Assets held for sale	-	-	-	-	-
Other current assets	310	484	-	(12,753)	-
Total current assets	1,594	1,463	(20,045)	(88,990)	-
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	-	4,364	-	(4,364)	-
By Board	-	-	-	-	-
By donors	-	-	-	(1,140)	-
Total assets limited or restricted as to use - noncurrent portion	-	4,364	-	(5,504)	-
PROPERTY AND EQUIPMENT, Net	810	1,509	-	(25,907)	-
OTHER ASSETS	19,957	(1)	2	(27,369)	-
TOTAL ASSETS	$ 22,361	$ 7,335	$ (20,043)	$ (147,770)	$ -
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	$ 305	$ 8,597	$ (19,663)	$ (87,120)	$ -
LONG-TERM DEBT, Net of current portion	599	-	-	(233,605)	-
OTHER LIABILITIES	-	4,364	-	(5,029)	-
NET ASSETS:					
Net Assets without Donor Restrictions	21,457	(5,626)	-	178,830	-
Net Assets with Donor Restrictions	-	-	(380)	(846)	-
TOTAL LIABILITIES AND NET ASSETS	$ 22,361	$ 7,335	$ (20,043)	$ (147,770)	$ -

TRINITY HEALTH

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information

June 30, 2019

(In thousands)

Lourdes Health System, Camden, New Jersey

	Our LOL Medical Center	Lourdes Medical Center of Burlington	Lourdes Medical Associates, PA	Lourdes Urgent Care, P.C.	Lourdes Cardiology Services, P.C.
Operating revenue:					
Net patient service revenue	$ 307,091	$ 124,683	$ 34,058	$ 135	$ 23,864
Other	16,739	1,957	117,957	1,248	2,598
Total operating revenue	323,830	126,640	152,015	1,383	26,462
Expenses:					
Labor costs	140,950	61,087	44,347	-	26,898
Purchased services and medical claims	80,903	32,345	22,943	19	14,784
Depreciation, amortization and interest	12,816	5,003	261	15	44
Other	200,073	27,428	9,156	3	3,973
Total expenses	434,742	125,863	76,707	37	45,699
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(110,912)	777	75,308	1,346	(19,237)
Loss on transfer of Lourdes Health System	(14,374)	(6,732)	(561)	-	-
OPERATING INCOME (LOSS)	(125,286)	(5,955)	74,747	1,346	(19,237)
NONOPERATING ITEMS:					
Investment income and interest rate swaps	(556)	(132)	-	-	-
Loss from early extinguishment of debt	-	-	-	-	-
Other	(46)	(53)	(19)	-	(17)
Total nonoperating items	(602)	(185)	(19)	-	(17)
EXCESS OF REVENUE OVER EXPENSES	(125,888)	(6,140)	74,728	1,346	(19,254)
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ (125,888)	$ (6,140)	$ 74,728	$ 1,346	$ (19,254)
CHANGES IN NET ASSETS					
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (209,730)	$ 19,988	$ 88,208	$ 1,993	$ (8,260)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(1,188)	(26)	-	-	(1)
INCREASE (DECREASE) IN NET ASSETS	(210,918)	19,962	88,208	1,993	(8,261)
NET ASSETS, Beginning of year	119,578	(75,822)	(99,366)	(2,016)	(30,859)
NET ASSETS, End of year	$ (91,340)	$ (55,860)	$ (11,158)	$ (23)	$ (39,120)

TRINITY HEALTH

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information

June 30, 2019

(In thousands)

Lourdes Health System, Camden, New Jersey

	Health Management Services Organization, Inc.	LHS Health Network, LLC	Life at Lourdes	Our LOL Assoc. Foundation, Inc.	Lourdes Ancillary Services, Inc.
Operating revenue:					
Net patient service revenue	$ -	$ -	$ (170)	$ -	$ -
Other	48,467	12,366	10,983	672	1,161
Total operating revenue	48,467	12,366	10,813	672	1,161
Expenses:					
Labor costs	31,495	2,657	3,705	649	-
Purchased services and medical claims	1,584	2,194	4,403	82	-
Depreciation, amortization and interest	1,206	-	105	-	1,177
Other	2,344	121	1,924	172	-
Total expenses	36,629	4,972	10,137	903	1,177
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	11,838	7,394	676	(231)	(16)
Loss on transfer of Lourdes Health System	(1,009)	(16)	-	-	-
OPERATING INCOME (LOSS)	10,829	7,378	676	(231)	(16)
NONOPERATING ITEMS:					
Investment income and interest rate swaps	-	-	-	61	-
Loss from early extinguishment of debt	-	-	-	-	-
Other	-	-	-	-	-
Total nonoperating items	-	-	-	61	-
EXCESS OF REVENUE OVER EXPENSES	10,829	7,378	676	(170)	(16)
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 10,829	$ 7,378	$ 676	$ (170)	$ (16)
CHANGES IN NET ASSETS					
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 29,539	$ 7,409	$ (7,488)	$ 476	$ 273
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	(1,108)	-
INCREASE (DECREASE) IN NET ASSETS	29,539	7,409	(7,488)	(632)	273
NET ASSETS, Beginning of year	(26,589)	(8,144)	7,488	2,010	200
NET ASSETS, End of year	$ 2,950	$ (735)	$ -	$ 1,378	$ 473

TRINITY HEALTH

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	Centennial Surgical Unit, LLC	Health Care Services	Eliminations and Loss on Transfer	**Lourdes Health System, Camden, New Jersey**
Operating revenue:				
Net patient service revenue	$ 9	$ -	$ (1,228)	**$ 488,442**
Other	10,051	-	(170,215)	**53,984**
Total operating revenue	10,060	-	(171,443)	**542,426**
Expenses:				
Labor costs	343	-	683	**312,814**
Purchased services and medical claims	4,421	-	(45,815)	**117,863**
Depreciation, amortization and interest	473	-	(2,352)	**18,748**
Other	3,619	-	(123,959)	**124,854**
Total expenses	8,856	-	(171,443)	**574,279**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	1,204	-	-	**(31,853)**
Loss on transfer of Lourdes Health System	-	-	(34,713)	**(57,405)**
OPERATING INCOME (LOSS)	1,204	-	(34,713)	**(89,258)**
NONOPERATING ITEMS:				
Investment income and interest rate swaps	-	-	-	**(627)**
Loss from early extinguishment of debt	-	-	-	**-**
Other	-	-	(4)	**(139)**
Total nonoperating items	-	-	(4)	**(766)**
EXCESS OF REVENUE OVER EXPENSES	1,204	-	(34,717)	**(90,024)**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	(590)	**(590)**
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 1,204	$ -	$ (35,307)	**$ (90,614)**
CHANGES IN NET ASSETS				
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 240	$ 12,777	$ 189,239	**$ 124,664**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(1)	-	2,324	**-**
INCREASE (DECREASE) IN NET ASSETS	239	12,777	191,563	**124,664**
NET ASSETS, Beginning of year	21,218	(18,403)	(13,959)	**(124,664)**
NET ASSETS, End of year	$ 21,457	$ (5,626)	$ 177,604	**$ -**

TRINITY HEALTH

Supplemental Condensed Consolidating Balance Sheets - Information

June 30, 2019

(In thousands)

St. Francis Medical Center, Trenton, New Jersey

	St. Francis Medical Center	LIFE St. Francis	St. Francis Medical Center Foundation	Central New Jersey Heart Services, Inc.	St. Francis Community Health Service	Eliminations and Other	**St. Francis Medical Center, Trenton, New Jersey**
ASSETS							
CURRENT ASSETS:							
Cash, cash equivalents and investments	$ 2	$ 7,133	$ 100	$ 1,346	$ -	$ (7,232)	**$ 1,349**
Assets limited or restricted as to use - current portion	-	-	-	-	-	-	**-**
Patient and other receivables, net	57,593	14,452	284	372	347	(55,145)	**17,903**
Other current assets	4,058	234	20	391	553	(4)	**5,252**
Total current assets	61,653	21,819	404	2,109	900	(62,381)	**24,504**
ASSETS LIMITED OR RESTRICTED AS TO USE -							
Noncurrent portion:							
Held in trust	-	-	-	-	-	-	**-**
By Board	250	-	1,517	-	-	-	**1,767**
By donors	-	-	1,645	-	-	-	**1,645**
Total assets limited or restricted as to use - noncurrent portion	250	-	3,162	-	-	-	**3,412**
PROPERTY AND EQUIPMENT, Net	-	-	-	-	-	-	**-**
OTHER ASSETS	6,393	-	-	-	-	-	**6,393**
TOTAL ASSETS	$ 68,296	$ 21,819	$ 3,566	$ 2,109	$ 900	$ (62,381)	**$ 34,309**
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES	$ 84,525	$ 26,997	$ 600	$ 162	$ 14,073	$ (61,064)	**$ 65,293**
LONG-TERM DEBT, Net of current portion	67,152	5,500	-	-	14,864	-	**87,516**
OTHER LIABILITIES	1,537	-	-	-	-	-	**1,537**
NET ASSETS:							
Net assets without donor restrictions	(84,918)	(10,678)	1,321	1,947	(28,037)	(1,317)	**(121,682)**
Net assets with donor restrictions	-	-	1,645	-	-	-	**1,645**
TOTAL LIABILITIES AND NET ASSETS	$ 68,296	$ 21,819	$ 3,566	$ 2,109	$ 900	$ (62,381)	**$ 34,309**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	St. Francis Medical Center	LIFE St. Francis	St. Francis Medical Center Foundation	Central New Jersey Heart Services, Inc.	St. Francis Community Health Service	Eliminations and Other	**St. Francis Medical Center, Trenton, New Jersey**
Operating revenue:							
Net patient service revenue	$ 124,373	$ (224)	$ -	$ 7,112	$ -	$ (10,229)	**$ 121,032**
Other	3,986	30,747	320	140	-	(1,674)	**33,519**
Total operating revenue	128,359	30,523	320	7,252	-	(11,903)	**154,551**
Expenses:							
Labor costs	65,828	8,592	162	654	-	641	**75,877**
Purchased services and medical claims	40,840	18,204	165	224	31	(11,812)	**47,652**
Depreciation, amortization and interest	4,005	220	-	-	644	-	**4,869**
Other	27,138	4,522	(10)	2,351	605	42	**34,648**
Total expenses	137,811	31,538	317	3,229	1,280	(11,129)	**163,046**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(9,452)	(1,015)	3	4,023	(1,280)	(774)	**(8,495)**
Other Items	(4,832)	(2)	-	-	-	(149)	**(4,983)**
OPERATING INCOME (LOSS)	(14,284)	(1,017)	3	4,023	(1,280)	(923)	**(13,478)**
NONOPERATING ITEMS:							
Investment income and interest rate swaps	(719)	(13)	(3)	-	-	-	**(735)**
Loss from early extinguishment of debt	-	-	-	-	-	-	**-**
Other	-	-	-	-	-	-	**-**
Total nonoperating items	(719)	(13)	(3)	-	-	-	**(735)**
EXCESS OF REVENUE OVER EXPENSES	(15,003)	(1,030)	-	4,023	(1,280)	(923)	**(14,213)**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	(1,618)	**(1,618)**
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ (15,003)	$ (1,030)	$ -	$ 4,023	$ (1,280)	$ (2,541)	**$ (15,831)**
CHANGES IN NET ASSETS							
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (12,879)	$ (1,030)	$ (123)	$ (57)	$ (1,280)	$ (923)	**$ (16,292)**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(1)	-	(86)	-	-	-	**(87)**
INCREASE (DECREASE) IN NET ASSETS	(12,880)	(1,030)	(209)	(57)	(1,280)	(923)	**(16,379)**
NET ASSETS, Beginning of year	(72,038)	(9,648)	3,175	2,004	(26,757)	(394)	**(103,658)**
NET ASSETS, End of year	$ (84,918)	$ (10,678)	$ 2,966	$ 1,947	$ (28,037)	$ (1,317)	**$ (120,037)**

TRINITY HEALTH

St. Mary's Health Care System, Inc., Athens, Georgia

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	St. Mary's Hospital Combined	Good Samaritan Hospital	St. Mary's Sacred Heart Hospital	St. Mary's Foundation, Inc.	Good Samaritan Foundation, Inc.
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	$ 39,014	$ 236	$ 36	$ 2,863	$ 383
Assets limited or restricted as to use - current portion	1,111	-	-	31	22
Patient and other receivables, net	34,917	4,474	5,388	588	711
Other current assets	7,448	575	740	-	-
Total current assets	82,490	5,285	6,164	3,482	1,116
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	1,939	-	-	-	-
By Board	18,941	-	-	4,681	-
By donors	16	2	-	4,514	65
Total assets limited or restricted as to use - noncurrent portion	20,896	2	-	9,195	65
PROPERTY AND EQUIPMENT, Net	62,471	29,323	10,616	4	-
OTHER ASSETS	13,076	80	73	-	-
TOTAL ASSETS	$ 178,933	$ 34,690	$ 16,853	$ 12,681	$ 1,181
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	$ 28,016	$ 4,224	$ 4,123	$ 394	$ 711
LONG-TERM DEBT, Net of current portion	14,947	34,886	11,740	-	-
OTHER LIABILITIES	2,404	-	-	-	-
NET ASSETS:					
Net assets without donor restrictions	132,690	(4,422)	990	8,687	298
Net assets with donor restrictions	876	2	-	3,600	172
TOTAL LIABILITIES AND NET ASSETS	$ 178,933	$ 34,690	$ 16,853	$ 12,681	$ 1,181

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

St. Mary's Health Care System, Inc., Athens, Georgia

	St. Mary's Highland Hills, Inc.	St. Mary's Medical Group	Eliminations and Other	**St. Mary's Health Care System, Inc., Athens, Georgia**
ASSETS				
CURRENT ASSETS:				
Cash, cash equivalents and investments	$ 1,051	$ 43	$ -	**$ 43,626**
Assets limited or restricted as to use - current portion	-	-	-	**1,164**
Patient and other receivables, net	37	5,760	(1,372)	**50,503**
Other current assets	21	245	-	**9,029**
Total current assets	1,109	6,048	(1,372)	**104,322**
ASSETS LIMITED OR RESTRICTED AS TO USE -				
Noncurrent portion:				
Held in trust	-	-	-	**1,939**
By Board	-	-	-	**23,622**
By donors	-	-	-	**4,597**
Total assets limited or restricted as to use - noncurrent portion	-	-	-	**30,158**
PROPERTY AND EQUIPMENT, Net	9,153	2,686	-	**114,253**
OTHER ASSETS	-	-	-	**13,229**
TOTAL ASSETS	$ 10,262	$ 8,734	$ (1,372)	**$ 261,962**
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES	$ 495	$ 4,269	$ (1,376)	**$ 40,856**
LONG-TERM DEBT, Net of current portion	2,560	-	-	**64,133**
OTHER LIABILITIES	-	-	-	**2,404**
NET ASSETS:				
Net assets without donor restrictions	7,207	4,465	4	**149,919**
Net assets with donor restrictions	-	-	-	**4,650**
TOTAL LIABILITIES AND NET ASSETS	$ 10,262	$ 8,734	$ (1,372)	**$ 261,962**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	St. Mary's Hospital Combined	Good Samaritan Hospital	St. Mary's Sacred Heart Hospital	St. Mary's Foundation, Inc.	Good Samaritan Foundation, Inc.
Operating revenue:					
Net patient service revenue	$ 221,377	$ 24,791	$ 31,739	$ -	$ -
Other	2,606	4,029	1,954	1,970	1
Total operating revenue	223,983	28,820	33,693	1,970	1
Expenses:					
Labor costs	103,533	10,179	16,466	297	-
Purchased services and medical claims	30,193	6,578	11,432	132	-
Depreciation, amortization and interest	11,070	3,688	2,238	1	-
Other	68,111	4,726	5,196	115	-
Total expenses	212,907	25,171	35,332	545	-
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	11,076	3,649	(1,639)	1,425	1
Other Items	(1,269)	(3)	(4)	-	-
OPERATING INCOME (LOSS)	9,807	3,646	(1,643)	1,425	1
NONOPERATING ITEMS:					
Investment income and interest rate swaps	2,780	(82)	(27)	1,288	2
Loss from early extinguishment of debt	-	-	-	-	-
Other	-	-	-	-	-
Total nonoperating items	2,780	(82)	(27)	1,288	2
EXCESS OF REVENUE OVER EXPENSES	12,587	3,564	(1,670)	2,713	3
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 12,587	$ 3,564	$ (1,670)	$ 2,713	$ 3
CHANGES IN NET ASSETS					
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (2,629)	$ (645)	$ (121)	$ 402	$ 51
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	877	3	(1)	(1,227)	88
INCREASE (DECREASE) IN NET ASSETS	(1,752)	(642)	(122)	(825)	139
NET ASSETS, Beginning of year	135,318	(3,778)	1,112	13,112	331
NET ASSETS, End of year	$ 133,566	$ (4,420)	$ 990	$ 12,287	$ 470

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	St. Mary's Highland Hills, Inc.	St. Mary's Medical Group	Eliminations and Other	**St. Mary's Health Care System, Inc., Athens, Georgia**
Operating revenue:				
Net patient service revenue	$ 5,356	$ 24,864	$ -	**$ 308,127**
Other	25	43	-	**10,628**
Total operating revenue	5,381	24,907	-	**318,755**
Expenses:				
Labor costs	2,572	23,677	-	**156,724**
Purchased services and medical claims	948	5,084	-	**54,367**
Depreciation, amortization and interest	764	332	-	**18,093**
Other	641	4,796	-	**83,585**
Total expenses	4,925	33,889	-	**312,769**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	456	(8,982)	-	**5,986**
Other Items	-	(115)	-	**(1,391)**
OPERATING INCOME (LOSS)	456	(9,097)	-	**4,595**
NONOPERATING ITEMS:				
Investment income and interest rate swaps	63	-	-	**4,024**
Loss from early extinguishment of debt	-	-	-	**-**
Other	-	-	-	**-**
Total nonoperating items	63	-	-	**4,024**
EXCESS OF REVENUE OVER EXPENSES	519	(9,097)	-	**8,619**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 519	$ (9,097)	$ -	**$ 8,619**
CHANGES IN NET ASSETS				
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 143	$ 3,616	$ 6,171	**$ 6,988**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(1)	(1)	3	**(259)**
INCREASE (DECREASE) IN NET ASSETS	142	3,615	6,174	**6,729**
NET ASSETS, Beginning of year	7,065	850	(6,170)	**147,840**
NET ASSETS, End of year	$ 7,207	$ 4,465	$ 4	**$ 154,569**

TRINITY HEALTH

Trinity Continuing Care Services

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	Mercy Community Health, Inc., West Hartford	St. Joseph's of the Pines, Inc., Southern Pines	Other Subsidiaries and Eliminations	**Trinity Continuing Care Services**
ASSETS				
CURRENT ASSETS:				
Cash, cash equivalents and investments	$ 6,236	$ 10,977	$ 48,772	**$ 65,985**
Assets limited or restricted as to use - current portion	4	-	2,032	**2,036**
Patient and other receivables, net	8,496	22,254	14,546	**45,296**
Other current assets	278	289	1,747	**2,314**
Total current assets	15,014	33,520	67,097	**115,631**
ASSETS LIMITED OR RESTRICTED AS TO USE -				
Noncurrent portion:				
Held in trust	1,595	-	288	**1,883**
Held in trust, statutory reserve	-	11,114	-	**11,114**
By Board	-	995	-	**995**
By donors	506	269	3,575	**4,350**
Total assets limited or restricted as to use - noncurrent portion	2,101	12,378	3,863	**18,342**
PROPERTY AND EQUIPMENT, Net	41,632	62,869	179,064	**283,565**
OTHER ASSETS	286	791	24,413	**25,490**
TOTAL ASSETS	$ 59,033	$ 109,558	$ 274,437	**$ 443,028**
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES	$ 26,336	$ 24,895	$ (234)	**$ 50,997**
LONG-TERM DEBT, Net of current portion	29,179	46,058	160,166	**235,403**
OTHER LIABILITIES	18,329	28,712	54,576	**101,617**
NET ASSETS:				
Net assets without donor restrictions	(15,321)	9,623	56,358	**50,660**
Net assets with donor restrictions	510	270	3,571	**4,351**
TOTAL LIABILITIES AND NET ASSETS	$ 59,033	$ 109,558	$ 274,437	**$ 443,028**

TRINITY HEALTH

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information

June 30, 2019

(In thousands)

Trinity Continuing Care Services

	Mercy Community Health, Inc., West Hartford	St. Joseph's of the Pines, Inc., Southern Pines	Other Subsidiaries and Eliminations	**Trinity Continuing Care Services**
Operating revenue:				
Net patient service revenue less provision for bad debts	$ 40,890	$ 13,428	$ 142,708	**$ 197,026**
Other	14,845	48,142	107,480	**170,467**
Total operating revenue	55,735	61,570	250,188	**367,493**
Expenses:				
Labor costs	33,856	25,687	143,410	**202,953**
Purchased services and medical claims	7,486	15,873	32,647	**56,006**
Depreciation and amortization	4,109	5,575	14,177	**23,861**
Interest	1,318	1,844	6,413	**9,575**
Other	12,891	12,788	43,227	**68,906**
Total expenses	59,660	61,767	239,874	**361,301**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(3,925)	(197)	10,314	**6,192**
Other items	-	-	(5,243)	**(5,243)**
OPERATING INCOME (LOSS)	(3,925)	(197)	5,071	**949**
NONOPERATING ITEMS:				
Investment income and interest rate swaps	303	680	619	**1,602**
Loss from early extinguishment of debt	-	-	-	**-**
Other	-	-	-	**-**
Total nonoperating items	303	680	619	**1,602**
EXCESS OF REVENUE OVER EXPENSES	(3,622)	483	5,690	**2,551**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ (3,622)	$ 483	$ 5,690	**$ 2,551**
CHANGES IN NET ASSETS				
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 1,402	$ 9	$ (3,271)	**$ (1,860)**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(70)	12	(32)	**(90)**
INCREASE (DECREASE) IN NET ASSETS	1,332	21	(3,303)	**(1,950)**
NET ASSETS, Beginning of year	(16,143)	9,872	63,232	**56,961**
NET ASSETS, End of year	$ (14,811)	$ 9,893	$ 59,929	**$ 55,011**

TRINITY HEALTH

Mercy Community Health, Inc., West Hartford

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	MCH - Corporate Office	The McAuley Center, Inc.	Saint Mary Home, Inc.	Mount St. Joseph	**Mercy Community Health, Inc., West Hartford**
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	$ (31,689)	$ 13,937	$ 23,417	$ 571	**$ 6,236**
Assets limited or restricted as to use - current portion	4	-	-	-	**4**
Patient and other receivables, net	311	138	5,811	2,236	**8,496**
Other current assets	8	16	138	116	**278**
Total current assets	(31,366)	14,091	29,366	2,923	**15,014**
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	-	1,595	-	-	**1,595**
Held in trust, statutory reserve	-	-	-	-	**-**
By Board	-	-	-	-	**-**
By donors	(21)	262	265	-	**506**
Total assets limited or restricted as to use - noncurrent portion	(21)	1,857	265	-	**2,101**
PROPERTY AND EQUIPMENT, Net	364	22,309	11,111	7,848	**41,632**
OTHER ASSETS	206	41	39	-	**286**
TOTAL ASSETS	$ (30,817)	$ 38,298	$ 40,781	$ 10,771	**$ 59,033**
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	$ (10,370)	$ 10,985	$ 21,678	$ 4,043	**$ 26,336**
LONG-TERM DEBT, Net of current portion	3,865	11,674	9,822	3,818	**29,179**
OTHER LIABILITIES	6	18,323	-	-	**18,329**
NET ASSETS:					
Net assets without donor restrictions	(24,394)	(2,746)	8,909	2,910	**(15,321)**
Net assets with donor restrictions	76	62	372	-	**510**
TOTAL LIABILITIES AND NET ASSETS	$ (30,817)	$ 38,298	$ 40,781	$ 10,771	**$ 59,033**

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

Mercy Community Health, Inc., West Hartford

	MCH - Corporate Office	The McAuley Center, Inc.	Saint Mary Home, Inc.	Mount St. Joseph	**Mercy Community Health, Inc., West Hartford**
Operating revenue:					
Net patient service revenue less provision for bad debts	$ -	$ 71	$ 31,000	$ 9,819	**$ 40,890**
Other	3,764	12,427	400	(1,746)	**14,845**
Total operating revenue	3,764	12,498	31,400	8,073	**55,735**
Expenses:					
Labor costs	2,022	3,775	19,941	8,118	**33,856**
Purchased services and medical claims	1,086	2,886	5,992	(2,478)	**7,486**
Depreciation and amortization	168	2,008	1,205	728	**4,109**
Interest	188	583	394	153	**1,318**
Other	267	3,738	6,258	2,628	**12,891**
Total expenses	3,731	12,990	33,790	9,149	**59,660**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	33	(492)	(2,390)	(1,076)	**(3,925)**
Other items	-	-	-	-	**-**
OPERATING INCOME (LOSS)	33	(492)	(2,390)	(1,076)	**(3,925)**
NONOPERATING ITEMS:					
Investment income and interest rate swaps	328	6	(23)	(8)	**303**
Loss from early extinguishment of debt	-	-	-	-	**-**
Other	-	-	-	-	**-**
Total nonoperating items	328	6	(23)	(8)	**303**
EXCESS OF REVENUE OVER EXPENSES	361	(486)	(2,413)	(1,084)	**(3,622)**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 361	$ (486)	$ (2,413)	$ (1,084)	**$ (3,622)**
CHANGES IN NET ASSETS					
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 361	$ 4,538	$ (2,414)	$ (1,083)	**$ 1,402**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(37)	8	(41)	-	**(70)**
INCREASE (DECREASE) IN NET ASSETS	324	4,546	(2,455)	(1,083)	**1,332**
NET ASSETS, Beginning of year	(24,642)	(7,230)	11,736	3,993	**(16,143)**
NET ASSETS, End of year	$ (24,318)	$ (2,684)	$ 9,281	$ 2,910	**$ (14,811)**

TRINITY HEALTH

St. Joseph's of the Pines, Inc., Southern Pines

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	St. Joseph of the Pines Administration	Belle Meade Independent Living	Pine Knoll Independent Living	St. Joseph of the Pines Health Center	Coventry Assisted Living	Family Care Homes Assisted Living	St. Joseph of the Pines Foundation
ASSETS							
CURRENT ASSETS:							
Cash, cash equivalents and investments	$ 1,616	$ 5,391	$ 1,350	$ 13	$ -	$ -	$ -
Assets limited or restricted as to use - current portion	-	-	-	-	-	-	-
Patient and other receivables, net	66,273	8,810	4,267	33,810	5,006	1,771	747
Other current assets	105	64	13	39	2	-	-
Total current assets	67,994	14,265	5,630	33,862	5,008	1,771	747
ASSETS LIMITED OR RESTRICTED AS TO USE -							
Noncurrent portion:							
Held in trust	-	-	-	-	-	-	-
Held in trust, statutory reserve	-	8,891	2,223	-	-	-	-
By Board	330	-	-	-	-	-	665
By donors	138	105	10	8	8	-	-
Total assets limited or restricted as to use - noncurrent portion	468	8,996	2,233	8	8	-	665
PROPERTY AND EQUIPMENT, Net	2,671	36,166	10,213	6,579	4,794	265	-
OTHER ASSETS	761	30	-	-	-	-	-
TOTAL ASSETS	$ 71,894	$ 59,457	$ 18,076	$ 40,449	$ 9,810	$ 2,036	$ 1,412
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES	$ 15,240	$ 43,311	$ 12,937	$ 47,070	$ 9,684	$ 1,709	$ 272
LONG-TERM DEBT, Net of current portion	46,058	-	-	-	-	-	-
OTHER LIABILITIES	41	22,739	5,932	-	-	-	-
NET ASSETS:							
Net assets without donor restrictions	10,402	(6,697)	(808)	(6,543)	119	327	1,075
Net assets with donor restrictions	153	104	15	(78)	7	-	65
TOTAL LIABILITIES AND NET ASSETS	$ 71,894	$ 59,457	$ 18,076	$ 40,449	$ 9,810	$ 2,036	$ 1,412

TRINITY HEALTH

St. Joseph's of the Pines, Inc., Southern Pines

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	St. Joseph of the Pines Home Care	Providence Place HUD Property Managment	St. Joseph of the Pines LIFE Fayetteville	Eliminations and Other	**St. Joseph's of the Pines, Inc., Southern Pines**
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	$ -	$ -	$ 2,607	$ -	**$ 10,977**
Assets limited or restricted as to use - current portion	-	-	-	-	**-**
Patient and other receivables, net	4,834	992	18,611	(122,867)	**22,254**
Other current assets	-	-	66	-	**289**
Total current assets	4,834	992	21,284	(122,867)	**33,520**
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	-	-	-	-	**-**
Held in trust, statutory reserve	-	-	-	-	**11,114**
By Board	-	-	-	-	**995**
By donors	-	-	-	-	**269**
Total assets limited or restricted as to use - noncurrent portion	-	-	-	-	**12,378**
PROPERTY AND EQUIPMENT, Net	7	3	2,171	-	**62,869**
OTHER ASSETS	-	-	-	-	**791**
TOTAL ASSETS	$ 4,841	$ 995	$ 23,455	$ (122,867)	**$ 109,558**
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	$ 4,916	$ 1,016	$ 11,607	$ (122,867)	**$ 24,895**
LONG-TERM DEBT, Net of current portion	-	-	-	-	**46,058**
OTHER LIABILITIES	-	-	-	-	**28,712**
NET ASSETS:					
Net assets without donor restrictions	(75)	(21)	11,844	-	**9,623**
Net assets with donor restrictions	-	-	4	-	**270**
TOTAL LIABILITIES AND NET ASSETS	$ 4,841	$ 995	$ 23,455	$ (122,867)	**$ 109,558**

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

St. Joseph's of the Pines, Inc., Southern Pines

	St. Joseph of the Pines Administration	Belle Meade Independent Living	Pine Knoll Independent Living	St. Joseph of the Pines Health Center	Coventry Assisted Living	Family Care Homes Assisted Living	St. Joseph of the Pines Foundation
Operating revenue:							
Net patient service revenue less provision for bad debts	$ -	$ (27)	$ (24)	$ 15,061	$ 821	$ (4)	$ -
Other	297	14,705	3,777	51	2,958	940	614
Total operating revenue	297	14,678	3,753	15,112	3,779	936	614
Expenses:							
Labor costs	5,534	2,154	969	7,969	1,217	501	98
Purchased services and medical claims	(7,464)	5,815	2,045	4,455	1,081	271	2
Depreciation and amortization	392	3,207	635	849	240	93	-
Interest	70	993	212	268	301	-	-
Other	1,485	2,868	981	1,811	205	51	341
Total expenses	17	15,037	4,842	15,352	3,044	916	441
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	280	(359)	(1,089)	(240)	735	20	173
Other items	-	-	-	-	-	-	-
OPERATING INCOME (LOSS)	280	(359)	(1,089)	(240)	735	20	173
NONOPERATING ITEMS:							
Investment income and interest rate swaps	(54)	477	122	(16)	(18)	-	38
Loss from early extinguishment of debt	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total nonoperating items	(54)	477	122	(16)	(18)	-	38
EXCESS OF REVENUE OVER EXPENSES	226	118	(967)	(256)	717	20	211
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 226	$ 118	$ (967)	$ (256)	$ 717	$ 20	$ 211
CHANGES IN NET ASSETS							
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (393)	$ 178	$ (966)	$ (176)	$ 717	$ 20	$ 212
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	16	20	-	(79)	-	-	53
INCREASE (DECREASE) IN NET ASSETS	(377)	198	(966)	(255)	717	20	265
NET ASSETS, Beginning of year	10,932	(6,791)	173	(6,366)	(591)	307	875
NET ASSETS, End of year	$ 10,555	$ (6,593)	$ (793)	$ (6,621)	$ 126	$ 327	$ 1,140

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

St. Joseph's of the Pines, Inc., Southern Pines

	St. Joseph of the Pines Home Care	Providence Place HUD Property Managment	St. Joseph of the Pines LIFE Fayetteville	Eliminations and Other	**St. Joseph's of the Pines, Inc., Southern Pines**
Operating revenue:					
Net patient service revenue less provision for bad debts	$ 2,188	$ -	$ (232)	$ (4,355)	**$ 13,428**
Other	-	153	24,647	-	**48,142**
Total operating revenue	2,188	153	24,415	(4,355)	**61,570**
Expenses:					
Labor costs	1,976	107	5,162	-	**25,687**
Purchased services and medical claims	296	7	13,720	(4,355)	**15,873**
Depreciation and amortization	3	1	155	-	**5,575**
Interest	-	-	-	-	**1,844**
Other	50	41	4,955	-	**12,788**
Total expenses	2,325	156	23,992	(4,355)	**61,767**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(137)	(3)	423	-	**(197)**
Other items	-	-	-	-	**-**
OPERATING INCOME (LOSS)	(137)	(3)	423	-	**(197)**
NONOPERATING ITEMS:					
Investment income and interest rate swaps	-	-	131	-	**680**
Loss from early extinguishment of debt	-	-	-	-	**-**
Other	-	-	-	-	**-**
Total nonoperating items	-	-	131	-	**680**
EXCESS OF REVENUE OVER EXPENSES	(137)	(3)	554	-	**483**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ (137)	$ (3)	$ 554	$ -	**$ 483**
CHANGES IN NET ASSETS					
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (136)	$ (3)	$ 556	$ -	**$ 9**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	-	2	-	**12**
INCREASE (DECREASE) IN NET ASSETS	(136)	(3)	558	-	**21**
NET ASSETS, Beginning of year	61	(18)	11,290	-	**9,872**
NET ASSETS, End of year	$ (75)	$ (21)	$ 11,848	$ -	**$ 9,893**

TRINITY HEALTH **Trinity Health PACE**
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	Trinity Health PACE Livonia Office	Mercy Adult Day Health	Eliminations and Other	Trinity Health PACE System Office
ASSETS				
CURRENT ASSETS:				
Cash, cash equivalents and investments	$ 1,035	$ -	$ -	$ 1,035
Assets limited or restricted as to use - current portion	-	-	-	-
Patient and other receivables, net	2,202	140	(159)	2,183
Other current assets	22	5	-	27
Total current assets	3,259	145	(159)	3,245
ASSETS LIMITED OR RESTRICTED AS TO USE -				
Noncurrent portion:				
Held in trust	-	-	-	-
By Board	-	-	-	-
By donors	-	-	-	-
Total assets limited or restricted as to use - noncurrent portion	-	-	-	-
PROPERTY AND EQUIPMENT, Net	542	66	-	608
OTHER ASSETS	870	-	-	870
TOTAL ASSETS	$ 4,671	$ 211	$ (159)	$ 4,723
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES	$ 5,111	$ 290	$ (159)	$ 5,242
LONG-TERM DEBT, Net of current portion	-	-	-	-
OTHER LIABILITIES	-	-	-	-
NET ASSETS:				
Net assets without donor restrictions	(440)	(79)	-	(519)
Net assets with donor restrictions	-	-	-	-
TOTAL LIABILITIES AND NET ASSETS	$ 4,671	$ 211	$ (159)	$ 4,723

TRINITY HEALTH

Trinity Health PACE

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	PACE South Bend	Mercy LIFE West Philadelphia	Mercy LIFE of Alabama	Mercy Medical of Alabama	Mercy LIFE of Massachusetts	LIFE at Lourdes	Eliminations and Other	**Trinity Health PACE**
ASSETS								
CURRENT ASSETS:								
Cash, cash equivalents and investments	$ -	$ 11,312	$ 7,854	$ 712	$ -	$ 10,103	$ -	**$ 31,016**
Assets limited or restricted as to use - current portion	-	-	-	-	-	-	-	**-**
Patient and other receivables, net	442	2,687	2,288	3	1,194	2,519	(6,144)	**5,172**
Other current assets	54	194	38	6	116	8	-	**443**
Total current assets	496	14,193	10,180	721	1,310	12,630	(6,144)	**36,631**
ASSETS LIMITED OR RESTRICTED AS TO USE -								
Noncurrent portion:								
Held in trust	-	-	-	-	-	-	-	**-**
By Board	-	-	-	1,067	-	-	-	**1,067**
By donors	-	-	350	-	1	-	-	**351**
Total assets limited or restricted as to use - noncurrent portion	-	-	350	1,067	1	-	-	**1,418**
PROPERTY AND EQUIPMENT, Net	3,702	1,159	1,337	-	1,701	1,099	-	**9,606**
OTHER ASSETS	-	13,345	-	-	-	-	-	**14,215**
TOTAL ASSETS	$ 4,198	$ 28,697	$ 11,867	$ 1,788	$ 3,012	$ 13,729	$ (6,144)	**$ 61,870**
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES	$ 4,849	$ 9,192	$ 1,507	$ (4)	$ 4,042	$ 5,400	$ (6,144)	**$ 24,084**
LONG-TERM DEBT, Net of current portion	6,249	14,977	-	-	-	-	-	**21,226**
OTHER LIABILITIES	-	-	-	472	-	-	-	**472**
NET ASSETS:								
Net assets without donor restrictions	(6,900)	4,528	10,010	1,320	(1,031)	8,329	-	**15,737**
Net assets with donor restrictions	-	-	350	-	1	-	-	**351**
TOTAL LIABILITIES AND NET ASSETS	$ 4,198	$ 28,697	$ 11,867	$ 1,788	$ 3,012	$ 13,729	$ (6,144)	**$ 61,870**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	Trinity Health PACE Livonia Office	Mercy Adult Day Health	Eliminations and Other	Trinity Health PACE System Office
Operating revenue:				
Net patient service revenue	$ -	$ (4)	$ -	$ (4)
Other	9,338	456	(6)	9,788
Total operating revenue	9,338	452	(6)	9,784
Expenses:				
Labor costs	5,246	359	-	5,605
Purchased services and medical claims	1,987	34	(6)	2,015
Depreciation, amortization and interest	605	11	-	616
Other	516	92	-	608
Total expenses	8,354	496	(6)	8,844
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	984	(44)	-	940
Other Items	(473)	(100)	-	(573)
OPERATING INCOME (LOSS)	511	(144)	-	367
NONOPERATING ITEMS:				
Investment income and interest rate swaps	744	-		744
Loss from early extinguishment of debt	-	-	-	-
Other	-	-	-	-
Total nonoperating items	744	-	-	744
EXCESS OF REVENUE OVER EXPENSES	1,255	(144)	-	1,111
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 1,255	$ (144)	$ -	$ 1,111
CHANGES IN NET ASSETS				
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 669	$ (144)	$ (1)	$ 524
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	(9)	1	(8)
INCREASE (DECREASE) IN NET ASSETS	669	(153)	-	516
NET ASSETS, Beginning of year	(1,109)	74	-	(1,035)
NET ASSETS, End of year	$ (440)	$ (79)	$ -	$ (519)

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	PACE South Bend	Mercy LIFE West Philadelphia	Mercy LIFE of Alabama	Mercy Medical of Alabama	Mercy LIFE of Massachusetts	LIFE at Lourdes	Eliminations and Other	**Trinity Health PACE**
Operating revenue:								
Net patient service revenue	$ (92)	$ (200)	$ (24)	$ -	$ (220)	$ (8)	$ -	**$ (548)**
Other	13,373	48,345	15,672	(76)	22,056	10,864	(5,965)	**114,057**
Total operating revenue	13,281	48,145	15,648	(76)	21,836	10,856	(5,965)	**113,509**
Expenses:								
Labor costs	4,116	15,323	4,782	-	8,654	3,853	(8)	**42,325**
Purchased services and medical claims	5,942	19,161	7,519	10	9,838	4,834	(5,957)	**43,362**
Depreciation, amortization and interest	719	1,503	270	-	411	73	-	**3,592**
Other	3,668	8,374	2,543	5	5,055	1,978	-	**22,231**
Total expenses	14,445	44,361	15,114	15	23,958	10,738	(5,965)	**111,510**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(1,164)	3,784	534	(91)	(2,122)	118	-	**1,999**
Other Items	-	-	-	-	-	-	-	**(573)**
OPERATING INCOME (LOSS)	(1,164)	3,784	534	(91)	(2,122)	118	-	**1,426**
NONOPERATING ITEMS:								
Investment income and interest rate swaps	(15)	301	265	80	15	48	-	**1,438**
Loss from early extinguishment of debt	-	-	-	-	-	-	-	**-**
Other	-	-	-	-	-	-	-	**-**
Total nonoperating items	(15)	301	265	80	15	48	-	**1,438**
EXCESS OF REVENUE OVER EXPENSES	(1,179)	4,085	799	(11)	(2,107)	166	-	**2,864**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ (1,179)	$ 4,085	$ 799	$ (11)	$ (2,107)	$ 166	$ -	**$ 2,864**
CHANGES IN NET ASSETS								
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (1,178)	$ 4,084	$ 917	$ (11)	$ (2,107)	$ 8,329	$ -	**$ 10,558**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	(1)	(86)	(1)	(13)	-	1	**(108)**
INCREASE (DECREASE) IN NET ASSETS	(1,178)	4,083	831	(12)	(2,120)	8,329	1	**10,450**
NET ASSETS, Beginning of year	(5,722)	445	9,529	1,332	1,090	-	(1)	**5,638**
NET ASSETS, End of year	$ (6,900)	$ 4,528	$ 10,360	$ 1,320	$ (1,030)	$ 8,329	$ -	**$ 16,088**

Pittsburgh Mercy Health System Inc., Pittsburgh, Pennsylvania

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2019
(In thousands)

	Pittsburgh Mercy Health System	McAuley Ministries	Bethlehem Haven of Pittsburgh	Mercy Life Center Corp (Behav)	Eliminations and Other	**Pittsburgh Mercy Health System Inc., Pittsburgh, Pennsylvania**
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	$ (1,104)	$ 2,325	$ 1,032	$ 10,107	$ -	**$ 12,360**
Assets limited or restricted as to use - current portion	-	-	-	-	-	**-**
Patient and other receivables, net	30,968	-	2,123	45,320	(52,908)	**25,503**
Other current assets	374	-	-	238	-	**612**
Total current assets	30,238	2,325	3,155	55,665	(52,908)	**38,475**
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Held in trust	-	-	-	149	-	**149**
By Board	13,710	84,364	-	-	-	**98,074**
By donors	829	-	701	-	-	**1,530**
Total assets limited or restricted as to use - noncurrent portion	14,539	84,364	701	149	-	**99,753**
PROPERTY AND EQUIPMENT, Net	368	2	4,515	8,744	-	**13,629**
OTHER ASSETS	-	-	-	11,954	-	**11,954**
TOTAL ASSETS	$ 45,145	$ 86,691	$ 8,371	$ 76,512	$ (52,908)	**$ 163,811**
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	$ 33,419	$ 739	$ 4,389	$ 19,491	$ (52,908)	**$ 5,130**
LONG-TERM DEBT, Net of current portion	-	-	-	474	-	**474**
OTHER LIABILITIES	-	-	-	482	-	**482**
NET ASSETS:						
Net assets without donor restrictions	10,880	85,952	3,281	56,065	-	**156,178**
Net assets with donor restrictions	846	-	701	-	-	**1,547**
TOTAL LIABILITIES AND NET ASSETS	$ 45,145	$ 86,691	$ 8,371	$ 76,512	$ (52,908)	**$ 163,811**

Pittsburgh Mercy Health System Inc., Pittsburgh, Pennsylvania

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	Pittsburgh Mercy Health System	McAuley Ministries	Bethlehem Haven of Pittsburgh	Mercy Life Center Corp (Behav)	Eliminations and Other	**Pittsburgh Mercy Health System Inc., Pittsburgh, Pennsylvania**
Operating revenue:						
Net patient service revenue	$ -	$ -	$ 52	$ 66,957	$ -	**$ 67,009**
Other	1,428	3,738	3,688	30,849	-	**39,703**
Total operating revenue	1,428	3,738	3,740	97,806	-	**106,712**
Expenses:						
Labor costs	7,843	240	1,906	63,929	-	**73,918**
Purchased services and medical claims	(8,798)	72	271	13,362	-	**4,907**
Depreciation, amortization and interest	193	3	260	1,239	-	**1,695**
Other	1,713	3,423	1,186	17,614	-	**23,936**
Total expenses	951	3,738	3,623	96,144	-	**104,456**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	477	-	117	1,662	-	**2,256**
Other Items	-	-	-	-	-	**-**
OPERATING INCOME (LOSS)	477	-	117	1,662	-	**2,256**
NONOPERATING ITEMS:						
Investment income and interest rate swaps	(1,058)	909	7	12,038	-	**11,896**
Loss from early extinguishment of debt	-	-	-	-	-	**-**
Other	-	-	-	-	-	**-**
Total nonoperating items	(1,058)	909	7	12,038	-	**11,896**
EXCESS OF REVENUE OVER EXPENSES	(581)	909	124	13,700	-	**14,152**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES **-** net of noncontrolling interest	$ (581)	$ 909	$ 124	$ 13,700	$ -	**$ 14,152**
CHANGES IN NET ASSETS						
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (1,556)	$ 3,235	$ (62)	$ 13,631	$ 1	**$ 15,249**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(3,064)	(2,327)	237	-	(1)	**(5,155)**
INCREASE (DECREASE) IN NET ASSETS	(4,620)	908	175	13,631	-	**10,094**
NET ASSETS, Beginning of year	16,346	85,044	3,807	42,434	-	**147,631**
NET ASSETS, End of year	$ 11,726	$ 85,952	$ 3,982	$ 56,065	$ -	**$ 157,725**

TRINITY HEALTH

Supplemental Condensed Consolidating Balance Sheets - Information

June 30, 2019

(In thousands)

St. Joseph's Health System, Inc., Atlanta, Georgia

	St. Joseph's Health System, Inc., Atlanta	Mercy Care	Mercy Care Foundation	Eliminations and Other	**St. Joseph's Health System, Inc., Atlanta, Georgia**
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	$ 141,721	$ 441	$ 35,883	$ 37	**$ 178,082**
Assets limited or restricted as to use - current portion	-	-	25	-	**25**
Patient and other receivables, net	13,481	12,104	1,658	(25,859)	**1,384**
Other current assets	69	167	-	-	**236**
Total current assets	155,271	12,712	37,566	(25,822)	**179,727**
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	-	-	20	-	**20**
By Board	-	-	29,577	-	**29,577**
By donors	-	-	8,607	-	**8,607**
Total assets limited or restricted as to use - noncurrent portion	-	-	38,204	-	**38,204**
PROPERTY AND EQUIPMENT, Net	24,760	3,894	-	1,114	**29,768**
OTHER ASSETS	-	9,251	-	127,430	**136,681**
TOTAL ASSETS	$ 180,031	$ 25,857	$ 75,770	$ 102,722	**$ 384,380**
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	$ 13,568	$ 13,665	$ 1,759	$ (25,872)	**$ 3,120**
LONG-TERM DEBT, Net of current portion	-	-	-	-	**-**
OTHER LIABILITIES	-	-	759	-	**759**
NET ASSETS:					
Net assets without donor restrictions	166,463	2,941	65,360	134,670	**369,434**
Net assets with donor restrictions	-	9,251	7,892	(6,076)	**11,067**
TOTAL LIABILITIES AND NET ASSETS	$ 180,031	$ 25,857	$ 75,770	$ 102,722	**$ 384,380**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2019
(In thousands)

	St. Joseph's Health System, Inc., Atlanta	Mercy Care	Mercy Care Foundation	Eliminations and Other	**St. Joseph's Health System, Inc., Atlanta, Georgia**
Operating revenue:					
Net patient service revenue	$ -	$ 2,926	$ -	$ 90	**$ 3,016**
Other	3,911	19,385	4,605	(824)	**27,077**
Total operating revenue	3,911	22,311	4,605	(734)	**30,093**
Expenses:					
Labor costs	521	18,378	1,003	1,162	**21,064**
Purchased services and medical claims	253	2,463	557	(16)	**3,257**
Depreciation, amortization and interest	673	375	-	71	**1,119**
Other	150	2,122	2,349	32	**4,653**
Total expenses	1,597	23,338	3,909	1,249	**30,093**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	2,314	(1,027)	696	(1,983)	**-**
Other Items	-	-	-	-	**-**
OPERATING INCOME (LOSS)	2,314	(1,027)	696	(1,983)	**-**
NONOPERATING ITEMS:					
Investment income and interest rate swaps	123	-	1,503	23,561	**25,187**
Loss from early extinguishment of debt	-	-	-	-	**-**
Other	-	-	(51)	-	**(51)**
Total nonoperating items	123	-	1,452	23,561	**25,136**
EXCESS OF REVENUE OVER EXPENSES	2,437	(1,027)	2,148	21,578	**25,136**
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES - net of noncontrolling interest	$ 2,437	$ (1,027)	$ 2,148	$ 21,578	**$ 25,136**
CHANGES IN NET ASSETS					
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 961	$ 496	$ 11,316	$ 24,786	**$ 37,559**
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	(1,586)	(11,579)	(643)	**(13,808)**
INCREASE (DECREASE) IN NET ASSETS	961	(1,090)	(263)	24,143	**23,751**
NET ASSETS, Beginning of year	165,502	13,282	73,515	104,451	**356,750**
NET ASSETS, End of year	$ 166,463	$ 12,192	$ 73,252	$ 128,594	**$ 380,501**

ST. JOSEPH OF THE PINES, INC.

COMPILED FORECAST

FOR THE YEARS ENDING
JUNE 30, 2020, 2021, 2022, 2023, AND 2024

ST. JOSEPH OF THE PINES, INC.
Compiled Forecast
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To the Board of Directors
St. Joseph of the Pines, Inc.
Southern Pines, North Carolina

Management is responsible for the accompanying forecast of St. Joseph of the Pines, Inc. (the "Corporation"), which comprises the forecasted balance sheets as of June 30, 2020, 2021, 2022, 2023 and 2024, and the related forecasted statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant forecast assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

The forecasted results may not be achieved, as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying supplementary information contained in the forecasted schedules of operating expenses by location is presented for purposes of additional analysis and is not a required part of the forecast. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
November 7, 2019

ST. JOSEPH OF THE PINES, INC.
Forecasted Balance Sheets
June 30, 2020, 2021, 2022, 2023, and 2024

(in thousands of dollars)

	2020	2021	2022	2023	2024
Assets					
Current Assets:					
Cash and cash equivalents	$ 16,022	$ 17,982	$ 20,121	$ 22,540	$ 24,913
Patient accounts receivable, net	6,059	6,241	6,429	6,621	6,886
Prepaid expenses, inventories and other current assets	284	292	301	310	322
Total current assets	22,365	24,515	26,851	29,471	32,121
Assets Limited as to Use:					
Operating reserve	8,202	8,940	9,745	10,526	11,473
Other restricted investments	1,264	1,264	1,264	1,264	1,264
	9,466	10,204	11,009	11,790	12,737
Property, Plant and Equipment:					
Property, plant and equipment	147,402	152,612	157,873	163,188	168,555
Less: accumulated depreciation	84,532	89,742	95,003	100,318	105,685
Total property, plant and equipment	62,870	62,870	62,870	62,870	62,870
Other Assets:					
Other long-term assets	790	814	839	865	891
Total other assets	790	814	839	865	891
Total assets	$ 95,491	$ 98,403	$ 101,569	$ 104,996	$ 108,619
Liabilities and Net Assets					
Current Liabilities:					
Current portion of long-term debt	$ 887	$ 923	$ 960	$ 1,000	$ 1,037
Accounts payable and accrued expenses	6,959	7,168	7,385	7,604	7,909
Other accrued liabilities	345	356	366	377	392
Total current liabilities	8,191	8,447	8,711	8,981	9,338
Deferred Revenues and Long-Term Liabilities:					
Deferred revenues - refundable	5,591	5,758	5,931	6,109	6,353
Deferred revenues - nonrefundable	21,752	20,695	19,865	19,257	18,791
Long-term debt	45,171	44,248	43,288	42,288	41,251
Other long-term liabilities	249	256	264	272	283
Total deferred revenues and long-term liabilities	72,763	70,957	69,348	67,926	66,678
Total liabilities	80,954	79,404	78,059	76,907	76,016
Net Assets					
Without donor restrictions	14,268	18,730	23,241	27,820	32,334
With donor restrictions	269	269	269	269	269
Total net assets	14,537	18,999	23,510	28,089	32,603
Total liabilities and net assets	$ 95,491	$ 98,403	$ 101,569	$ 104,996	$ 108,619

ST. JOSEPH OF THE PINES, INC.
Forecasted Statements of Operations and Changes in Net Assets
For the Years Ending June 30, 2020, 2021, 2022, 2023, and 2024

(in thousands of dollars)

	2020	2021	2022	2023	2024
Unrestricted Net Assets					
Revenues, gains and other support:					
Monthly fees	$ 20,683	$ 21,303	$ 21,943	$ 22,601	$ 23,279
Amortization of entrance fees	3,400	3,230	3,069	2,915	2,769
Health care	19,089	19,662	20,252	20,859	21,485
PACE revenue	-	-	-	-	-
Contributions and gifts	533	401	421	442	464
Investment income	1,000	1,000	1,000	1,000	1,000
Other operating revenues	350	362	369	382	393
Total unrestricted revenues, gains and other support	45,055	45,958	47,054	48,199	49,390
Expenses:					
Health care	11,826	12,181	12,546	12,923	13,310
Dietary	6,392	6,584	6,781	6,985	7,194
Administration	8,297	8,546	8,802	9,066	9,338
Maintenance	4,032	4,153	4,277	4,406	4,538
Laundry (linen)	198	204	210	216	223
Housekeeping	1,491	1,536	1,582	1,629	1,678
Depreciation and amortization	5,158	5,210	5,261	5,315	5,367
Interest	1,839	1,869	1,833	1,794	1,902
Other operating	1,178	1,213	1,251	1,286	1,326
Total expenses	40,411	41,496	42,543	43,620	44,876
Changes in net assets	4,644	4,462	4,511	4,579	4,514
Net assets, beginning of year	9,893	14,537	18,999	23,510	28,089
Net assets, end of year	$ 14,537	$ 18,999	$ 23,510	$ 28,089	$ 32,603

ST. JOSEPH OF THE PINES, INC.
Forecasted Statements of Cash Flows
For the Years Ending June 30, 2020, 2021, 2022, 2023, and 2024

(in thousands of dollars)

	2020	2021	2022	2023	2024
Cash flows from operating activities:					
Changes in net assets	$ 4,644	$ 4,462	$ 4,511	$ 4,579	$ 4,514
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Entrance fees received	2,281	2,340	2,412	2,485	2,547
Amortization of entrance fees	(3,400)	(3,230)	(3,069)	(2,915)	(2,769)
Depreciation and amortization	5,158	5,210	5,261	5,315	5,367
Changes in operating assets and liabilities:					
Patient accounts receivable, net	(176)	(182)	(188)	(192)	(265)
Prepaid expenses, inventories and other current assets	5	(8)	(9)	(9)	(12)
Accounts payable and accrued expenses	(366)	220	227	230	320
Other long-term liabilities	(7)	7	8	8	11
Net cash provided by operating activities	8,139	8,819	9,153	9,501	9,713
Cash flows from investing activities:					
Change in investments and assets limited as to use	2,912	(738)	(805)	(781)	(947)
Purchases of property and equipment	(5,158)	(5,210)	(5,261)	(5,315)	(5,367)
Net cash used in investing activities	(2,246)	(5,948)	(6,066)	(6,096)	(6,314)
Cash flows from financing activities:					
Payments on long-term debt:					
Belle Meade and Pine Knoll	(848)	(887)	(923)	(960)	(1,000)
Related party borrowings	-	(24)	(25)	(26)	(26)
Net cash used in financing activities	(848)	(911)	(948)	(986)	(1,026)
Net increase in cash and cash equivalents	5,045	1,960	2,139	2,419	2,373
Cash and cash equivalents, beginning	10,977	16,022	17,982	20,121	22,540
Cash and cash equivalents, ending	$ 16,022	$ 17,982	$ 20,121	$ 22,540	$ 24,913
Supplemental cash flow information:					
Cash payments for interest	$ 1,839	$ 1,869	$ 1,833	$ 1,794	$ 1,902

1. BASIS OF PRESENTATION

The accompanying forecast presents, to the best knowledge and belief of the Management ("Management") of St. Joseph of the Pines, Inc. (the "Corporation"), the Corporation's expected balance sheets, related statements of operations and changes in net assets, and cash flows as of and for each of the years in the five-year period ending June 30, 2024. Management's purpose in releasing these financial forecasts is for inclusion in the Corporation's annual Disclosure Statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the forecast. Even if the hypothetical assumptions below occur within the forecast period, the Corporation recognizes that there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The financial statements included in the forecast have been prepared in accordance with the guidance contained in the *Audit and Accounting Guide, Health Care Organizations*, published by the American Institute of Certified Public Accountants. Significant accounting policies are described in the appropriate assumptions and notes to the forecasted financial statements. The assumptions described are not all-inclusive.

2. BACKGROUND OF THE CORPORATION

The Corporation is a not-for-profit corporation that owns and operates two licensed continuing care retirement communities in Southern Pines, North Carolina (collectively referred to as "Existing Operations"). Belle Meade Retirement Resort ("Belle Meade") is a 100-acre campus with 220 independent living residences; 40 assisted living beds ("Coventry"); and a 176-bed licensed skilled nursing facility (the "Health Center"). The Pine Knoll campus ("Pine Knoll") is a 19-acre campus with 90 independent living residences. The Corporation was incorporated in 1948 and has been in continuous operation since that time. The Corporation's mission is to provide a variety of housing and health services to senior citizens in the community.

The Corporation's sole corporate member is Trinity Health ("Trinity"), a tax-exempt Catholic multi-institutional health system. The Corporation is a Regional Health Ministry ("RHM") of Trinity. The mission of Trinity is to be a community of persons committed to being a transforming, healing presence within the communities it serves. The financial statements of the Corporation are included with other RHM's in the consolidated financial statements of Trinity.

3. RESIDENCY AND CARE AGREEMENTS

Under the terms of the Residency Agreement (the "Agreement"), the Corporation accepts as residents ("Resident" or "Residents") those persons at least 62 years of age at the time of occupancy (only 1 member of a couple must meet this requirement) who are able to care for themselves with limited or no assistance and are able to demonstrate the necessary financial resources to meet the Corporation's minimum fee requirements. As defined in the Agreement, a Resident is required to pay an initial entrance fee ("Entrance Fee"), and a monthly service fee ("Monthly Service Fee") on an on-going basis. Payment of these amounts entitles Residents to occupy and use the residence, common areas, amenities, programs, and services of the Corporation subject to the terms of the Agreement. In addition to the items included in the Monthly Service Fee, certain services are available to Residents for an additional charge. Upon termination of the Agreement, Residents are entitled to a refund, which is determined according to the applicable Entrance Fee amortization schedule described in the Agreement.

The Corporation offers multiple types of Entrance Fee options, ranging from non-refundable to 90 percent refundable. There are also multiple options for Monthly Service Fees, which are documented in each Agreement.

4. SIGNIFICANT ACCOUNTING PRINCIPLES

Use of Estimates - The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates made by the Corporation relate primarily to the allowance for doubtful accounts, third-party payor settlements, deferred revenue from Entrance Fees and the obligation to provide future services. Actual results could differ from these estimates.

Cash and Cash Equivalents - All cash and highly liquid debt instruments purchased with a maturity of three months or less, other than those included in assets whose use is limited, are considered cash and cash equivalents. The carrying value of cash and cash equivalents approximates market value.

Investments and Investment Income - Investments in equity securities with readily determinable fair values are recorded at fair value and all investments in debt securities are measured at fair value. Investment income is reported as operating income unless the income or loss is restricted by donor or law. Management does not project any unrealized gains or losses on investments.

Inventories - Inventories are carried at the lower of cost (first-in, first-out method) or net realizable value.

Assets Limited as to Use - Assets limited as to use include amounts set aside for the statutory operating reserves and refundable deposits held in escrow. To determine the statutory operating reserves for Belle Meade and Pine Knoll, the Corporation has allocated the projected operating expenses of Coventry and Health Center based on resident days served at each location.

4. SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Net Assets - Net assets without donor restrictions are those, which have no external restrictions. Net assets with donor restrictions are those for which use has been limited by donors to a specific time period or purpose or to be maintained in perpetuity.

Property and Equipment - Property and equipment purchased by the Corporation are stated at cost. Donated property and equipment are stated at the estimated fair value at the date of donation. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets, generally 5 - 40 years.

Costs of Acquiring Initial Continuing Care Contracts - Costs of acquiring continuing care contracts during the construction period of Belle Meade and Pine Knoll have been capitalized. These costs are being amortized on a straight-line basis over the average expected lives of the Residents under contract.

Deferred Financing Costs and Original Issue Discount - Deferred financing costs and original issue discounts are being amortized using the effective interest method over the term of the related financing agreement.

Deferred Revenue from Entrance Fees - Upon termination (moving or death), Corporation Residents are entitled to a refund of a pro-rated portion of their Entrance Fees. Entrance Fees of 4 percent are earned by the Corporation upon advancement to Pine Knoll and Belle Meade. The refundable percentage is reduced monthly, according to the terms of the contract, until there is no refund due or the minimum refundable amount guaranteed under contract has been reached. Refundable and non-refundable fees are classified as deferred revenue from Entrance Fees. Entrance Fees are recognized as income over the estimated life expectancy of each Resident, or couple, adjusted on an annual basis.

Derivative Financial Instruments - Accordingly, the Corporation recognizes all derivative financial instruments in the accompanying forecasted balance sheets at fair value.

Refundable Deposits - Deposits for Belle Meade and Pine Knoll accommodations are deferred when received. A portion of the deposit is refundable if the Resident terminates the Residency Agreement. Upon occupancy of the unit, the deposit is amortized into income using the straight-line method over the estimated remaining life expectancy of the Resident, or couple, adjusted on an annual basis.

Advertising Costs - The cost of advertising is expensed as incurred.

Social Accountability Costs - The Corporation has a policy of providing health services to patients who are unable to pay. Such patients are identified based on financial information obtained from the patient and subsequent analysis. Since the Corporation does not expect payment from these patients, estimated charges for charity care are not included in net patient service revenue.

4. SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Obligation to Provide Future Services - The Corporation annually calculates the present value of the net cost of future services and the use of facilities to be provided to current Residents and compares that amount with the balance of deferred revenue from Entrance Fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from Entrance Fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. No liability has been estimated during the forecast period because the present value of the estimated costs of future services and the use of facilities is less than deferred revenue from Entrance Fees.

Operating Indicators - The forecasted statements of operations and changes in net assets include revenue, gains or losses, and other support. Changes in net assets without donor restrictions, which are excluded from operating income consistent with industry practice, include unrealized gains and losses on investments and unrestricted contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Net Patient Service Revenue - Third-party payors (Medicare, Medicaid, and commercial insurance payors) provide payments to providers at amounts different from their established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is the estimated amount to be realized for services rendered, including estimated retroactive adjustments.

Retroactive adjustments are accrued on an estimated basis in the period the related services are provided and adjusted in future periods upon final settlements. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Management believes that adequate provision has been made for adjustments that may result from reviews by third-party payors.

Resident Service Revenue - Resident service revenue represents the estimated net realizable amounts due from Residents for services rendered, including the portion of the deferred Entrance Fees earned in the current year. Amortization of deferred revenue from non-refundable Entrance Fees is included in Resident service revenue in the accompanying forecasted statements of operations and changes in net assets.

Contributions - Contributions are recorded as revenue and are considered to be available for unrestricted use, unless specifically restricted by the donor.

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the forecasted statements of operations and changes in net assets as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying forecasted financial statements.

4. SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Contributions (Continued) - The Corporation reports gifts of property and equipment (or other long-lived assets) as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Taxes - The Corporation has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. Accordingly, Management has assumed no income tax liability accruing to the Corporation.

5. ASSUMED INDEPENDENT LIVING UNIT UTILIZATION

Management assumes that the occupancy of independent living units would be 80 to 90 percent throughout the forecast period.

Management has assumed utilization of the Coventry and the Health Center to average 90 percent throughout the forecast period.

6. REVENUE

Resident Service Revenue - Resident service revenue is based upon charges for services provided to Residents of independent living units and the Health Center. Resident service revenue for independent living Residents is based upon the assumed occupancy and the Monthly Service Fees of the respective units. The Entrance Fees and associated Monthly Service Fees assumed to be charged to Residents of the independent living units are summarized in the following tables.

Entrance and Monthly Service Fees - Belle Meade
Independent Living Units

Unit Type	Number of Units	Approximate Square Footage	Standard Entrance Fees	Monthly Service Fees
Apartments:				
Avington	21	1,454	$ 212,284	$ 3,429
Bristol	3	800	124,190	2,426
Combination	4	2,323	322,897	4,656
Cotswold	55	1,366	191,240	3,367
Dorset I	11	1,518	215,556	3,433
Dorset II	21	1,620	228,420	3,629
Keswick	4	1,906	266,840	4,167
Somerset	26	962	143,627	2,701
Wellington	27	1,205	178,340	3,100
Cottages:				
Essex Cottage	9	1,973	312,678	4,346
Prescott Cottage	11	1,841	280,912	4,137
Sterling Cottage	8	2,322	364,533	4,854
Homes:				
Essex	4	1,913	312,678	4,346
Hampstead	8	1,799	293,816	4,230
Sterling	6	2,221	364,533	4,854
Windsor	2	1,632	267,073	3,975
Total/Weighted Average	220	1,493	$ 220,764	$ 3,543

6. REVENUE (Continued)

Entrance and Monthly Service Fees - Pine Knoll
Independent Living Units

Unit Type	Number of Units	Approximate Square Footage	Standard Entrance Fees	Monthly Service Fees
Villas at Pine Knoll:				
Apartments:				
Halsford	7	385	$ 56,091	$ 1,414
Lampford	18	573	80,206	1,688
Upton	15	720	100,603	1,919
Newland	8	836	112,422	2,128
Total/Weighted Average	48	635	88,433	1,794
Overlook at Pine Knoll:				
Apartments:				
Ashmore	8	1,295	171,233	2,661
Kingston	8	1,618	204,639	2,905
Scotsgrove	4	1,344	177,040	2,722
Cottages:				
Woodleigh	8	1,211	164,625	2,937
Bickleigh	10	1,322	199,933	3,034
Ashleigh	1	1,347	214,141	3,065
Kingsford	1	1,381	219,201	3,114
Dunsford	1	1,443	228,681	3,139
Fernhill	1	1,733	272,906	3,510
Total/Weighted Average	42	1,369	189,676	2,907
Total/Weighted Average	90	2,004	$ 135,680	$ 2,313

Health Center Revenue - Health Center fees are generated from services provided to Residents transferring from the independent living units as well as direct admissions from the local surrounding area. All Residents are assumed to pay the current charges at the prevailing market rates established by the Corporation except for any Healthcare Benefit that may be available. The Health Center provides services to private-pay, commercial insurance, Medicaid and Medicare Residents. Average per-diem charges are assumed to be $339 in 2020, increasing 3 percent annually for 2021 through 2024.

Assisted Living - Coventry Residents are charged a base per diem fee for services provided. In addition to the base Monthly Service Fee, there are additional levels of care provided for an extra charge, which will be designed for Residents who require additional assistance with activities of daily living ("ADLs").

Earned Entrance Fees - Management projects that some new residents will enter into the new membership plan, resulting in higher monthly fee revenue and lower entrance fees. A reduction in annual earned entrance fees of up to 5 percent has been assumed.

6. REVENUE (Continued)

Other Income - Forecasted other income consists of revenue from additional Resident meals and snacks, guest meals, guest apartment rentals, barber and beauty fees, and other miscellaneous sources. Other income also includes revenue for ancillary services for nursing. These revenues are projected by Management to increase approximately 3 to 4 percent annually throughout the forecast period.

Contributions and Unrestricted Net Assets - Contributions and bequests include endowment income and unrestricted gifts. Management assumes that total contributions and bequests in unrestricted contributions to net assets will increase approximately 5 percent annually throughout the forecast period.

7. OPERATING EXPENSES

Forecasted operating expenses are estimated by Management based upon the historical experience of the Corporation.

Staff salaries and wages are forecasted to comprise approximately 37 to 38 percent of operating expenses. Salaries and wages are based on prevailing local salary and wage rates of the Corporation and are assumed by Management to increase 3 percent annually throughout the forecast period.

Other non-salary operating expenses are assumed to include ongoing marketing costs, raw food costs, utilities, supplies, maintenance and security contracts, building and general liability insurance, legal and accounting fees, and other miscellaneous expenses. The cost of these non-salary operating expenses is assumed by Management to increase 3 percent annually throughout the forecast period.

8. PROPERTY AND EQUIPMENT AND DEPRECIATION EXPENSE

Management estimates that the Corporation will incur Project costs and routine capital additions during the forecast period that will be capitalized as property and equipment. Depreciation expense for all capital assets is computed based on the straight-line method for buildings and equipment over estimated average useful lives of 40 and 10 years, respectively. Project-related costs as well as routine capital additions during the forecast period are summarized in the table below.

Schedule of Property and Equipment
(In Thousands of Dollars)

At June 30,	2020	2021	2022	2023	2024
Beginning balance	$ 142,244	$ 147,402	$ 152,612	$ 157,873	$ 163,188
Routine additions	5,158	5,210	5,261	5,315	5,367
	147,402	152,612	157,873	163,188	168,555
Accumulated depreciation	84,532	89,742	95,003	100,318	105,685
Property and equipment, net	$ 62,870	$ 62,870	$ 62,870	$ 62,870	$ 62,870

9. LONG-TERM DEBT

An unsecured promissory note was executed on December 16, 2013, whereby Trinity loaned $52,345,000 to the Corporation. The Corporation used the proceeds to repay existing long-term debt. Monthly payments on the loan fluctuate throughout the projection period and range from $33,162 and $295,811, including interest at a rate of 3.85%. The debt has a scheduled maturity of March 2051.

The following table presents the assumed principal payments on the Bonds during the forecast period and thereafter.

Projected Principal Payments on Bonds, Net of Swap Agreement Impact
(In Thousands of Dollars)

Calendar Year Ending June 30,	
2020	$ 887
2021	923
2022	960
2023	1,000
2024	1,037
Thereafter	41,251
	$ 46,058

10. CURRENT ASSETS AND CURRENT LIABILITIES

Current assets and current liabilities (working capital) have been estimated based on industry standards and Management's historical experience as follows:

Working Capital - Days on Hand

Cash	40 -100 days operating expenses (H)
Accounts receivable	25 days operating revenues (I)
Prepaid expenses	3 days operating expenses (H)
Accounts payable and accrued expenses	20 days operating expenses (H)

Notes:
(H) Operating expenses exclude amortization, depreciation and interest expense.
(I) Operating revenues include independent living monthly fees and Health Center service fees.

11. OPERATING RESERVE REQUIREMENT

North Carolina General Statute §58-64-33 requires that a Continuing Care Retirement Community (CCRC) maintain an operating reserve equal to 50 percent of the total operating costs in a given year, or 25 percent of such total operating costs if occupancy as of a certain date exceeds 90 percent of the independent living unit capacity (the "Operating Reserve Requirement"). This law provides security to residents that the community will be able to meet its contractual obligations to provide certain continuing care. The Corporation is forecasted to have sufficient cash and investment balances to comply with the Operating Reserve Requirement and expects to maintain an occupancy rate in excess of 85 percent at the Pine Knoll campus and the Belle Meade campus for the forecasted period.

SUPPLEMENTARY INFORMATION

ST. JOSEPH OF THE PINES, INC.
Forecasted Schedules of Operating Expenses by Location
For the Years Ending June 30, 2020, 2021, 2022, 2023, and 2024

(in thousands of dollars)

	2020	2021	2022	2023	2024
Belle Meade:					
Dietary	$ 3,297	$ 3,397	$ 3,499	$ 3,604	$ 3,712
Administration	3,771	3,884	4,001	4,121	4,245
Maintenance	1,655	1,705	1,756	1,809	1,863
Laundry (linen)	140	145	149	153	158
Housekeeping	611	630	649	668	689
Depreciation and amortization	3,052	3,083	3,113	3,146	3,176
Interest	991	1,020	1,051	1,083	1,115
Other operating	678	715	729	743	810
Total	$ 14,195	$ 14,579	$ 14,947	$ 15,327	$ 15,768
Pine Knoll:					
Dietary	$ 1,235	$ 1,272	$ 1,310	$ 1,350	$ 1,390
Administration	1,634	1,683	1,733	1,785	1,838
Maintenance	737	758	781	805	829
Laundry (linen)	32	32	33	34	35
Housekeeping	273	281	289	298	307
Depreciation and amortization	604	611	617	623	629
Interest	211	218	225	232	239
Other operating	293	301	298	295	310
Total	$ 5,019	$ 5,156	$ 5,286	$ 5,422	$ 5,577
Non-resident clients:					
Health care	$ 11,826	$ 12,181	$ 12,546	$ 12,923	$ 13,310
Dietary	1,860	1,915	1,972	2,031	2,092
Administration	2,892	2,979	3,068	3,160	3,255
Maintenance	1,640	1,690	1,740	1,792	1,846
Laundry (linen)	26	27	28	29	30
Housekeeping	607	625	644	663	682
Depreciation and amortization	1,502	1,516	1,531	1,546	1,562
Interest	637	631	557	479	548
Other operating	207	197	224	248	206
Total	$ 21,197	$ 21,761	$ 22,310	$ 22,871	$ 23,531

ST. JOSEPH OF THE PINES, INC.
Forecasted Schedules of Operating Expenses by Location (Continued)
For the Years Ending June 30, 2020, 2021, 2022, 2023, and 2024

(in thousands of dollars)

	2020	2021	2022	2023	2024
Total expenses:					
Health care	$ 11,826	$ 12,181	$ 12,546	$ 12,923	$ 13,310
Dietary	6,392	6,584	6,781	6,985	7,194
Administration	8,297	8,546	8,802	9,066	9,338
Maintenance	4,032	4,153	4,277	4,406	4,538
Laundry (linen)	198	204	210	216	223
Housekeeping	1,491	1,536	1,582	1,629	1,678
Depreciation and amortization	5,158	5,210	5,261	5,315	5,367
Interest	1,839	1,869	1,833	1,794	1,902
Other operating	1,178	1,213	1,251	1,286	1,326
Total	$ 40,411	$ 41,496	$ 42,543	$ 43,620	$ 44,876

RESIDENCY AGREEMENT
CONTINUING CARE RETIREMENT COMMUNITY
OF BELLE MEADE AND PINE KNOLL
SOUTHERN PINES, NORTH CAROLINA

THIS RESIDENCY AGREEMENT ("Agreement") is made this ________ day of _________, 20___ between SAINT JOSEPH OF THE PINES, INC. (the "Corporation") and ______________________________ ("You", "Your", "Yourself" or "Resident").

BACKGROUND

The Corporation is a not-for-profit corporation that owns and operates retirement communities in Southern Pines, North Carolina. The Corporation was established in 1948 and has been in continuous operation since that time. The mission of the Corporation, a part of Trinity Health System, is to provide outstanding senior living and health services. As we do so, we will listen with special care to those who are least able to speak to their own needs. A brief description of the Corporation's facilities is as follows:

Belle Meade Campus ("Belle Meade") is located at 100 Waters Drive and consists of two-hundred twenty (220) independent living residential apartments in three story buildings, cottages, homes, and a community center with common areas and amenities.

The Pine Knoll Campus ("Pine Knoll") began its operations in1984 as St. Joseph of the Pines Villas. The 19-acre campus is located in Southern Pines, North Carolina at 590 Central Drive and is approximately two miles from Belle Meade.

- **The Overlook at Pine Knoll** (the "Overlook") consists of twenty (20) independent living apartments in a renovation of the historic Pine Needles Resort Inn, four (4) cottage homes in a renovation of the historic Pine Needles Pro Shop, and eighteen (18) existing cottage homes.
- **The Villas at Pine Knoll** (the "Villas") consists of forty-seven (47) independent living apartments in three wings connected to the community center with common areas and amenities.

St. Joseph of the Pines Health Center (the "Health Center") is located at 103 Gossman Drive and is licensed for 176 nursing beds and is adjacent to Belle Meade. The Health Center includes a Rehabilitation and Memory Support Unit.

Assisted Living

- **The Coventry** (the "Coventry") is located at 105 Gossman Drive and is licensed as a sixty (60) unit Adult Care Home and is adjacent to Belle Meade.
- **Family Care Homes** ("Family Care Homes") include **Constance Cottage** located at 145 Waters Drive at Belle Meade, **Mary Manor** located at 147 Waters Drive at Belle Meade and **The Pines** located at 125 Long Leaf Road.
- **Home Care** ("Home Care") provides assistance with activities of daily living and companionship in home settings.

THE CORPORATION AND YOU HEREBY AGREE AS FOLLOWS:

I. RESIDENTIAL UNIT REQUIREMENTS AND PROCEDURES

The residency requirements for occupying a residential unit ("Residential Unit") are non-discriminatory, and Belle Meade and Pine Knoll are open to both married and single men and women of all races, religions and national origin. Residency requirements and procedures are administered by management of the Corporation ("Management") as follows:

A. **Age.** Admission is restricted to persons sixty-two (62) years of age or older; if the Resident is a couple, at least one member of the couple must be sixty-two (62) years of age at the time of Residency.

B. **Application Forms.** To apply for residency at Belle Meade and Pine Knoll, You shall submit an application on forms furnished by the Corporation for approval by Management.

C. **Health Requirements.** You must be in good health, able to move about independently, and capable of performing activities of daily living without assistance. Personal health disclosures are required and may need to be updated periodically. All Residents must secure and keep in force during the term of the Residency Agreement health insurance approved by SJP (e.g., supplemental insurance). Residents eligible for Medicare/Medicaid must apply for and secure the maximum benefits available under Medicare Parts A and B and provide copies of policies and/or Medicare coverage upon admission or upon eligibility.

D. **Financial Requirements.** You must possess adequate financial resources to meet present and future financial obligations of this agreement, as well as Your personal living expenses. Personal financial disclosures are required and may need to be updated periodically.

E. **Representations.** You affirm that the representations made in the application forms and all supporting information are true and correct and may be relied upon by the Corporation as a basis for entering into this Agreement. Should such representations not be accurate, the Corporation reserves the right to decline admission, or to offer admission under alternative requirements and criteria.

F. **Additional Disclosure.** The Corporation may require additional or updated personal information prior and subsequent to Residency.

G. **Approval for Residency.** Upon receipt of completed application forms, Management will review the forms submitted by You for initial acceptance to Belle Meade and Pine Knoll. Based on entrance criteria and policies established by the Board of Trustees of the Corporation, Management will respond to the application for initial acceptance within approximately fifteen (15) business days of receipt of completed application forms.

II. RESIDENTIAL UNIT

A. **Unit.** You have selected _____ Pine Knoll/____ Belle Meade Residence Number _________, a ______________ type of Residence. You shall have the right to occupy, use and enjoy Your Residential Unit subject to the terms of this Agreement. The common areas and amenities provided are available for the use and enjoyment of all Residents.

B. **Furnishings in the Residential Unit.** Each Residential Unit in Belle will provide wall-to-wall carpeting, emergency call system, refrigerator with icemaker, stove, oven, dishwasher, microwave, mini-blinds, washer and dryer, and other furnishings. Each Residential Unit in The Villas will provide wall-to-wall carpeting, emergency call system, refrigerator, mini-blinds, and other furnishings. Each Residential Unit in the Overlook and the Cottages will provide wall-to-wall carpeting, emergency call system, refrigerator with icemaker, stove, oven, dishwasher, microwave, mini-blinds, washer and dryer, and other furnishings.

C. **Options and Custom Features in the Residential Unit.** You may select options and custom features for the Residential Unit for an additional charge that is collected from You at the time of work commencement or Closing. Any such options and custom features selected and paid for by You will become part of the Residential Unit and the property of the Corporation. Some options and custom features will be submitted to the Options Committee for approval. If You are paying an Entrance Fee, Your Entrance Fee Refund, if applicable to You, may be decreased by the amount required to return the Residential Unit to its original condition should the Corporation deem that such customization chosen by You has rendered the Residential Unit less marketable. Alternatively, and especially if You do not pay an Entrance Fee but pay a Membership Fee, the Corporation may charge (with advance notice to You upon your selection of custom features) a non refundable "upfit fee" to You as a result of Your custom features, in the sole discretion of the Corporation. The upfit fee shall correlate to the anticipated cost of returning the Residential Unit to its original condition upon vacating of the Unit by You. Itemization of options and custom features ordered by You, as well as any "upfit fee," as applicable, and the terms of payment for such options and custom features, are outlined in a Statement of Account.

III. COMMON AREAS AND AMENITIES

A. **Common Area and Amenities**. The Corporation will provide common areas and amenities for the use and benefit of all residents. Common areas at Belle Meade include: two dining options, a private dining room, main lobby, a chapel, bank, hair salon, an activities room, a craft room, a game room, a woodworking shop, croquet court, putting green, walking paths, swimming pool, and tennis court. Common areas at Pine Knoll include: two dining options, a private dining room, main lobby, additional lobbies in the Villas residential wings, a chapel, hair salon, an activities room, mail center, lounges, card and game room, exercise area, walking paths, an outdoor courtyard; and other common areas and amenities described in the Resident Handbook.

B. **Parking.** The Corporation will provide lighted parking areas for Your personal vehicle(s), including one surface parking space per Residential Unit and additional parking for guests. Covered parking, as available, will be an optional feature for apartment Residents at an additional cost.

IV. SERVICES AND PROGRAMS

After Your Closing Date, You shall receive the following services from the Corporation for as long as this Agreement is in effect:

a. **Discretionary Credits.** A Discretionary Credit allowance, as stated in the current Resident Handbook, is included for each Resident of an independent living Residential Unit. The Resident Handbook describes items available for purchase with Discretionary Credits; however, the Corporation reserves the right to change the Resident Handbook and thus the items capable of being purchased with Discretionary Credits is subject to change. Unused Discretionary Credits are non-transferable. The Discretionary Credit allowance is subject to change with thirty (30) days' notice. The cost of items purchased that exceed the monthly Discretionary Credit allowance will be billed to You on a monthly basis. Upon transfer to the Health Center or Assisted Living, the Discretionary Credit allowance will be suspended.

b. **Temporary Healthcare.** If you are in need of temporary care in the Health Center or in Assisted Living, it will be provided for no additional charge for fourteen (14) cumulative days of a stay in any calendar year in the Health Center or Assisted Living. Unless otherwise directed by You, the aforesaid fourteen (14) days shall commence following the conclusion of payment for such services by any insurance You may have, such as Medicare paid skilled nursing facility benefits. Decisions concerning temporary care in the Health Center or in Assisted Living are made after consultation between the Corporation's Health Evaluation Team, Your physician, You, and Your spouse (if any) or immediate family. During such period, You shall continue to pay Your Monthly Fee.

c. **Healthcare Benefit Option.** The Corporation offers Healthcare Benefit Options as set forth below.

a) **Extensive Benefit**: Upon determination by Management that Your stay in the Health Center or Assisted Living is permanent, You agree to vacate the Residential Unit, and Your Monthly Fee shall change such that You shall receive a fifty percent (50%) discount from the published per diem fee at the time You transfer to either Assisted Living or nursing care. Resident's short and long term skilled nursing needs are provided in the Health Center through the standard accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability.

b) **Fee-for-service:** Upon determination by Management that Your stay in the Health Center or Assisted Living is permanent, You agree to vacate the Residential Unit, and Your Monthly Fee shall change such that You will pay the then current, published per diem fee for either Assisted Living or nursing care. Resident's short and long term skilled nursing needs are provided in the Health Center through the standard accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability.

You agree that the Corporation will have the right and ability to file for any health care reimbursement available to You on Your behalf.

d. **Activities.** The Corporation will provide planned and scheduled social, recreational, spiritual, educational and cultural activities, arts and crafts classes, exercise, health and wellness programs, and other special activities. Some activities may require an additional charge and all participation is voluntary.

e. **Maintenance and Repairs.** The Corporation will maintain and repair its own improvements, furnishings, appliances and equipment. You will be responsible for the cost of repairing damage to the property of the Corporation caused by You or any guests of Yours, ordinary wear and tear excepted.

f. **Ad Valorem Taxes.** The Corporation is currently exempt from ad valorem taxes. Should the ad valorem tax obligations of the Corporation change, the Corporation may change the Monthly Fee accordingly.

g. **Dining Services.** Three (3) meals each day will be available in a choice of dining venues. Subject to the terms of the Resident Handbook, Discretionary Credits may be used to pay for the cost of meals. You will be charged monthly for meals taken that exceed the monthly Discretionary Credits amount.

h. **Utilities.** The Corporation will furnish heating, air conditioning, electricity, basic cable service, water, sewer service, and trash removal. You are responsible for the charges related to long-distance telephone (outside the continental USA), premium cable television service, and internet service. *

i. **Housekeeping Services**. The Corporation will provide housekeeping services once per every two weeks. The Corporation may require certain housekeeping activities to be conducted to preserve the Residential Unit in good condition. You may purchase additional housekeeping time. *

j. **Grounds keeping.** The Corporation will furnish basic grounds keeping services including lawn, tree and shrubbery care. Depending on the availability of space, as determined by the Corporation, You may be permitted to plant and maintain certain areas designated for such purpose by Management. *

k. **Transportation.** The Corporation will provide local transportation for residents on a regularly scheduled basis outlined in the Resident Handbook. An additional charge may be made for transportation for special, personal or private group trips.*

l. **Safety.** The Corporation will provide emergency call devices and twenty-four (24) hour emergency call response. In addition, smoke detectors are located in each Residential Unit.*

m. **Administrative Services.** The Corporation will provide personnel and administrative services to include those required to deliver services to residents, maintain and support required staff, comply with regulatory requirements, maintain the assets and liabilities of the Corporation, and generally conduct prudent business practices.*

n. **Away Allowance.** When You are away from Belle Meade and Pine Knoll for fourteen (14) consecutive days or more, and have made arrangements in advance with Management, You will be credited with a current, published away allowance determined by Management beginning on the fifteenth (15) day.*

*these services and programs are applicable upon Your actual, physical occupancy of a Residential Unit.

V. FINANCIAL ARRANGEMENTS

A. **Residents who pay an Entrance Fee.** If You have elected to pay an Entrance Fee (either deferred or non-deferred), You agree to pay to the Corporation the Entrance Fee as a condition of becoming a Resident. Additionally, You agree as follows:

(1) **Refund Plans**. The Corporation offers three Entrance Fee Refund Plans, the Standard Plan, the Fifty Percent (50%) Refund Plan, and the Ninety Percent (90%) Refund Plan. The cost of any options or custom features added to the Residential Unit by You shall not be considered part of the Entrance Fee and will not be refunded to You unless specifically indicated in an Addendum to this Agreement.

(a) Standard Refund Option: If You have elected the Standard Refund Option, You will receive a refund in an amount equal to the Entrance Fee paid by You less two percent (2%) for each month after Your Closing Date for up to forty nine (49) months; and less an administrative charge of the greater of one thousand dollars ($1000.00) or two percent (2%) of the Total Entrance Fee; and less the prorata (calculated, per diem) Monthly Fee (i.e. periodic charges) specified in the Agreement. No refund of the paid Entrance Fee shall be issued to You after forty nine (49) months from Your Closing Date. Any other unpaid fees to the Corporation shall reduce any refund.

(b) Fifty Percent (50%) Refund Option: If You have elected the fifty percent (50%) Refund Option, You shall receive a refund in an amount equal to fifty percent (50%) of the Entrance Fee paid by You less two percent (2%) of the Total Entrance Fee for each month after Your Closing Date for up to twenty four (24) months; and less an administrative charge of the greater of one thousand dollars ($1000.00) or two percent (2%) of the Total Entrance Fee; and less the prorata (calculated per diem) Monthly Fee (i.e. periodic charges) specified in the Agreement. Notwithstanding the foregoing, the Refund under this Option shall never be less than 50% of the Entrance Fee paid by You less the periodic charges specified in the Agreement. Any other unpaid fees to the Corporation shall reduce any refund. This Option must be elected at time of closing or within ninety (90) days of Closing Date (defined in Section VI (B)).

(c) Ninety Percent (90%) Refund Option: If You have elected the ninety percent (90%) Refund Option, You shall receive a refund in the amount equal to the ninety percent (90%) Entrance Fee paid by You less two percent (2%) of the Total Entrance Fee for each month after Your Closing Date for up to four (4) months and less an administrative charge of the greater of one thousand dollars ($1000.00) or two percent (2%) of the Total Entrance Fee; and less the prorate (calculated per diem) Monthly Fee (i.e. periodic charges) specified in the Agreement. Notwithstanding the foregoing, the Refund under this Option shall never be less than 90% of the Entrance Fee paid by You less the periodic charges specified in the Agreement. Any other unpaid fees to the Corporation shall reduce any refund. This Option must be elected at time of closing or within ninety (90) days of Closing Date (defined in Section VI (B)).

(2) **Entrance Fee Term Sheet.** See Appendix 1 entitled **Entrance Fee Term Sheet**. By signing this Agreement, You have agreed with the choices and provisions of the Entrance Fee Term Sheet of Your Agreement.

(3) **Balance of the Entrance Fee.** If you are paying the non deferred Entrance Fee, then the balance of the Total Entrance Fee for the Residential Unit will be due and payable on the Closing Date. If you are paying a deferred Entrance Fee, the Entrance Fee balance is due the earlier of (1) the date that You physically occupy a Residential Unit or (2) one year from your Closing Date. If You should find that you are unable to timely make the Entrance Fee payment under the terms of this Agreement, you should immediately contact the Corporation.

B. **Residents who Pay a Membership Fee.** If You have elected to pay a Membership Fee You agree to pay to the Corporation a Membership Fee as a condition of becoming a Resident. Additionally, You agree as follows:

(1) **Membership Fee.** Your Membership fee for your Residence is $__________________ and is due on Your Closing Date, as set forth below in Your Membership Fee Term Sheet set out in **Appendix 2**. The Membership Fee shall in no way be considered or interpreted to be a security deposit.

(2) **Membership Fee Term Sheet**. See Appendix 2 entitled **Membership Fee Term Sheet**. By signing this Agreement, You have agreed with the choices and provisions of the Membership Fee Term Sheet of Your Agreement.

C. **Monthly Fee**. Upon Closing, You agree to pay the Corporation a monthly fee in the amount of $_____________ per month for the first person intending to occupy the Residential Unit, plus an additional $__________ per month for the second person (if applicable) occupying the Residential Unit (collectively, the "Monthly Fee") beginning ____________________________(date). These fees are published with an effective date through ________ (Month) ________ (Year). Moreover, prior to Your physical occupancy of a Residential Unit, You may be entitled to receive a credit against your Monthly Fee. The Amount of your Monthly Credit shall be $___________. Your Monthly Credit shall continue until such time as you actually physically occupy a Residential Unit.

D. **Ability to Pay after payment in full of Entrance Fee or Membership Fee.** After Your Closing Date and your payment in full of Your Entrance Fee or Membership Fee, as applicable, if You shall become insolvent or otherwise become unable to pay charges for residing in Belle Meade and Pine Knoll, due to no fault of your own, the Corporation shall attempt to find alternative means to secure payment of the Monthly Fee and other charges. The Corporation makes no guarantee or promise that it will be able to find an alternative source of payment, only that it will make an attempt. If the Corporation cannot secure other sources of financing to cover Your expense, the Corporation shall begin accruing its charges with repayment thereof, to whatever extent possible, to be made from You and Your estate. You agree to cooperate with the Corporation in filing applications with agencies that may assume responsibility for payment of charges that You are unable to pay. The Corporation has the right to adjust Your Residential Unit size and location if You are unable to pay, or obtain payment of the Monthly Fee and any other charges owed to the Corporation for services provided to You. If, in the judgment of the Corporation, You fully cooperate with the Corporation, then You shall continue to be entitled to the minimum privileges and benefits enjoyed by residents of Belle Meade and Pine Knoll, although such privileges and benefits may be less than those enjoyed by you before your ability to pay was compromised.

E. **Deferred Entrance Fee Residents: Ability to Pay after Closing Date where Balance of Entrance Fee is due.** Subject to Article XI, if You elected to defer your Entrance Fee payment, and if you should fail to pay the Balance of Entrance Fee payment when due or monthly service fee when due, the Corporation shall send you notice of the same and if the delinquency is not cured within 30 days of the notification of delinquency, all monies paid by You in connection with this Agreement shall be forfeited and shall become the property of the Corporation and shall constitute liquidated damages for the benefit of the Corporation. It is acknowledged by You that the payment of the aforesaid monies to the Corporation in the event of a breach of this Agreement by You is compensatory and not punitive, such amount being a reasonable estimation of the actual loss that the Corporation would incur as a result of such breach. The payment of the monies paid by You to the Corporation in the event of your breach shall not constitute a penalty or forfeiture but actual compensation for Corporation's anticipated loss, both You and the Corporation acknowledging the difficulty determining the Corporation's actual damages for such breach. After Your failure as aforesaid, this Agreement shall be null and void and no longer of binding effect against the Corporation.

F. **Membership Fee v. Entrance Fee.** Your decision to pay either a Membership Fee or Entrance Fee is personal and is driven by Your personal economic factors and economic considerations. For an understanding of the differences between payment of an Entrance Fee versus payment of a Membership Fee, See ***Appendix 3.***

G. **Adjustments in the Monthly Fee.** The Corporation reserves the right to increase the Monthly Fee and anticipates an adjustment of the Monthly Fee on an annual basis. At least a sixty (60) day notice will be given to You before any adjustments in the Monthly Fee take effect.

H. **Double Residency.** If more than one person occupies or intends to occupy the Residential Unit, they shall both be equally and fully responsible for the payment of all fees required under this Agreement.

VI. DATE OF AVAILABILITY, CLOSING DATE, and RESIDENCY

A. Date of Availability. Many times, the Residential Unit or an interim Residential Unit is ready for Your immediate occupancy. Therefore, in such instances of immediate availability, the Date of Availability is simultaneous with the date of your execution of this Agreement. If the Residential Unit or an interim Residential Unit is not ready for immediate occupancy, however, the Corporation will keep You apprised on a regular basis of the schedule for availability of the Residential Unit or comparable interim Residential Unit. The Corporation retains the right to extend the Date of Availability to account for delays in the preparation of the Residential Unit for Residency.

B. Closing Date. Your specific Closing Date is specifically noted on Your Worksheet of Appendix 1 or 2 as applicable to You. If You are paying a Membership Fee or a non deferred Entrance Fee, You will choose a Closing Date within Ten (10) days of the Date of Availability at which time You will pay the balance of the non deferred Entrance Fee or Membership Fee (as applicable) and the Monthly Fee as stipulated in V. C above. If You do not choose a Closing Date within Ten (10) days of the Date of Availability, the Corporation may offer the Residential Unit to another prospective resident, unless other arrangements are agreed to in writing between You and the Corporation. If You are paying a deferred Entrance Fee, Your Closing Date is the Date You sign this Agreement.

C. Residency. Residency begins on Your Closing Date. Upon Residency, The Corporation shall be obligated to provide You with the services and amenities outlined in this Agreement. Residency continues so long as you comply with the terms of this Agreement; and so long as You pay Your Monthly Fee and additional expenses.

VII. ACCESS TO HEALTH CARE SERVICES THROUGH THE CORPORATION

The Health Center is owned and operated by the Corporation and provides accommodations for the Residents of the Corporation as well as patients from the community and is licensed for 176 nursing beds. It is located on at 103 Gossman Drive and is adjacent to Belle Meade.

Residents of the Corporation have priority access to the Health Center, the Coventry and Family Care Homes before non-residents. In the event You require care that is within the limits of the health care services available at the Health Center, the Coventry or Family Care Homes, but no facilities (beds) are available in which to provide such care, the Corporation may provide Home Care services until a facility is available or transfer You to a comparable off-site medical facility of Management's selection where You would receive the same level of benefit. You would return to the Health Center or Assisted Living at the earliest possible opportunity.

A. **Assisted Living.** The Corporation will make available Assisted Living in its or an affiliates licensed facilities to provide assistance with daily living activities as may be deemed necessary by Management and/or the Medical Director. Services may include bathing, dressing, administration of medication, three (3) meals per day, housekeeping, personal laundry service, transportation and activities.

B. **Skilled Nursing.** The Corporation will make available routine nursing care in the Health Center or an affiliates licensed facilities as may be deemed necessary by Management and/or the Medical Director. Services shall include three (3) meals per day, housekeeping, personal laundry service, assistance with daily living activities and nursing services as ordered by the appropriate physician. High-acuity nursing or specialty nursing services may not be provided at the Health Center upon determination by Management that the needs of the Resident cannot be met.

C. **Rehabilitative Services.** The Corporation will provide occupational, physical, speech and other rehabilitative therapeutic services, as approved by Management. Services requiring an additional fee will be described in Resident Handbook.

D. **Staffing.** The Health Center is staffed by licensed and certified nursing staff twenty-four (24) hours per day.

E. **Licensure.** The Corporation will provide care to Residents in keeping with respective North Carolina licensure requirements and limitations.

F. **Wellness Services**. The Corporation provides Wellness Services in the form of activities, fitness instruction, therapies, education, and many scheduled events.

G. **Medical Director.** The overall coordination and supervision of health care services by the Corporation will be provided by a Medical Director who will be a licensed physician selected by the Corporation.

H. **Physician and Hospital Services.** You are responsible for the cost of all physician and hospital services. You are free to choose Your personal physicians.

I. **Outside Service Providers.** Should You choose to engage the services of an outside party, unaffiliated with the Corporation, for additional personal services delivered at Belle Meade and Pine Knoll, You agree to abide by all current Belle Meade and Pine Knoll policies and procedures for the use of such Service Providers to include security screening, proper identification and disclosure. You also indemnify and hold harmless the Corporation for any actions of such Service Providers.

J. **Decisions Regarding Admissions and Transfer.** The Corporation will involve Resident and Resident's family and/or representatives to the extent practical in decisions regarding admissions, the transfer of Resident to appropriate venues of care, and all decisions regarding the safety and wellbeing of all residents living at Belle Meade and Pine Knoll. The role of Resident's family and/or representatives is advisory in nature. The Corporation shall have the final decision in all such matters, and such decisions shall be binding.

K. **Illness Away From The Corporation.** You agree to assume financial responsibility for hospital, medical and nursing care during any illness or accident occurring while away from Belle Meade and Pine Knoll and to see that, upon Your return, full medical information is supplied to Management for Your medical records.

L. **Transfer to the Health Center or Assisted Living.** You agree that Management has the authority to determine when You should be transferred from one level of care to another. Such determination shall be based on the professional opinion of Management, and shall be made only after consultation to the extent practical with You, a representative of Your family, and Your physician.

M. **Transfer Appeal Process.** You have the right to appeal the Management's decision to transfer You to the Corporation's Health Center or Assisted Living Residence. Your appeal should be in writing, should state Your reasons for disagreement with the transfer, and should be delivered to the Management no later than ten (10) days after the date of your written notification of the decision to transfer as aforesaid. Upon receipt of Your written appeal, the Health Evaluation Team and the Medical Director will review Your written appeal, and submit a recommendation to the Chief Executive Officer of the Corporation who shall review the same with the Board of Trustees Executive Committee of the Corporation. The decision of the Chief Executive Officer and the Board of Trustees Executive Committee shall be final as to the matter of Your transfer. The final decision shall be delivered to you in writing, and if the appeal is denied and transfer is determined, then You shall have thirty (30) days to transition to the Health Center or Assisted Living Residence as determined.

N. **Transfer to Hospital or Other Facility.** If it is determined by Management that You need care beyond that which can be provided by the Corporation, You may be transferred to a hospital or institution equipped to give such care. Such care, and transportation to receive such care, will be Your responsibility. Such transfer will be made only after consultation to the extent possible with You, or Your representative and Your physician.

O. **Surrender of Residential Unit.** If a determination is made by Management that any transfer is likely to be permanent in nature, You agree to vacate and waive your right to use the Residential Unit upon such transfer. If Management subsequently determines that You can resume Residency in a Residential Unit comparable to that occupied by You prior to such transfer, You shall have a priority to such Residential Unit as soon as it becomes available.

VIII. TRANSFERS OR CHANGES IN RESIDENTIAL UNIT

A. **Voluntary Transfer Between Residential Units.** Upon approval by Management, You may transfer from one Residential Unit to another. You shall have priority for selection of such Residential Unit over non-residents. There may be a fee charged for such a transfer.

1. **Transfer to a Residential Unit with a Higher Entrance Fee or Membership Fee, as applicable.** Should You elect to transfer to a Residential Unit with a current Entrance Fee in excess of the listed price for Your current Residential Unit or a current Membership Fee that is higher than the Membership Fee paid by You, as applicable, You will pay the Corporation an additional Entrance Fee or Membership Fee as applicable, equal to the difference between the then current Entrance Fee or Membership Fee as applicable, for Your Residential Unit and the new Residential Unit. You will also pay the then current Monthly Fee associated with the new Residential Unit.

2. **Transfer to a Residential Unit with a Lesser Entrance Fee or Membership Fee as applicable.** Should You elect to transfer to a Residential Unit with a current Entrance Fee less than the listed price of Your current Residential Unit or a current Membership Fee that is lower than the Membership Fee paid by You, as applicable, there is no refund on any portion of Your Entrance Fee or Membership Fee as applicable. You will also pay the then current Monthly Fee associated with the new Residential Unit.

IX. TERMS OF RESIDENCY

A. **Your Rights.** In accordance with this Agreement, You have the right to occupy, use, and enjoy the Residential Unit, common areas, amenities, programs and services of the Corporation during Residency. This Agreement does not transfer or grant to You any interest in the real or personal property owned by the Corporation other than the rights and privileges as described in this Agreement.

B. **Policies and Procedures.** You will abide by the Corporation's policies and procedures and such amendments, modifications and changes of the policies and procedures as may hereafter be adopted by the Corporation. Such policies and procedures and current charges for services not included in the Monthly Fee will be printed in the Resident Handbook, which will be updated by the Corporation on a regular basis.

C. **Monthly Statements**. The Corporation will furnish You with a monthly statement showing the total amount of Monthly Fees and other charges owed by You which are due and payable by the tenth (10^{th}) day of each month. The Corporation may charge interest at a rate of one and one-half percent (1½%) per month on any unpaid balance owed by You twenty (20) days after the due date. Resident shall be responsible for the payment of all actual attorneys' fees and costs incurred relative to the collection of any amounts past due in excess of ninety (90) days.

D. **Changes in the Residential Unit, Services and Fees.** The Corporation has the right to change the Residential Unit, the services offered and the fees charged. The Residential Unit may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation. The Corporation may modify the Residential Unit at any time to conform to the requirements of any zoning regulation, building code or other laws or regulations.

E. **Visitors.** Except for short-term visitors (no more than 2 weeks) or guests in accordance with the Corporation's policy, no person other than You may reside in the Residential Unit without the approval of Management.

F. **Residency by Two Residents.** In the event that two Residents occupy a Residential Unit and one Resident terminates this Agreement, this Agreement shall continue in effect as to the remaining or surviving Resident who shall have the option to retain the same Residential Unit and pay the First Person Monthly Fee. Should the remaining or surviving Resident wish to move to another Residential Unit, the current policies of the Corporation governing said transfer will prevail. Refunds will not be paid until both Residents have terminated this Agreement, and all other terms and requirements regarding refunds under this Agreement have been met.

G. **Marriage During Residency.** If You marry a person who is also a Resident, You may occupy either Residential Unit and shall surrender the Residential Unit not to be occupied by You. You will pay the current Monthly Fee for double Residency associated with the occupied Residential Unit.

In the event that You marry a person who is not a resident of Belle Meade and Pine Knoll, the spouse may become a resident if such spouse meets all the current requirements for admission to Belle Meade and Pine Knoll, enters into a current version of the Agreement with the Corporation, and pays an appropriate Entrance Fee or Membership Fee, as applicable and as agreed to by Management. You and Your Spouse shall pay the Monthly Fee for double Residency associated with the Residential Unit occupied by You.

H. **Loss or Damage of Property.** The Corporation shall not be responsible for the loss or damage of any property belonging to You due to theft, disappearance, fire or any other cause. You will carry insurance protection to cover personal loss. The Corporation shall insure all property within all Residential Units and common areas belonging to the Corporation.

I. **Insurance and Assignments.** Before the Date of Residency and during Residency, You shall apply for, secure, and maintain coverage under Medicare Parts A and B and an additional hospital or medical insurance benefit program which supplements Medicare or other comparable insurance approved by Management. You shall provide the Corporation with evidence of such coverage, and You shall pay all premiums. To operate a vehicle, Resident shall maintain automobile liability insurance to cover liability and medical expenses arising from injury to the Resident or others.

You shall authorize, as necessary, any provider of hospital, medical, and health services to receive reimbursement under any and all reimbursement programs available to You.

If You become entitled to medical care and/or reimbursement from governmental agencies or insurance policies, You shall make application for such care and benefits, actively maintain such benefits, and You shall assign all insurance proceeds receivable to the Corporation to the extent necessary to reimburse the Corporation for all health care expenditures made by the Corporation on Your behalf.

J. **Right of Entry.** You hereby authorize employees or agents of the Corporation to enter the Residential Unit for the purposes of housekeeping, repairs, maintenance, inspection, fire drills, and in the event of an emergency.

K. **Rights to Property/Subordination.** The rights and privileges granted to You by this Agreement do not include any right, title or interest in any part of the personal property, land, buildings and improvements owned or administered by the Corporation. Your rights are primarily for services, with a contractual right of Residency. Nothing contained in this Agreement shall be construed to create the relationship of landlord and tenant between the Corporation and You.

L. **Residents' Association.** Residents may organize an Association and committees, which will be open to all Residents. Such organizations may elect representatives, officers, and other positions to engage in concerted activities set forth by the formed Association.

M. **The Operation of Vehicles.** The Corporation shall have an interest in the matter of Residents' on-going capabilities in the operation of automobiles and electric or motorized carts. The current policies and procedures for the use of automobiles and motorized carts are outlined in the Resident Handbook.

N. **Smoking.** Smoking is prohibited within and upon the entirety of the Corporation's facilities, campus, and all Residential Units.

O. **Pets**. The Corporation allows Residents to have certain pets. The Residential Units in which pets are permissible are at the discretion of Management. An additional fee will be applied to residents who have pets.

P. **Guest Privileges.** Short Term Guests may stay with You in the Residence at no additional charge other than for meals, etc., but such stays shall be limited to Fourteen (14) consecutive days. The maximum number of guests allowed will be at the discretion of Management. A daily charge will be billed to You for each guest remaining beyond Fourteen (14) days. You are responsible for paying all applicable guest charges.

X. Termination.

A. **Your Termination or Your Death more than Thirty Days after the execution of this Agreement and AFTER Your physical Occupancy of a Residential Unit**. At any time more than thirty days after Your execution of this Agreement and AFTER your physical occupancy of a Residential Unit, You may terminate this Agreement by giving the Corporation thirty (30) days written notice of such termination. Additionally, and only in accordance with Item X, C herein, this Agreement may be terminated by the Corporation at such time. In such instances the following governs refunds:

1. If You paid an **Entrance Fee**, the terms of Refund of the Entrance Fee are stipulated in Article V and the remittance of the same is governed by Article X, D.
2. If You paid a **Membership Fee**, then in the event of voluntary termination more than 30 days after execution of this Agreement and after Your physical occupancy of a unit, then no part of the Membership Fee is paid or refunded to You in any event.
3. With regard to the **Deposit** paid by You, the Deposit in such instance shall be refunded to you less a non-refundable penalty of one thousand dollars ($1000) and the refund of the Deposit shall occur within thirty days of receipt of notice of termination.

Notwithstanding the foregoing, if a Second Person is part of this Agreement, then this Agreement shall terminate only upon termination by the You and the Second Person or upon the death of You and the Second Person of this Agreement.

B. **Your Termination for reasons other than death or illness, incapacity, or injury at a time that is more than Thirty Days after the execution of this Agreement and BEFORE Your physical Occupancy of a Residential Unit**. At any time more than thirty days after Your execution of this Agreement and BEFORE your physical occupancy of a Residential Unit, You may terminate this Agreement by giving the Corporation thirty (30) days written notice of such termination. Additionally, in accordance with Item X, C herein, this Agreement may be terminated at such time. In such instances the following governs refunds:

1. If the reason for termination of the agreement more than thirty days after Your execution of this Agreement and BEFORE your physical occupancy of a Residential Unit, is due to your death, illness, incapacity or injury, such that You cannot occupy a Residential Unit pursuant to the provisions of this Agreement, then Article XI applies.
2. If You or the Corporation terminates this Agreement more than thirty days after your execution of this Agreement and before physical occupancy by you, for any reasons **other than** your death, illness, incapacity or injury as aforesaid,, then the following applies:
   a. If You paid a **Membership Fee**, then the Corporation shall refund the entire Membership Fee, less a non-refundable charge of one thousand dollars ($1000.00) less any other charges owed to the Corporation. Such refund shall occur within thirty (30) days of receipt of written notice.
   b. If you paid an **Entrance Fee**, then the Corporation shall refund the Entrance Fee in accordance with the provisions of Article V and actually transmit the refund to You or Your legal representative in accordance with item X, D hereinbelow.
   c. Additionally, if you paid a **Deposit,** the Deposit, less a non refundable charge of $1000.00 shall be refunded to you. Such refund shall occur within thirty (30) days of receipt of written notice.

Notwithstanding the foregoing, if a Second Person if part of this Agreement, then this Agreement shall terminate only upon termination by You and the Second Person or upon the death of You and the Second Person of this Agreement.

C. **Termination by the Corporation.** The Corporation may terminate this Agreement upon a determination of just cause and delivery of at least thirty (30) days' Notice or such notice as is reasonable under the circumstances to You. Just cause may include, among other reasons, a material misrepresentation or omission made by You in Your application forms for admission; subject to the "ability to pay" provision set forth herein, Your failure to make payment to the Corporation of any fees and charges due the Corporation; Your failure to abide by the rules and regulations adopted by the Corporation; the breach of any of the terms and conditions of this Agreement; or a good faith determination in writing by the Medical Director that You are a danger to Yourself or others. In situations where You are a danger to Yourself or others, only such notice as is reasonably practicable under the circumstances will be provided to You, and termination may be effective immediately. The refund of the Entrance Fee paid or Membership Fee, as applicable, and Deposit shall be determined in the manner described herein, depending on the number of days that has expired since You signed this Agreement, the refund option You selected (if you paid an Entrance Fee), and whether you have actually physically occupied a Residential Unit.

D. **Payment of Refunds of Entrance Fee.** Notwithstanding the foregoing, Entrance Fee Refunds, if applicable to You, are payable upon Your vacating and waiving of your right to use the Corporation's facilities and/or Your Residential Unit, Your move from the facilities of the Corporation and/or death, and the termination of this Agreement, but no later than the Corporation has received a replacement Entrance Fee for Your Residential Unit from a new resident. In cases of double Residency, the permanent transfer from the Corporation and/or death of one Resident will not terminate this Agreement as to the remaining Resident. Refunds shall not be paid until both Residents have vacated the Corporation and a replacement Entrance Fee for the Residential Unit has been received. All refunds shall be paid less any costs required to return the Residential Unit to its original condition (normal wear and tear excepted); plus any costs owed by You to the Corporation; plus any costs required to remove and dispose of or store personal belongings left in the Residential Unit; and within sixty (60) days of the receipt by the Corporation of a replacement Entrance Fee for Your Residential Unit. The Corporation may remove personal articles deemed by Management to have been abandoned by Resident.

XI. RESCISSION, CANCELLATION AND REFUND PROVISIONS WITHIN THIRTY DAYS OF YOUR EXECUTION OF THIS AGREEMENT.

A. RESCISSION AND CANCELLATION.

1. You may rescind the Agreement within 30 days following the later of the execution of the Agreement or the receipt of a disclosure statement of the Corporation. You are not required to move into the Residential Unit before the expiration of the 30-day period.

2. If You die before physically occupying a unit in the facility, or if, on account of illness, injury, or incapacity, before physically occupying a unit in the facility, You are precluded from ever physically occupying a Residential Unit under the terms of the Agreement for continuing care, this Agreement is automatically canceled.

3. For rescinded or canceled Agreements under this section, You or Your legal representative shall receive a refund of the Deposit and Entrance Fee paid or Membership Fee paid to the Corporation, as applicable, less (i) periodic charges specified in this Agreement and applicable only to the period a Residential Unit was actually occupied by You; (ii) those nonstandard costs specifically incurred by the Corporation at Your request and described in the Agreement (i.e. including but not

limited to costs required to return the Residential Unit to its original condition (normal wear and tear excepted); plus any costs owed by You to the Corporation; plus any costs required to remove and dispose of or store personal belongings left in the Residential Unit) ; (iii) nonrefundable fee of $250 which is a processing fee of the Deposit; and (iv) a reasonable service charge not to exceed the greater of one thousand dollars ($ 1,000) or two percent (2%) of the Entrance Fee paid or Membership Fee, as applicable. The remittance of the refund of the Entrance Fee to You or Your legal representative is subject to the provisions of Article X, item D. The remittance of the balance of the Deposit and Membership Fee to You or Your legal representative shall occur within thirty (30) days of receipt of written notice. Finally, the Monthly Service Charges paid by You, are not refundable in such event because they were payment for services accessible and available to You.

XII. FINANCIAL ASSISTANCE

Through charitable donations, the Corporation has established the Resident Assistance Fund, the income of which will be used to assist Residents who would otherwise not be able to live at Belle Meade and Pine Knoll. The income from such Resident Assistance Fund may be used for the purpose of providing financial assistance in accordance with the provisions of Section V (D) above. The Corporation manages the fund and may make contributions to the fund at the discretion of the Finance Committee and the Board of Trustees. Other benefactors, such as residents, members of the community, and others may contribute to the Resident Assistance Fund. The Corporation retains the right to offer this financial assistance at its sole discretion.

XIII. ORGANIZATION

The Corporation is affiliated with the Roman Catholic Church. The sole member of the Corporation is Trinity Health System, a Michigan nonprofit corporation (“THS”). Although a Board of Trustees governs the Corporation, THS maintains a high level of control over the Corporation through the exercise of certain powers reserved to it such as adoption or approval of the Corporation’s mission, strategic plan, operating plans and budgets, approval of significant financial transactions and the appointment and removal of the Trustees. Neither the Roman Catholic Church nor THS is responsible for the Corporation’s general financial or contractual obligations.

XIV. GENERAL

A. **Assignment.** Your rights and privileges under this Agreement to the Residential Unit, common areas, amenities, services and programs of the Corporation are personal to You and may not be transferred or assigned. Resident consents to the collateral, or other, assignment by the Corporation of its right, title and interest in the Agreement.

B. **Management of The Corporation.** The absolute rights of management are reserved by the Corporation, its Board of Trustees, and its administration as delegated by said Board of Trustees. The Corporation reserves the right to accept or reject any person for residency based on qualifying criteria. Residents do not have the right to determine admission, terms of admission, or terms of Residency for any other applicant or resident.

C. **Entire Agreement.** This Agreement and its Addenda constitutes the entire agreement between the Corporation and You. The Corporation shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent the Corporation, unless such statements, representations, or promises are set forth in this Agreement or an Addendum to this Agreement.

D. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Corporation and Your heirs, executors, administrators, and assigns.

E. **Power of Attorney, Will and Health Care Power of Attorney.** You agree to execute a general power of attorney designating a competent person as attorney-in-fact, advance directives, and a Will prior to acceptance for admission. You shall provide Management with copies of Power of Attorney, any Living Will and Health Care Power of Attorney, as well as the location of any Will, prior to Residency and any subsequent revisions, as necessary.

F. **Transfer of Property.** You agree not to make any gift or other transfer of property for less than equal consideration for the purpose of evading Your obligations under this Agreement, or if such gift or transfer would render You unable to meet Your obligations to the Corporation. Voluntary insolvency to the detriment of the Corporation and other Belle Meade and Pine Knoll residents will be considered cause for termination of this Agreement per Section X(C) hereof.

G. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina.

H. **Third Party Injuries and Claims.** You shall promptly notify the Corporation when You are injured as a result of the fault or negligence of a third party or parties. In the event that the Corporation provides care for any such injuries incurred by You as can be furnished by its employees and facilities, You hereby assign to the Corporation any compensation that You may recover from such third party or parties to the extent necessary to reimburse the Corporation for the cost of such care furnished by the Corporation. You or Your legal representative shall have the duty to pursue diligently any and all proper claims for compensation due from a third party or parties for injury to You and to cooperate with the Corporation in collecting such compensation and reimbursing the Corporation for the cost of all such care provided to You.

I. **Severability and Forbearance.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of the Agreement shall be valid and enforceable to the fullest extent permitted by law. No act of forbearance or failure to insist upon prompt performance of any of the terms of this Agreement by the Corporation shall be construed as a waiver of rights granted to the Corporation, or limit the Corporations' ability to enforce all the provisions of this Agreement.

J. **No Waiver of Rights.** No act, agreement or statement of Resident, or of an individual purchasing care for a Resident under any agreement to furnish care to Resident, shall constitute a valid waiver of any provision intended for the benefit or protection of Resident or the individual purchasing care for Resident.

K. **Casualty Loss.** In the event the Residential Unit occupied by You or the building in which the Residential Unit is located, is destroyed or so damaged by fire or other casualty so as to render the Residential Unit or the building generally unfit for Residency, the Corporation will endeavor in good faith to rebuild and replace the Residential Unit and/or building with substantially similar accommodations. In the unlikely event that the Corporation determines that rebuilding threatens the financial viability of the Corporation so as to preclude replacement of the Residential Unit or building, then the Corporation will strive to develop an alternative restoration plan in which it will exercise its best efforts to locate, identify or provide, if financially feasible as determined by the Corporation, reasonable alternative accommodations for any resident affected by such a catastrophic loss. In the event You are unable to occupy the Residential Unit for any period of time during any reasonably necessary period of restoration of the Residential Unit, the Monthly Fee shall be reduced proportionately, unless a vacant Residential Unit is available for temporary Residency by You. The Corporation shall not be liable for any damage, compensation or claim by reason of inconvenience or annoyance arising from the necessity of repairing any portion of the Residential Unit or building, or the interruption in use of the Residential Unit, or the termination of this Agreement by reason of the destruction of the Residential Unit or building.

L. **Notice Provisions.** Any notices, consents, or other communications to The Corporation hereunder (collectively "notices") shall be in writing and addressed as follows:

President/CEO
Saint Joseph of The Pines, Inc.
100 Gossman Drive, Suite B
Southern Pines, North Carolina 28387

M. **Acknowledgement of Receipt of Disclosure Statement.** You acknowledge receipt of Saint Joseph of The Pines' Disclosure Statement, Resident Handbook and Notice of Privacy Practices and Policies.

IN WITNESS HEREOF, The Corporation has executed this Agreement and You have read, understand, and have executed this Agreement, and You have paid the Ten Percent (10%) Deposit for the Residential Unit as of the day and year above written.

______________________	______________________
Witness	Resident Signature
______________________	______________________
Witness	Resident Signature

THE CORPORATION

____
Signature

____
Title

____
Date

Appendix 1 – Entrance Fee Termsheet for Resident (Name): ____________________

Health Care Benefit Option: ___________________

Entrance Fee Refund Option Selected by You: ___________________

Residential Unit Selected: ___________________

Entrance Fee (based on Unit selected): ___________________

Second Person Entrance Fee (if applicable): ___________________

Total Entrance Fee
(based on Benefit Option, Refund Option, and
Unit Selected): ___________________

Ten Percent (10%) Deposit Due: ___________________

Less $1,000 Deposit (if applicable): ___________________

Net Deposit Due: ___________________

Upfit Fee (if applicable) ___________________

Balance of Entrance Fee:
(based on Benefit Option, Refund Option, and
Unit Selected): ___________________

Balance of Entrance Fee Due:

______on the Closing Date

OR

______ The Earlier of 1 year from the Closing Date or actual, physical occupancy of a Residential Unit, whichever is sooner.

Closing Date: ________________________________

Date first Monthly Service Charge is due: _________________________

____ ____________________
Resident signature **date**

____ ____________________
Resident signature **date**

Appendix 2 – Membership Fee Termsheet for Resident (Name):

You have agreed to pay a Membership Fee of: ____________________
Healthcare Benefit Option: ____________________
Residential Unit Selected: ____________________

Second Person Membership Fee (if applicable): ____________________

Upfit Fee (if applicable) ____________________

Total Membership Fee: ____________________
Ten Percent (10%) Deposit Due upon signing
Of this Agreement: ____________________

Less $1,000 Deposit (if applicable): ____________________

Balance Due at Closing Date: ____________________
(Based on Unit Selected):

Closing Date:____

Date first Monthly Service Charge is due: _________________________

____ ____________________
Resident signature **date**

____ ____________________
Resident signature **date**

Appendix 3: Understanding the major differences between payment of a Membership Fee versus payment of an Entrance Fee.

Important Items of the Residency Agreement that are identical for both Entrance Fee and Membership Fee Residents:

Identical…

- Health requirements for approval for residency in independent living unit.
- Access to Belle Meade and Pine Knoll common areas and amenities.
- Discretionary Credits.
- Temporary Health Care for 14 days in calendar year.
- Away allowance treatment
- Ability to use Belle Meade and Pine Knoll common areas and amenities prior to and after your actual physical occupancy of a unit.
- Priority access to the continuum of care offered by St. Joseph of the Pines, Inc.
- Ability to Cancel the Agreement within thirty (30) days of the date you sign the Residency Agreement. In such event, you are entitled to a full refund of your Membership Fee or Entrance Fee less certain charges itemized in the Agreement.
- Refund of your Deposit, if paid, upon termination of the Agreement, less a $1000.00 non refundable charge.

<u>The differences between choosing to pay an Entrance Fee and choosing to pay a Membership Fee are economic in nature.</u>

Important Items of the Residency Agreement that are Only applicable to Entrance Fee Residents:

Entrance Fee Residents Only…

- Have options to select Refund Plans (You may elect a plan that would insure some refund of the entrance fee under the then existing conditions of the refund plans offered).
- Have options regarding deferred Entrance Fee payment (You may pay the entire Entrance Fee immediately or you may defer the payment of the Entrance Fee (or a portion of it) for the earlier of the date you physically occupy a residential unit or one year from your Closing Date.
- Generally, pay a higher fee (i.e. entrance fee) to acquire residency and pay a lesser monthly service fee.
- Upon termination **after** thirty days of the date of execution of the Agreement, You are entitled to a refund of the Entrance Fee consistent with the refund plan you selected less certain charges itemized in the Agreement.
- May choose between Extensive Benefit or Fee for Service Health Care Benefit Option.

Continue to next page…

Important Items of the Residency Agreement that are Only applicable to Membership Fee Residents:

Membership Fee Residents Only…

- Have no options regarding Refund Plans or deferred membership fee payment.
- Generally, pay a lower fee (i.e. membership fee) to acquire residency and pay a higher monthly service fee.
- Upon termination (including your death) **after** thirty days of the date of execution of the Agreement, and **After** occupancy of the Unit, You do not get a refund of the Membership Fee paid.
- Upon termination (other than death) **after** thirty days of the date of execution of the Agreement, and **before** occupancy of the Unit, You get a refund of the Membership Fee less a $1000.00 non refundable charge and less certain charges itemized in the Agreement.
- Upon your death, **after** thirty days of the date of execution of the Agreement and **before** occupancy of the Unit, you get a full refund of the Membership Fee less certain charges identified in the Agreement.
- Have Fee For Service Extensive Health Care Benefit Option.

ST. JOSEPH of the PINES

NOTICE OF PRIVACY PRACTICES

Effective Date: April 14, 2003
Revised: May 2, 2016

THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.

St. Joseph of the Pines is required by the Health Insurance Portability and Accountability Act of 1996, and the Health Information Technology for Economic and Clinical Health Act (found in Title XIII of the American Recovery and Reinvestment Act of 2009) (collectively referred to as "HIPAA"), as amended from time to time, to maintain the privacy of individually identifiable patient health information (this information is "protected health information" and is referred to herein as "PHI"). We are also required to provide patients with a Notice of Privacy Practices regarding PHI. We will only use or disclose your PHI as permitted or required by applicable state law. This Notice applies to your PHI in our possession including the medical records generated by us.

St. Joseph of the Pines understands that your health information is highly personal, and we are committed to safeguarding your privacy. Please read this Notice of Privacy Practices thoroughly. It describes how we will use and disclose your PHI.

This Notice applies to the delivery of health care by St. Joseph of the Pines and its clinical staff in the skilled nursing facility, assited living, home care and PACE. This Notice also applies to the utilization review and quality assessment activities of Trinity Health and St. Joseph of the Pines as a member of Trinity Health, a Catholic health care system with facilities located in multiple states throughout the United States.

I. Permitted Use or Disclosure

A. **Treatment:** St. Joseph of the Pines will use and disclose your PHI to provide, coordinate, or manage your health care and related services to carry out treatment functions. The following are examples of how St. Joseph of the Pines will use and/or disclose your PHI:

- To your attending physician, consulting physician(s), and other health care providers who have a legitimate need for such information in your care and continued treatment.
- To coordinate your treatment (e.g., appointment scheduling) with us and other health care providers such as name, address, employment, insurance carrier, etc.
- To contact you as a reminder that you have an appointment for treatment or medical care at our facilities.
- To provide you with information about treatment alternatives or other health-related benefits or services.
- If you are an inmate of a correctional institution or under the custody of a law enforcement officer, St. Joseph of the Pines will disclose your PHI to the correctional institution or law enforcement official.

B. **Payment:** St. Joseph of the Pines will use and disclose PHI about you for payment purposes. The following are examples of how St. Joseph of the Pines will use and/or disclose your PHI:
   - To an insurance company, third party payer, third party administrator, health plan or other health care provider (or their duly authorized representatives) for payment purposes such as determining coverage, eligibility, pre-approval / authorization for treatment, billing, claims management, reimbursement audits, etc.
   - To collection agencies and other subcontractors engaged in obtaining payment for care.

C. **Health Care Operations:** St. Joseph of the Pines will use and disclose your PHI for health care operations purposes. The following are examples of how St. Joseph of the Pines will use and/or disclose your PHI:
   - For case management, quality assurance, utilization, accounting, auditing, population based activities relating to improving health or reducing health care costs, education, accreditation, licensing and credentialing activities of St. Joseph of the Pines.
   - To consultants, accountants, auditors, attorneys, transcription companies, information technology providers, etc.

D. **Other Uses and Disclosures:** As part of treatment, payment and health care operations, St. Joseph of the Pines may also use your PHI for the following purposes:
   - Fundraising Activities: St. Joseph of the Pines will use and may also disclose some of your PHI to a related foundation for certain fundraising activities. For example, St. Joseph of the Pines may disclose your demographic information, your treatment dates of service, treating physician information, department of service and outcomes information to the foundation who may ask you for a monetary donation. Any fundraising communication sent to you will let you know how you can exercise your right to opt-out of receiving similar communications in the future.
   - Medical Research: St. Joseph of the Pines will use and disclose your PHI without your authorization to medical researchers who request it for approved medical research projects. Researchers are required to safeguard all PHI they receive.
   - Information and Health Promotion Activities: St. Joseph of the Pines will use and disclose some of your PHI for certain health promotion activities. For example, your name and address will be used to send you general newsletter or specific information based on your own health concerns.

E. **More Stringent State and Federal Laws:** The State law of St. Joseph of the Pines is more stringent than HIPAA in several areas. Certain federal laws also are more stringent than HIPAA. St. Joseph of the Pines will continue to abide by these more stringent state and federal laws.

   i. **More Stringent Federal Laws:** The federal laws include applicable internet privacy laws, such as the Children's Online Privacy Protection Act and the federal laws and regulations governing the confidentiality of health information regarding substance abuse treatment.

   ii. **More Stringent State Laws:** State law is more stringent when the individual is entitled to greater access to records than under HIPAA. State law also is more restrictive when the records are more protected from disclosure by state law than under HIPAA. In cases where St. Joseph of the Pines provides treatment to a patient who resides in a neighboring state, St. Joseph of the Pines will abide by the more stringent applicable state law.

F. **Health Information Exchange:** St. Joseph of the Pines shares your health records electronically with St. Joseph of the Pines for the purpose of improving the overall quality of health care services provided to you (e.g., avoiding unnecessary duplicate testing). The electronic health records will include sensitive diagnoses such as HIV/AIDS, sexually transmitted diseases, genetic information, and mental health substance abuse, etc. The HIE is functioning as our business associate and, in acting on our behalf, the HIE will transmit, maintain and store your PHI for treatment, payment and health care operation purposes. The HIE has a duty to implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality and integrity of your medical information.

Health Information Exchange: If a statewide or regional health information exchange operates in this state the MO will share your health records electronically with the exchange for the purposes of improving the overall quality of health care services provided to you (e.g., avoids unnecessary duplicate testing). The electronic health records will include sensitive diagnosis such as HIV/AIDS, sexually transmitted diseases, genetic information, and mental health substance abuse, etc. The HIE is functioning as our business associate and, in acting on our behalf, the HIE will transmit, maintain and store your PHI for treatment, payment and health care operation purposes. The HIE has a duty to implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality and integrity of your medical information. State law may provide you rights to restrict, opt-in or opt-out of the exchange. For more information please contact the MO Privacy Officer.

II. Permitted Use or Disclosure with an Opportunity for You to Agree or Object

A. **Family/Friends:** St. Joseph of the Pines will disclose PHI about you to a friend or family member who is involved in or paying for your medical care. You have a right to request that your PHI not be shared with some or all of your family or friends. In addition, St. Joseph of the Pines will disclose PHI about you to an agency assisting in disaster relief efforts so that your family can be notified about your condition, status, and location.

B. **St. Joseph of the Pines – Facility Directory:** St. Joseph of the Pines will include certain information about you in facility directory while you are a hospital patient at St. Joseph of the Pines. This information will include your name, location in St. Joseph of the Pines, your general condition (e.g., fair, stable, critical, etc.) and your religious affiliation. The directory information, except your religious affiliation, will be disclosed to people who ask for you by name. You have the right to request that your name not be included in St. Joseph of the Pines's directory. If you request to opt-out of the facility directory, we cannot inform visitors of your presence, location, or general condition.

C. **Spiritual Care:** Directory information, including your religious affiliation, will be given to a member of the clergy, even if they do not ask for you by name. Spiritual care providers are members of the health care team at St. Joseph of the Pines and may be consulted upon regarding your care. You have the right to request that your name not be given to any member of the clergy.

D. **Media Reports:** St. Joseph of the Pines will release facility directory information to the media (excluding religious affiliation) if the media requests information about you using your name and after we have given you an opportunity to agree or object.

III. Use or Disclosure Requiring Your Authorization

A. **Marketing:** Subject to certain limited exceptions, your written authorization is required in cases where St. Joseph of the Pines receives any direct or indirect financial remuneration in exchange for making the communication to you which encourages you to purchase a product or service or for a disclosure to a third party who wants to market their products or services to you.

B. **Research:** St. Joseph of the Pines will obtain your written authorization to use or disclose your PHI for research purposes when required by HIPAA.

C. **Psychotherapy Notes:** Most uses and disclosures of psychotherapy notes require your written authorization.

D. **Sale of PHI:** Subject to certain limited exceptions, disclosures that constitute a sale of PHI require your written authorization.

E. **Other Uses and Disclosures:** Any other uses or disclosures of PHI that are not described in this Notice of Privacy Practices require your written authorization. Written authorizations will let you know why we are using your PHI. You have the right to revoke an authorization at any time.

IV. Use or Disclosure Permitted or Required by Public Policy or Law without your Authorization

A. **Law Enforcement Purposes:** St. Joseph of the Pines will disclose your PHI for law enforcement purposes as required by law, such as identifying a criminal suspect or a missing person, or providing information about a crime victim or criminal conduct.

B. **Required by Law:** St. Joseph of the Pines will disclose PHI about you when required by federal, state or local law. Examples include disclosures in response to a court order / subpoena, mandatory state reporting (e.g., gunshot wounds, victims of child abuse or neglect), or information necessary to comply with other laws such as workers' compensation or similar laws. St. Joseph of the Pines will report drug diversion and information related to fraudulent prescription activity to law enforcement and regulatory agencies.

C. **Public Health Oversight or Safety:** St. Joseph of the Pines will use and disclose PHI to avert a serious threat to the health and safety of a person or the public. Examples include disclosures of PHI to state investigators regarding quality of care or to public health agencies regarding immunizations, communicable diseases, etc. St. Joseph of the Pines will use and disclose PHI for activities related to the quality, safety or effectiveness of FDA regulated products or activities, including collecting and reporting adverse events, tracking and facilitating in product recalls, etc.

D. **Coroners, Medical Examiners, Funeral Directors:** St. Joseph of the Pines will disclose your PHI to a coroner or medical examiner. For example, this will be necessary to identify a deceased person or to determine a cause of death. St. Joseph of the Pines may also disclose your medical information to funeral directors as necessary to carry out their duties.

E. **Organ Procurement:** St. Joseph of the Pines will disclose PHI to an organ procurement organization or entity for organ, eye or tissue donation purposes.

F. **Specialized Government Functions:** St. Joseph of the Pines will disclose your PHI regarding government functions such as military, national security and intelligence activities. St. Joseph of the Pines will use or disclose PHI to the Department of Veterans Affairs to determine whether you are eligible for certain benefits.

G. **Immunizations:** St. Joseph of the Pines will disclose proof of immunization to a school where the state or other similar law requires it prior to admitting a student.

V. Your Health Information Rights

You have the following individual rights concerning your PHI:

A. <u>Right to Inspect and Copy:</u> Subject to certain limited exceptions, you have the right to access your PHI and to inspect and copy your PHI as long as we maintain the data.

If St. Joseph of the Pines denies your request for access to your PHI, St. Joseph of the Pines will notify you in writing with the reason for the denial. For example, you do not have the right to psychotherapy notes or to inspect the information which is subject to law prohibiting access. You may have the right to have this decision reviewed.

You also have the right to request your PHI in electronic format in cases where St. Joseph of the Pines utilizes electronic health records. You may also access information via patient portal if made available by St. Joseph of the Pines.

You will be charged a reasonable copying fee in accordance with applicable federal or state law.

B. <u>Right to Amend:</u> You have the right to amend your PHI for as long as St. Joseph of the Pines maintains the data. You must make your request for amendment of your PHI in writing to St. Joseph of the Pines, including your reason to support the requested amendment.

However, St. Joseph of the Pines will deny your request for amendment if:

- St. Joseph of the Pines did not create the information;
- The information is not part of the designated record set;
- The information would not be available for your inspection (due to its condition or nature); or
- The information is accurate and complete.

If St. Joseph of the Pines denies your request for changes in your PHI, St. Joseph of the Pines will notify you in writing with the reason for the denial. St. Joseph of the Pines will also inform you of your right to submit a written statement disagreeing with the denial. You may ask that St. Joseph of the Pines include your request for amendment and the denial any time that St. Joseph of the Pines subsequently discloses the information that you wanted changed. St. Joseph of the Pines may prepare a rebuttal to your statement of disagreement and will provide you with a copy of that rebuttal.

C. <u>Right to an Accounting:</u> You have a right to receive an accounting of the disclosures of your PHI that St. Joseph of the Pines has made, except for the following disclosures:

- To carry out treatment, payment or health care operations;
- To you;
- To persons involved in your care;
- For national security or intelligence purposes; or
- To correctional institutions or law enforcement officials.

You must make your request for an accounting of disclosures of your PHI in writing to St. Joseph of the Pines.

You must include the time period of the accounting, which may not be longer than 6 years. In any given 12-month period, St. Joseph of the Pines will provide you with an accounting of the disclosures of your PHI at no charge. Any additional requests for an accounting within that time period will be subject to a reasonable fee for preparing the accounting.

D. **<u>Right to Request Restrictions:</u>** You have the right to request restrictions on certain uses and disclosures of your PHI to carry out treatment, payment or health care operations functions or to prohibit such disclosure. However, St. Joseph of the Pines will consider your request but is not required to agree to the requested restrictions.

E. **<u>Right to Request Restrictions to a Health Plan:</u>** You have the right to request a restriction on disclosure of your PHI to a health plan (for purposes of payment or health care operations) in cases where you paid out of pocket, in full, for the items received or services rendered.

F. **<u>Right to Confidential Communications:</u>** You have the right to receive confidential communications of your PHI by alternative means or at alternative locations. For example, you may request that St. Joseph of the Pines only contact you at work or by mail.

G. **<u>Right to Receive a Copy of this Notice:</u>** You have the right to receive a paper copy of this Notice of Privacy Practices, upon request.

VI. Breach of Unsecured PHI

If a breach of unsecured PHI affecting you occurs, St. Joseph of the Pines is required to notify you of the breach.

VII. Sharing and Joint Use of Your Health Information

In the course of providing care to you and in furtherance of St. Joseph of the Pines's mission to improve the health of the community, St. Joseph of the Pines will share your PHI with other organizations as described below who have agreed to abide by the terms described below:

A. **<u>Medical Staff.</u>** The medical staff and St. Joseph of the Pines participate together in an organized health care arrangement to deliver health care to you. Both St. Joseph of the Pines and medical staff have agreed to abide by the terms of this Notice with respect to PHI created or received as part of delivery of health care to you by St. Joseph of the Pines. Physicians and allied health care professionals who are members of St. Joseph of the Pines's medical staff will have access to and use your PHI for treatment, payment and health care operations purposes related to your care within St. Joseph of the Pines. St. Joseph of the Pines will disclose your PHI to the medical staff and allied health professionals for treatment, payment and health care operations.

B. **<u>Membership in Trinity Health.</u>** St. Joseph of the Pines and members of Trinity Health participate together in an organized health care arrangement for utilization review and quality assessment activities. We have agreed to abide by the terms of this Notice with respect to PHI created or received as part of utilization review and quality assessment activities of Trinity Health and its members. Members of Trinity Health will abide by the terms of their own Notice of Privacy Practices in using your PHI for treatment, payment or health care operations. As a part of Trinity Health, a national Catholic health care system, St. Joseph of the Pines and other hospitals, nursing homes, and health care providers in Trinity Health share your PHI for utilization review and quality assessment activities of Trinity Health, the parent company, and its members. Members of Trinity Health also use your PHI for your treatment, payment to St. Joseph of the Pines and/or for the health care operations permitted by HIPAA with respect to our mutual patients.

Please go to Trinity Health's websites for a listing of member organizations at http://www.trinity-health.org/. Or, alternatively, you can call St. Joseph of the Pines's Privacy Official to request the same.

C. **<u>Business Associates.</u>** St. Joseph of the Pines will share your PHI with business associates and their Subcontractors contracted to perform business functions on St. Joseph of the Pines's behalf, including Trinity Health which performs certain business functions for St. Joseph of the Pines.

VIII. **Changes to this Notice. St. Joseph of the Pines** will abide by the terms of the Notice currently in effect. St. Joseph of the Pines reserves the right to make material changes to the terms of its Notice and to make the new Notice provisions effective for all PHI that it maintains. St. Joseph of the Pines will distribute / provide you with a revised Notice at your first visit following the revision of the Notice in cases where it makes a material change in the Notice. You can also ask St. Joseph of the Pines for a current copy of the Notice at any time.

IX. **Complaints.** If you believe your privacy rights have been violated, you may file a complaint with St. Joseph of the Pines's Privacy Official or with the Secretary of the Department of Health and Human Services. All complaints must be submitted in writing directly to St. Joseph of the Pines's Privacy Official. St. Joseph of the Pines assures you that there will be no retaliation for filing a complaint. ***You will not be retaliated against for filing any complaint.***

X. **Privacy Official – Questions / Concerns / Additional Information.** If you have any questions, concerns, or want further information regarding the issues covered by this Notice of Privacy Practice or seek additional information regarding St. Joseph of the Pines's privacy policies and procedures, please contact St. Joseph of the Pines' Privacy Official: 910-246-3114, 100 Gossman Drive, Southern Pines, NC 28387.

State of North Carolina

Department of Insurance

Continuing Care Retirement Community

License

License Number:

29-03

Effective:

May 28, 2013

This license is issued to:

Belle Meade and Pine Knoll at St. Joseph of the Pines

(Provider)

to offer and provide continuing care, as defined by N.C.G.S. §58-64, at the continuing care retirement community (facility) located at:

100 Waters Road and 590 Central Drive

in ***Southern Pines*** *, North Carolina,* ***Moore*** *County.*

This license is issued subject to the statutes of North Carolina, is not transferable and shall remain in effect until revoked by the Commissioner of Insurance. Witness my hand and official seal, this ***28th Day of May*** *, 2013.*

Wayne Goodwin

Wayne Goodwin, Commissioner of Insurance

carf INTERNATIONAL

St. Joseph of the Pines, Inc.
Southern Pines, North Carolina

is issued accreditation as a

Continuing Care Retirement Community

The Health Center at St. Joseph of the Pines
Southern Pines, North Carolina

is issued accreditation as a

Person-Centered Long-Term Care Community

This accreditation is valid through

June 30, 2022

The accreditation seals in place below signify that the organization has met annual conformance requirements for quality standards that enhance the lives of persons served.

Second year seal of annual conformance

Third year seal of annual conformance

Fourth year seal of annual conformance

Fifth year seal of annual conformance

This accreditation certificate is granted by authority of:

Herb Zaretsky, Ph.D.
Chair
CARF International Board of Directors

Brian J. Boon, Ph.D.
President/CEO
CARF International

ST. JOSEPH of the PINES

Interim Financial Statements

St. Joseph of the Pines

Income Statement (in 000's)

For the Four Months Ending October 31, 2019

Revenue		
	Monthly service revenue	$ 10,815
	Other revenue	2,093
	Total other revenue	12,908
Expenses		
	Salaries and benefits	6,648
	Supplies	1,034
	Purchased services	2,462
	Depreciation and amortization	1,731
	Interest expense	602
	Other expenses	1,300
		13,777
Net operating income		(869)
	Investment gains (losses)	(367)
Expenses in excess of revenue		**$ (1,236)**

St. Joseph of the Pines

Balance Sheet (in 000's)

October 31, 2019

ASSETS		**LIABILITIES AND NET ASSETS**	
Current assets:		**Current liabilities:**	
Cash and investments	$ 11,348	Accounts payable	$ 4,105
Net patient accounts receivable	1,911	Wages and accrued liabilities	1,892
Other accounts receivable	1,391		5,997
Inventory	136	**Other liabilities**	
Prepaid expenses & other	71	Long-term debt	45,776
Total current assets	14,857	Deferred revenue	22,224
		Other long-term liabilities	6,156
Other assets:			74,156
Assets whose use is limited	12,271		
Property and equipment, net	60,342	**Net assets:**	
Other long-term assets	809	Unrestricted net assets	7,819
	73,422	Restricted net assets	307
Total assets	**$ 88,279**	**Total liabilities & net assets**	**$ 88,279**

St. Joseph of the Pines

Statement of Cash Flows (in 000's)

For the Four Months Ending October 31, 2019

Beginning balance	$ 406
Decrease in net assets	(1,236)
Depreciation and amortization	1,731
Amortization of deferred fees	336
Changes in operating assets and liabilities	829
Cash used in operating activities	1,660
Purchases of property & equipment	(747)
Net change in investments	(768)
Cash provided by investing activities	(1,515)
Repayments of long-term debt	(283)
Cash used in financing activities	(283)
Net decrease in cash and cash equivalents	(138)
Ending balance cash and equivalents	**$ 268**