

DISCLOSURE STATEMENT

November 30, 2020

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:



**Steven Kastner, President
St. Joseph of the Pines, Inc.**

**The last day through which this statement may be delivered if not earlier revised is
April 28, 2022.**

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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 hospice services in 22 states, our 125,000 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 membership in Leading Age.

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, Home Care.

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 fourteen (214) available independent living residential apartments in three-story buildings, cottages, homes, and a community center with common areas and amenities. As of June 30, 2020, Belle Meade had approximately 186 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-six (86) available independent living apartments and cottage homes and a community commons area with amenity space. As of June 30, 2020, Pine Knoll had approximately 81 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 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.
- **Home Care** (“Home Care”) provides assistance with activities of daily living and companionship in home settings.

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

1. Steven Kastner, President

Mr. Kastner joined Trinity Health Senior Communities in 2014 and has more than 30 years in leadership experience in healthcare. He is currently serving in the role of president and chief executive officer of Trinity Health Senior Communities. THSC is a national leader in senior living communities that is headquartered in Livonia, Michigan that owns and/or manages 52 communities located in Connecticut, Illinois, Indiana, Iowa, Maine, Massachusetts, Michigan, New York and Texas with revenues over \$300 million. The organization's communities serve more than 30,000 residents and employ nearly 5,000 people who share a commitment to faith-based values.

Steven began his career as licensed nursing home administrator before moving to developing post-acute business line for a regional health system. He previously served as the Regional Vice President of Operations for Westminster Communities of Florida in Orlando. Previous executive positions were held at Holy Cross Village at Notre Dame, St.

Joseph's Regional Medical Center in South Bend and the Visiting Nurse Association.

Kastner received his Bachelor of Science Degree in Economics from Manchester College in North Manchester, IN. He holds a graduate degree in administration from University of Notre Dame and is a fellow of the Larry Minnix Leadership Academy. He has also served on numerous national, state and local association boards, committees and advisory bodies as well as in other leadership roles.

2. Scott Brewton, Vice President

Mr. Brewton joined St. Joseph of the Pines in October 2020. Prior to joining SJP, he served as senior vice presidents and general manager of Pinehurst Resort and Country Club for sixteen years, where he was responsible for the operations of three hotels, eight restaurants, a spa, and conference center. A trusted and visionary leader, Scott has extensive experience in overseeing successful capital improvement projects and campus enhancements, and is committed to investing in staff education and customer satisfaction training.

3. Kimberly Wessell, Director of Sales and Marketing

Mrs. 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, Mrs. 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. Mrs. 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 of the Pines as a community-based, not-for-profit corporation.

The board serves on a volunteer basis and consists of eleven (11) 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.

Sharlene Anderson

100 Magnolia Road, Suite 300
Pinehurst, NC 28374

Ms. Anderson is an attorney specializing in estate planning, real estate, mediation/arbitration, intellectual property, corporate formation, government compliance, licensing and sales contracts, internet, employment and collaborative family law. A graduate of Brigham Young University, Ms. Anderson has been practicing law in private, governmental and corporate roles for over twenty years and is licensed in North Carolina, Virginia, and Utah.

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.

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).

Mike Erwin

461 NC Hwy 73
West End, NC 27376

Mr. Erwin is the CEO of The Character & Leadership Center and co-founder & president of the Positivity Project---a non-profit organization with the mission to empower America's youth to build positive relationships. He is the co-author of LEAD YOURSELF FIRST by Bloomsbury Press (2017). Mike is also a Lt. Colonel in the U.S. Army Reserves, assigned to the United States Military Academy at West Point, where he serves as an Assistant Professor in Leadership

& Psychology. He also serves as the founding Chairman of the Board for Father Vincent Capodanno High School, outside Fort Bragg, NC.

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.

William (Bill) Healy

20555 Victor Parkway
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.

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.

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 68 apartment residences and 22 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

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 (\$1,000.00) 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 (\$1,000.00) 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 (\$1,000.00) 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
<i>Varies upon selection</i>	
ADDITIONAL HOUSEKEEPING	
1 Hour	\$60.00
ADDITIONAL MAINTENANCE	
1 Hour	\$60.00

CATERING	
<i>Varies upon selection</i>	
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	2020	2019	2018	2017	2016
Studio - 1st Floor	40	301	\$ 6,137	\$ 5,958	\$ 5,784	\$ 5,643	\$ 5,479
Apartment - 2nd Floor	10	651	\$ 6,860	\$ 6,660	\$ 6,466	\$ 6,309	\$ 6,125
	50 % Change		3.0%	3.0%	5.6%	3.0%	3.0%
	Average \$ Change		\$ 183	\$ 178	\$ 144	\$ 168	\$ 164
2nd Person	\$2,000 per month in Apartment						

There are currently 78 licenses available for Assisted Living.

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	2020	2019	2018	2017	2016	2015
Private Pay Daily Room Rate	160	\$ 339	\$ 329	\$ 319	\$ 310	\$ 295	\$ 281
	% change	3.0%	3.1%	2.9%	5.1%	5.0%	8.5%
	Average daily \$ change	\$ 10	\$ 10	\$ 9	\$ 15	\$ 14	\$ 22

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	2020	2019	2018	2017	2016	2015
Bristol	3	800	\$2,487	\$2,426	\$2,367	\$2,309	\$2,605	\$2,480
Somerset	26	962	\$2,769	\$2,701	\$2,635	\$2,570	\$2,849	\$2,712
Wellington	27	1,205	\$3,178	\$3,100	\$3,024	\$2,950	\$3,212	\$3,058
Cotswold	55	1,366	\$3,451	\$3,367	\$3,285	\$3,205	\$3,455	\$3,288
Avington	21	1,454	\$3,515	\$3,429	\$3,345	\$3,263	\$3,587	\$3,414
Dorset I	11	1,518	\$3,519	\$3,433	\$3,349	\$3,267	\$3,683	\$3,505
Dorset II	21	1,620	\$3,720	\$3,629	\$3,641	\$3,553	\$3,836	\$3,652
Keswick	4	1,906	\$4,271	\$4,167	\$4,065	\$3,966	\$4,266	\$4,061
Combo	4	2,323	\$4,772	\$4,656	\$4,542	\$4,431	\$4,892	\$4,656
Prescott Cottage	11	2,060	\$4,240	\$4,137	\$4,036	\$3,938	\$3,861	\$3,675
Essex Cottage	13	1,973	\$4,547	\$4,346	\$4,328	\$4,222	\$4,139	\$3,940
Sterling Cottage	14	2,322	\$4,975	\$4,854	\$4,736	\$4,620	\$4,592	\$4,371
Windsor Home	2	1,632	\$4,074	\$3,975	\$3,878	\$3,783	\$3,709	\$3,531
Hampstead Home	8	1,799	\$4,336	\$4,230	\$4,127	\$4,026	\$3,947	\$3,758
	220							
		% change	2.7%	2.1%	2.5%	-4.8%	5.1%	3.4%
		Average \$ change	\$94	\$72	\$85	(\$210)	\$173	\$113
Second Person Fee			\$ 1,379	\$ 1,345	\$ 1,312	\$ 1,280	\$ 1,255	\$ 1,235

Pine Knoll	Quantity	Square Footage	2020	2019	2018	2017	2016	2015
Halsford	7	384	\$1,449	\$1,414	\$1,767	\$1,724	\$1,847	\$1,818
Lampford	18	573	\$1,730	\$1,688	\$1,899	\$1,852	\$2,232	\$2,197
Upton	15	720	\$1,967	\$1,919	\$2,190	\$2,137	\$2,442	\$2,405
Newland	8	836	\$2,181	\$2,128	\$2,290	\$2,234	\$2,660	\$2,617
Ashmore	8	1,295	\$2,728	\$2,661	\$3,333	\$3,252	\$3,312	\$3,260
Scotsgrove	4	1,344	\$2,790	\$2,722	\$3,428	\$3,345	\$3,415	\$3,361
Kingston	8	1,618	\$2,978	\$2,905	\$3,603	\$3,515	\$3,551	\$3,495
Woodleigh	8	1,211	\$3,010	\$2,937	\$3,178	\$3,101	\$3,312	\$3,161
Bickleigh	10	1,322	\$3,110	\$3,034	\$3,386	\$3,304	\$3,324	\$3,272
Ashleigh	1	1,347	\$3,142	\$3,065	\$3,713	\$3,622	\$3,551	\$3,495
Kingsford	1	1,381	\$3,192	\$3,114	\$3,783	\$3,691	\$3,619	\$3,562
Dunsford	1	1,443	\$3,217	\$3,139	\$3,855	\$3,761	\$3,687	\$3,630
Fernhill	1	1,733	\$3,598	\$3,510	\$4,285	\$4,180	\$4,098	\$4,033
	90							
		% change	2.5%	-15.9%	2.5%	-3.2%	1.8%	6.9%
		Average \$ change	\$58	(\$374)	\$65	(\$204)	\$53	\$179
Second Person Fee			\$ 1,128	\$ 1,100	\$ 1,073	\$ 1,047	\$ 1,026	\$ 1,010

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 2020 with a net operating loss of \$2.2 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 ninety-three percent (93%) as of June 30, 2020. The Pine Knoll Independent Living campus ended 2020 with an occupancy of ninety-eight percent (98%) with 84 of the 86 available units occupied/unoccupied but reserved, the Belle Meade Independent Living campus ended 2020 ninety-two percent (92%) occupied with 196 of 214 available units occupied/unoccupied but reserved, the Coventry Assisted Living building was seventy-three percent (73%) 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 \$5,172 million for the 2021 fiscal year.

Operating Reserve Requirement

Projected FY21 Adjusted Operating Costs (<i>in thousands</i>)	\$10,343
Occupancy Factor	<u>x 50%</u>
Total Operating Reserve Required	<u>\$5,172</u>

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 ones' 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 341 independent living residents of the facility are provided services by SJP pursuant to contracts for continuing care.

D. 2020 Variances from Previous Forecast

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

Independent Living	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 \$3.6 million; actual operations resulted in an operating loss of \$2.2 million.

Total Operating Revenues

Total operating revenues were forecasted at \$44.1 million. Actual operating revenues were \$37.6 million. The unfavorable variance is primarily due to the COVID-19 pandemic, which caused a significant reduction in health care revenues (\$4.2 million) and a restriction on new resident move-ins.

Total Operating Expenses

Total operating expenses were forecasted at \$40.4 million. Actual operating expenses were \$39.8 million. The organization was favorable to forecasted expenses because of reduced health care volume and savings was offset by increased costs of resident care for supplies and staffing due to the COVID-19 pandemic.

Independent Living Revenues

- Monthly Service Fee income was forecasted at \$20.7 million, while actual Service Fee income for 2020 was unfavorable at \$19.1 million.

- Entrance Fee amortization forecast was \$3.4 million; actual realized entrance fee amortization was unfavorable at \$3.1 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.

*10% or greater and over \$200,000 was the threshold for materiality

Balance Sheet					
	2020 Forecast	2020 Actual	\$ Variance	% Variance	* Variance Explanation
Current Assets:					
Cash & Cash Equivalents	\$ 16,022	\$ 11,780	\$ (4,242)	-26%	Refer to cash flow variance explanations
Patient accounts receivable (AR), net	6,059	2,992	(3,067)	-51%	Lower A/R due to COVID-19 census decrease
Prepaid expenses, inventories and other current assets	284	168	(116)	-41%	
Total current assets	22,365	14,940	(7,425)	-33%	
Assets Limited as to Use:					
Statutory Operating Reserve Investments	8,202	8,202	0	0%	
Other Restricted Investments	1,264	1,180	(84)	-7%	
	9,466	9,382	(84)	-1%	
Property, Plant and Equipment	147,402	140,993	(6,409)	-4%	
Less: accumulated depreciation	84,532	82,843	(1,689)	-2%	
Net Property, Plant and equipment	62,870	58,150	(4,720)	-8%	
Other Assets:					
Other long-term assets	790	851	61	8%	
Total other assets	790	851	61	8%	
Total assets	95,491	83,323	(12,168)	-13%	
Liabilities and Net Assets					
Current Liabilities:					
Current portion of long term debt	887	840	(47)	-5%	
Accounts Payable (AP) and accrued expenses	6,958	4,214	(2,744)	-39%	Lower A/P due to COVID-19 census decrease
Other accrued liabilities	345	-	(345)	-100%	Third party liabilities decreased in current fiscal year
Total current liabilities	8,190	5,054	(3,136)	-38%	
Deferred revenues - refundable	5,591	5,942	351	6%	
Deferred revenues - nonrefundable	21,752	20,600	(1,152)	-5%	
Long-term debt	45,171	45,218	47	0%	
Other long-term liabilities	249	211	(38)	-15%	
Total deferred revenues and long-term liabilities	72,763	71,971	(792)		
Total liabilities	80,953	77,025	(3,928)	-5%	
Net Assets (Deficit)					
Unrestricted	14,268	6,077	(8,191)	-57%	
Temporarily restricted	269	221	(48)	-18%	
Permanently restricted	-	-	-	0%	
Total net assets (deficit)	14,537	6,298	(8,239)	-57%	
Total liabilities and net assets (deficit)	95,491	83,323	(12,167)	-13%	

*10% or greater and over \$200,000 was the threshold for materiality

Statement of Operations	2020 Forecast	2020 Actual	\$ Variance	% Variance	* Variance Explanation
Revenues, gains and other support:					
Monthly fees	20,683	19,098	\$ (1,585)	-8%	
Amortization of entrance fees	3,400	3,102	(298)	-9%	
Health Care Revenues	19,089	14,911	(4,178)	-22%	Decreased patient volumes due to COVID-19
Contributions and gifts	533	193	(340)	-64%	Fundraising restricted by COVID-19
Other operating revenues	350	321	(29)	-8%	
Total unrestricted revenues, gains and other support	44,055	37,625	(6,430)	-15%	
Expenses:					
Health Care	11,826	11,092	(734)	-6%	
Dietary	6,392	5,845	(547)	-9%	
Administrative	8,297	8,364	67	1%	
Maintenance	4,032	3,822	(210)	-5%	
Laundry (Linen)	198	160	(38)	-19%	
Housekeeping	1,491	1,537	46	3%	
Depreciation and amortization	5,158	5,602	444	9%	
Interest	1,839	1,743	(96)	-5%	
Other operating expenses	1,178	1,659	481	41%	Actual includes one-time asset impairment
Total expenses	40,411	39,824	(587)	-1%	
Operating (loss) income	3,644	(2,199)	(5,843)	-160%	
Equity changes (rel from rest capital & equity xfer)	-	(1,204)	(1,204)	100%	Transfer of LIFE assets, pension and system devel
Non-operating gains (losses)	1,000	(144)	(1,144)	-114%	Lower than forecasted realized operating gains
Increase (Decrease) in Unrestricted Net Assets	4,644	(3,547)	(8,191)	-176%	
Increase (Decrease) in Restricted Net Assets		(48)	(48)	100%	
Net assets (deficit), beginning of year	9,893	9,893	-	0%	
Net assets (deficit), end of year	14,537	6,298	(5,843)	-40%	

Statement of Cash Flows	2020 Forecast	2020 Actual	\$ Variance	% Variance	* Variance Explanation
Changes in net assets	\$ 4,644	\$ (3,595)	\$ (5,843)	-126%	Lower than projected operating income
Adjustments to reconcile changes in nets assets to cash:					
Entrance fees received	2,274	1,182	(1,092)	-48%	COVID-19 restriction on resident move-ins
Amortization of entrance fees	(3,400)	(3,102)	298	-9%	
Depreciation and amortization	5,158	5,602	444	9%	
Changes in operating assets and liabilities:					
Patient accounts receivable	(176)	1,232	1,408	-798%	Lower A/R due to COVID-19 census decrease
Prepaid expenses inventory and other assets	5	(39)	(44)	-810%	
Accounts payable and accrued expenses	(366)	(566)	(200)	55%	Lower A/P due to COVID-19 census decrease
Other LT liabs	-	(38)	(38)	100%	
Net cash provided by operating activities	8,139	676	(5,029)	(17)	
Cash flows from investing activities:					
Change in investments and assets limited as to use	2,912	2,996	84	3%	
Transfer of PACE business line to related entity	-	410	410	100%	Trinity Health readjustment of business lines
Acquisitions of property and equipment	(5,158)	(2,431)	2,727	-53%	PPE acquisition delays due to COVID-19
Net cash used in investing activities	(2,246)	975	3,221	-143%	
Cash flows from financing activities:					
Belle Meade and Pine Knoll payments on Long term debt	(848)	(848)	-	0%	
Related party borrowings	-	-	-	0%	
Other Payments on long-term debt	-	-	-	0%	
Net cash used in financing activities	(848)	(848)	-	0%	
Net increase (decrease) in cash and cash equivalents	5,045	803	(4,242)	-84%	
Cash and cash equivalents, beginning	10,977	10,977	-	0%	
Cash and cash equivalents, ending	16,022	11,780	\$ (4,242)	-26%	-
Cash payments for interest	1,905	1,953	\$ 48	3%	

Trinity Health

Consolidated Financial Statements as of and for the
years ended June 30, 2020 and 2019,
Supplemental Consolidating Schedules as of and for
the year ended June 30, 2020
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, 2020 and 2019, 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 \$3.3 billion and \$3.1 billion as of June 30, 2020, and 2019, respectively, and its equity method income from BayCare Health System of \$202.5 million and \$295.7 million for the years ended June 30, 2020 and 2019, respectively. The combined financial statements of BayCare Health System for the years ended December 31, 2019 and 2018, 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, 2020 and 2019, 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.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, effective July 1, 2019, the Corporation adopted the Financial Accounting Standards Board Accounting Standards Update 2016-02, "Leases (Topic 842)", using the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Deloitte & Touche LLP

September 16, 2020

TRINITY HEALTH

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2020 AND 2019

(In thousands)

ASSETS	2020	2019
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,191,598	\$ 474,314
Investments	5,988,670	4,833,039
Security lending collateral	296,053	264,435
Assets limited or restricted as to use - current portion	402,129	403,799
Patient accounts receivable	1,715,740	2,012,354
Estimated receivables from third-party payers	252,278	267,181
Other receivables	386,520	374,818
Inventories	378,523	297,804
Prepaid expenses and other current assets	219,146	179,124
Total current assets	11,830,657	9,106,868
ASSETS LIMITED OR RESTRICTED AS TO USE - Noncurrent portion:		
Held by trustees under bond indenture agreements	6,676	5,828
Self-insurance, benefit plans and other	871,641	867,132
By Board	3,589,471	3,474,947
By donors	476,249	460,836
Total assets limited or restricted as to use - Noncurrent portion	4,944,037	4,808,743
PROPERTY AND EQUIPMENT - Net	8,278,585	8,359,974
OPERATING LEASE RIGHT-OF-USE ASSETS	495,648	-
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	4,057,789	3,876,028
GOODWILL	439,687	437,403
OTHER ASSETS	410,673	383,088
TOTAL ASSETS	\$ 30,457,076	\$ 26,972,104

LIABILITIES AND NET ASSETS	2020	2019
CURRENT LIABILITIES:		
Commercial paper	\$ 99,979	\$ 99,493
Short-term lines of credit	615,000	-
Short-term borrowings	667,275	686,670
Current portion of long-term debt	387,544	126,727
Current portion of operating lease liabilities	135,342	-
Medicare cash advances	1,634,160	-
Accounts payable and accrued expenses	1,455,173	1,435,939
Salaries, wages and related liabilities	1,152,589	919,055
Payable under security lending agreements	296,053	264,435
Estimated payables to third-party payers	414,271	375,116
Current portion of self-insurance reserves	269,813	282,364
Total current liabilities	7,127,199	4,189,799
LONG-TERM DEBT - Net of current portion	6,554,014	6,222,908
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	454,039	-
SELF-INSURANCE RESERVES - Net of current portion	1,059,916	1,036,697
ACCRUED PENSION AND RETIREE HEALTH COSTS	943,473	933,238
OTHER LONG-TERM LIABILITIES	787,687	754,054
Total liabilities	16,926,328	13,136,696
NET ASSETS:		
Net assets without donor restrictions	12,726,231	13,047,732
Noncontrolling ownership interest in subsidiaries	238,337	234,987
Total net assets without donor restrictions	12,964,568	13,282,719
Net assets with donor restrictions	566,180	552,689
Total net assets	13,530,748	13,835,408
TOTAL LIABILITIES AND NET ASSETS	\$ 30,457,076	\$ 26,972,104

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, 2020 AND 2019

(In thousands)

	<u>2020</u>	<u>2019</u>
OPERATING REVENUE:		
Net patient service revenue	\$ 15,454,773	\$ 16,601,888
Premium and capitation revenue	1,064,491	1,060,900
Net assets released from restrictions	29,296	39,184
Other revenue	2,284,467	1,591,251
Total operating revenue	<u>18,833,027</u>	<u>19,293,223</u>
EXPENSES:		
Salaries and wages	8,137,053	8,331,228
Employee benefits	1,654,500	1,700,738
Contract labor	267,937	315,601
Total labor expenses	<u>10,059,490</u>	<u>10,347,567</u>
Supplies	3,122,083	3,228,199
Purchased services and medical claims	2,750,885	2,642,804
Depreciation and amortization	894,959	861,009
Occupancy	756,300	780,984
Interest	244,156	238,944
Other	930,436	921,954
Total expenses	<u>18,758,309</u>	<u>19,021,461</u>
OPERATING INCOME BEFORE OTHER ITEMS	<u>74,718</u>	<u>271,762</u>
Restructuring costs	(212,941)	(82,384)
Asset impairment charges	(202,746)	(25,192)
Loss on transfer of Lourdes Health System	(3,693)	(57,405)
OPERATING (LOSS) INCOME	<u>(344,662)</u>	<u>106,781</u>
NONOPERATING ITEMS:		
Investment earnings	176,167	421,163
Equity in earnings of unconsolidated affiliates	172,283	318,510
Change in market value and cash payments of interest rate swaps	(80,037)	(54,215)
Other net periodic retirement income	81,258	54,059
Loss from early extinguishment of debt	(32,528)	(7,067)
Other, including income taxes	(7,027)	(4,926)
Total nonoperating items	<u>310,116</u>	<u>727,524</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	<u>(34,546)</u>	<u>834,305</u>
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO		
NONCONTROLLING INTEREST	<u>(40,913)</u>	<u>(48,334)</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES, NET OF NONCONTROLLING INTEREST	<u>\$ (75,459)</u>	<u>\$ 785,971</u>

	<u>2020</u>	<u>2019</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Net assets without donor restrictions attributable to Trinity Health:		
(Deficiency) excess of revenue over expenses	\$ (75,459)	\$ 785,971
Net assets released from restrictions for capital acquisitions	34,961	57,306
Net change in retirement plan related items - consolidated organizations	(238,652)	(418,622)
Net change in retirement plan related items - unconsolidated organizations	(17,608)	7,762
Cumulative effect of change in accounting principle	(44,301)	-
Other	19,558	33,561
(Decrease) increase in net assets without donor restrictions attributable to Trinity Health	<u>(321,501)</u>	<u>465,978</u>
Net assets without donor restrictions attributable to noncontrolling interests:		
Excess of revenue over expenses attributable to noncontrolling interests	40,913	48,334
Sale of noncontrolling interest in subsidiaries	-	56,715
Dividends and other	(37,563)	(46,218)
Increase in net assets without donor restrictions attributable to noncontrolling interests	<u>3,350</u>	<u>58,831</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions:		
Program and time restrictions	68,697	95,686
Endowment funds	6,269	3,877
Net investment gains (losses):		
Program and time restrictions	105	3,667
Endowment funds	(801)	1,547
Net assets released from restrictions	(64,257)	(96,490)
Other	3,478	(41,704)
Increase (decrease) in net assets with donor restrictions	<u>13,491</u>	<u>(33,417)</u>
(DECREASE) INCREASE IN NET ASSETS	(304,660)	491,392
NET ASSETS - BEGINNING OF YEAR	<u>13,835,408</u>	<u>13,344,016</u>
NET ASSETS - END OF YEAR	<u>\$ 13,530,748</u>	<u>\$ 13,835,408</u>

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

TRINITY HEALTH

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

(In thousands)

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES:		
(Decrease) increase in net assets	\$ (304,660)	\$ 491,392
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	894,959	861,009
Amortization of right-of-use operating lease assets	129,741	-
Asset impairment charges	202,746	25,192
Loss on transfer of Lourdes Health System	3,693	57,405
Gain on sale of subsidiaries	(5,693)	(16,018)
Sale of noncontrolling interest in subsidiaries	-	(56,715)
Loss on extinguishment of debt	32,528	7,067
Change in net unrealized and realized gains on investments	(84,811)	(330,221)
Change in market values of interest rate swaps	61,871	40,729
Undistributed equity in earnings of unconsolidated affiliates	(198,295)	(343,290)
Deferred retirement items - consolidated organizations	238,652	418,622
Deferred retirement items - unconsolidated organizations	17,608	(7,762)
Restricted contributions and investment income received	(16,775)	(80,001)
Cumulative effect of change in accounting principle	44,301	-
Other adjustments	(11,130)	34,696
Changes in:		
Patient accounts receivable	297,238	(830)
Estimated receivables from third-party payers	14,903	(34,418)
Other assets	(215,201)	(42,015)
Medicare cash advances	1,634,160	-
Accounts payable and accrued expenses	272,569	89,074
Estimated payables to third-party payers	39,079	(20,854)
Self-insurance reserves and other liabilities	(151,019)	9,699
Accrued pension and retiree health costs	(247,482)	(183,197)
Total adjustments	<u>2,953,642</u>	<u>428,172</u>
Net cash provided by operating activities	<u>\$ 2,648,982</u>	<u>\$ 919,564</u>

	<u>2020</u>	<u>2019</u>
INVESTING ACTIVITIES:		
Proceeds from sales of investments	\$ 2,682,051	\$ 4,129,917
Purchases of investments	(3,856,958)	(4,372,566)
Purchases of property and equipment	(950,933)	(1,276,346)
Proceeds from disposal of property and equipment	3,321	7,065
Net cash used for acquisitions	(13,312)	(188)
Proceeds from the sales of divestitures	48,976	21,944
Change in investments in unconsolidated affiliates	(1,162)	(45,276)
Increase (decrease) in assets limited as to use and other	15,945	(10,276)
Net cash used in investing activities	<u>(2,072,072)</u>	<u>(1,545,726)</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of debt	1,954,121	434,534
Repayments of debt	(1,766,170)	(339,604)
Net change in commercial paper	486	(411)
Draws on lines of credit	1,000,000	-
Dividends paid	(37,485)	(46,218)
Proceeds from restricted contributions and restricted investment income	16,678	58,194
Increase in financing costs and other	(11,029)	(4,104)
Net cash provided by financing activities	<u>1,156,601</u>	<u>102,391</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,733,511	(523,771)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR	<u>605,870</u>	<u>1,129,641</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 2,339,381</u>	<u>\$ 605,870</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest - net of amounts capitalized	\$ 260,388	\$ 251,755
Accruals for purchases of property and equipment and other long-term assets	128,689	144,696
Unsettled investment trades and purchases	26,084	22,253
Unsettled investment trades and sales	5,684	10,316
Increase (decrease) in security lending collateral	31,618	(10,793)
(Increase) decrease in payable under security lending agreements	(31,618)	10,793

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

TRINITY HEALTH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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. Trinity Health lives our Mission, not only through the delivery of medical care but also through community serving programs, such as street outreach programs to meet the needs of homeless populations, and Social Care Hubs to connect individuals to food, housing and other essential daily support.

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 impacting the social influencers of health through partnerships to increase affordable housing and food access.

In response to the coronavirus disease 2019 (“COVID-19”), Trinity Health redirected community benefit resources to address the most urgent social and medical needs in our communities, including food support, education support, and homeless outreach. These costs have been included in the appropriate category below.

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, 2020 Edition*.

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

	<u>2020</u>	<u>2019</u>
Ministry for those who are poor and underserved:		
Financial assistance	\$ 207,123	\$ 203,581
Unpaid cost of Medicaid and other public programs	724,831	586,161
Programs for those who are poor and the underserved:		
Community health improvement services	26,792	29,073
Subsidized health services	49,282	49,287
Financial contributions	18,975	19,675
Community building activities	1,565	2,130
Community benefit operations	<u>6,393</u>	<u>5,976</u>
Total programs for those who are poor and underserved	<u>103,007</u>	<u>106,141</u>
Ministry for those who are poor and underserved	<u>1,034,961</u>	<u>895,883</u>
Ministry for the broader community:		
Community health improvement services	14,735	13,223
Health professions education	189,591	168,132
Subsidized health services	57,439	45,039
Research	4,869	4,531
Financial contributions	27,160	28,321
Community building activities	1,449	1,639
Community benefit operations	<u>4,940</u>	<u>3,889</u>
Ministry for the broader community	<u>300,183</u>	<u>264,774</u>
Community benefit ministry	<u>\$ 1,335,144</u>	<u>\$ 1,160,657</u>

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

The following table reconciles cash, cash equivalents and restricted cash shown in the statements of cash flows to amounts presented within the consolidated balance sheets as of June 30 (in thousands):

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,191,598	\$ 474,314
Restricted cash included in assets limited or restricted as to use - current portion		
Held by trust under bond indenture	11,578	11,415
Self insured benefit plans & other	64,720	54,670
By donors	<u>4,698</u>	<u>5,798</u>
Total restricted cash included in assets limited or restricted as to use - current portion	80,996	71,883
Restricted cash included in assets limited as to use - noncurrent portion		
Held by trust under bond indenture	6,676	5,845
Self insured benefit plans & other	27,761	27,485
By donors	<u>32,350</u>	<u>26,343</u>
Total restricted cash included in assets limited or restricted as to use - noncurrent portion	<u>66,787</u>	<u>59,673</u>
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	<u>\$ 2,339,381</u>	<u>\$ 605,870</u>

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, net of direct investment expenses, 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, 2020 and 2019, the Corporation had securities loaned of \$663.3 million and \$514.5 million, respectively, and received collateral (cash and noncash) totaling \$684.5 million and \$529.5 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.

Patient Accounts Receivable, Estimated Receivables from and Payables to Third-Party Payers – 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, the estimated uncollectable amounts are generally considered implicit price concessions that are a direct reduction to patient service revenue and accounts receivable.

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.

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.

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. Finance lease right-of-use assets included in property and equipment, effective July 1, 2019, represent the right to use the underlying assets for the lease term and are recognized at the lease commencement date based on the present value of lease payments over the term of the lease.

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 amortization for the year ended June 30, 2019, finance lease right-of-use asset amortization for the year ended June 30, 2020 and internal-use software amortization. The useful lives of property and equipment range from 2 to 50 years, and finance lease agreements have initial terms typically ranging from 3 to 10 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.

Right-of-Use Lease Assets and Lease Liabilities – The Corporation determines if an arrangement is a lease at inception of the contract. Right-of-use assets represent the right to use the underlying assets for the lease term and lease liabilities represent the obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Corporation uses the implicit rate noted within the contract, when available. Otherwise, the Corporation uses its incremental borrowing rate estimated using recent secured debt issuances that correspond to various lease terms, information obtained from banking advisors, and the Corporation's secured debt fair value. The Corporation does not recognize leases, for operating or finance type, with an initial term of 12 months or less ("short-term leases") on the consolidated balance sheet, and the lease expense for these short-term leases is recognized on a straight-line basis over the lease

term within occupancy expense in the consolidated statements of operations and changes in net assets. The Corporation's finance leases are primarily for real estate. Finance lease right-of-use assets are included in property and equipment, with the related liabilities included in current and long-term debt on the consolidated balance sheet.

Operating lease right-of-use assets and liabilities are recorded for leases that are not considered finance leases. The Corporation's operating leases are primarily for real estate, vehicles, and medical and office equipment. Real estate leases include outpatient, medical office, ground, and corporate administrative office space. The Corporation's real estate lease agreements typically have an initial term of 3 to 10 years. The Corporation's equipment lease agreements typically have an initial term of one to six years. The real estate leases may include one or more options to renew, with renewals that can extend the lease term from 5 to 10 years. The exercise of lease renewal options is at the Corporation's sole discretion. For accounting purposes, options to extend or terminate the lease are included in the lease term when it is reasonably certain that the option will be exercised. Operating lease liabilities represent the obligation to make lease payments arising from the leases and are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Certain of the Corporation's lease agreements for real estate include payments based on common area maintenance expenses and others include rental payments adjusted periodically for inflation. These variable lease payments are recognized in occupancy expense, net, but are not included in the right-of-use asset or liability balances when they can be separately identified in the contract. The Corporation's lease agreements do not contain any material residual value guarantees, restrictions or covenants.

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, Equipment and Right-of-Use Lease Assets – 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 15 years. Indefinite-lived intangible assets primarily include trade names, which are tested annually for impairment.

Short-Term Lines of Credit – Short-term lines of credit include those facilities whose scheduled termination date is no longer than 364 days from the effective date of the facility. Any drawdowns outstanding are due on or prior to any Scheduled Termination Date.

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

Medicare Cash Advances – Accelerated Medicare payments requested by the Corporation for its acute care hospitals were received in April 2020, and were provided through the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”). After 120 days past receipt of the advance payments, claims for services provided to Medicare beneficiaries will be applied against these cash advances. Any unapplied advance payment amounts must be paid in full within one year from receipt of the advance payments.

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.

Net Patient Service Revenue –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 from 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 payer's or 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 accounts payable and 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 in accounts payable and 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.

Grant Revenue – Where grants are determined to be contributions, unconditional grants are recognized as revenue when received. Conditional grants are recognized as revenue when the Corporation has complied with and substantially met the conditions associated with the grant. For grants that are not contributions, the Corporation recognizes revenue at the amount that reflects the consideration it is expected to be entitled to in exchange for providing services under the term of the grant agreement.

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.

(Deficiency) Excess of Revenue Over Expenses – The consolidated statements of operations and changes in net assets includes (deficiency) 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, 2019, the Corporation adopted FASB ASU No. 2016-02, "Leases (Topic 842)" using the modified retrospective transition approach as of the period of adoption. The consolidated financial statements for periods prior to July 1, 2019 were not modified for the application of the new lease accounting standard. The main difference between the guidance in ASU No. 2016-02 and previous standards is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous standards. Upon adoption of ASU No. 2016-02, the Corporation recorded \$608.8 million of right-of-use assets and \$653.7 million of liabilities associated with operating leases in the consolidated balance sheet. Upon adoption, the Corporation recognized a charge of \$44.3 million as a cumulative effect adjustment to net assets without donor restrictions in the consolidated statement of operations and changes in net assets, primarily related to right-of-use operating lease asset impairments. At the date of adoption, the most recent estimates of future undiscounted cash flows indicated that the carrying value of the right-of-use operating lease assets were not recoverable from estimated future cash flows as of June 30, 2019. The Corporation engaged a third-party valuation specialist to determine the fair value of the

right-of-use operating lease assets, and the resulting impairments were recorded as a cumulative effect adjustment as of July 1, 2019. The Corporation has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Corporation has also elected the practical expedient package to not reassess at adoption (i) expired or existing contracts as to whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases.

Effective July 1, 2019, the Corporation adopted FASB 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 statements of operations for an entity’s sponsored defined benefit pension and other postretirement plans on a retrospective basis. For the year ended June 30, 2019, the Corporation reclassified \$54.1 million of defined benefit pension and postretirement plan income from employee benefits expense to nonoperating income in the consolidated statement of operations and changes in net assets as a result of adopting the new guidance. For the year ended June 30, 2020, the Corporation recorded \$81.3 million of defined benefit pension and postretirement plan income to nonoperating income in the consolidated statement of operations and changes in net assets.

Effective July 1, 2019, the Corporation adopted FASB 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 on a retrospective basis. The adoption of ASU No. 2016-18 changed the amounts presented as cash and cash equivalents in the statements of cash flows, and it also impacted certain disclosures but did not materially impact the Corporation’s financial position, or results of operations. As of June 30, 2019, the Corporation modified the cash flow statement to include restricted cash of \$131.6 million under the new standard.

Forthcoming Accounting Pronouncements –

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, 2020 and 2019, 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 \$227.1 million and \$376.0 million for the years ended June 30, 2020 and 2019, respectively, of which \$54.8 million and \$57.5 million, respectively, is included in other revenue and \$172.3 million and \$318.5 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, 2020 and 2019, the Corporation’s investment in BayCare totaled \$3,268 million and \$3,058 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, 2020 and 2019, the Corporation’s investment in GHP totaled \$227.0 million and \$213.7 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, 2020 and 2019, the Corporation’s investment in CHS totaled \$37.9 million and \$97.3 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, 2020 and 2019, the Corporation’s investment in EH/SJHS totaled \$143.4 million and \$136.7 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 (“CSH”), formerly known as Catholic Health Initiatives, 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. The Corporation and CSH agreed to suspend the cash flow sharing arrangement for fiscal years 2020 and 2019. As of June 30, 2020 and 2019, the Corporation’s investment in MHN totaled \$104.7 million and \$95.7 million, respectively.

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

	2020				
	BayCare	GHP	CHS	EH/SJHS	MHN
Total assets	\$ 9,602,588	\$ 1,126,600	\$ 1,404,460	\$ 625,990	\$ 340,127
Total liabilities	\$ 2,941,834	\$ 674,800	\$ 1,239,762	\$ 402,160	\$ 125,657

	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

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

	2020				
	BayCare	GHP	CHS	EH/SJHS	MHN
Revenue - net	\$ 3,994,126	\$ 2,369,479	\$ 1,225,087	\$ 713,302	\$ 396,696
Excess (deficiency) of revenue over expenses	\$ 401,591	\$ 19,483	\$ (79,254)	\$ 31,986	\$ 14,048

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

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):

	2020				
	BayCare	GHP	CHS	EH/SJHS	MHN
Other revenue	\$ -	\$ 12,357	\$ -	\$ -	\$ 9,072
Equity in earnings of unconsolidated organizations	202,477	-	(39,627)	7,020	-
Other changes in net assets without donor restrictions	4,223	867	(19,741)	-	-
Total	<u>\$ 206,700</u>	<u>\$ 13,224</u>	<u>\$ (59,368)</u>	<u>\$ 7,020</u>	<u>\$ 9,072</u>

	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 net assets without donor restrictions	6,373	(8,283)	11,932	-	-
Total	<u>\$ 302,061</u>	<u>\$ 783</u>	<u>\$ 10,757</u>	<u>\$ 23,591</u>	<u>\$ 2,511</u>

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):

	2020					
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Hospital Organizations	Other Investees	Total
Total assets	\$ 45,498	\$ 157,062	\$ 87,755	\$ 100,780	\$ 967,166	\$ 1,358,261
Total liabilities	\$ 30,307	\$ 61,054	\$ 50,530	\$ 25,218	\$ 467,848	\$ 634,957
Revenue - net	\$ 10,819	\$ 184,658	\$ 68,341	\$ 24,411	\$ 1,649,012	\$ 1,937,241
Excess of revenue over expenses	\$ 2,902	\$ 13,990	\$ 18,109	\$ 1,003	\$ 51,823	\$ 87,827

	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 of revenue over expenses	\$ 3,777	\$ 31,910	\$ 25,621	\$ (827)	\$ 41,052	\$ 101,533

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 years ended June 30, 2020 and 2019, the Corporation’s consolidated statements of operations and changes in net assets included revenue of \$163.3 million and \$173.2 million, respectively, as well as (deficiency) excess of revenue over expenses of (\$9.7) million and \$2.3 million, respectively, 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 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. An additional loss of \$3.7 million was recorded in the statement of operations and changes in net assets for the year-ended June 30, 2020 related to the transfer of Lourdes.

For the year ended June 30, 2019, the Corporation’s consolidated statements of operations and changes in net assets included revenue of \$542.4 million and deficiency of revenue over expenses of \$90.6 million, related to the operations of and loss on sale 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 several separate contracts with CMS. The table below shows sources of net patient service revenue by primary payer for the years ended June 30 (in thousands):

	<u>2020</u>	<u>2019</u>
Net patient service revenue, by payer:		
Medicare	\$ 6,304,365	\$ 6,681,591
Blue Cross	3,227,890	3,384,270
Medicaid	2,456,859	2,640,210
Uninsured	301,255	372,364
Commercial and other	<u>3,164,404</u>	<u>3,523,453</u>
Net patient service revenue, by payer	<u>\$ 15,454,773</u>	<u>\$ 16,601,888</u>

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

	<u>2020</u>	<u>2019</u>
Service line net patient service revenue:		
Acute care - inpatient	\$ 7,115,318	\$ 7,531,801
Acute care - outpatient	5,839,112	6,351,416
Physician services	1,824,784	1,986,771
Long term care	279,460	324,644
Home health care	396,099	407,256
Net patient service revenue, by service line	<u>\$ 15,454,773</u>	<u>\$ 16,601,888</u>
Premium revenue	597,558	612,487
Capitation revenue	466,933	448,413
Grant revenue	742,390	87,383
Revenue from other sources	<u>1,571,373</u>	<u>1,543,052</u>
Total operating revenue	<u><u>\$ 18,833,027</u></u>	<u><u>\$ 19,293,223</u></u>

The CARES Act authorized \$100 billion in funding to hospitals and other health care providers to be distributed through the Public Health and Social Services Emergency Fund (“Relief Funds”). Furthermore, the Paycheck Protection Program and Health Care Enhancement Act (“PPPHCE Act”, collectively the “Acts”) enacted on April 24, 2020 provides an additional \$75 billion in emergency appropriations to eligible providers for COVID-19 response including distributions to safety net hospitals to compensate for lost revenues and qualified expenses, loan forgiveness and capacity expansion. Payments from Relief Funds are intended to compensate health care providers for lost revenues and qualified expenses incurred in response to the COVID-19 pandemic and are not required to be repaid; provided that the recipients attest to and comply with certain terms and conditions, including limitations on balance billing and not using Relief Funds to reimburse expenses or losses that other sources are obligated to reimburse. The Corporation received \$775 million in payments under the Acts as of June 30, 2020, of which, \$131 million was recorded as deferred revenue in accounts payable and accrued expenses in the consolidated balance sheet. For the year ended June 30, 2020, the consolidated statement of operations and changes in net assets includes \$644 million of grants recognized in other revenue under the Acts.

5. LONG-LIVED ASSETS

Property and Equipment:

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

	<u>2020</u>	<u>2019</u>
Land	\$ 359,344	\$ 357,802
Buildings and improvements	10,240,356	9,928,543
Equipment	6,601,634	6,264,515
Finance lease right-of-use assets	34,152	-
Capital leased assets	<u>-</u>	<u>133,181</u>
Total	17,235,486	16,684,041
Accumulated depreciation and amortization	(9,787,322)	(9,439,638)
Construction in progress	<u>830,421</u>	<u>1,115,571</u>
Property and equipment - net	<u>\$ 8,278,585</u>	<u>\$ 8,359,974</u>

As of June 30, 2020, commitments for capital projects of approximately \$194.8 million were outstanding. Significant commitments are primarily for facility expansion at existing campuses and related infrastructures at the following Health Ministries: St. Mary Mercy Livonia Hospital, Livonia, Michigan – \$33.0 million; St. Peter’s Health Partners, Albany, New York – \$23.6 million; Mercy Health Campus, Muskegon, Michigan – \$22.0 million; and Holy Cross Hospital Inc., Ft. Lauderdale, Florida – \$10.4 million. Additionally, Trinity Information Services has commitments of \$37.8 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, 2020 is \$225.7 million. The Corporation is working with SFC to meet the full commitment targeted over the next 3 to 5 years, as the recent pace of investments have been limited due to COVID-19.

Leases:

The following table presents the components of the Corporation’s right-of-use assets and liabilities related to finance leases and their classification in the consolidated balance sheet as of June 30 (in thousands):

<u>Component of Finance Lease Balances</u>	<u>Classification in Consolidated Balance Sheet</u>	<u>2020</u>
Assets:		
Finance lease right-of-use assets - net	Property and equipment	\$ 30,557
Liabilities:		
Current portion of finance lease liability	Current portion of long-term debt	5,908
Long-term portion of finance lease liability	Long-term debt	47,082

The components of lease expense and their classification in the consolidated statement of operations and changes in net assets for the year ended June 30 were as follows (in thousands):

<u>Component of Lease Expenses</u>	<u>Classification in Statements of Operations and Changes in Net Assets</u>	<u>2020</u>
Operating lease expense	Occupancy	\$ 148,046
Finance lease expense:		
Amortization of right-of-use assets	Depreciation and amortization	3,585
Interest on lease liabilities	Interest	3,761
Total finance lease expense		<u>7,346</u>
Short-term lease expense	Occupancy	61,002
Total lease expense		<u>\$ 216,394</u>

The weighted average remaining lease term and weighted average discount rate as of and for the year ended June 30, 2020, were as follows:

	<u>Weighted average remaining lease term (years)</u>	<u>Weighted average discount rate</u>
Operating leases	6.94	3.15%
Finance leases	8.66	6.35%

Supplemental cash flow information related to leases for the year ended June 30, 2020 was as follows (in thousands):

	<u>2020</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash outflows from operating leases	\$ 145,873
Operating cash outflows from finance leases	3,761
Financing cash outflows from finance leases	11,174
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	720,559
Finance leases	32,235

Future maturities of lease liabilities as of June 30, 2020 are presented in the following table (in thousands):

	Operating Leases	Finance Leases	Total
2021	\$ 155,855	\$ 9,093	\$ 164,948
2022	130,716	8,875	139,591
2023	102,946	8,759	111,705
2024	79,305	8,770	88,075
2025	56,455	6,493	62,948
Thereafter	<u>137,863</u>	<u>27,451</u>	<u>165,314</u>
Total lease payments	663,140	69,441	732,581
Less: Imputed interest	<u>(73,759)</u>	<u>(16,451)</u>	<u>(90,210)</u>
Total lease obligations	589,381	52,990	642,371
Less: Current obligations	<u>(135,342)</u>	<u>(5,908)</u>	<u>(141,250)</u>
Long-term lease obligations	<u>\$ 454,039</u>	<u>\$ 47,082</u>	<u>\$ 501,121</u>

The following is a schedule of future minimum lease payments under operating leases that had an initial or remaining lease term in excess of one year as of June 30, 2019, prior to adoption of ASU No. 2016-02 (in thousands):

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

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):

	<u>2020</u>	<u>2019</u>
As of July 1:		
Goodwill	\$ 468,441	\$ 468,441
Accumulated impairment loss	<u>(31,038)</u>	<u>(29,981)</u>
Total	437,403	438,460
Goodwill acquired during the year	10,310	-
Impairment loss	<u>(8,026)</u>	<u>(1,057)</u>
Total	<u>\$ 439,687</u>	<u>\$ 437,403</u>
As of June 30:		
Goodwill	\$ 478,751	\$ 468,441
Accumulated impairment loss	<u>(39,064)</u>	<u>(31,038)</u>
Total	<u>\$ 439,687</u>	<u>\$ 437,403</u>

Impairments:

During the year ended June 30, 2020, the Corporation recorded impairment charges of \$202.7 million in the consolidated statement of operations and changes in net assets. Of the total impairment charges, \$113.5 million were primarily at certain facilities of five Health Ministries across the Corporation, where 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, coupled with the need for extensive future capital investments. Finally, as a result of COVID-19, the Corporation re-assessed several of its physician practice and office space leases and determined that several facilities were or could be vacated, however, the leases are non-cancellable. Therefore this assessment resulted in impairments of the right-of-use assets, leasehold improvements and equipment related to these facilities. As a result, the Corporation recorded additional impairment charges of \$69.1 million related to physician practice and office space leases. The total impairments were comprised of \$145.0 million of property and equipment, \$44.4 million of right-of-use lease assets and \$13.3 million of goodwill and other assets.

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.

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):

	<u>2020</u>	<u>2019</u>
Short-term lines of credit:		
General purpose credit facilities with contractual maturities through June 2021. Interest rates ranging from 0.93% to 2.52% during 2020	\$ 615,000	\$ -
Short-term borrowings:		
Variable rate demand bonds with contractual maturities through 2049. Interest payable monthly at rates ranging from 0.11% to 7.00% during 2020 and 0.85% to 2.40% during 2019	<u>\$ 667,275</u>	<u>\$ 686,670</u>
Long-term debt:		
Tax-exempt revenue bonds and refunding bonds:		
Fixed-rate term and serial bonds, payable at various dates through 2050. Interest rates ranging from 1.81% to 5.00% during 2020 and 2.72% to 6.25% during 2019	\$3,561,400	\$4,388,570
Variable-rate term bonds, payable at various dates through 2051. Interest rates ranging from 0.54% to 5.68% during 2020 and 1.32% to 3.19% during 2019	527,247	830,967
Taxable revenue bonds:		
Fixed-rate term, payable in 2049. Interest rates ranging from 2.03% to 4.13% during 2020 and 4.13% during 2019	1,873,365	481,515
Variable-rate term bonds, payable at various dates through 2051. Interest rates ranging from 0.62% to 2.11% during 2020 and 2.53% to 2.97% during 2019	54,680	54,680
Long-term lines of credit, general purpose credit facilities, with contractual maturities through 2022. Interest rates ranging from 0.72% to 2.50% during 2020	385,000	-
Notes payable to banks. Interest payable at rates ranging from 1.00% to 6.40% during 2020 and 1.44% to 5.15% during 2019, fixed and variable, payable in varying monthly installments through 2031	25,804	27,214
Financing lease obligations (excluding imputed interest of \$16.5 million at June 30, 2020)	52,991	-
Capital lease obligations (excluding imputed interest of \$24.9 million at June 30, 2019)	-	69,715
Mortgage obligations. Interest payable at rates ranging from 3.35% to 5.04% during 2020 and 2019	65,296	70,817
Other	60,951	59,223
Total long-term debt	<u>6,606,734</u>	<u>5,982,701</u>
Less current portion - net of current discounts	(387,544)	(126,727)
Unamortized debt issuance costs	(38,456)	(37,670)
Unamortized premiums - net	373,280	404,604
Long-term debt - net of current portion	<u>\$6,554,014</u>	<u>\$6,222,908</u>

Contractually obligated principal repayments on short-term borrowings and long-term debt, excluding the long-term lines of credit, are as follows (in thousands):

	<u>Short-Term Borrowings</u>	<u>Long-Term Debt</u>
Years ending June 30:		
2021	\$ 16,810	\$ 147,542
2022	17,735	136,254
2023	16,395	136,258
2024	16,920	138,293
2025	22,120	125,336
Thereafter	<u>577,295</u>	<u>5,538,051</u>
Total	<u>\$ 667,275</u>	<u>\$ 6,221,734</u>

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):

	<u>2020</u>	<u>2019</u>
Interest costs incurred	\$ 249,142	\$ 256,692
Less capitalized interest	<u>(4,986)</u>	<u>(17,748)</u>
Interest expense included in operations	<u>\$ 244,156</u>	<u>\$ 238,944</u>

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, 2020 and 2019, 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 \$51.3 million and \$53.3 million mortgage loan outstanding at June 30, 2020 and 2019, respectively, 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 \$600.0 million. As of June 30, 2020 and 2019, the total amount of commercial paper outstanding was \$100.0 million and \$99.5 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, 2020 and 2019, ranged from 0.10% to 4.50% and 1.89% to 2.55%, respectively.

Liquidity Facilities – On July 29, 2019, the Corporation renewed its revolving credit agreement (“RCAI”), 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. RCAI 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 RCAI 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). On July 29, 2019, the Corporation extended the maturity dates to August 2021, August 2022 and August 2023 for the related tranches, respectively. As of June 30, 2020 and 2019, there were no amounts outstanding under RCAI.

On July 29, 2019, the Corporation renewed a three-year general-purpose credit facility of \$200 million with a maturity date of July 29, 2022 (“RCAII”), which is recorded in long-term debt on the consolidated balance sheets. In March 2020, the Corporation exercised its option to increase RCAII by \$85 million, increasing the size of RCAII to \$285 million. On March 16, 2020 and March 24, 2020, the Corporation executed draws on such credit facility in the amounts of \$200 million and \$85 million, respectively.

In addition, in March 2020, the Corporation entered into two additional general-purpose credit facilities (“RCAIII” and “RCAIV,” respectively) with separate financial institutions. The Corporation entered into RCAIII on March 24, 2020, in the amount of \$400 million. A draw in the amount of \$400 million was executed on March 25, 2020. RCAIII terminates on March 23, 2021. The Corporation entered into RCAIV on March 27, 2020, in the amount of \$100 million. A draw in the amount of \$100 million was executed on March 30, 2020. RCAIV terminates on March 25, 2022, which is recorded in long-term debt on the consolidated balance sheets.

On April 2, 2020, the Corporation entered into a general-purpose credit facility (“RCAV”) in the amount of \$100 million, and a draw in the amount of \$100 million was executed on April 3, 2020. RCAV terminates on April 1, 2021.

On June 18, 2020, the Corporation entered into an additional general-purpose credit facility (“RCAVI”) in the amount of \$115 million, and a draw in the amount of \$115 million was executed on June 18, 2020. RCAVI terminates on June 17, 2021.

Each financial institution providing liquidity support under RCAI, RCAII, RCAIII, RCAIV, RCAV, and RCAVI is secured by an obligation under the ARMI.

Standby Letters of Credit – The Corporation maintains an arrangement for multiple standby letters of credit with a financial institution with a capacity available of \$115.0 million as of June 30, 2020 and 2019. The arrangement supports multiple insurance, unemployment, and other risk liabilities that have been issued in the amounts of \$85.5 million and \$107.0 million as of June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019 there were no draws on the letters of credit.

In March 2020, the Corporation entered into a two-year standby letters of credit arrangement with a separate financial institution in the amount of \$50.0 million. The arrangement supports multiple letters of credit that can relate to multiple insurance, unemployment, and other risk liabilities that have been issued in the amount of \$19.5 million. As of June 30, 2020 there were no draws on the letters of credit.

The banks providing standby letters of credit are not secured by an obligation under the ARMI.

Transactions – 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 were 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.

During December 2019, the Trinity Health Credit Group issued \$315.9 million par value tax-exempt fixed-rate hospital revenue and refunding bonds at a premium of \$34.1 million. Proceeds were used to refund \$50.0 million of certain tax-exempt bonds on a current basis. The remaining proceeds were used to refinance and reimburse a portion of the costs of acquisition, construction, and renovation and equipping of various health facilities.

Concurrently during December 2019, the Trinity Health Credit Group issued \$1,091.0 million par value taxable fixed-rate hospital revenue refunding bonds at par and \$300.8 million par value taxable fixed-rate corporate bonds at par. The proceeds were used to advance refund \$1,281.0 million of certain tax-exempt bonds. 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 2019, the Corporation converted \$218.3 million par value tax-exempt, revenue bonds then held by bank direct purchasers, at a premium of \$31.7 million from variable to fixed-rate and remarketed such bonds to the public.

Each series of the referenced bonds is secured by an obligation issued under the ARMI.

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 discount rate of 2.5%. 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, 2020, 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, 2020 and 2019, the assets under these plans totaled \$272.9 million and \$256.0 million, respectively, and liabilities totaled \$278.3 million and \$269.3 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 \$347.9 million and \$353.6 million for the years ended June 30, 2020 and 2019, 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):

	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>Pension Plans</u>		<u>Postretirement Plans</u>	
Change in Benefit Obligations:				
Benefit obligation, beginning of year	\$ 7,610,651	\$ 7,190,747	\$ 118,577	\$ 123,762
Service cost	-	-	31	87
Interest cost	279,697	313,309	4,197	5,290
Actuarial loss (gain)	519,991	560,724	(1,910)	(3,697)
Benefits paid	(488,770)	(454,129)	(6,864)	(6,238)
Settlements	(143)	-	-	-
Medicare Part D reimbursement	-	-	69	25
Plan change	-	-	-	(652)
Benefit obligation, end of year	<u>7,921,426</u>	<u>7,610,651</u>	<u>114,100</u>	<u>118,577</u>
Change in Plan Assets:				
Fair value of plan assets, beginning of year	6,705,997	6,533,160	119,963	113,506
Actual return on plan assets	635,434	499,917	9,162	10,415
Employer contributions	171,025	127,049	2,595	2,280
Benefits paid	(488,770)	(454,129)	(6,864)	(6,238)
Settlements	(143)	-	-	-
Fair value of plan assets, end of year	<u>7,023,543</u>	<u>6,705,997</u>	<u>124,856</u>	<u>119,963</u>
(Unfunded) funded amount recognized June 30	<u>\$ (897,883)</u>	<u>\$ (904,654)</u>	<u>\$ 10,756</u>	<u>\$ 1,386</u>
Recognized in other long-term assets	\$ 19,406	\$ 101	\$ 36,940	\$ 29,869
Recognized in accrued pension and retiree health costs	\$ (917,289)	\$ (904,755)	\$ (26,184)	\$ (28,483)

Actuarial losses during both 2020 and 2019 are due primarily to decreases in the discount rates used to measure plan liabilities and changes in demographics.

The accumulated benefit obligation for all defined benefit pension plans was \$7,921.4 million and \$7,610.5 million at June 30, 2020 and 2019, respectively.

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

	<u>2020</u>	<u>2019</u>
Accumulated benefit obligation	\$ 7,551,212	\$ 7,601,244
Fair value of plan assets	<u>6,633,923</u>	<u>6,696,610</u>
Funded status	<u>\$ (917,289)</u>	<u>\$ (904,634)</u>

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

	<u>2020</u>	<u>2019</u>
Projected benefit obligation	\$ 7,551,212	\$ 7,601,365
Fair value of plan assets	<u>6,633,923</u>	<u>6,696,610</u>
Funded status	<u>\$ (917,289)</u>	<u>\$ (904,755)</u>

The accumulated postretirement benefit obligation for all plans was \$114.1 million and \$118.6 million at June 30, 2020 and 2019, respectively.

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

	<u>2020</u>	<u>2019</u>
Accumulated benefit obligation	\$ 26,435	\$ 28,782
Fair value of plan assets	<u>438</u>	<u>508</u>
Funded status	<u>\$ (25,997)</u>	<u>\$ (28,274)</u>

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

	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>Pension Plans</u>		<u>Postretirement Plans</u>	
Service cost	\$ -	\$ -	\$ 31	\$ 87
Interest cost	279,697	313,309	4,197	5,290
Expected return on assets	(432,614)	(425,523)	(8,204)	(7,716)
Amortization of prior service credit	(4,914)	(5,428)	(443)	(421)
Recognized net actuarial loss (gain)	82,514	67,590	(1,562)	(1,188)
Settlement	78	-	-	-
Net periodic benefit income	<u>\$ (75,239)</u>	<u>\$ (50,052)</u>	<u>\$ (5,981)</u>	<u>\$ (3,948)</u>

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	Prior	Total	
	Loss (Gain)	Service Credit		
Balance at July 1, 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	
Reclassified into net periodic benefit cost	(82,670)	4,914	(77,756)	
Arising during the year	317,176	-	317,176	
Settlement	78	-	78	
Balance at June 30, 2020	\$ 2,859,030	\$ (106,271)	\$ 2,752,759	

	Postretirement Plans			All Plans
	Net	Prior	Total	Grand
	Loss (Gain)	Service Credit		Total
Balance at July 1, 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
Reclassified into net periodic benefit cost	1,562	443	2,005	(75,751)
Arising during the year	(2,851)	-	(2,851)	314,325
Settlement	-	-	-	78
Balance at June 30, 2020	\$ (25,417)	\$ (1,993)	\$ (27,410)	\$ 2,725,349

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

	2020	2019	2020	2019
	Pension Plans		Postretirement Plans	
Benefit Obligations:				
Discount rate	2.75% - 3.45%	3.60% - 4.00%	2.30% - 3.00%	3.30% - 3.75%
Weighted average interest crediting rate	2.66%	3.12%	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A
Net Periodic Benefit Cost:				
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
Expected long-term return on plan assets	5.00% - 6.75%	5.00% - 6.75%	7.00%	7.00%
Rate of compensation increase	N/A	N/A	N/A	N/A

Approximately 76% of the Corporation's pension plan liabilities were measured using a 3.15% and 3.80% discount rate as of June 30, 2020 and 2019, 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:

	<u>2020</u>	<u>2019</u>
Medical and drugs, pre-age 65	6.67%	6.95%
Medical and drugs, post-age 65	6.67%	6.95%
Ultimate trend rate	5.00%	5.00%
Year rate reaches the ultimate rate	2026	2026

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

Investment Category:	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>Pension Plans</u>		<u>Postretirement Plans</u>	
Cash and cash equivalents	2%	3%	-	-
Marketable securities:				
U.S. and non-U.S. equity securities	13%	12%	-	-
Equity mutual funds	3%	4%	-	-
Debt securities	47%	42%	17%	19%
Other investments:				
Commingled funds	20%	20%	83%	81%
Hedge funds	13%	16%	-	-
Private equity funds	2%	3%	-	-
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

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, 2020, 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.

	2020		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value
Pension Plans:			
Cash and cash equivalents	\$ 190,555	\$ 1,166	\$ 191,721
Equity securities	890,179	101	890,280
Debt securities			
Government and government			
agency obligations	-	1,050,056	1,050,056
Corporate bonds	-	2,186,249	2,186,249
Asset backed securities	-	44,392	44,392
Exchange traded/mutual funds			
Equity funds	209,167	-	209,167
Fixed-income funds	33,316	-	33,316
Other	(60,317)	-	(60,317)
Subtotal	<u>\$ 1,262,900</u>	<u>\$ 3,281,964</u>	<u>\$ 4,544,864</u>
Investments measured at net asset value:			
Commingled funds			
Equity funds			1,383,852
Fixed-income funds			6,582
Hedge funds			934,949
Private equity			153,296
Total assets			<u>\$ 7,023,543</u>
Postretirement Plans:			
Exchange traded/mutual funds			
Short-term investment funds	\$ 191	\$ -	\$ 191
Fixed-income funds	20,857	-	20,857
Subtotal	<u>\$ 21,048</u>	<u>\$ -</u>	<u>\$ 21,048</u>
Investment measured at net asset value:			
Equity commingled fund			103,808
Total assets			<u>\$ 124,856</u>

	2019		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value
Pension Plans:			
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	<u>\$ 1,329,034</u>	<u>\$ 2,788,383</u>	<u>\$ 4,117,417</u>

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			<u>\$ 6,705,997</u>

Postretirement Plans:

Exchange traded/mutual funds			
Short-term investment funds	\$ 281	\$ -	\$ 281
Fixed-income funds	22,985	-	22,985
Other	809	-	809
Subtotal	<u>\$ 24,075</u>	<u>\$ -</u>	<u>\$ 24,075</u>

Investment measured at net asset value:

Equity commingled fund			95,888
Total assets			<u>\$ 119,963</u>

Unfunded capital commitments related to private equity investments totaled \$53.2 million and \$51.1 million as of June 30, 2020 and 2019, 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 several private equity funds that invest primarily in the United States, Asia, and Europe, both directly and on the secondary market, pursuing distressed opportunities and natural resources, primarily energy. These funds are valued at net asset value, which is calculated using the most recent fund financial statements.

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.

Assets were transferred out of Level 3 into Level 1 in fiscal year 2019. There are no Level 3 assets in any of the Pension Plan portfolios at June 30, 2020. The following table summarizes the changes in Level 3 Pension Plan assets for the years ended June 30, 2019 (in thousands):

	<u>Private Equity</u>
Balance at July 1, 2018	\$ 2,421
Transfer out of level 3	<u>(2,421)</u>
Balance at June 30, 2019	<u>\$ -</u>

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 \$143 million to its Pension Plans and \$3 million to its Postretirement Plans during the year ended June 30, 2021, 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):

	<u>Pension Plans</u>	<u>Postretirement Plans</u>	<u>Postretirement Medicare Part D Subsidy</u>
Years ending June 30:			
2021	\$ 557,357	\$ 8,526	\$ 40
2022	496,554	8,554	36
2023	494,240	8,401	32
2024	487,137	8,194	29
2025	483,477	7,995	25
Years 2026 - 2030	2,268,352	36,515	82

9. COMMITMENTS AND CONTINGENCIES

Litigation and Settlements – In November 2018, Mount Carmel Health System (“Mount Carmel”), the Corporation’s Regional Health Ministry in Central Ohio, discovered sentinel events relating to the clinical practice by one of its physicians and the related conduct of certain of Mount Carmel’s staff. The physician’s employment was terminated, and this matter was reported to the authorities. Mount Carmel has been fully cooperative with the investigations. 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, from time to time, in other litigation and regulatory investigations that may result in litigation or settlement, arising in the ordinary course of doing business. After consultation with legal counsel, management believes that these matters will be resolved without material adverse effect on the Corporation’s future consolidated financial position or results of operations.

COVID-19 Pandemic – In March 2020, the global COVID-19 pandemic began to significantly affect the Corporation’s patients, communities, employees and business operations. Patient volumes and the related revenue for most of the Corporation’s health care services were materially impacted from mid-March through June 30, 2020, and continue to be impacted subsequent to year-end. Various policies were implemented by federal, state and local governments in response to the COVID-19 pandemic that caused restrictions on nonessential medical services, travel bans, physical distancing and shelter-in-place orders. These policies forced the Corporation to reduce hours and temporarily close certain operations, as well as significantly reduce surgical procedures, outpatient diagnostic and treatment services, and physician patient visits. A significant reduction in emergency care visits was experienced as well. The Corporation’s response to the COVID-19 pandemic also required additional staff and supply resources. These circumstances had a material negative impact on operating results. In addition, even with appropriate protective measures, exposure to COVID-19 increases the risk that clinicians and others in the Corporation’s Health Ministries may contract the virus, which could further limit the ability to treat all patients who seek care. If more COVID-19 surges were to occur, some of the Corporation’s Health Ministries could experience workforce disruptions. Supply chain disruptions, including shortages, delays and significant price increases in medical supplies, pharmaceuticals and personal protective equipment, have impacted and are expected to continue to impact the Corporation’s operations. In addition, broad economic factors resulting from the COVID-19 pandemic, including increased continuing unemployment rates and reduced consumer spending, are impacting service mix, revenue mix and patient volumes.

While nonessential medical services have resumed at the Corporation’s Health Ministries, it expects consolidated patient volumes and revenue will continue to be negatively impacted by the continuing presence of COVID-19 in our markets. The Corporation has taken and continues to take various actions to increase its liquidity and mitigate the impact on operations from the COVID-19 pandemic. To increase liquidity, the Corporation increased the amount available under, and has drawn upon, various revolving credit facilities discussed further in Note 6 and has significantly restricted new capital projects. Furthermore, the Corporation has taken steps to control spending and reallocate resources to support its hospitals and clinicians. These steps included implementing executive pay reductions, redeploying staff to different roles and locations across the system, implementing furloughs and schedule reductions, and negotiating supplier concessions, all of which began in April 2020. Additionally, as discussed in Note 13, a restructuring plan was announced in June 2020 to re-size the Corporation and its Health Ministries, redesign work and reduce costs due to projected lower revenue continuing during fiscal year 2021 as a result of the COVID-19 pandemic. As discussed in Note 4, the Corporation received significant grants during the fourth quarter of fiscal year 2020, which helped to mitigate some of the negative financial impacts of the COVID-19 pandemic. Known and unknown risks and uncertainties caused by the COVID-19 pandemic, including those described above, are having, and will likely continue to have, a material impact on the Corporation’s business, financial condition, results of operations and cash flows. At this point, the Corporation cannot estimate the length or severity of the pandemic, which limits the

Corporation's ability to forecast the pandemic's impact on the Corporation's financial position, results of operations and cash flows. The impact to the Corporation's financial position, results of operations and cash flows are heavily dependent on the Corporation's ability to emerge from the pandemic by regaining patient volumes in each of the Health Ministries. The Corporation believes the actions it has taken, as supplemented by the various forms of government aid received, position Trinity Health to have liquidity adequate to fund essential services and make timely debt service payments during the COVID-19 pandemic.

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. Both the CARES Act and the PPPHCE Act Terms and Conditions require attestation to accept related funding. In addition, requirements to earn the funds are numerous and guidance as to the requirements have been continually updated, and continue to be updated, by the Department of Health and Human Services. Laws and regulations concerning government programs, including Medicare, Medicaid, CARES Act and PPPHCE Act, 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 various general purpose credit facilities of \$1.0 billion. The credit facilities were fully drawn upon in the event of liquidity needs related to the COVID-19 pandemic.

Furthermore, during April 2020, the Corporation requested and received \$1,634.2 million of cash advances from accelerated Medicare payment requests under the CARES Act, which are recorded as Medicare cash advances on the consolidated balance sheet as of June 30, 2020.

Lastly, the CARES Act provides for deferred payment of the employer portion of social security taxes between March 27, 2020 and December 31, 2020, with 50% of the deferred amount due no later than December 31, 2021 and the remaining 50% due no later than December 31, 2022. The Corporation began deferring the employer portion of social security taxes in mid-April 2020, with \$101.4 million recorded in salaries, wages and related liabilities on the consolidated balance sheet as of June 30, 2020.

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 as of June 30, but does not include cash or securities provided to the Corporation as collateral under its securities lending program (in thousands):

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,191,598	\$ 474,314
Investment securities classified as current assets	5,988,670	4,833,039
Board-designated funds	<u>3,763,120</u>	<u>3,648,527</u>
Total unrestricted cash and investments	<u>\$ 11,943,388</u>	<u>\$ 8,955,880</u>
Days cash on hand	245	180

For the year ended June 30, 2020, days cash on hand increased 56 days related to draws on lines of credit, funds received as Medicare cash advances and deferred payments of the employer portion of social security taxes under the CARES Act. For the year ended June 30, 2019, days cash on hand was restated and decreased by one day to reflect the implementation of ASU No. 2017-07 which is more fully described in Note 2.

Approximately 6% 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, 2020 the Corporation has a working capital surplus of \$4.7 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 had certain investments classified as Level 3. These investments were primarily valued using competitive bid evaluations or cost, if it approximates fair value. There were no level 3 investments as of June 30, 2020.

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, 2020 and 2019, were \$1,012.3 million and \$1,013.4 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 \$823.3 million and \$825.9 million as of June 30, 2020 and 2019, 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):

	2020		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value
Assets:			
Cash and cash equivalents	\$ 2,361,678	\$ 55,307	\$ 2,416,985
Security lending collateral	-	296,053	296,053
Equity securities	3,081,510	6,606	3,088,116
Debt securities:			
Government and government agency obligations	-	629,120	629,120
Corporate bonds	-	1,141,024	1,141,024
Asset backed securities	-	301,494	301,494
Bank loans	-	7,252	7,252
Other	-	11,670	11,670
Exchange traded/mutual funds:			
Equity funds	539,850	-	539,850
Fixed income funds	1,543,057	-	1,543,057
Real estate investment funds	75,117	-	75,117
Other	137,159	-	137,159
Interest rate swaps	-	2,792	2,792
Subtotal	<u>\$ 7,738,371</u>	<u>\$ 2,451,318</u>	<u>\$ 10,189,689</u>
Equity method investments			1,729,366
Investments measured at net asset value:			
Commingled funds			1,145,761
Hedge funds			638,206
Total assets			<u>\$ 13,703,022</u>
Liabilities:			
Interest rate swaps	\$ -	\$ 226,784	\$ 226,784

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	<u>\$ 4,798,277</u>	<u>\$ 2,321,311</u>	<u>\$ 7,108</u>	<u>\$ 7,126,696</u>
Equity method investments				1,611,706
Investments measured at net asset value:				
Commingled funds				1,235,860
Hedge funds				691,561
Total assets				<u>\$ 10,665,823</u>
Liabilities:				
Interest rate swaps	\$ -	\$ 168,933	\$ -	\$ 168,933

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):

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and cash equivalents	\$ 2,191,598	\$ 474,314
Investments	5,988,670	4,833,039
Security lending collateral	296,053	264,435
Assets limited or restricted as to use - current portion	402,129	403,799
Assets limited or restricted as to use - noncurrent portion:		
Held by trustees under bond indenture agreements	6,676	5,828
Self-insurance, benefit plans and other	871,641	867,132
By Board	3,589,471	3,474,947
By donor	476,249	460,836
Interest rate swaps in other long-term assets	2,792	6,813
Less items not recorded at fair value:		
Total unconditional promises to give - net	(72,457)	(74,392)
Reinsurance recovery receivable	(42,823)	(42,487)
Other, primarily beneficial interests in trusts	(6,977)	(8,441)
Total assets	<u>\$ 13,703,022</u>	<u>\$ 10,665,823</u>

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

	<u>Equity Securities</u>	<u>Government Agency Obligations</u>	<u>Corporate Bonds</u>	<u>Total</u>
Balance at July 1, 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	<u>\$ 6,708</u>	<u>\$ 107</u>	<u>\$ 293</u>	<u>\$ 7,108</u>
Transfers to Level 2	(6,708)	(107)	(293)	(7,108)
Balance at June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2020 and 2019. The fair value and redemption rules of these investments are as follows as of June 30 (in thousands):

2020			
	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled funds	\$ 1,145,761	Daily, monthly, semi-monthly	2 - 15 days
Hedge funds	<u>638,206</u>	Monthly, semi-monthly, quarterly, semi-annually, annually	15 - 95 days
Total	<u>\$ 1,783,967</u>		
2019			
	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled funds	\$ 1,235,860	Daily, monthly, semi-monthly	2 - 15 days
Hedge funds	<u>691,561</u>	Monthly, quarterly, semi-annually	15 - 120 days
Total	<u>\$ 1,927,421</u>		

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 0.4% and 0.0% of the value of the investments in this category as of June 30, 2020 and 2019, respectively, can only be redeemed semi-annually, bi-annually, or annually subsequent to the initial investment date. Investments representing 64.1% and 68.5% of the investments in this category as of June 30, 2020 and 2019, 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):

	<u>2020</u>	<u>2019</u>
Dividend, interest income and other	\$ 176,622	\$ 177,085
Realized gain - net	87,452	176,969
Realized equity earnings, other investments	23,310	38,450
Change in net unrealized (loss) gain on investments	<u>(21,333)</u>	<u>123,793</u>
Total investment return	<u>\$ 266,051</u>	<u>\$ 516,297</u>

Included in:

Operating income	\$ 90,580	\$ 89,920
Nonoperating items	176,167	421,163
Changes in net assets with donor restrictions	<u>(696)</u>	<u>5,214</u>
Total investment return	<u>\$ 266,051</u>	<u>\$ 516,297</u>

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):

	<u>2020</u>	<u>2019</u>
Amounts expected to be collected in:		
Less than one year	\$ 46,674	\$ 48,501
One to five years	30,461	29,891
More than five years	<u>3,819</u>	<u>4,933</u>
	80,954	83,325
Discount to present value of future cash flows	(4,134)	(5,104)
Allowance for uncollectible amounts	<u>(4,363)</u>	<u>(3,828)</u>
Total unconditional promises to give - net	<u>\$ 72,457</u>	<u>\$ 74,393</u>

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.

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 \$18.2 million and \$13.3 million for the years ended June 30, 2020 and 2019, 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 included in the change in market value and cash payments of interest rate swaps totaled \$80.0 million and \$54.2 million for the years ended June 30, 2020 and 2019, 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	
		2020	2019
Asset Derivatives:			
Interest rate swaps	Other assets	\$ 2,792	\$ 6,813
Liability Derivatives:			
Interest rate swaps	Other long-term liabilities	\$ 226,784	\$ 168,933

The counterparties to the interest rate swaps expose the Corporation to credit loss in the event of nonperformance. As of June 30, 2020 and 2019, an adjustment for nonperformance risk reduced derivative assets by \$0.1 million in both years, and derivative liabilities by \$12.2 million and \$5.2 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):

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified program		
Education and research	\$ 40,229	\$ 40,424
Building and equipment	62,774	98,797
Patient care	47,623	42,121
Cancer center/research	22,791	26,290
Services for elderly care	35,258	36,566
Other	<u>82,964</u>	<u>90,630</u>
Total subject to expenditure for specified program	<u>291,639</u>	<u>334,828</u>
Subject to the passage of time		
For periods after June 30	<u>72,457</u>	<u>23,958</u>
Total subject to expenditure for specified program and passage of time	<u>\$ 364,096</u>	<u>\$ 358,786</u>
Subject to organization spending policy and appropriation		
Investment in perpetuity, which, once appropriated, is expendable to support:		
Hospital operations	115,772	108,763
Medical programs	12,766	12,377
Scholarship funds	8,675	8,819
Research funds	11,717	11,684
Community service funds	14,566	14,221
Other	<u>38,588</u>	<u>38,039</u>
Total subject to organization spending policy and appropriation	<u>202,084</u>	<u>193,903</u>
Total net assets with donor restrictions	<u>\$ 566,180</u>	<u>\$ 552,689</u>

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, 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
Investment return:			
Investment income	1,826	2,128	3,954
Change in net realized and unrealized gains (losses)	186	(2,249)	(2,063)
Total investment return	2,012	(121)	1,891
Contributions	4,080	9,879	13,959
Appropriation of endowment assets for expenditures	(2,728)	(2,112)	(4,840)
Other	(7,639)	(783)	(8,422)
Endowment net assets, June 30, 2020	\$ 89,510	\$ 250,943	\$ 340,453

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

	2020	2019
Net assets with donor restrictions:		
Endowments requiring income to be added to the original gift	\$ 6,664	\$ 6,483
Term endowment funds	5,446	4,677
Accumulated investment gains on endowment funds:		
Without purpose restrictions	155,804	150,111
With purpose restrictions	83,029	82,809
Total endowment funds classified as net assets with donor restrictions	\$ 250,943	\$ 244,080

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, 2020 and 2019. 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):

	<u>2020</u>	<u>2019</u>
Quasi-endowment funds	\$ 89,510	\$ 93,785
Future capital improvements	852,292	1,098,835
System development fund	649,680	865,983
Insurance and retirement programs	705,413	666,662
Retirement of debt/intercompany loan program	1,068,238	542,427
Program/mission	285,003	265,051
Liquidity reserve	30,717	23,555
Other	<u>82,267</u>	<u>92,222</u>
Total governing Board designations	3,763,120	3,648,520
Less current portion	<u>(173,649)</u>	<u>(173,573)</u>
Total governing Board designations - net of current portion	<u>\$ 3,589,471</u>	<u>\$ 3,474,947</u>

13. RESTRUCTURING CHARGES

During the fourth quarter of fiscal 2020, the Corporation announced plans to restructure, and re-size the Corporation and its Health Ministries, redesign work and reduce costs due to projected lower revenue during fiscal 2021 as a result of the COVID-19 pandemic. The plans were customized across the Health Ministries and the Corporation’s system office, based on the related circumstances, including volume growth projections and the cost and revenue challenges in each market. The plans contain additional colleague transitions, including position eliminations and involuntary severance under a one-time benefits program that provides a minimum level of enhanced severance benefits, extended or new furloughs, and extended or new reductions in schedules. As a result of these actions, restructuring charges, primarily for severance and termination benefits, of \$212.9 million for the year ended June 30, 2020 were recorded in the consolidated statement of operations and changes in net assets.

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, 2020 and 2019, \$234.7 million and \$72.2 million, was accrued in salaries, wages and related liabilities on the consolidated balance sheets for these plans.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 16, 2020, the date the consolidated financial statements were issued. The following subsequent events were noted:

Mercy Health System of Chicago, Chicago (“MHSC”) - During July 2020, the Corporation and the Board of MHSC announced a clinical transformation plan for Mercy Hospital and Medical Center, Chicago (“Hospital and Medical Center”) to a community-based health care organization. The new organization will focus on serving community needs by providing diagnostic, urgent care, and care coordination services, and will honor the legacy of the mission of its founding sponsors and will be a Mission Health Ministry of Trinity Health. The transformation plan was developed due to significant changes in MHSC’s health care environment, including substantial declines in both inpatient and outpatient volumes, and cumulative deficiency of revenue over expenses at the Hospital and Medical Center totaling \$303.2 million over the last seven fiscal years. In coordination with the transformation, plans include discontinuation of inpatient acute care services at the Hospital and Medical Center and the wind-down of the Hospital and Medical Center as a licensed full-service acute care hospital, subject to regulatory and other approvals. As a result of the decision, fiscal year 2021 restructuring charges are estimated in a range of \$90 million to \$115 million and will be recorded once regulatory approval has been received. The charges primarily include retention pay, severance and termination benefits, as well as other exit costs.

The Hospital and Medical Center recorded operating revenue of \$275.6 million and excess of revenue over expense of \$4.1 million, aided by significant state and CARES Act funding, for the year ended June 30, 2020. During the year ended June 30, 2019, the Hospital and Medical Center recorded operating revenue of \$238.5 million, and incurred a deficiency of revenue over expenses of \$36.4 million.

Grant Funds Received - Subsequent to June 30, 2020, the Corporation received additional funding of \$328.9 million in CARES Act and PPPHCE Act Relief Funds, which amounts did not qualify for financial statement recognition during the year ended June 30, 2020.

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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 16, 2020

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2020
(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
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ 424,917	\$ 429,923	\$ 291,488	\$ 439,714	\$ 15,791
Assets limited as to use - current portion	1,726	374	577	4,798	4,067
Patient and other receivables, net	148,466	150,375	169,805	309,115	27,451
Other current assets	10,520	20,057	31,233	44,097	6,394
Total current assets	585,629	600,729	493,103	797,724	53,703
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	300	11,196	23,565	45,691	6,676
By Board	667	77,370	297,050	1,712	-
By donors	10,867	6,863	12,602	58,483	3,179
Total assets limited or restricted as to use - noncurrent portion	11,834	95,429	333,217	105,886	9,855
PROPERTY AND EQUIPMENT, Net	200,822	522,125	308,077	610,675	32,549
OTHER ASSETS	48,013	152,183	350,287	310,739	841
TOTAL ASSETS	<u>\$ 846,298</u>	<u>\$ 1,370,466</u>	<u>\$ 1,484,684</u>	<u>\$ 1,825,024</u>	<u>\$ 96,948</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 175,366	\$ 227,395	\$ 275,389	\$ 547,664	\$ 113,045
LONG-TERM DEBT, Noncurrent portion	88,342	252,920	272,510	781,434	76,409
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	9,373	36,869	15,810	21,710	4,600
OTHER LIABILITIES	2,950	12,868	30,680	119,528	1,199
NET ASSETS:					
Net assets without donor restrictions	557,674	833,176	877,345	291,407	(105,186)
Net assets with donor restrictions	12,593	7,238	12,950	63,281	6,881
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 846,298</u>	<u>\$ 1,370,466</u>	<u>\$ 1,484,684</u>	<u>\$ 1,825,024</u>	<u>\$ 96,948</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2020
(In thousands)

	Saint Joseph Regional Medical Center, South Bend, Indiana	Trinity Health Michigan Region	Mount Carmel Health System, Columbus, Ohio	Holy Cross Health, Inc., Maryland	St. Peter's Health Partners, Albany, New York
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ 109,520	\$ 1,967,541	\$ 822,858	\$ 430,250	\$ 368,554
Assets limited as to use - current portion	263	25,634	489	495	3,327
Patient and other receivables, net	55,327	467,065	242,677	79,695	122,912
Other current assets	13,787	66,408	28,676	12,698	24,710
Total current assets	<u>178,897</u>	<u>2,526,648</u>	<u>1,094,700</u>	<u>523,138</u>	<u>519,503</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	7,192	64,899	25,586	921	25,875
By Board	-	391,221	142,391	2,000	233,599
By donors	9,411	66,144	10,499	4,558	77,005
Total assets limited or restricted as to use - noncurrent portion	<u>16,603</u>	<u>522,264</u>	<u>178,476</u>	<u>7,479</u>	<u>336,479</u>
PROPERTY AND EQUIPMENT, Net	307,326	1,617,340	1,092,869	420,124	590,346
OTHER ASSETS	<u>48,858</u>	<u>384,326</u>	<u>234,729</u>	<u>87,227</u>	<u>108,645</u>
TOTAL ASSETS	<u>\$ 551,684</u>	<u>\$ 5,050,578</u>	<u>\$ 2,600,774</u>	<u>\$ 1,037,968</u>	<u>\$ 1,554,973</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 108,313	\$ 976,081	\$ 444,294	\$ 168,290	\$ 328,307
LONG-TERM DEBT, Noncurrent portion	287,306	971,202	650,227	380,881	244,688
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	8,801	48,588	48,628	7,597	25,336
OTHER LIABILITIES	7,466	83,278	22,216	4,929	89,979
NET ASSETS:					
Net assets without donor restrictions	130,125	2,880,683	1,424,422	471,219	785,369
Net assets with donor restrictions	<u>9,673</u>	<u>90,746</u>	<u>10,987</u>	<u>5,052</u>	<u>81,294</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 551,684</u>	<u>\$ 5,050,578</u>	<u>\$ 2,600,774</u>	<u>\$ 1,037,968</u>	<u>\$ 1,554,973</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2020
(In thousands)

	St. Joseph Health, Inc., Syracuse, New York	Trinity Health Of New England Corporation, Inc.	Trinity Health Mid-Atlantic	St. Francis Medical Center, Trenton, New Jersey	St. Mary's Health Care System, Inc., Athens, Georgia
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ 102,496	\$ 413,076	\$ 725,724	\$ 1,558	\$ 96,734
Assets limited as to use - current portion	3,092	2,655	100	-	1,249
Patient and other receivables, net	85,932	182,017	155,644	20,102	50,171
Other current assets	12,560	43,566	29,007	4,877	9,288
Total current assets	204,080	641,314	910,475	26,537	157,442
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	5,767	9,026	2,169	47	2,196
By Board	29,277	31,193	9,861	1,767	21,513
By donors	9,775	130,561	16,970	1,559	4,180
Total assets limited or restricted as to use - noncurrent portion	44,819	170,780	29,000	3,373	27,889
PROPERTY AND EQUIPMENT, Net	271,720	574,648	320,547	-	109,566
OTHER ASSETS	59,098	218,293	339,556	6,696	25,413
TOTAL ASSETS	<u>\$ 579,717</u>	<u>\$ 1,605,035</u>	<u>\$ 1,599,578</u>	<u>\$ 36,606</u>	<u>\$ 320,310</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 193,503	\$ 473,897	\$ 426,625	\$ 110,999	\$ 92,676
LONG-TERM DEBT, Noncurrent portion	312,618	408,310	354,147	71,983	64,126
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	18,870	54,678	34,391	3,122	6,752
OTHER LIABILITIES	25,646	334,505	12,402	1,631	2,967
NET ASSETS:					
Net assets without donor restrictions	16,212	200,429	754,940	(152,730)	149,347
Net assets with donor restrictions	12,868	133,216	17,073	1,601	4,442
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 579,717</u>	<u>\$ 1,605,035</u>	<u>\$ 1,599,578</u>	<u>\$ 36,606</u>	<u>\$ 320,310</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2020
(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
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ 75,370	\$ 70,517	\$ 10,671	\$ 51,132	\$ 13,444
Assets limited as to use - current portion	10,962	1,073	20	-	1,000
Patient and other receivables, net	76,747	29,646	21,268	6,309	18,869
Other current assets	<u>10,703</u>	<u>1,862</u>	<u>520</u>	<u>213</u>	<u>1,378</u>
Total current assets	173,782	103,098	32,479	57,654	34,691
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	14,120	13,181	109	-	320
By Board	37,655	959	-	1,445	93,334
By donors	<u>34,456</u>	<u>4,862</u>	<u>327</u>	<u>247</u>	<u>2,275</u>
Total assets limited or restricted as to use - noncurrent portion	86,231	19,002	436	1,692	95,929
PROPERTY AND EQUIPMENT, Net	218,901	245,470	317	8,678	14,370
OTHER ASSETS	<u>67,996</u>	<u>26,530</u>	<u>8,411</u>	<u>24,897</u>	<u>30,228</u>
TOTAL ASSETS	<u>\$ 546,910</u>	<u>\$ 394,100</u>	<u>\$ 41,643</u>	<u>\$ 92,921</u>	<u>\$ 175,218</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 159,742	\$ 69,783	\$ 23,993	\$ 39,958	\$ 13,964
LONG-TERM DEBT, Noncurrent portion	151,454	229,174	503	21,386	525
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	12,590	1,151	6,535	10,451	13,230
OTHER LIABILITIES	47,818	99,393	111	325	681
NET ASSETS:					
Net assets without donor restrictions	139,121	(10,268)	10,154	20,554	143,543
Net assets with donor restrictions	<u>36,185</u>	<u>4,867</u>	<u>347</u>	<u>247</u>	<u>3,275</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 546,910</u>	<u>\$ 394,100</u>	<u>\$ 41,643</u>	<u>\$ 92,921</u>	<u>\$ 175,218</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2020
(In thousands)

	Mercy Primary Care Center, Detroit, Michigan	Trinity Health Consolidated Labs	Trinity Health Warde Lab LLC	Global Health Ministry	St. Joseph's Health System, Inc., Atlanta, Georgia
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ 9,514	\$ 3,085	\$ 3,935	\$ 5,881	\$ 174,880
Assets limited as to use - current portion	-	-	-	-	42
Patient and other receivables, net	154	7,774	-	-	1,039
Other current assets	-	3,913	-	-	232
Total current assets	<u>9,668</u>	<u>14,772</u>	<u>3,935</u>	<u>5,881</u>	<u>176,193</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	-	-	-	-	21
By Board	-	-	-	-	32,846
By donors	406	-	-	308	<u>10,712</u>
Total assets limited or restricted as to use - noncurrent portion	<u>406</u>	<u>-</u>	<u>-</u>	<u>308</u>	<u>43,579</u>
PROPERTY AND EQUIPMENT, Net	100	3,505	6,346	-	29,324
OTHER ASSETS	526	698	-	1	143,423
TOTAL ASSETS	<u>\$ 10,700</u>	<u>\$ 18,975</u>	<u>\$ 10,281</u>	<u>\$ 6,190</u>	<u>\$ 392,519</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 544	\$ 10,666	\$ -	\$ 1,493	\$ 5,080
LONG-TERM DEBT, Noncurrent portion	-	2,122	-	-	-
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	343	-	-	-	-
OTHER LIABILITIES	-	79	-	898	707
NET ASSETS:					
Net assets without donor restrictions	9,407	6,108	10,281	3,563	374,583
Net assets with donor restrictions	406	-	-	236	12,149
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,700</u>	<u>\$ 18,975</u>	<u>\$ 10,281</u>	<u>\$ 6,190</u>	<u>\$ 392,519</u>

TRINITY HEALTH
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(In thousands)

	Trinity Health ACO, Inc.	Allegany Franciscan Ministries	Cadillac Foundation	Trinity Assurance, Ltd.	Investment in Baycare Health System
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ 9,749	\$ 106,724	\$ -	\$ 2	\$ -
Assets limited as to use - current portion	-	1,911	-	105,207	-
Patient and other receivables, net	20,001	-	-	2,807	-
Other current assets	-	10	-	17	-
Total current assets	<u>29,750</u>	<u>108,645</u>	<u>-</u>	<u>108,033</u>	<u>-</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	-	-	-	561,573	-
By Board	-	-	12,581	-	-
By donors	-	-	-	-	-
Total assets limited or restricted as to use - noncurrent portion	<u>-</u>	<u>-</u>	<u>12,581</u>	<u>561,573</u>	<u>-</u>
PROPERTY AND EQUIPMENT, Net	-	37	-	-	-
OTHER ASSETS	-	6	-	-	3,268,200
TOTAL ASSETS	<u>\$ 29,750</u>	<u>\$ 108,688</u>	<u>\$ 12,581</u>	<u>\$ 669,606</u>	<u>\$ 3,268,200</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 34,534	\$ 2,322	\$ 3,050	\$ 156,393	\$ -
LONG-TERM DEBT, Noncurrent portion	-	-	-	-	-
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-	-
OTHER LIABILITIES	-	-	-	490,424	-
NET ASSETS:					
Net assets without donor restrictions	(4,784)	106,351	9,531	22,789	3,235,499
Net assets with donor restrictions	-	15	-	-	32,701
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 29,750</u>	<u>\$ 108,688</u>	<u>\$ 12,581</u>	<u>\$ 669,606</u>	<u>\$ 3,268,200</u>

TRINITY HEALTH
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ASSETS	Investment in Catholic Health System, Inc.	Mercy Health Services, North	St. James Mercy Health System, Inc., Hornell, New York	Mercy Hospital, Inc., Miami, Florida	Maxis Health System
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ -	\$ 5,554	\$ 188	\$ 1	\$ -
Assets limited as to use - current portion	-	-	-	-	-
Patient and other receivables, net	-	-	55	-	9,484
Other current assets	-	-	-	-	-
Total current assets	<u>-</u>	<u>5,554</u>	<u>243</u>	<u>1</u>	<u>9,484</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	-	-	-	-	1,904
By Board	-	-	-	-	-
By donors	-	-	-	-	-
Total assets limited or restricted as to use - noncurrent portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,904</u>
PROPERTY AND EQUIPMENT, Net	-	-	203	-	-
OTHER ASSETS	<u>37,946</u>	<u>-</u>	<u>-</u>	<u>4,123</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 37,946</u>	<u>\$ 5,554</u>	<u>\$ 446</u>	<u>\$ 4,124</u>	<u>\$ 11,388</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ -	\$ 4,696	\$ 4,098	\$ 851	\$ 54,634
LONG-TERM DEBT, Noncurrent portion	-	-	134	-	-
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-	-
OTHER LIABILITIES	-	-	1,286	-	2,570
NET ASSETS:					
Net assets without donor restrictions	35,372	858	(5,072)	3,273	(45,816)
Net assets with donor restrictions	<u>2,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 37,946</u>	<u>\$ 5,554</u>	<u>\$ 446</u>	<u>\$ 4,124</u>	<u>\$ 11,388</u>

TRINITY HEALTH
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	System Office	Eliminations and Other	TRINITY HEALTH
ASSETS			
CURRENT ASSETS:			
Cash, cash equivalents and investments	\$ 1,430,012	\$ (134,482)	\$ 8,476,321
Assets limited as to use - current portion	233,068	-	402,129
Patient and other receivables, net	566,990	(673,359)	2,354,538
Other current assets	237,942	(16,999)	597,669
Total current assets	<u>2,468,012</u>	<u>(824,840)</u>	<u>11,830,657</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -			
Noncurrent portion:			
Held in trust	55,983	-	878,317
By Board	2,171,030	-	3,589,471
By donors	-	-	476,249
Total assets limited or restricted as to use - noncurrent portion	<u>2,227,013</u>	<u>-</u>	<u>4,944,037</u>
PROPERTY AND EQUIPMENT, Net	771,512	1,088	8,278,585
OTHER ASSETS	<u>5,845,999</u>	<u>(6,430,091)</u>	<u>5,403,797</u>
TOTAL ASSETS	<u>\$ 11,312,536</u>	<u>\$ (7,253,843)</u>	<u>\$ 30,457,076</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES	\$ 2,711,224	\$ (831,670)	\$ 7,127,199
LONG-TERM DEBT, Noncurrent portion	6,379,186	(5,447,573)	6,554,014
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	64,614	-	454,039
OTHER LIABILITIES	2,374,653	(980,113)	2,791,076
NET ASSETS:			
Net assets without donor restrictions	(217,282)	2,371	12,964,568
Net assets with donor restrictions	141	3,142	566,180
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,312,536</u>	<u>\$ (7,253,843)</u>	<u>\$ 30,457,076</u>

TRINITY HEALTH
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(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
Operating revenue:					
Net patient service revenue	\$ 521,185	\$ 896,921	\$ 895,543	\$ 1,572,987	\$ 247,921
Other	19,475	97,334	202,378	370,892	27,717
Total operating revenue	540,660	994,255	1,097,921	1,943,879	275,638
Expenses:					
Labor costs	252,431	474,515	498,229	928,403	134,794
Purchased services and medical claims	124,218	157,298	183,942	241,493	58,422
Depreciation, amortization and interest	29,771	63,861	60,402	113,447	5,396
Other	159,722	239,744	287,057	550,010	66,849
Total expenses	566,142	935,418	1,029,630	1,833,353	265,461
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(25,482)	58,837	68,291	110,526	10,177
Other items	(3,719)	(5,460)	(4,745)	(27,607)	(2,973)
OPERATING INCOME (LOSS)	(29,201)	53,377	63,546	82,919	7,204
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	7,588	5,335	8,514	9,441	(3,075)
Loss from early extinguishment of debt	-	-	-	-	-
Other	5,382	5,446	8,568	(441)	-
Total nonoperating items	12,970	10,781	17,082	9,000	(3,075)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(16,231)	64,158	80,628	91,919	4,129
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO					
NONCONTROLLING INTEREST	-	(163)	(31,569)	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling					
interest	\$ (16,231)	\$ 63,995	\$ 49,059	\$ 91,919	\$ 4,129
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (32,979)	\$ 45,864	\$ 46,451	\$ 63,598	\$ (2,344)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	2,985	289	1,412	(7,039)	(29)
INCREASE (DECREASE) NET ASSETS	(29,994)	46,153	47,863	56,559	(2,373)
NET ASSETS, Beginning of year	600,261	794,261	842,432	298,129	(95,932)
NET ASSETS, End of year	\$ 570,267	\$ 840,414	\$ 890,295	\$ 354,688	\$ (98,305)

TRINITY HEALTH
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(In thousands)

	Saint Joseph Regional Medical Center, South Bend, Indiana	Trinity Health Michigan Region	Mount Carmel Health System, Columbus, Ohio	Holy Cross Health, Inc., Maryland	St. Peter's Health Partners, Albany, New York
Operating revenue:					
Net patient service revenue	\$ 401,697	\$ 3,100,454	\$ 1,134,590	\$ 554,605	\$ 1,290,765
Other	34,333	564,267	716,858	44,629	155,568
Total operating revenue	436,030	3,664,721	1,851,448	599,234	1,446,333
Expenses:					
Labor costs	215,515	1,946,179	745,200	304,600	819,521
Purchased services and medical claims	84,211	494,143	619,485	84,349	189,121
Depreciation, amortization and interest	35,001	220,738	143,213	50,707	74,037
Other	130,616	991,414	369,224	120,855	348,672
Total expenses	465,343	3,652,474	1,877,122	560,511	1,431,351
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(29,313)	12,247	(25,674)	38,723	14,982
Other items	(5,187)	(63,562)	(21,529)	(2,966)	(22,772)
OPERATING INCOME (LOSS)	(34,500)	(51,315)	(47,203)	35,757	(7,790)
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	1,590	26,573	19,612	3,960	8,874
Loss from early extinguishment of debt	-	-	(3)	-	-
Other	4,028	21,749	9,023	4,367	2,987
Total nonoperating items	5,618	48,322	28,632	8,327	11,861
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(28,882)	(2,993)	(18,571)	44,084	4,071
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	3,555	(2,632)	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	\$ (28,882)	\$ 562	\$ (21,203)	\$ 44,084	\$ 4,071
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (44,506)	\$ (79,962)	\$ (71,018)	\$ 31,206	\$ (10,000)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(1,202)	1,668	(907)	202	(777)
INCREASE (DECREASE) NET ASSETS	(45,708)	(78,294)	(71,925)	31,408	(10,777)
NET ASSETS, Beginning of year	185,506	3,049,723	1,507,334	444,863	877,440
NET ASSETS, End of year	\$ 139,798	\$ 2,971,429	\$ 1,435,409	\$ 476,271	\$ 866,663

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	St. Joseph Health, Inc., Syracuse, New York	Trinity Health Of New England Corporation, Inc.	Trinity Health Mid-Atlantic	St. Francis Medical Center, Trenton, New Jersey	St. Mary's Health Care System, Inc., Athens, Georgia
Operating revenue:					
Net patient service revenue	\$ 653,230	\$ 1,780,012	\$ 1,152,521	\$ 110,469	\$ 305,566
Other	55,642	187,545	271,054	42,226	17,230
Total operating revenue	708,872	1,967,557	1,423,575	152,695	322,796
Expenses:					
Labor costs	399,314	1,015,522	801,492	82,336	163,528
Purchased services and medical claims	111,517	273,710	248,951	45,905	56,179
Depreciation, amortization and interest	48,271	93,606	69,382	4,517	17,630
Other	185,422	542,895	299,866	34,416	85,402
Total expenses	744,524	1,925,733	1,419,691	167,174	322,739
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(35,652)	41,824	3,884	(14,479)	57
Other items	(16,079)	(43,334)	(70,894)	(5,695)	(2,843)
OPERATING INCOME (LOSS)	(51,731)	(1,510)	(67,010)	(20,174)	(2,786)
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	3,869	16,015	8,580	(2,147)	4,003
Loss from early extinguishment of debt	-	-	-	-	-
Other	479	4,920	3,399	372	218
Total nonoperating items	4,348	20,935	11,979	(1,775)	4,221
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(47,383)	19,425	(55,031)	(21,949)	1,435
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(3,804)	(50)	(4,360)	(1,787)	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	\$ (51,187)	\$ 19,375	\$ (59,391)	\$ (23,736)	\$ 1,435
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (58,766)	\$ (66,973)	\$ (84,571)	\$ (31,048)	\$ (571)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(375)	9,769	999	(44)	(209)
INCREASE (DECREASE) NET ASSETS	(59,141)	(57,204)	(83,572)	(31,092)	(780)
NET ASSETS, Beginning of year	88,221	390,849	855,585	(120,037)	154,569
NET ASSETS, End of year	\$ 29,080	\$ 333,645	\$ 772,013	\$ (151,129)	\$ 153,789

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	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
Operating revenue:					
Net patient service revenue	\$ 468,241	\$ 160,335	\$ 131,033	\$ -	\$ 63,040
Other	26,051	143,262	9,335	156,704	43,569
Total operating revenue	494,292	303,597	140,368	156,704	106,609
Expenses:					
Labor costs	276,711	177,633	109,705	54,009	74,445
Purchased services and medical claims	66,388	42,417	11,741	61,676	4,952
Depreciation, amortization and interest	30,761	32,784	1,248	3,667	1,813
Other	141,481	58,304	13,654	28,176	28,354
Total expenses	515,341	311,138	136,348	147,528	109,564
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(21,049)	(7,541)	4,020	9,176	(2,955)
Other items	(3,134)	(47,185)	(4,738)	(3,762)	(324)
OPERATING INCOME (LOSS)	(24,183)	(54,726)	(718)	5,414	(3,279)
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	3,179	(944)	490	(180)	(8,028)
Loss from early extinguishment of debt	-	-	-	-	-
Other	822	898	956	-	(192)
Total nonoperating items	4,001	(46)	1,446	(180)	(8,220)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(20,182)	(54,772)	728	5,234	(11,499)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	14	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	\$ (20,168)	\$ (54,772)	\$ 728	\$ 5,234	\$ (11,499)
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (32,621)	\$ (60,928)	\$ (10,472)	\$ 4,817	\$ (12,636)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(420)	516	(2)	(104)	1,729
INCREASE (DECREASE) NET ASSETS	(33,041)	(60,412)	(10,474)	4,713	(10,907)
NET ASSETS, Beginning of year	208,347	55,011	20,975	16,088	157,725
NET ASSETS, End of year	\$ 175,306	\$ (5,401)	\$ 10,501	\$ 20,801	\$ 146,818

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	Mercy Primary Care Center, Detroit, Michigan	Trinity Health Consolidated Labs	Trinity Health Warde Lab LLC	Global Health Ministry	St. Joseph's Health System, Inc., Atlanta, Georgia
Operating revenue:					
Net patient service revenue	\$ 426	\$ -	\$ -	\$ -	\$ 2,175
Other	890	54,960	721	3,766	27,441
Total operating revenue	1,316	54,960	721	3,766	29,616
Expenses:					
Labor costs	1,500	9,935	-	1,333	21,295
Purchased services and medical claims	98	21,795	-	80	3,008
Depreciation, amortization and interest	86	1,142	308	-	1,119
Other	1,420	21,743	-	2,260	2,664
Total expenses	3,104	54,615	308	3,673	28,086
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(1,788)	345	413	93	1,530
Other items	-	-	-	(33)	(40)
OPERATING INCOME (LOSS)	(1,788)	345	413	60	1,490
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	40	27	30	59	3,865
Loss from early extinguishment of debt	-	-	-	-	-
Other	-	-	-	11	7
Total nonoperating items	40	27	30	70	3,872
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(1,748)	372	443	130	5,362
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	(1,748)	372	443	130	5,362
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 417	\$ (11)	\$ 443	\$ 104	\$ 5,148
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(8)	-	-	-	1,083
INCREASE (DECREASE) NET ASSETS	409	(11)	443	104	6,231
NET ASSETS, Beginning of year	9,404	6,119	9,838	3,695	380,501
NET ASSETS, End of year	9,813	6,108	10,281	3,799	386,732

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	Trinity Health ACO, Inc.	Allegany Franciscan Ministries	Cadillac Foundation	Trinity Assurance, Ltd.	Investment in Baycare Health System
Operating revenue:					
Net patient service revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Other	39,280	7,143	553	117,977	-
Total operating revenue	39,280	7,143	553	117,977	-
Expenses:					
Labor costs	-	1,080	-	-	-
Purchased services and medical claims	39,418	1,082	-	811	-
Depreciation, amortization and interest	-	8	-	-	-
Other	3	4,895	553	117,166	-
Total expenses	39,421	7,065	553	117,977	-
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(141)	78	-	-	-
Other items	-	(78)	-	-	-
OPERATING INCOME (LOSS)	(141)	-	-	-	-
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	548	(3,779)	-	-	202,477
Loss from early extinguishment of debt	-	-	-	-	-
Other	-	-	-	-	-
Total nonoperating items	548	(3,779)	-	-	202,477
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	407	(3,779)	-	-	202,477
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	\$ 407	\$ (3,779)	\$ -	\$ -	\$ 202,477
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 408	\$ (3,779)	\$ -	\$ (2,858)	\$ 206,700
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	14	-	-	3,390
INCREASE (DECREASE) NET ASSETS	408	(3,765)	-	(2,858)	210,090
NET ASSETS, Beginning of year	(5,192)	110,131	9,531	25,647	3,058,110
NET ASSETS, End of year	\$ (4,784)	\$ 106,366	\$ 9,531	\$ 22,789	\$ 3,268,200

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	Investment in Catholic Health System, Inc.	Mercy Health Services, North	St. James Mercy Health System, Inc., Hornell, New York	Mercy Hospital, Inc., Miami, Florida	Maxis Health System
Operating revenue:					
Net patient service revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	38	-	646
Total operating revenue	-	-	38	-	646
Expenses:					
Labor costs	-	-	-	-	632
Purchased services and medical claims	-	-	29	1	1,259
Depreciation, amortization and interest	-	-	214	-	-
Other	-	-	184	-	-
Total expenses	-	-	427	1	1,891
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	-	-	(389)	(1)	(1,245)
Other items	-	-	-	-	(3,693)
OPERATING INCOME (LOSS)	-	-	(389)	(1)	(4,938)
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	(39,627)	-	-	-	(211)
Loss from early extinguishment of debt	-	-	-	-	-
Other	-	-	-	-	985
Total nonoperating items	(39,627)	-	-	-	774
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(39,627)	-	(389)	(1)	(4,164)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	\$ (39,627)	\$ -	\$ (389)	\$ (1)	\$ (4,164)
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (59,367)	\$ 92	\$ (457)	\$ 992	\$ (45,793)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-	224,174
INCREASE (DECREASE) NET ASSETS	(59,367)	92	(457)	992	178,381
NET ASSETS, Beginning of year	97,313	766	(4,615)	2,281	(224,197)
NET ASSETS, End of year	\$ 37,946	\$ 858	\$ (5,072)	\$ 3,273	\$ (45,816)

TRINITY HEALTH

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information June 30, 2020 (In thousands)

	System Office	Eliminations and Other	TRINITY HEALTH
Operating revenue:			
Net patient service revenue	\$ 12,984	\$ (1,927)	\$ 15,454,773
Other	<u>1,885,613</u>	<u>(1,946,843)</u>	<u>3,378,254</u>
Total operating revenue	1,898,597	(1,948,770)	18,833,027
Expenses:			
Labor costs	744,619	(194,986)	10,059,490
Purchased services and medical claims	497,584	(974,398)	2,750,885
Depreciation, amortization and interest	377,113	(341,127)	1,139,115
Other	<u>396,955</u>	<u>(421,157)</u>	<u>4,808,819</u>
Total expenses	<u>2,016,271</u>	<u>(1,931,668)</u>	<u>18,758,309</u>
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(117,674)	(17,102)	74,718
Other items	<u>(57,028)</u>	<u>-</u>	<u>(419,380)</u>
OPERATING INCOME (LOSS)	<u>(174,702)</u>	<u>(17,102)</u>	<u>(344,662)</u>
NONOPERATING ITEMS:			
Investment earnings (losses) and interest rate swaps	(22,726)	14,461	268,413
Loss from early extinguishment of debt	<u>(32,525)</u>	<u>-</u>	<u>(32,528)</u>
Other	328	(81)	74,231
Total nonoperating items	<u>(54,923)</u>	<u>14,380</u>	<u>310,116</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(229,625)	(2,722)	(34,546)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	(117)	(40,913)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	<u>\$ (229,625)</u>	<u>\$ (2,839)</u>	<u>\$ (75,459)</u>
CHANGES IN NET ASSETS			
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (244,035)	\$ 231,304	\$ (318,151)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	19	(223,642)	13,491
INCREASE (DECREASE) NET ASSETS	<u>(244,016)</u>	<u>7,662</u>	<u>(304,660)</u>
NET ASSETS, Beginning of year	26,875	(2,149)	13,835,408
NET ASSETS, End of year	<u>\$ (217,141)</u>	<u>\$ 5,513</u>	<u>\$ 13,530,748</u>

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 16, 2020

Saint Agnes Medical Center, Fresno, California

TRINITY HEALTH
Supplemental Condensed Consolidating Balance
Sheets - Information
June 30, 2020
(In thousands)

	Saint Agnes Medical Center	Saint Agnes Medical Foundation	Central Valley Health Plan, Inc.	Eliminations and Other	Saint Agnes Medical Center, Fresno, California
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ 422,136	\$ 2,388	\$ 393	\$ -	\$ 424,917
Assets limited as to use - current portion	1,726	-	-	-	1,726
Patient and other receivables, net	146,921	5,558	-	(4,013)	148,466
Other current assets	10,424	84	12	-	10,520
Total current assets	<u>581,207</u>	<u>8,030</u>	<u>405</u>	<u>(4,013)</u>	<u>585,629</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	-	-	300	-	300
By Board	667	-	-	-	667
By donors	10,867	-	-	-	10,867
Total assets limited or restricted as to use - noncurrent portion	<u>11,534</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>11,834</u>
PROPERTY AND EQUIPMENT, Net	196,033	4,789	-	-	200,822
OTHER ASSETS	44,719	3,294	-	-	48,013
TOTAL ASSETS	<u>\$ 833,493</u>	<u>\$ 16,113</u>	<u>\$ 705</u>	<u>\$ (4,013)</u>	<u>\$ 846,298</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
	\$ 171,580	\$ 7,508	\$ 291	\$ (4,013)	\$ 175,366
	88,342	-	-	-	88,342
LONG-TERM DEBT, Noncurrent portion					
LONG-TERM PORTION OF OPERATING					
LEASE LIABILITIES	6,950	2,423	-	-	9,373
OTHER LIABILITIES	2,950	-	-	-	2,950
NET ASSETS:					
Net assets without donor restrictions	551,078	6,182	414	-	557,674
Net assets with donor restrictions	12,593	-	-	-	12,593
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 833,493</u>	<u>\$ 16,113</u>	<u>\$ 705</u>	<u>\$ (4,013)</u>	<u>\$ 846,298</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2020
(In thousands)

Saint Agnes Medical Center, Fresno, California

	Saint Agnes Medical Center	Saint Agnes Medical Foundation	Central Valley Health Plan, Inc.	Eliminations and Other	Saint Agnes Medical Center, Fresno, California
Operating revenue:					
Net patient service revenue	\$ 521,185	\$ 29,453	-	\$ (29,453)	\$ 521,185
Other	19,475	23,232	-	(23,232)	19,475
Total operating revenue	<u>540,660</u>	<u>52,685</u>	<u>-</u>	<u>(52,685)</u>	<u>540,660</u>
Expenses:					
Labor costs	252,431	10,028	-	(10,028)	252,431
Purchased services and medical claims	124,218	52,750	542	(53,292)	124,218
Depreciation, amortization and interest	29,771	409	-	(409)	29,771
Other	159,722	5,874	25	(5,899)	159,722
Total expenses	<u>566,142</u>	<u>69,061</u>	<u>567</u>	<u>(69,628)</u>	<u>566,142</u>
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(25,482)	(16,376)	(567)	16,943	(25,482)
Other items	(3,719)	-	-	-	(3,719)
OPERATING INCOME (LOSS)	<u>(29,201)</u>	<u>(16,376)</u>	<u>(567)</u>	<u>16,943</u>	<u>(29,201)</u>
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	7,588	(6)	-	6	7,588
Loss from early extinguishment of debt	-	-	-	-	-
Other	5,382	-	-	-	5,382
Total nonoperating items	<u>12,970</u>	<u>(6)</u>	<u>-</u>	<u>6</u>	<u>12,970</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(16,231)	(16,382)	(567)	16,949	(16,231)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	<u>\$ (16,231)</u>	<u>\$ (16,382)</u>	<u>\$ (567)</u>	<u>\$ 16,949</u>	<u>\$ (16,231)</u>
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (32,979)	\$ 717	\$ 414	\$ (1,131)	\$ (32,979)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(3,611)	-	-	6,596	2,985
INCREASE (DECREASE) NET ASSETS	(36,590)	717	414	5,465	(29,994)
NET ASSETS, Beginning of year	600,261	5,465	-	(5,465)	600,261
NET ASSETS, End of year	<u>\$ 563,671</u>	<u>\$ 6,182</u>	<u>\$ 414</u>	<u>\$ -</u>	<u>\$ 570,267</u>

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

	Mercy Medical Center, Clinton	Mercy Health Services Dubuque	North Iowa Mercy Health Services, Mason City	Mercy Health Services, Sioux City	Mercy Health Network	Eliminations and Other	Mercy Health Services, Iowa-Nebraska
ASSETS							
CURRENT ASSETS:							
Cash, cash equivalents and investments	\$ 22,573	\$ 86,206	\$ 101,512	\$ 77,622	\$ -	\$ 3,575	\$ 291,488
Assets limited as to use - current portion	35	(20)	264	298	-	-	577
Patient and other receivables, net	18,467	28,684	73,242	49,864	-	(452)	169,805
Other current assets	3,285	6,086	12,403	7,883	-	1,576	31,233
Total current assets	44,360	120,956	187,421	135,667	-	4,699	493,103
ASSETS LIMITED OR RESTRICTED AS TO USE							
Noncurrent portion:							
Held in trust	-	-	694	-	-	22,871	23,565
By Board	65,946	36,707	188,442	5,955	-	-	297,050
By donors	3,092	5,144	2,984	1,382	-	-	12,602
Total assets limited or restricted as to use - noncurrent portion	69,038	41,851	192,120	7,337	-	22,871	333,217
PROPERTY AND EQUIPMENT, Net	32,443	84,003	125,434	66,197	-	-	308,077
OTHER ASSETS	12,854	13,877	39,921	178,925	104,710	-	350,287
TOTAL ASSETS	<u>\$ 158,695</u>	<u>\$ 260,687</u>	<u>\$ 544,896</u>	<u>\$ 388,126</u>	<u>\$ 104,710</u>	<u>\$ 27,570</u>	<u>\$ 1,484,684</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
LONG-TERM DEBT, Noncurrent portion	\$ 28,073	\$ 48,503	\$ 111,339	\$ 82,749	\$ -	\$ 4,725	\$ 275,389
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	16,408	28,024	79,234	148,844	-	-	272,510
OTHER LIABILITIES	4,803	134	7,722	3,151	-	-	15,810
OTHER LIABILITIES	1,048	1,465	3,729	1,567	-	22,871	30,680
NET ASSETS:							
Net assets without donor restrictions	105,236	177,433	339,691	150,301	104,710	(26)	877,345
Net assets with donor restrictions	3,127	5,128	3,181	1,514	-	-	12,950
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 158,695</u>	<u>\$ 260,687</u>	<u>\$ 544,896</u>	<u>\$ 388,126</u>	<u>\$ 104,710</u>	<u>\$ 27,570</u>	<u>\$ 1,484,684</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2020
(In thousands)

Mercy Health Services, Iowa-Nebraska

	Mercy Medical Center, Clinton	Mercy Health Services, Dubuque	North Iowa Mercy Health Services, Mason City	Mercy Health Services, Sioux City	Mercy Health Network	Eliminations and Other	Mercy Health Services, Iowa-Nebraska
Operating revenue:							
Net patient service revenue	\$ 123,128	\$ 136,727	\$ 351,108	\$ 284,580	\$ -	\$ -	\$ 895,543
Other	11,246	38,188	120,448	23,814	10,478	(1,796)	202,378
Total operating revenue	134,374	174,915	471,556	308,394	10,478	(1,796)	1,097,921
Expenses:							
Labor costs	69,214	71,288	216,585	141,260	-	(118)	498,229
Purchased services and medical claims	19,956	31,994	87,057	46,457	-	(1,522)	183,942
Depreciation, amortization and interest	8,607	11,431	22,916	17,448	-	-	60,402
Other	38,305	54,137	113,167	81,604	-	(156)	287,057
Total expenses	136,082	168,850	439,725	286,769	-	(1,796)	1,029,630
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(1,708)	6,065	31,831	21,625	10,478	-	68,291
Other items	(653)	(831)	(1,097)	(2,164)	-	-	(4,745)
OPERATING INCOME (LOSS)	(2,361)	5,234	30,734	19,461	10,478	-	63,546
NONOPERATING ITEMS:							
Investment earnings (losses) and interest rate swaps	894	2,160	4,128	1,357	-	(25)	8,514
Loss from early extinguishment of debt	-	-	-	-	-	-	-
Other	1,432	1,712	3,248	2,176	-	-	8,568
Total nonoperating items	2,326	3,872	7,376	3,533	-	(25)	17,082
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(35)	9,106	38,110	22,994	10,478	(25)	80,628
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(87)	-	(3,703)	(27,779)	-	-	(31,569)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	(122)	9,106	34,407	(4,785)	10,478	(25)	49,059
CHANGES IN NET ASSETS							
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	(3,158)	3,889	22,916	(9,189)	32,019	(26)	46,451
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	2	580	354	475	1	-	1,412
INCREASE (DECREASE) NET ASSETS	(3,156)	4,469	23,270	(8,714)	32,020	(26)	47,863
NET ASSETS, Beginning of year	111,519	178,092	319,602	160,529	72,690	-	842,432
NET ASSETS, End of year	108,363	182,561	342,872	151,815	104,710	(26)	890,295

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

Trinity Health Michigan Region

	Mercy Health Saint Mary's, Grand Rapids	Mercy Health Partners, Muskegon	West Michigan Regional CIN	St. Joseph Mercy, Ann Arbor and Livingston	St. Joseph Mercy, Chelsea
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ 203,126	\$ 156,724	\$ 37,462	\$ 1,027,272	\$ 30,829
Assets limited as to use - current portion	76	1,956	-	23,602	-
Patient and other receivables, net	229,504	82,168	19,438	170,411	16,416
Other current assets	14,184	12,933	-	16,198	3,790
Total current assets	446,890	253,781	56,900	1,237,483	51,035
ASSETS LIMITED OR RESTRICTED AS TO USE					
Noncurrent portion:					
Held in trust	15,986	6,622	-	6,937	-
By Board	377,051	14,170	-	-	-
By donors	9,701	5,175	-	51,268	-
Total assets limited or restricted as to use - noncurrent portion	402,738	25,967	-	58,205	-
PROPERTY AND EQUIPMENT, Net	261,960	399,836	-	436,045	99,520
OTHER ASSETS	55,905	59,248	-	112,952	3,546
TOTAL ASSETS	<u>\$ 1,167,493</u>	<u>\$ 738,832</u>	<u>\$ 56,900</u>	<u>\$ 1,844,685</u>	<u>\$ 154,101</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
	\$ 192,209	\$ 298,753	\$ 49,108	\$ 272,868	\$ 45,413
	156,437	209,199	-	368,636	242
LONG-TERM DEBT, Noncurrent portion					
LONG-TERM PORTION OF OPERATING					
LEASE LIABILITIES	12,652	11,025	-	3,110	3,134
OTHER LIABILITIES	16,095	10,928	-	16,122	922
NET ASSETS:					
Net assets without donor restrictions	780,323	201,796	7,792	1,110,111	104,390
Net assets with donor restrictions	9,777	7,131	-	73,838	-
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,167,493</u>	<u>\$ 738,832</u>	<u>\$ 56,900</u>	<u>\$ 1,844,685</u>	<u>\$ 154,101</u>

TRINITY HEALTH

Trinity Health Michigan Region

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

	St. Joseph Mercy, Livonia	St. Joseph Mercy, Oakland	IHA Health Services Corporation	Eliminations and Other	Trinity Health Michigan Region
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ 235,216	\$ 232,988	\$ 43,924	\$ -	\$ 1,967,541
Assets limited as to use - current portion	-	-	-	-	25,634
Patient and other receivables, net	52,786	63,989	46,373	(214,020)	467,065
Other current assets	5,094	11,467	2,672	70	66,408
Total current assets	293,096	308,444	92,969	(213,950)	2,526,648
ASSETS LIMITED OR RESTRICTED AS TO USE					
Noncurrent portion:					
Held in trust	1,975	3,799	29,580	-	64,899
By Board	-	-	-	-	391,221
By donors	-	-	-	-	66,144
Total assets limited or restricted as to use - noncurrent portion	1,975	3,799	29,580	-	522,264
PROPERTY AND EQUIPMENT, Net	133,268	258,507	28,204	-	1,617,340
OTHER ASSETS	40,977	39,643	72,055	-	384,326
TOTAL ASSETS	<u>\$ 469,316</u>	<u>\$ 610,393</u>	<u>\$ 222,808</u>	<u>\$ (213,950)</u>	<u>\$ 5,050,578</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 127,900	\$ 141,873	\$ 62,202	\$ (214,245)	\$ 976,081
	122,724	113,964	-	-	971,202
LONG-TERM DEBT, Noncurrent portion					
LONG-TERM PORTION OF OPERATING					
LEASE LIABILITIES	3,273	5,013	10,381	-	48,588
OTHER LIABILITIES	3,916	5,713	29,582	-	83,278
NET ASSETS:					
Net assets without donor restrictions	211,503	343,830	120,643	295	2,880,683
Net assets with donor restrictions	-	-	-	-	90,746
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 469,316</u>	<u>\$ 610,393</u>	<u>\$ 222,808</u>	<u>\$ (213,950)</u>	<u>\$ 5,050,578</u>

TRINITY HEALTH

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

June 30, 2020

(In thousands)

Trinity Health Michigan Region

	Mercy Health Saint Mary's, Grand Rapids	Mercy Health Partners, Muskegon	West Michigan Regional CIN	St. Joseph Mercy, Ann Arbor and Livingston	St. Joseph Mercy, Chelsea
Operating revenue:					
Net patient service revenue	\$ 523,466	\$ 558,932	\$ -	\$ 952,032	\$ 146,087
Other	200,772	114,951	21,110	93,880	17,216
Total operating revenue	724,238	673,883	21,110	1,045,912	163,303
Expenses:					
Labor costs	344,166	361,304	8,543	466,818	80,359
Purchased services and medical claims	104,228	112,920	11,509	198,726	27,714
Depreciation, amortization and interest	42,862	37,559	-	70,220	9,612
Other	219,562	194,501	444	279,984	53,782
Total expenses	710,818	706,284	20,496	1,015,748	171,467
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	13,420	(32,401)	614	30,164	(8,164)
Other items	(11,557)	(20,104)	-	(25,874)	(1,918)
OPERATING INCOME (LOSS)	1,863	(52,505)	614	4,290	(10,082)
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	6,205	2,685	(99)	15,040	333
Loss from early extinguishment of debt	-	-	-	-	-
Other	2,692	2,481	-	10,731	-
Total nonoperating items	8,897	5,166	(99)	25,771	333
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	10,760	(47,339)	515	30,061	(9,749)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	6	5	-	(973)	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 10,766	\$ (47,334)	\$ 515	\$ 29,088	\$ (9,749)
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (3,597)	\$ (58,949)	\$ 515	\$ (6,147)	\$ (9,368)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	684	(498)	-	1,482	-
INCREASE (DECREASE) NET ASSETS	(2,913)	(59,447)	515	(4,665)	(9,368)
NET ASSETS, Beginning of year	793,013	268,374	7,277	1,188,614	113,758
NET ASSETS, End of year	\$ 790,100	\$ 208,927	\$ 7,792	\$ 1,183,949	\$ 104,390

TRINITY HEALTH

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

June 30, 2020

(In thousands)

Trinity Health Michigan Region

	St. Joseph Mercy, Livonia	St. Joseph Mercy, Oakland	IHA Health Services Corporation	Eliminations and Other	Trinity Health Michigan Region
Operating revenue:					
Net patient service revenue	\$ 317,569	\$ 411,795	\$ 190,573	\$ -	\$ 3,100,454
Other	33,096	50,703	132,573	(100,034)	564,267
Total operating revenue	350,665	462,498	323,146	(100,034)	3,664,721
Expenses:					
Labor costs	185,012	227,478	272,512	(13)	1,946,179
Purchased services and medical claims	55,635	66,411	9,145	(92,145)	494,143
Depreciation, amortization and interest	23,825	31,814	4,846	-	220,738
Other	77,092	130,826	43,064	(7,841)	991,414
Total expenses	341,564	456,529	329,567	(99,999)	3,652,474
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	9,101	5,969	(6,421)	(35)	12,247
Other items	(765)	(2,493)	(851)	-	(63,562)
OPERATING INCOME (LOSS)	8,336	3,476	(7,272)	(35)	(51,315)
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	449	1,630	330	-	26,573
Loss from early extinguishment of debt	-	-	-	-	-
Other	1,937	3,698	180	30	21,749
Total nonoperating items	2,386	5,328	510	30	48,322
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	10,722	8,804	(6,762)	(5)	(2,993)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	4,517	3,555
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 10,722	\$ 8,804	\$ (6,762)	\$ 4,512	\$ 562
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 1,094	\$ (3,892)	\$ 386	\$ (4)	\$ (79,962)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-	1,668
NET ASSETS, Beginning of year	1,094	(3,892)	386	(4)	(78,294)
NET ASSETS, End of year	210,409	347,722	120,257	299	3,049,723
NET ASSETS, End of year	\$ 211,503	\$ 343,830	\$ 120,643	\$ 295	\$ 2,971,429

TRINITY HEALTH

Holy Cross Health, Inc., Maryland

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(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	\$ 295,399	\$ 133,476	\$ 451	\$ 924	\$ 430,250
Assets limited as to use - current portion	-	-	-	495	495
Patient and other receivables, net	60,171	17,796	1,728	-	79,695
Other current assets	9,345	3,353	-	-	12,698
Total current assets	364,915	154,625	2,179	1,419	523,138
ASSETS LIMITED OR RESTRICTED AS TO USE					
Noncurrent portion:					
Held in trust	750	95	76	-	921
By Board	2,000	-	-	-	2,000
By donors	53	-	-	4,505	4,558
Total assets limited or restricted as to use - noncurrent portion	2,803	95	76	4,505	7,479
PROPERTY AND EQUIPMENT, Net	269,703	148,082	2,339	-	420,124
OTHER ASSETS	44,443	8,067	34,717	-	87,227
TOTAL ASSETS	<u>\$ 681,864</u>	<u>\$ 310,869</u>	<u>\$ 39,311</u>	<u>\$ 5,924</u>	<u>\$ 1,037,968</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
LONG-TERM DEBT, Noncurrent portion	\$ (67,194)	\$ 226,948	\$ 4,072	\$ 4,464	\$ 168,290
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	232,999	147,882	-	-	380,881
OTHER LIABILITIES	6,181	-	1,416	-	7,597
OTHER LIABILITIES	1,426	3,258	245	-	4,929
NET ASSETS:					
Net assets without donor restrictions	508,398	(67,219)	33,578	(3,538)	471,219
Net assets with donor restrictions	54	-	-	4,998	5,052
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 681,864</u>	<u>\$ 310,869</u>	<u>\$ 39,311</u>	<u>\$ 5,924</u>	<u>\$ 1,037,968</u>

TRINITY HEALTH

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

June 30, 2020

(In thousands)

Holy Cross Health, Inc., Maryland

	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	\$ 449,751	\$ 101,275	\$ 3,579	\$ -	\$ 554,605
Other	38,226	1,976	4,319	108	44,629
Total operating revenue	487,977	103,251	7,898	108	599,234
Expenses:					
Labor costs	243,364	49,381	11,171	684	304,600
Purchased services and medical claims	72,958	8,743	2,519	129	84,349
Depreciation, amortization and interest	34,924	15,518	263	2	50,707
Other	82,828	34,970	2,896	161	120,855
Total expenses	434,074	108,612	16,849	976	560,511
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	53,903	(5,361)	(8,951)	(868)	38,723
Other items	(2,249)	-	(717)	-	(2,966)
OPERATING INCOME (LOSS)	51,654	(5,361)	(9,668)	(868)	35,757
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	4,415	(473)	(21)	39	3,960
Loss from early extinguishment of debt	-	-	-	-	-
Other	4,366	-	-	1	4,367
Total nonoperating items	8,781	(473)	(21)	40	8,327
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	60,435	(5,834)	(9,689)	(828)	44,084
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 60,435	\$ (5,834)	\$ (9,689)	\$ (828)	\$ 44,084
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 35,851	\$ (5,649)	\$ 1,833	\$ (829)	\$ 31,206
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(5)	(1)	-	208	202
INCREASE (DECREASE) NET ASSETS	35,846	(5,650)	1,833	(621)	31,408
NET ASSETS, Beginning of year	472,606	(61,569)	31,745	2,081	444,863
NET ASSETS, End of year	\$ 508,452	\$ (67,219)	\$ 33,578	\$ 1,460	\$ 476,271

TRINITY HEALTH

Trinity Health Of New England Corporation, Inc.

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

	Mercy Medical Center	MercyCare Alliance, LLC	Providence Behavioral Hospital	Brightside, Inc.	System Coordinated Services	Mercy Specialist Physicians
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	\$ 481,897	\$ 31	\$ 724	\$ 5	\$ 21,273	\$ 33
Assets limited as to use - current portion	105	-	-	-	-	-
Patient and other receivables, net	40,474	-	2,525	175	4,858	1,016
Other current assets	8,135	-	187	-	605	-
Total current assets	530,611	31	3,436	180	26,736	1,049
ASSETS LIMITED OR RESTRICTED AS TO USE						
Noncurrent portion:						
Held in trust	2,195	-	-	-	-	-
By Board	-	-	-	4,916	-	-
By donors	1,580	-	993	836	-	-
Total assets limited or restricted as to use - noncurrent portion	3,775	-	993	5,752	-	-
PROPERTY AND EQUIPMENT, Net	77,356	-	189	-	2,992	52
OTHER ASSETS	30,354	-	-	184	783	117
TOTAL ASSETS	<u>\$ 642,096</u>	<u>\$ 31</u>	<u>\$ 4,618</u>	<u>\$ 6,116</u>	<u>\$ 30,511</u>	<u>\$ 1,218</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
\$ 229,298	\$ 250	\$ 112,139	\$ 24,914	\$ 107,256	\$ 23,663	
88,402	-	19,520	1,345	-	-	
LONG-TERM DEBT, Noncurrent portion						
LONG-TERM PORTION OF OPERATING						
LEASE LIABILITIES	14	549	(7)	-	440	(13)
OTHER LIABILITIES	9,988	-	902	-	-	-
NET ASSETS:						
Net assets without donor restrictions	312,722	(768)	(128,929)	(20,979)	(77,185)	(22,432)
Net assets with donor restrictions	1,672	-	993	836	-	-
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 642,096</u>	<u>\$ 31</u>	<u>\$ 4,618</u>	<u>\$ 6,116</u>	<u>\$ 30,511</u>	<u>\$ 1,218</u>

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

Trinity Health Of New England Corporation, Inc.

	Pioneer Valley Cardiology Associates	Mercy Medical Group, Inc.	Accountable Care Organization of New England, LLC	Riverbend Medical Group	SPHS Elimination and Other	The Mercy Hospital Inc. and Subsidiaries Subtotal
Cash, cash equivalents and investments	\$ -	\$ 50	\$ 1,920	\$ 2,178	\$ (384,981)	\$ 123,130
Assets limited as to use - current portion	-	-	-	-	-	105
Patient and other receivables, net	646	439	-	5,029	(3,394)	51,768
Other current assets	277	696	-	277	-	10,177
Total current assets	923	1,185	1,920	7,484	(388,375)	185,180

ASSETS

CURRENT ASSETS:

Cash, cash equivalents and investments
Assets limited as to use - current portion
Patient and other receivables, net
Other current assets
Total current assets

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

Held in trust	-	-	-	-	-	2,195
By Board	-	-	-	-	-	4,916
By donors	-	-	-	-	-	3,409
Total assets limited or restricted as to use - noncurrent portion	-	-	-	-	-	10,520

PROPERTY AND EQUIPMENT, Net

OTHER ASSETS

TOTAL ASSETS

PROPERTY AND EQUIPMENT, Net	25	-	-	6,642	-	87,256
OTHER ASSETS	-	6,128	-	18,886	(99)	56,353
TOTAL ASSETS	\$ 948	\$ 7,313	\$ 1,920	\$ 33,012	\$ (388,474)	\$ 339,309

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

LONG-TERM DEBT, Noncurrent portion
LONG-TERM PORTION OF OPERATING
LEASE LIABILITIES
OTHER LIABILITIES

CURRENT LIABILITIES	\$ 35,313	\$ 43,503	\$ -	\$ 64,938	\$ (387,809)	\$ 253,465
LONG-TERM DEBT, Noncurrent portion	-	-	-	14	-	109,281
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	5,032	-	16,025	-	22,040
OTHER LIABILITIES	-	-	-	3,615	(3)	14,502

NET ASSETS:

Net assets without donor restrictions
Net assets with donor restrictions
TOTAL LIABILITIES AND NET ASSETS

Net assets without donor restrictions	(34,365)	(41,222)	1,920	(51,580)	(662)	(63,480)
Net assets with donor restrictions	-	-	-	-	-	3,501
TOTAL LIABILITIES AND NET ASSETS	\$ 948	\$ 7,313	\$ 1,920	\$ 33,012	\$ (388,474)	\$ 339,309

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

Trinity Health Of New England Corporation, Inc.

	Trinity Health Of New England Corporation, Inc., and Connecticut Operations	Eliminations and Other	Trinity Health Of New England Corporation, Inc.
	\$ 289,946	\$ -	\$ 413,076
	2,550	-	2,655
	1,297,478	(1,167,229)	182,017
	<u>32,806</u>	<u>583</u>	<u>43,566</u>
	1,622,780	(1,166,646)	641,314

ASSETS

CURRENT ASSETS:

Cash, cash equivalents and investments
 Assets limited as to use - current portion
 Patient and other receivables, net
 Other current assets
 Total current assets

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

OTHER ASSETS

TOTAL ASSETS

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

LONG-TERM DEBT, Noncurrent portion
 LONG-TERM PORTION OF OPERATING
 LEASE LIABILITIES
 OTHER LIABILITIES

NET ASSETS:

Net assets without donor restrictions
 Net assets with donor restrictions
 TOTAL LIABILITIES AND NET ASSETS

	6,831	-	9,026
	26,277	-	31,193
	<u>127,152</u>	<u>-</u>	<u>130,561</u>
	160,260	-	170,780
	486,495	897	574,648
	<u>157,932</u>	<u>4,008</u>	<u>218,293</u>
	<u>\$ 2,427,467</u>	<u>\$ (1,161,741)</u>	<u>\$ 1,605,035</u>
	\$ 1,382,943	\$ (1,162,511)	\$ 473,897
	299,029	-	408,310
	32,336	302	54,678
	<u>320,003</u>	<u>-</u>	<u>334,505</u>
	263,441	468	200,429
	<u>129,715</u>	<u>-</u>	<u>133,216</u>
	<u>\$ 2,427,467</u>	<u>\$ (1,161,741)</u>	<u>\$ 1,605,035</u>

TRINITY HEALTH

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

June 30, 2020

(In thousands)

Trinity Health Of New England Corporation, Inc.

	Mercy Medical Center	MercyCare Alliance, LLC	Providence Behavioral Hospital	Brightside, Inc.	System Coordinated Services	Mercy Specialist Physicians
Operating revenue:						
Net patient service revenue	\$ 268,172	\$ -	\$ 24,928	\$ 2,118	\$ 36,205	\$ 2,118
Other	124,820	874	497	490	14,036	358
Total operating revenue	392,992	874	25,425	2,608	50,241	2,476
Expenses:						
Labor costs	107,957	3	27,690	2,130	32,277	3,162
Purchased services and medical claims	166,317	675	7,366	536	7,623	609
Depreciation, amortization and interest	15,969	-	1,411	52	463	14
Other	78,123	39	2,468	664	10,266	800
Total expenses	368,366	717	38,935	3,382	50,629	4,585
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	24,626	157	(13,510)	(774)	(388)	(2,109)
Other items	(1,428)	(715)	(8,100)	(348)	(622)	-
OPERATING INCOME (LOSS)	23,198	(558)	(21,610)	(1,122)	(1,010)	(2,109)
NONOPERATING ITEMS:						
Investment earnings (losses) and interest rate swaps	3,905	-	(41)	36	-	-
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	375	-	-	-	(29)	-
Total nonoperating items	4,280	-	(41)	36	(29)	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	27,478	(558)	(21,651)	(1,086)	(1,039)	(2,109)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 27,478	\$ (558)	\$ (21,651)	\$ (1,086)	\$ (1,039)	\$ (2,109)
CHANGES IN NET ASSETS						
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 21,199	\$ (558)	\$ (21,651)	\$ (1,088)	\$ (1,314)	\$ (2,108)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(275)	-	(118)	(51)	-	-
INCREASE (DECREASE) NET ASSETS	20,924	(558)	(21,769)	(1,139)	(1,314)	(2,108)
NET ASSETS, Beginning of year	293,470	(210)	(106,167)	(19,004)	(75,871)	(20,324)
NET ASSETS, End of year	\$ 314,394	\$ (768)	\$ (127,936)	\$ (20,143)	\$ (77,185)	\$ (22,432)

TRINITY HEALTH

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

June 30, 2020

(In thousands)

Trinity Health Of New England Corporation, Inc.

	Pioneer Valley Cardiology Associates	Mercy Medical Group, Inc.	Accountable Care Organization of New England, LLC	Riverbend Medical Group	SPHS Elimination and Other	The Mercy Hospital Inc. and Subsidiaries Subtotal
Operating revenue:						
Net patient service revenue	\$ 7,999	\$ 2,432	\$ -	\$ 58,646	\$ (9,184)	\$ 393,434
Other	217	2,203	-	6,837	(77,681)	72,651
Total operating revenue	8,216	4,635	-	65,483	(86,865)	466,085
Expenses:						
Labor costs	822	405	-	64,067	1,599	240,112
Purchased services and medical claims	11,948	4,720	-	3,597	(86,362)	117,029
Depreciation, amortization and interest	10	10	-	1,270	-	19,199
Other	866	1,530	-	13,342	(2,054)	106,044
Total expenses	13,646	6,665	-	82,276	(86,817)	482,384
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(5,430)	(2,030)	-	(16,793)	(48)	(16,299)
Other items	-	(334)	-	(2,565)	-	(14,112)
OPERATING INCOME (LOSS)	(5,430)	(2,364)	-	(19,358)	(48)	(30,411)
NONOPERATING ITEMS:						
Investment earnings (losses) and interest rate swaps	-	-	-	-	-	3,900
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	-	-	-	-	-	346
Total nonoperating items	-	-	-	-	-	4,246
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(5,430)	(2,364)	-	(19,358)	(48)	(26,165)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	(5,430)	(2,364)	-	(19,358)	(48)	(26,165)
CHANGES IN NET ASSETS						
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (5,431)	\$ (2,376)	\$ -	\$ (21,380)	\$ (47)	\$ (34,754)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-	-	(444)
INCREASE (DECREASE) NET ASSETS	(5,431)	(2,376)	-	(21,380)	(47)	(35,198)
NET ASSETS, Beginning of year	(28,934)	(38,846)	1,920	(30,200)	(615)	(24,781)
NET ASSETS, End of year	(34,365)	(41,222)	1,920	(51,580)	(662)	(59,979)

TRINITY HEALTH

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

June 30, 2020

(In thousands)

Trinity Health Of New England Corporation, Inc.

	Trinity Health Of New England Corporation, Inc., Operations	Eliminations and Other	Trinity Health Of New England Corporation, Inc.
Operating revenue:			
Net patient service revenue	\$ 1,379,159	\$ 7,419	\$ 1,780,012
Other	180,375	(65,481)	187,545
Total operating revenue	1,559,534	(58,062)	1,967,557
Expenses:			
Labor costs	771,623	3,787	1,015,522
Purchased services and medical claims	218,756	(62,075)	273,710
Depreciation, amortization and interest	73,940	467	93,606
Other	435,373	1,478	542,895
Total expenses	1,499,692	(56,343)	1,925,733
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	59,842	(1,719)	41,824
Other items	(28,578)	(644)	(43,334)
OPERATING INCOME (LOSS)	31,264	(2,363)	(1,510)
NONOPERATING ITEMS:			
Investment earnings (losses) and interest rate swaps	12,115	-	16,015
Loss from early extinguishment of debt	-	-	-
Other	4,574	-	4,920
Total nonoperating items	16,689	-	20,935
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	47,953	(2,363)	19,425
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(50)	-	(50)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 47,903	\$ (2,363)	\$ 19,375
CHANGES IN NET ASSETS			
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (32,687)	\$ 468	\$ (66,973)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	10,213	-	9,769
INCREASE (DECREASE) NET ASSETS	(22,474)	468	(57,204)
NET ASSETS, Beginning of year	415,630	-	390,849
NET ASSETS, End of year	\$ 393,156	\$ 468	\$ 333,645

TRINITY HEALTH

Trinity Health Mid-Atlantic

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

	Mercy Catholic Medical Center	Nazareth Hospital	St. Agnes Continuing Care Corp	MHS Combined Physicians	Mercy Home Health Services	Mercy Eastwick, Inc.
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	\$ 73,215	\$ 54,130	\$ 27,621	\$ 29,129	\$ 92,372	\$ -
Assets limited as to use - current portion	-	-	-	-	-	-
Patient and other receivables, net	41,528	18,343	3,234	2,594	12,860	18
Other current assets	8,087	3,671	368	1,011	38	-
Total current assets	122,830	76,144	31,223	32,734	105,270	18
ASSETS LIMITED OR RESTRICTED AS TO USE						
Noncurrent portion:						
Held in trust	-	-	-	-	-	-
By Board	-	-	-	-	-	-
By donors	3,292	188	1,553	-	-	-
Total assets limited or restricted as to use - noncurrent portion	3,292	188	1,553	-	-	-
PROPERTY AND EQUIPMENT, Net	40,919	37,358	5,373	3,011	329	4,588
OTHER ASSETS	275	1,589	3,777	4,312	900	-
TOTAL ASSETS	<u>\$ 167,316</u>	<u>\$ 115,279</u>	<u>\$ 41,926</u>	<u>\$ 40,057</u>	<u>\$ 106,499</u>	<u>\$ 4,606</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
	\$ 129,665	\$ 45,164	\$ 16,091	\$ 250,508	\$ 18,595	\$ 31,597
	80,415	31,196	-	-	-	-
LONG-TERM DEBT, Noncurrent portion						
LONG-TERM PORTION OF OPERATING						
LEASE LIABILITIES	53	724	2,821	1,498	291	-
OTHER LIABILITIES	7,654	1,341	1,002	2	25	-
NET ASSETS:						
Net assets without donor restrictions	(53,763)	36,663	20,459	(211,951)	87,588	(26,991)
Net assets with donor restrictions	3,292	191	1,553	-	-	-
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 167,316</u>	<u>\$ 115,279</u>	<u>\$ 41,926</u>	<u>\$ 40,057</u>	<u>\$ 106,499</u>	<u>\$ 4,606</u>

TRINITY HEALTH

Trinity Health Mid-Atlantic

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

	Mercy Health Plan	Mercy Health System Foundation	Mercy Home Office	St. Mary Medical Center	Quality Health Alliance, MSSP	Quality Health Alliance
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	\$ -	\$ 48,530	\$ 129,499	\$ 432,207	\$ 4,926	\$ 1,608
Assets limited as to use - current portion	-	-	-	100	-	-
Patient and other receivables, net	16,447	-	492	372,304	885	5,990
Other current assets	-	-	583	9,418	-	-
Total current assets	16,447	48,530	130,574	814,029	5,811	7,598
ASSETS LIMITED OR RESTRICTED AS TO USE						
Noncurrent portion:						
Held in trust	-	-	975	1,083	-	-
By Board	-	-	-	9,861	-	-
By donors	-	214	-	10,994	-	-
Total assets limited or restricted as to use - noncurrent portion	-	214	975	21,938	-	-
PROPERTY AND EQUIPMENT, Net	-	-	277	162,516	-	-
OTHER ASSETS	226,950	1	33,085	33,326	-	-
TOTAL ASSETS	<u>\$ 243,397</u>	<u>\$ 48,745</u>	<u>\$ 164,911</u>	<u>\$ 1,031,809</u>	<u>\$ 5,811</u>	<u>\$ 7,598</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	\$ -	\$ -	\$ 30,968	\$ 129,339	\$ 7,418	\$ 12,796
LONG-TERM DEBT, Noncurrent portion	-	-	17,497	114,807	-	-
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	686	4,407	-	-
OTHER LIABILITIES	-	-	984	1,275	-	-
NET ASSETS:						
Net assets without donor restrictions	243,397	48,530	114,776	770,887	(1,607)	(5,198)
Net assets with donor restrictions	-	215	-	11,094	-	-
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 243,397</u>	<u>\$ 48,745</u>	<u>\$ 164,911</u>	<u>\$ 1,031,809</u>	<u>\$ 5,811</u>	<u>\$ 7,598</u>

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

Trinity Health Mid-Atlantic

	Ambulatory Surgery Center	St. Mary Rehabilitation Hospital	Life St. Mary	St. Mary Emergency Medical Services	St. Mary Physician Group	St. Mary Building and Development
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	\$ 2,439	\$ 6,750	\$ 15,833	\$ -	\$ 44,458	\$ 1,926
Assets limited as to use - current portion	-	-	-	-	-	-
Patient and other receivables, net	708	4,322	329	91	17,609	1,253
Other current assets	611	523	49	-	197	-
Total current assets	3,758	11,595	16,211	91	62,264	3,179
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	386	398	952	36	8,149	17,250
OTHER ASSETS	143	19,706	2,475	-	7,096	-
TOTAL ASSETS	\$ 4,287	\$ 31,699	\$ 19,638	\$ 127	\$ 77,509	\$ 20,429
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	\$ 685	\$ 7,023	\$ 9,086	\$ 3,945	\$ 296,216	\$ 20,704
	2,463	-	-	-	-	-
LONG-TERM DEBT, Noncurrent portion	-	-	-	-	-	-
LONG-TERM PORTION OF OPERATING	-	13,876	2,182	-	5,358	-
LEASE LIABILITIES	-	-	-	-	-	-
OTHER LIABILITIES	9	-	-	-	-	-
NET ASSETS:						
Net assets without donor restrictions	1,130	10,800	8,370	(3,818)	(224,065)	(275)
Net assets with donor restrictions	-	-	-	-	-	-
TOTAL LIABILITIES AND NET ASSETS	\$ 4,287	\$ 31,699	\$ 19,638	\$ 127	\$ 77,509	\$ 20,429

TRINITY HEALTH

Trinity Health Mid-Atlantic

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

ASSETS

CURRENT ASSETS:

Cash, cash equivalents and investments	\$ -	\$ 4,004	\$ -	\$ 27,353	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 725,724
Assets limited as to use - current portion	-	-	-	-	-	-	-	-	-	100
Patient and other receivables, net	-	13,156	-	276	-	-	-	(356,795)	-	155,644
Other current assets	-	4,398	2	39	-	-	-	12	-	29,007
Total current assets	-	21,558	2	27,668	-	-	-	(627,059)	-	910,475

ASSETS LIMITED OR RESTRICTED AS TO USE

Noncurrent portion:

Held in trust	-	111	-	-	-	-	-	-	-	2,169
By Board	-	-	-	-	-	-	-	-	-	9,861
By donors	-	729	-	-	-	-	-	-	-	16,970
Total assets limited or restricted as to use - noncurrent portion	-	840	-	-	-	-	-	-	-	29,000

PROPERTY AND EQUIPMENT, Net

OTHER ASSETS	-	33,328	3	5,674	-	-	-	-	-	320,547
TOTAL ASSETS	-	10,547	-	1,134	-	-	-	(5,760)	-	339,556
	\$ -	\$ 66,273	\$ 5	\$ 34,476	\$ -	\$ -	\$ -	\$ (632,819)	\$ -	\$ 1,599,578

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

	\$ -	\$ 40,938	\$ 4,485	\$ 3,526	\$ -	\$ -	\$ -	\$ (632,124)	\$ -	\$ 426,625
	-	107,769	-	-	-	-	-	-	-	354,147

LONG-TERM DEBT, Noncurrent portion

LONG-TERM PORTION OF OPERATING

LEASE LIABILITIES

OTHER LIABILITIES

	-	1,639	-	856	-	-	-	-	-	34,391
	-	110	-	-	-	-	-	-	-	12,402

NET ASSETS:

Net assets without donor restrictions	-	(84,911)	(4,480)	30,094	-	-	-	(695)	-	754,940
Net assets with donor restrictions	-	728	-	-	-	-	-	-	-	17,073
TOTAL LIABILITIES AND NET ASSETS	\$ -	\$ 66,273	\$ 5	\$ 34,476	\$ -	\$ -	\$ -	\$ (632,819)	\$ -	\$ 1,599,578

TRINITY HEALTH

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

June 30, 2020

(In thousands)

Trinity Health Mid-Atlantic

Operating revenue:

	Mercy Catholic Medical Center	Nazareth Hospital	St. Agnes Continuing Care Corp	MHS Combined Physicians	Mercy Home Health Services	Mercy Eastwick, Inc.
Net patient service revenue	\$ 302,535	\$ 146,360	\$ -	\$ 43,144	\$ 88,982	\$ -
Other	43,491	14,138	86,901	41,548	2,827	1,089
Total operating revenue	346,026	160,498	86,901	84,692	91,809	1,089

Expenses:

Labor costs	154,518	75,227	33,113	75,319	70,308	-
Purchased services and medical claims	75,580	29,733	42,624	24,853	7,964	316
Depreciation, amortization and interest	12,419	6,342	645	377	73	479
Other	101,646	45,572	5,554	10,213	5,103	843
Total expenses	344,163	156,874	81,936	110,762	83,448	1,638

OPERATING INCOME (LOSS) BEFORE OTHER ITEMS

	1,863	3,624	4,965	(26,070)	8,361	(549)
Other items	(55,218)	(2,374)	-	(246)	(1,688)	-
OPERATING INCOME (LOSS)	(53,355)	1,250	4,965	(26,316)	6,673	(549)

NONOPERATING ITEMS:

Investment earnings (losses) and interest rate swaps	(115)	448	731	(5,622)	2,450	(931)
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	1,009	-	-	-	-	-
Total nonoperating items	894	448	731	(5,622)	2,450	(931)

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES

	(52,461)	1,698	5,696	(31,938)	9,123	(1,480)
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LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO

NONCONTROLLING INTEREST

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest

	\$ (52,461)	\$ 1,698	\$ 5,696	\$ (31,938)	\$ 9,123	\$ (1,480)
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CHANGES IN NET ASSETS

INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS

INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS

INCREASE (DECREASE) NET ASSETS

NET ASSETS, Beginning of year

NET ASSETS, End of year

	\$ (78,974)	\$ 1,698	\$ 7,794	\$ 17,738	\$ 9,047	\$ 12,306
	(135)	32	(273)	-	-	-
	(79,109)	1,730	7,521	17,738	9,047	12,306
	28,638	35,124	14,491	(229,689)	78,541	(39,297)
	<u>\$ (50,471)</u>	<u>\$ 36,854</u>	<u>\$ 22,012</u>	<u>\$ (211,951)</u>	<u>\$ 87,588</u>	<u>\$ (26,991)</u>

TRINITY HEALTH

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2020
(In thousands)

Trinity Health Mid-Atlantic

	Mercy Health Plan	Mercy Health System Foundation	Mercy Home Office	St. Mary Medical Center	Quality Health Alliance, MSSP	Quality Health Alliance
Operating revenue:						
Net patient service revenue	\$ -	\$ -	\$ -	\$ 352,690	\$ -	\$ -
Other	12,356	10	112,919	27,615	4,511	922
Total operating revenue	12,356	10	112,919	380,305	4,511	922
Expenses:						
Labor costs	-	-	56,468	179,875	1,453	1,391
Purchased services and medical claims	-	-	40,405	62,172	1,784	700
Depreciation, amortization and interest	-	-	6,120	30,149	-	-
Other	-	-	2,307	106,184	64	40
Total expenses	-	-	105,300	378,380	3,301	2,131
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	12,356	10	7,619	1,925	1,210	(1,209)
Other items	-	-	(2,875)	(5,043)	-	-
OPERATING INCOME (LOSS)	12,356	10	4,744	(3,118)	1,210	(1,209)
NONOPERATING ITEMS:						
Investment earnings (losses) and interest rate swaps	-	1,429	4,684	4,935	-	-
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	-	-	1,205	839	-	-
Total nonoperating items	-	1,429	5,889	5,774	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	12,356	1,439	10,633	2,656	1,210	(1,209)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 12,356	\$ 1,439	\$ 10,633	\$ 2,656	\$ 1,210	\$ (1,209)
CHANGES IN NET ASSETS						
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 13,223	\$ 1,439	\$ (45,067)	\$ 5,365	\$ 1,348	\$ (859)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	7	-	11,093	-	-
INCREASE (DECREASE) NET ASSETS	13,223	1,446	(45,067)	16,458	1,348	(859)
NET ASSETS, Beginning of year	230,174	47,299	159,843	765,523	(2,955)	(4,339)
NET ASSETS, End of year	\$ 243,397	\$ 48,745	\$ 114,776	\$ 781,981	\$ (1,607)	\$ (5,198)

TRINITY HEALTH

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

June 30, 2020

(In thousands)

Trinity Health Mid-Atlantic

Operating revenue:

Net patient service revenue

Other

Total operating revenue

Expenses:

Labor costs

Purchased services and medical claims

Depreciation, amortization and interest

Other

Total expenses

OPERATING INCOME (LOSS) BEFORE OTHER ITEMS

Other items

OPERATING INCOME (LOSS)

NONOPERATING ITEMS:

Investment earnings (losses) and interest rate swaps

Loss from early extinguishment of debt

Other

Total nonoperating items

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES

LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO

NONCONTROLLING INTEREST

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of

noncontrolling interest

CHANGES IN NET ASSETS

INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS

INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS

INCREASE (DECREASE) NET ASSETS

NET ASSETS, Beginning of year

NET ASSETS, End of year

	Ambulatory Surgery Center	St. Mary Rehabilitation Hospital	Life St. Mary	St. Mary Emergency Medical Services	St. Mary Physician Group	St. Mary Building and Development
	\$ 7,509	\$ 27,199	\$ -	\$ 161	\$ 35,856	\$ -
	221	33	24,702	103	14,918	2,099
	<u>7,730</u>	<u>27,232</u>	<u>24,702</u>	<u>264</u>	<u>50,774</u>	<u>2,099</u>
	2,835	10,995	6,948	720	61,908	-
	769	4,365	9,903	405	6,209	-
	441	67	158	6	1,217	509
	<u>2,838</u>	<u>2,182</u>	<u>4,032</u>	<u>36</u>	<u>9,215</u>	<u>421</u>
	<u>6,883</u>	<u>17,609</u>	<u>21,041</u>	<u>1,167</u>	<u>78,549</u>	<u>930</u>
	847	9,623	3,661	(903)	(27,775)	1,169
	-	-	-	-	(719)	-
	<u>847</u>	<u>9,623</u>	<u>3,661</u>	<u>(903)</u>	<u>(28,494)</u>	<u>1,169</u>
	25	-	-	-	-	-
	-	-	-	-	-	-
	<u>(25)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-	-	-
	847	9,623	3,661	(903)	(28,494)	1,169
	-	-	-	-	-	-
	<u>847</u>	<u>9,623</u>	<u>3,661</u>	<u>(903)</u>	<u>(28,494)</u>	<u>1,169</u>
	(351)	(668)	3,660	(903)	(28,494)	(42)
	-	-	-	-	(2)	-
	<u>(351)</u>	<u>(668)</u>	<u>3,660</u>	<u>(903)</u>	<u>(28,496)</u>	<u>(42)</u>
	1,481	11,468	4,710	(2,915)	(195,569)	(233)
	<u>1,130</u>	<u>10,800</u>	<u>8,370</u>	<u>(3,818)</u>	<u>(224,065)</u>	<u>(275)</u>

TRINITY HEALTH

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

June 30, 2020

(In thousands)

Trinity Health Mid-Atlantic

	St. Mary Foundation	St. Francis Hospital	Delaware Care Collab, MSSP	LIFE at St. Francis	St. Francis Foundation	Eliminations and Other	Trinity Health Mid-Atlantic
Operating revenue:							
Net patient service revenue	\$ -	\$ 152,603	\$ -	\$ -	\$ -	\$ (4,518)	\$ 1,152,521
Other	-	9,395	4,879	28,381	45	(162,049)	271,054
Total operating revenue	-	161,998	4,879	28,381	45	(166,567)	1,423,575
Expenses:							
Labor costs	-	89,272	982	7,338	65	(27,243)	801,492
Purchased services and medical claims	-	30,907	3,070	12,739	-	(105,547)	248,951
Depreciation, amortization and interest	-	10,106	-	276	-	(2)	69,382
Other	-	35,584	23	1,739	8	(33,738)	299,866
Total expenses	-	165,869	4,075	22,092	73	(166,530)	1,419,691
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	-	(3,871)	804	6,289	(28)	(37)	3,884
Other items	-	(2,731)	-	-	-	-	(70,894)
OPERATING INCOME (LOSS)	-	(6,602)	804	6,289	(28)	(37)	(67,010)
NONOPERATING ITEMS:							
Investment earnings (losses) and interest rate swaps	-	51	-	476	-	19	8,580
Loss from early extinguishment of debt	-	-	-	-	-	-	-
Other	-	371	-	-	-	-	3,399
Total nonoperating items	-	422	-	476	-	19	11,979
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	(6,180)	804	6,765	(28)	(18)	(55,031)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	(4,360)	(4,360)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	-	(6,180)	804	6,765	(28)	(4,378)	(59,391)
CHANGES IN NET ASSETS							
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (1,662)	\$ (9,000)	\$ 804	\$ 6,766	\$ 277	\$ (16)	\$ (84,571)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(9,991)	670	-	-	(402)	-	999
INCREASE (DECREASE) NET ASSETS	(11,653)	(8,330)	804	6,766	(125)	(16)	(83,572)
NET ASSETS, Beginning of year	11,653	(75,853)	(5,284)	23,328	125	(679)	855,585
NET ASSETS, End of year	-	(84,183)	(4,480)	30,094	-	(695)	772,013

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

St. Francis Medical Center, Trenton, New Jersey

	St. Francis Medical Center	St. Francis LIFE	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	\$ 7,533	\$ 100	\$ 1,555	\$ -	\$ (7,632)	\$ 1,558
Assets limited as to use - current portion	-	-	-	-	-	-	-
Patient and other receivables, net	56,518	1,170	-	441	336	(38,363)	20,102
Other current assets	4,152	-	-	392	338	(5)	4,877
Total current assets	60,672	8,703	100	2,388	674	(46,000)	26,537
ASSETS LIMITED OR RESTRICTED AS TO USE							
Noncurrent portion:							
Held in trust	47	-	-	-	-	-	47
By Board	250	-	1,517	-	-	-	1,767
By donors	-	-	1,559	-	-	-	1,559
Total assets limited or restricted as to use - noncurrent portion	297	-	3,076	-	-	-	3,373
PROPERTY AND EQUIPMENT, Net	-	-	-	-	-	-	-
OTHER ASSETS	6,696	-	-	-	-	-	6,696
TOTAL ASSETS	<u>\$ 67,665</u>	<u>\$ 8,703</u>	<u>\$ 3,176</u>	<u>\$ 2,388</u>	<u>\$ 674</u>	<u>\$ (46,000)</u>	<u>\$ 36,606</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES	\$ 110,751	\$ 13,921	\$ 345	\$ 123	\$ 26,297	\$ (40,438)	\$ 110,999
	65,937	6,046	-	-	-	-	71,983
LONG-TERM DEBT, Noncurrent portion							
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	1,088	1,721	-	-	117	196	3,122
OTHER LIABILITIES	1,631	-	-	-	-	-	1,631
NET ASSETS:							
Net assets without donor restrictions	(111,742)	(12,985)	1,230	2,265	(25,740)	(5,758)	(152,730)
Net assets with donor restrictions	-	-	1,601	-	-	-	1,601
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 67,665</u>	<u>\$ 8,703</u>	<u>\$ 3,176</u>	<u>\$ 2,388</u>	<u>\$ 674</u>	<u>\$ (46,000)</u>	<u>\$ 36,606</u>

TRINITY HEALTH

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

June 30, 2020

(In thousands)

St. Francis Medical Center, Trenton, New Jersey

Operating revenue:

Net patient service revenue

Other

Total operating revenue

Expenses:

Labor costs

Purchased services and medical claims

Depreciation, amortization and interest

Other

Total expenses

OPERATING INCOME (LOSS) BEFORE OTHER ITEMS

Other items

OPERATING INCOME (LOSS)

NONOPERATING ITEMS:

Investment earnings (losses) and interest rate swaps

Loss from early extinguishment of debt

Other

Total nonoperating items

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES

LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO

NONCONTROLLING INTEREST

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of

noncontrolling interest

CHANGES IN NET ASSETS

INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS

INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS

INCREASE (DECREASE) NET ASSETS

NET ASSETS, Beginning of year

NET ASSETS, End of year

	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
\$	112,891	\$ (252)	\$ -	\$ 7,112	\$ -	\$ (9,282)	\$ 110,469
	5,950	32,444	155	142	5,138	(1,603)	42,226
	118,841	32,192	155	7,254	5,138	(10,885)	152,695
	67,989	9,199	48	449	(1)	4,652	82,336
	40,950	16,430	102	221	-	(11,798)	45,905
	3,984	237	-	-	296	-	4,517
	25,481	4,872	8	2,163	1,552	340	34,416
	138,404	30,738	158	2,833	1,847	(6,806)	167,174
	(19,563)	1,454	(3)	4,421	3,291	(4,079)	(14,479)
	(5,538)	(157)	-	-	-	-	(5,695)
	(25,101)	1,297	(3)	4,421	3,291	(4,079)	(20,174)
	(2,126)	(18)	(3)	-	-	-	(2,147)
	-	-	-	-	-	-	-
	372	-	-	-	-	-	372
	(1,754)	(18)	(3)	-	-	-	(1,775)
	(26,855)	1,279	(6)	4,421	3,291	(4,079)	(21,949)
	-	-	-	-	-	(1,787)	(1,787)
	(26,855)	1,279	(6)	4,421	3,291	(5,866)	(23,736)
	(26,825)	(2,307)	(90)	318	2,297	(4,441)	(31,048)
	1	-	(45)	-	-	-	(44)
	(26,824)	(2,307)	(135)	318	2,297	(4,441)	(31,092)
	(84,918)	(10,678)	2,966	1,947	(28,037)	(1,317)	(120,037)
	(111,742)	(12,985)	2,831	2,265	(25,740)	(5,758)	(151,129)

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

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

	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	\$ 90,586	\$ 59	\$ 28	\$ 4,496	\$ 459
Assets limited as to use - current portion	973	-	-	74	202
Patient and other receivables, net	35,529	4,958	6,528	9	-
Other current assets	7,519	596	891	-	3
Total current assets	<u>134,607</u>	<u>5,613</u>	<u>7,447</u>	<u>4,579</u>	<u>664</u>
ASSETS LIMITED OR RESTRICTED AS TO USE					
Noncurrent portion:					
Held in trust	2,196	-	-	-	-
By Board	19,031	-	-	2,482	-
By donors	34	191	-	2,419	1,536
Total assets limited or restricted as to use - noncurrent portion	<u>21,261</u>	<u>191</u>	<u>-</u>	<u>4,901</u>	<u>1,536</u>
PROPERTY AND EQUIPMENT, Net	60,187	27,659	10,569	3	-
OTHER ASSETS	<u>21,405</u>	<u>89</u>	<u>404</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 237,460</u>	<u>\$ 33,552</u>	<u>\$ 18,420</u>	<u>\$ 9,483</u>	<u>\$ 2,200</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 61,693	\$ 9,077	\$ 14,776	\$ 104	\$ 14
	15,743	34,262	11,600	-	-
LONG-TERM DEBT, Noncurrent portion					
LONG-TERM PORTION OF OPERATING					
LEASE LIABILITIES	4,541	-	174	-	-
OTHER LIABILITIES	2,967	-	-	-	-
NET ASSETS:					
Net assets without donor restrictions	152,482	(9,978)	(8,130)	6,885	463
Net assets with donor restrictions	34	191	-	2,494	1,723
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 237,460</u>	<u>\$ 33,552</u>	<u>\$ 18,420</u>	<u>\$ 9,483</u>	<u>\$ 2,200</u>

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(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	\$ 1,043	\$ 63	-	\$ 96,734
Assets limited as to use - current portion	-	-	-	1,249
Patient and other receivables, net	36	3,272	(161)	50,171
Other current assets	<u>22</u>	<u>257</u>	<u>-</u>	<u>9,288</u>
Total current assets	1,101	3,592	(161)	157,442
ASSETS LIMITED OR RESTRICTED AS TO USE				
Noncurrent portion:				
Held in trust	-	-	-	2,196
By Board	-	-	-	21,513
By donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,180</u>
Total assets limited or restricted as to use - noncurrent portion	-	-	-	27,889
PROPERTY AND EQUIPMENT, Net	8,690	2,458	-	109,566
OTHER ASSETS	<u>-</u>	<u>3,515</u>	<u>-</u>	<u>25,413</u>
TOTAL ASSETS	<u>\$ 9,791</u>	<u>\$ 9,565</u>	<u>\$ (161)</u>	<u>\$ 320,310</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES	\$ 337	\$ 6,836	\$ (161)	\$ 92,676
	2,514	7	-	64,126
LONG-TERM DEBT, Noncurrent portion				
LONG-TERM PORTION OF OPERATING				
LEASE LIABILITIES	-	2,037	-	6,752
OTHER LIABILITIES	-	-	-	2,967
NET ASSETS:				
Net assets without donor restrictions	6,940	685	-	149,347
Net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,442</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,791</u>	<u>\$ 9,565</u>	<u>\$ (161)</u>	<u>\$ 320,310</u>

TRINITY HEALTH**Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information****June 30, 2020****(In thousands)****St. Mary's Health Care System, Inc., Athens, Georgia**

	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	\$ 222,308	\$ 23,975	\$ 29,423	\$ -	\$ -
Other	6,980	4,437	4,614	79	94
Total operating revenue	229,288	28,412	34,037	79	94
Expenses:					
Labor costs	100,984	12,303	18,248	329	-
Purchased services and medical claims	31,405	5,598	9,344	64	110
Depreciation, amortization and interest	11,555	3,330	1,649	-	-
Other	68,826	4,750	5,476	159	94
Total expenses	212,770	25,981	34,717	552	204
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	16,518	2,431	(680)	(473)	(110)
Other items	(2,277)	(18)	(109)	(13)	-
OPERATING INCOME (LOSS)	14,241	2,413	(789)	(486)	(110)
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	2,824	(110)	(36)	732	578
Loss from early extinguishment of debt	-	-	-	-	-
Other	218	-	-	-	-
Total nonoperating items	3,042	(110)	(36)	732	578
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	17,283	2,303	(825)	246	468
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 17,283	\$ 2,303	\$ (825)	\$ 246	\$ 468
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 19,793	\$ (5,555)	\$ (9,122)	\$ (1,802)	\$ 164
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(843)	188	2	(1,106)	1,552
INCREASE (DECREASE) NET ASSETS	18,950	(5,367)	(9,120)	(2,908)	1,716
NET ASSETS, Beginning of year	133,566	(4,420)	990	12,287	470
NET ASSETS, End of year	\$ 152,516	\$ (9,787)	\$ (8,130)	\$ 9,379	\$ 2,186

TRINITY HEALTH

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

**June 30, 2020
(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
Operating revenue:				
Net patient service revenue	\$ 5,494	\$ 24,366	\$ -	\$ 305,566
Other	25	1,001	-	17,230
Total operating revenue	5,519	25,367	-	322,796
Expenses:				
Labor costs	3,038	28,626	-	163,528
Purchased services and medical claims	625	9,033	-	56,179
Depreciation, amortization and interest	739	357	-	17,630
Other	725	5,372	-	85,402
Total expenses	5,127	43,388	-	322,739
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	392	(18,021)	-	57
Other items	(8)	(418)	-	(2,843)
OPERATING INCOME (LOSS)	384	(18,439)	-	(2,786)
NONOPERATING ITEMS:				
Investment earnings (losses) and interest rate swaps	15	-	-	4,003
Loss from early extinguishment of debt	-	-	-	-
Other	-	-	-	218
Total nonoperating items	15	-	-	4,221
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	399	(18,439)	-	1,435
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 399	\$ (18,439)	\$ -	\$ 1,435
CHANGES IN NET ASSETS				
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (267)	\$ (3,782)	\$ -	\$ (571)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	2	(4)	(209)
INCREASE (DECREASE) NET ASSETS	(267)	(3,780)	(4)	(780)
NET ASSETS, Beginning of year	7,207	4,465	4	154,569
NET ASSETS, End of year	\$ 6,940	\$ 685	\$ -	\$ 153,789

TRINITY HEALTH
Supplemental Condensed Consolidating Balance
Sheets - Information
June 30, 2020
(In thousands)

Trinity Continuing Care Services

	Mercy Community Health, Inc., West Hartford	St. Joseph's of the Pines, Inc., Southern Pines	Eliminations and Other	Trinity Continuing Care Services
ASSETS				
CURRENT ASSETS:				
Cash, cash equivalents and investments	\$ 762	\$ 8,802	\$ 60,953	\$ 70,517
Assets limited as to use - current portion	-	-	1,073	1,073
Patient and other receivables, net	45,328	26,326	(42,008)	29,646
Other current assets	<u>266</u>	<u>170</u>	<u>1,426</u>	<u>1,862</u>
Total current assets	46,356	35,298	21,444	103,098
ASSETS LIMITED OR RESTRICTED AS TO USE -				
Noncurrent portion:				
Held in trust	1,668	-	333	2,001
Held in trust, statutory reserve	-	11,180	-	11,180
By Board	-	959	-	959
By donors	-	221	4,641	4,862
Total assets limited or restricted as to use - noncurrent portion	<u>1,668</u>	<u>12,360</u>	<u>4,974</u>	<u>19,002</u>
PROPERTY AND EQUIPMENT, Net	17,779	58,151	169,540	245,470
OTHER ASSETS	<u>216</u>	<u>851</u>	<u>25,463</u>	<u>26,530</u>
TOTAL ASSETS	<u>\$ 66,019</u>	<u>\$ 106,660</u>	<u>\$ 221,421</u>	<u>\$ 394,100</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES	\$ 60,650	\$ 28,391	\$ (19,258)	\$ 69,783
LONG-TERM DEBT, Noncurrent portion	28,569	45,218	155,387	229,174
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	1,151	1,151
OTHER LIABILITIES	21,136	26,752	51,505	99,393
NET ASSETS:				
Net assets without donor restrictions	(45,043)	6,077	28,698	(10,268)
Net assets with donor restrictions	<u>707</u>	<u>222</u>	<u>3,938</u>	<u>4,867</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 66,019</u>	<u>\$ 106,660</u>	<u>\$ 221,421</u>	<u>\$ 394,100</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance
Sheets - Information
June 30, 2020
(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
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ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ 8	\$ 335	\$ 307	\$ 112	\$ 762
Assets limited as to use - current portion	-	-	-	-	-
Patient and other receivables, net	845	34,011	7,630	2,842	45,328
Other current assets	18	38	143	67	266
Total current assets	871	34,384	8,080	3,021	46,356

ASSETS LIMITED OR RESTRICTED AS TO USE -

Noncurrent portion:					
Held in trust	-	1,668	-	-	1,668
Held in trust, statutory reserve	-	-	-	-	-
By Board	-	-	-	-	-
By donors	-	-	-	-	-
Total assets limited or restricted as to use - noncurrent portion	-	1,668	-	-	1,668

PROPERTY AND EQUIPMENT, Net	62	8,131	2,171	7,415	17,779
OTHER ASSETS	136	39	41	-	216
TOTAL ASSETS	\$ 1,069	\$ 44,222	\$ 10,292	\$ 10,436	\$ 66,019

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	\$ 23,440	\$ 28,140	\$ 4,143	\$ 4,927	\$ 60,650
LONG-TERM DEBT, Noncurrent portion	3,779	11,399	9,644	3,747	28,569
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-	-
OTHER LIABILITIES	6	21,130	-	-	21,136

NET ASSETS:

Net assets without donor restrictions	(26,232)	(16,697)	(3,873)	1,759	(45,043)
Net assets with donor restrictions	76	250	378	3	707
TOTAL LIABILITIES AND NET ASSETS	\$ 1,069	\$ 44,222	\$ 10,292	\$ 10,436	\$ 66,019

TRINITY HEALTH

**Supplemental Condensed Consolidating Balance
Sheets - Information**

June 30, 2020

(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
ASSETS							
CURRENT ASSETS:							
Cash, cash equivalents and investments	\$ 1,975	\$ 5,406	\$ 1,382	\$ 39	\$ -	\$ -	\$ -
Assets limited as to use - current portion	-	-	-	-	-	-	-
Patient and other receivables, net	55,191	21,528	7,196	47,473	7,871	1,954	893
Other current assets	111	15	10	34	-	-	-
Total current assets	<u>57,277</u>	<u>26,949</u>	<u>8,588</u>	<u>47,546</u>	<u>7,871</u>	<u>1,954</u>	<u>893</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -							
Noncurrent portion:							
Held in trust	-	-	-	-	-	-	-
Held in trust, statutory reserve	-	8,944	2,236	-	-	-	-
By Board	288	-	-	-	-	-	671
By donors	62	129	15	7	8	-	-
Total assets limited or restricted as to use - noncurrent portion	<u>350</u>	<u>9,073</u>	<u>2,251</u>	<u>7</u>	<u>8</u>	<u>-</u>	<u>671</u>
PROPERTY AND EQUIPMENT, Net	2,390	35,141	9,887	5,808	4,548	173	-
OTHER ASSETS	<u>749</u>	<u>102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 60,766</u>	<u>\$ 71,265</u>	<u>\$ 20,726</u>	<u>\$ 53,361</u>	<u>\$ 12,427</u>	<u>\$ 2,127</u>	<u>\$ 1,564</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES	\$ 3,134	\$ 53,673	\$ 16,463	\$ 59,697	\$ 11,086	\$ 1,842	\$ 417
LONG-TERM DEBT, Noncurrent portion	45,218	-	-	-	-	-	-
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-	-	-	-
OTHER LIABILITIES	31	21,874	4,847	-	-	-	-
NET ASSETS:							
Net assets without donor restrictions	12,283	(4,407)	(606)	(6,258)	1,334	285	1,101
Net assets with donor restrictions	<u>100</u>	<u>125</u>	<u>22</u>	<u>(78)</u>	<u>7</u>	<u>-</u>	<u>46</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 60,766</u>	<u>\$ 71,265</u>	<u>\$ 20,726</u>	<u>\$ 53,361</u>	<u>\$ 12,427</u>	<u>\$ 2,127</u>	<u>\$ 1,564</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance
Sheets - Information
June 30, 2020
(In thousands)

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

	St. Joseph of the Pines Home Care	Providence Place HUD Property Management	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	\$ -	\$ -	\$ -	\$ -	\$ 8,802
Assets limited as to use - current portion	-	-	-	-	-
Patient and other receivables, net	7,919	1,645	2,788	(128,132)	26,326
Other current assets	-	-	-	-	170
Total current assets	<u>7,919</u>	<u>1,645</u>	<u>2,788</u>	<u>(128,132)</u>	<u>35,298</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	-	-	-	-	-
Held in trust, statutory reserve	-	-	-	-	11,180
By Board	-	-	-	-	959
By donors	-	-	-	-	221
Total assets limited or restricted as to use - noncurrent portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,360</u>
PROPERTY AND EQUIPMENT, Net	4	-	200	-	58,151
OTHER ASSETS	-	-	-	-	851
TOTAL ASSETS	<u>\$ 7,923</u>	<u>\$ 1,645</u>	<u>\$ 2,988</u>	<u>\$ (128,132)</u>	<u>\$ 106,660</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 8,217	\$ 1,653	\$ 341	\$ (128,132)	\$ 28,391
LONG-TERM DEBT, Noncurrent portion	-	-	-	-	45,218
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-	-
OTHER LIABILITIES	-	-	-	-	26,752
NET ASSETS:					
Net assets without donor restrictions	(294)	(8)	2,647	-	6,077
Net assets with donor restrictions	-	-	-	-	222
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,923</u>	<u>\$ 1,645</u>	<u>\$ 2,988</u>	<u>\$ (128,132)</u>	<u>\$ 106,660</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2020
(In thousands)

Trinity Continuing Care Services

	Mercy Community Health, Inc., West Hartford	St. Joseph's of the Pines, Inc., Southern Pines	Eliminations and Other	Trinity Continuing Care Services
Operating revenue:				
Net patient service revenue	\$ 37,422	\$ 14,526	\$ 108,387	\$ 160,335
Other	19,556	23,098	100,608	143,262
Total operating revenue	56,978	37,624	208,995	303,597
Expenses:				
Labor costs	33,051	18,133	126,449	177,633
Purchased services and medical claims	10,659	6,761	24,997	42,417
Depreciation and amortization	4,221	5,602	14,534	24,357
Interest	952	1,743	5,732	8,427
Other	12,312	6,776	39,216	58,304
Total expenses	61,195	39,015	210,928	311,138
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(4,217)	(1,391)	(1,933)	(7,541)
Other items	(26,061)	(808)	(20,316)	(47,185)
OPERATING INCOME (LOSS)	(30,278)	(2,199)	(22,249)	(54,726)
NONOPERATING ITEMS:				
Investment earnings (losses) and interest rate swaps	(26)	(144)	(774)	(944)
Loss from early extinguishment of debt	-	-	-	-
Other	-	-	898	898
Total nonoperating items	(26)	(144)	124	(46)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(30,304)	(2,343)	(22,125)	(54,772)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ (30,304)	\$ (2,343)	\$ (22,125)	\$ (54,772)
CHANGES IN NET ASSETS				
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (29,723)	\$ (3,547)	\$ (27,658)	\$ (60,928)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	198	(47)	365	516
INCREASE (DECREASE) NET ASSETS	(29,525)	(3,594)	(27,293)	(60,412)
NET ASSETS, Beginning of year	(14,811)	9,893	59,929	55,011
NET ASSETS, End of year	\$ (44,336)	\$ 6,299	\$ 32,636	\$ (5,401)

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2020
(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	\$ -	\$ 15	\$ 27,006	\$ 10,401	\$ 37,422
Other	86	12,325	4,926	2,219	19,556
Total operating revenue	86	12,340	31,932	12,620	56,978
Expenses:					
Labor costs	937	3,666	20,303	8,145	33,051
Purchased services and medical claims	254	2,721	5,990	1,694	10,659
Depreciation and amortization	144	2,195	1,124	758	4,221
Interest	178	257	372	145	952
Other	107	3,519	5,669	3,017	12,312
Total expenses	1,620	12,358	33,458	13,759	61,195
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(1,534)	(18)	(1,526)	(1,139)	(4,217)
Other items	(290)	(13,964)	(11,807)	-	(26,061)
OPERATING INCOME (LOSS)	(1,824)	(13,982)	(13,333)	(1,139)	(30,278)
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	(15)	31	(31)	(11)	(26)
Loss from early extinguishment of debt	-	-	-	-	-
Other	-	-	-	-	-
Total nonoperating items	(15)	31	(31)	(11)	(26)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(1,839)	(13,951)	(13,364)	(1,150)	(30,304)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ (1,839)	\$ (13,951)	\$ (13,364)	\$ (1,150)	\$ (30,304)
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (1,839)	\$ (13,951)	\$ (12,782)	\$ (1,151)	\$ (29,723)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	1	188	6	3	198
INCREASE (DECREASE) NET ASSETS	(1,838)	(13,763)	(12,776)	(1,148)	(29,525)
NET ASSETS, Beginning of year	(24,318)	(2,684)	9,281	2,910	(14,811)
NET ASSETS, End of year	\$ (26,156)	\$ (16,447)	\$ (3,495)	\$ 1,762	\$ (44,336)

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2020
(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	\$ -	\$ (11)	\$ (6)	\$ 14,092	\$ 713	\$ -	\$ -
Other	(89)	14,496	4,095	819	3,256	235	130
Total operating revenue	(89)	14,485	4,089	14,911	3,969	235	130
Expenses:							
Labor costs	3,590	2,316	941	8,017	1,256	154	59
Purchased services and medical claims	500	2,941	961	3,305	783	23	-
Depreciation and amortization	414	3,276	724	847	246	92	-
Interest	66	939	200	253	285	-	-
Other	942	2,530	915	2,117	161	8	54
Total expenses	5,512	12,002	3,741	14,539	2,731	277	113
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(5,601)	2,483	348	372	1,238	(42)	17
Other items	(202)	-	(118)	(66)	-	-	-
OPERATING INCOME (LOSS)	(5,803)	2,483	230	306	1,238	(42)	17
NONOPERATING ITEMS:							
Investment earnings (losses) and interest rate swaps	112	(194)	(25)	(21)	(24)	-	8
Loss from early extinguishment of debt	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total nonoperating items	112	(194)	(25)	(21)	(24)	-	8
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(5,691)	2,289	205	285	1,214	(42)	25
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	(5,691)	2,289	205	285	1,214	(42)	25
CHANGES IN NET ASSETS							
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 1,879	\$ 2,289	\$ 204	\$ 285	\$ 1,215	\$ (42)	\$ 25
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(51)	22	5	-	-	-	(18)
INCREASE (DECREASE) NET ASSETS	1,828	2,311	209	285	1,215	(42)	7
NET ASSETS, Beginning of year	10,555	(6,593)	(793)	(6,621)	126	327	1,140
NET ASSETS, End of year	12,383	(4,282)	(584)	(6,336)	1,341	285	1,147

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2020
(In thousands)

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

	St. Joseph of the Pines Home Care	Providence Place HUD Property Management	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	\$ 1,704	\$ -	\$ -	\$ (1,966)	\$ 14,526
Other	-	156	-	-	<u>23,098</u>
Total operating revenue	<u>1,704</u>	<u>156</u>	<u>-</u>	<u>(1,966)</u>	<u>37,624</u>
Expenses:					
Labor costs	1,675	125	-	-	18,133
Purchased services and medical claims	209	5	-	(1,966)	6,761
Depreciation and amortization	3	-	-	-	5,602
Interest	-	-	-	-	1,743
Other	36	13	-	-	<u>6,776</u>
Total expenses	<u>1,923</u>	<u>143</u>	<u>-</u>	<u>(1,966)</u>	<u>39,015</u>
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(219)	13	-	-	(1,391)
Other items	-	-	(422)	-	(808)
OPERATING INCOME (LOSS)	<u>(219)</u>	<u>13</u>	<u>(422)</u>	<u>-</u>	<u>(2,199)</u>
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	-	-	-	-	(144)
Loss from early extinguishment of debt	-	-	-	-	-
Other	-	-	-	-	-
Total nonoperating items	-	-	-	-	<u>(144)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(219)	13	(422)	-	(2,343)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	<u>\$ (219)</u>	<u>\$ 13</u>	<u>\$ (422)</u>	<u>\$ -</u>	<u>\$ (2,343)</u>
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (219)	\$ 13	\$ (9,196)	\$ -	\$ (3,547)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	-	(5)	-	(47)
INCREASE (DECREASE) NET ASSETS	(219)	13	(9,201)	-	(3,594)
NET ASSETS, Beginning of year	(75)	(21)	11,848	-	9,893
NET ASSETS, End of year	<u>(294)</u>	<u>(8)</u>	<u>2,647</u>	<u>-</u>	<u>6,299</u>

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

Trinity Health PACE

	Trinity Health PACE Livonia Office	Mercy Adult Day Health	Eliminations and Other	Trinity Health PACE System Office
Cash, cash equivalents and investments	\$ 85	-	\$ -	\$ 85
Assets limited as to use - current portion	-	-	-	-
Patient and other receivables, net	2,280	185	(203)	2,262
Other current assets	<u>23</u>	<u>2</u>	<u>-</u>	<u>25</u>
Total current assets	2,388	187	(203)	2,372

ASSETS

CURRENT ASSETS:

Cash, cash equivalents and investments
Assets limited as to use - current portion
Patient and other receivables, net
Other current assets
Total current assets

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

OTHER ASSETS

TOTAL ASSETS

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

LONG-TERM DEBT, Noncurrent portion
LONG-TERM PORTION OF OPERATING
LEASE LIABILITIES
OTHER LIABILITIES

NET ASSETS:

Net assets without donor restrictions
Net assets with donor restrictions
TOTAL LIABILITIES AND NET ASSETS

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

Trinity Health PACE

	PACE South Bend	Meracy LIFE West Philadelphia	Meracy LIFE of Alabama	Meracy Medical of Alabama	Meracy LIFE of Massachusetts	LIFE at Lourdes	Eliminations and Other	Trinity Health PACE
Cash, cash equivalents and investments	\$ 1,613	\$ 17,398	\$ 9,530	\$ 251	\$ 2,460	\$ 15,089	\$ 4,706	\$ 51,132
Assets limited as to use - current portion	-	-	-	-	-	-	-	-
Patient and other receivables, net	100	1,272	662	2	479	315	1,217	6,309
Other current assets	49	57	32	3	34	-	13	213
Total current assets	1,762	18,727	10,224	256	2,973	15,404	5,936	57,654

ASSETS

CURRENT ASSETS:

Cash, cash equivalents and investments
Assets limited as to use - current portion
Patient and other receivables, net
Other current assets
Total current assets

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

OTHER ASSETS

TOTAL ASSETS

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

LONG-TERM DEBT, Noncurrent portion

LONG-TERM PORTION OF OPERATING

LEASE LIABILITIES

OTHER LIABILITIES

NET ASSETS:

Net assets without donor restrictions
Net assets with donor restrictions
TOTAL LIABILITIES AND NET ASSETS

	-	-	-	-	-	-	-	-
	-	-	-	1,445	-	-	-	1,445
	-	-	243	-	-	-	-	247
	-	-	243	1,445	-	-	-	1,692
	3,105	1,252	1,093	-	-	1,240	1,474	8,678
	-	23,154	37	-	-	593	200	24,897
	\$ 4,867	\$ 43,133	\$ 11,597	\$ 1,701	\$ 2,973	\$ 17,237	\$ 7,610	\$ 92,921
	\$ 4,980	\$ 11,134	\$ 498	\$ 6	\$ 6,039	\$ 5,921	\$ 5,038	\$ 39,958
	6,147	15,002	-	-	-	237	-	21,386
	-	9,013	-	-	1,216	222	-	10,451
	-	-	-	325	-	-	-	325
	(6,260)	7,984	10,856	1,370	(4,282)	10,857	2,572	20,554
	-	-	243	-	-	-	-	247
	\$ 4,867	\$ 43,133	\$ 11,597	\$ 1,701	\$ 2,973	\$ 17,237	\$ 7,610	\$ 92,921

TRINITY HEALTH

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

June 30, 2020

(In thousands)

Trinity Health PACE

	Trinity Health PACE Livonia Office	Mercy Adult Day Health	Eliminations and Other	Trinity Health PACE System Office
Operating revenue:				
Net patient service revenue	\$ -	\$ -	\$ -	\$ -
Other	8,714	453	(18)	9,149
Total operating revenue	<u>8,714</u>	<u>453</u>	<u>(18)</u>	<u>9,149</u>
Expenses:				
Labor costs	4,809	249	-	5,058
Purchased services and medical claims	2,790	49	(18)	2,821
Depreciation, amortization and interest	369	11	-	380
Other	678	91	-	769
Total expenses	<u>8,646</u>	<u>400</u>	<u>(18)</u>	<u>9,028</u>
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	68	53	-	121
Other items	(68)	40	-	(28)
OPERATING INCOME (LOSS)	<u>-</u>	<u>93</u>	<u>-</u>	<u>93</u>
NONOPERATING ITEMS:				
Investment earnings (losses) and interest rate swaps	(1,128)	-	-	(1,128)
Loss from early extinguishment of debt	-	-	-	-
Other	-	-	-	-
Total nonoperating items	<u>(1,128)</u>	<u>-</u>	<u>-</u>	<u>(1,128)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(1,128)	93	-	(1,035)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	<u>\$ (1,128)</u>	<u>\$ 93</u>	<u>\$ -</u>	<u>\$ (1,035)</u>
CHANGES IN NET ASSETS				
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (2,117)	\$ 93	\$ -	\$ (2,024)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	4	-	4
INCREASE (DECREASE) NET ASSETS	<u>(2,117)</u>	<u>97</u>	<u>-</u>	<u>(2,020)</u>
NET ASSETS, Beginning of year	<u>(440)</u>	<u>(79)</u>	<u>-</u>	<u>(519)</u>
NET ASSETS, End of year	<u>\$ (2,557)</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ (2,539)</u>

TRINITY HEALTH

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2020
(In thousands)

Trinity Health PACE

	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	\$ 18,289	\$ 46,396	\$ -	\$ -	\$ 27,029	\$ 22,454	\$ 17,966	\$ 156,704
Other	18,289	46,396	(69)	(69)	27,029	22,454	17,966	156,704
Total operating revenue	4,831	14,990	4,770	1	9,539	7,587	7,233	54,009
Expenses:								
Labor costs	8,602	18,771	7,617	11	11,279	8,902	3,673	61,676
Purchased services and medical claims	839	1,488	265	-	341	177	177	3,667
Depreciation, amortization and interest	3,323	7,797	2,221	(124)	5,680	3,594	4,916	28,176
Other	17,595	43,046	14,873	(112)	26,839	20,260	15,999	147,528
Total expenses	694	3,350	617	43	190	2,194	1,967	9,176
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(34)	(219)	(24)	-	(3,457)	-	-	(3,762)
Other items	660	3,131	593	43	(3,267)	2,194	1,967	5,414
OPERATING INCOME (LOSS)	(20)	324	254	7	15	333	35	(180)
NONOPERATING ITEMS:								
Investment earnings (losses) and interest rate swaps	-	-	-	-	-	-	-	-
Loss from early extinguishment of debt	-	-	-	-	-	-	-	-
Other	(20)	324	254	7	15	333	35	(180)
Total nonoperating items	640	3,455	847	50	(3,252)	2,527	2,002	5,234
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	-	-	-	-	-	-	-
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 640	\$ 3,455	\$ 847	\$ 50	\$ (3,252)	\$ 2,527	\$ 2,002	\$ 5,234
CHANGES IN NET ASSETS								
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 640	\$ 3,456	\$ 847	\$ 50	\$ (3,252)	\$ 2,528	\$ 2,572	\$ 4,817
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	640	3,456	(108)	-	-	-	-	(104)
INCREASE (DECREASE) NET ASSETS	(6,900)	4,528	10,360	1,320	(1,030)	2,528	2,572	4,713
NET ASSETS, Beginning of year	(6,260)	7,984	11,099	1,370	(4,282)	10,857	2,572	16,088
NET ASSETS, End of year								

TRINITY HEALTH

Pittsburgh Mercy Health System Inc., Pittsburgh, Pennsylvania

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(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	\$ (9,466)	\$ 938	\$ 1,303	\$ 20,669	\$ -	\$ 13,444
Assets limited as to use - current portion	-	-	1,000	-	-	1,000
Patient and other receivables, net	46,790	-	2,780	42,651	(73,352)	18,869
Other current assets	762	-	13	603	-	1,378
Total current assets	38,086	938	5,096	63,923	(73,352)	34,691
ASSETS LIMITED OR RESTRICTED AS TO USE						
Noncurrent portion:						
Held in trust	-	-	-	320	-	320
By Board	13,754	79,580	-	-	-	93,334
By donors	499	-	1,776	-	-	2,275
Total assets limited or restricted as to use - noncurrent portion	14,253	79,580	1,776	320	-	95,929
PROPERTY AND EQUIPMENT, Net	836	-	4,336	9,198	-	14,370
OTHER ASSETS	3,921	-	-	26,307	-	30,228
TOTAL ASSETS	<u>\$ 57,096</u>	<u>\$ 80,518</u>	<u>\$ 11,208</u>	<u>\$ 99,748</u>	<u>\$ (73,352)</u>	<u>\$ 175,218</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
	\$ 49,277	\$ 1,776	\$ 4,813	\$ 31,450	\$ (73,352)	\$ 13,964
	(157)	-	14	668	-	525
LONG-TERM DEBT, Noncurrent portion						
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	1,286	-	27	11,917	-	13,230
OTHER LIABILITIES	-	-	-	681	-	681
NET ASSETS:						
Net assets without donor restrictions	6,191	78,742	3,578	55,032	-	143,543
Net assets with donor restrictions	499	-	2,776	-	-	3,275
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 57,096</u>	<u>\$ 80,518</u>	<u>\$ 11,208</u>	<u>\$ 99,748</u>	<u>\$ (73,352)</u>	<u>\$ 175,218</u>

Pittsburgh Mercy Health System Inc., Pittsburgh, Pennsylvania

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2020
(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	\$ -	\$ -	\$ 55	\$ 62,985	\$ -	\$ 63,040
Other	1,449	5,268	4,069	32,783	-	43,569
Total operating revenue	1,449	5,268	4,124	95,768	-	106,609
Expenses:						
Labor costs	7,855	252	1,856	64,482	-	74,445
Purchased services and medical claims	(9,665)	90	246	14,281	-	4,952
Depreciation, amortization and interest	195	2	261	1,355	-	1,813
Other	2,294	4,915	1,492	19,653	-	28,354
Total expenses	679	5,259	3,855	99,771	-	109,564
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	770	9	269	(4,003)	-	(2,955)
Other items	-	-	-	(324)	-	(324)
OPERATING INCOME (LOSS)	770	9	269	(4,327)	-	(3,279)
NONOPERATING ITEMS:						
Investment earnings (losses) and interest rate swaps	(4,477)	(4,719)	37	1,131	-	(8,028)
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	(100)	-	-	(92)	-	(192)
Total nonoperating items	(4,577)	(4,719)	37	1,039	-	(8,220)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(3,807)	(4,710)	306	(3,288)	-	(11,499)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ (3,807)	\$ (4,710)	\$ 306	\$ (3,288)	\$ -	\$ (11,499)
CHANGES IN NET ASSETS						
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (4,689)	\$ (7,210)	\$ 296	\$ (1,033)	\$ -	\$ (12,636)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(347)	-	2,076	-	-	1,729
INCREASE (DECREASE) NET ASSETS	(5,036)	(7,210)	2,372	(1,033)	-	(10,907)
NET ASSETS, Beginning of year	11,726	85,952	3,982	56,065	-	157,725
NET ASSETS, End of year	\$ 6,690	\$ 78,742	\$ 6,354	\$ 55,032	\$ -	\$ 146,818

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2020

(In thousands)

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

	St. Joseph's Health System, 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	\$ 137,808	\$ 2,258	\$ 34,677	\$ 137	\$ 174,880
Assets limited as to use - current portion	-	-	42	-	42
Patient and other receivables, net	13	868	6	152	1,039
Other current assets	-	206	21	5	232
Total current assets	<u>137,821</u>	<u>3,332</u>	<u>34,746</u>	<u>294</u>	<u>176,193</u>
ASSETS LIMITED OR RESTRICTED AS TO USE					
Noncurrent portion:					
Held in trust	-	-	21	-	21
By Board	-	-	32,846	-	32,846
By donors	-	-	10,712	-	10,712
Total assets limited or restricted as to use - noncurrent portion	<u>-</u>	<u>-</u>	<u>43,579</u>	<u>-</u>	<u>43,579</u>
PROPERTY AND EQUIPMENT, Net	24,653	3,627	-	1,044	29,324
OTHER ASSETS	<u>-</u>	<u>12,458</u>	<u>-</u>	<u>130,965</u>	<u>143,423</u>
TOTAL ASSETS	<u>\$ 162,474</u>	<u>\$ 19,417</u>	<u>\$ 78,325</u>	<u>\$ 132,303</u>	<u>\$ 392,519</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 96	\$ 4,513	\$ 195	\$ 276	\$ 5,080
LONG-TERM DEBT, Noncurrent portion	-	-	-	-	-
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-	-
OTHER LIABILITIES	-	-	707	-	707
NET ASSETS:					
Net assets without donor restrictions	162,378	2,445	68,137	141,623	374,583
Net assets with donor restrictions	<u>-</u>	<u>12,459</u>	<u>9,286</u>	<u>(9,596)</u>	<u>12,149</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 162,474</u>	<u>\$ 19,417</u>	<u>\$ 78,325</u>	<u>\$ 132,303</u>	<u>\$ 392,519</u>

TRINITY HEALTH

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

June 30, 2020

(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
Operating revenue:					
Net patient service revenue	\$ -	\$ 2,015	\$ -	\$ 160	\$ 2,175
Other	2,321	20,582	6,492	(1,954)	27,441
Total operating revenue	2,321	22,597	6,492	(1,794)	29,616
Expenses:					
Labor costs	679	18,462	951	1,203	21,295
Purchased services and medical claims	201	2,591	321	(105)	3,008
Depreciation, amortization and interest	673	373	-	73	1,119
Other	54	2,330	3,116	(2,836)	2,664
Total expenses	1,607	23,756	4,388	(1,665)	28,086
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	714	(1,159)	2,104	(129)	1,530
Other items	-	(40)	-	-	(40)
OPERATING INCOME (LOSS)	714	(1,199)	2,104	(129)	1,490
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	(3,842)	-	687	7,020	3,865
Loss from early extinguishment of debt	-	-	-	-	-
Other	73	-	(66)	-	7
Total nonoperating items	(3,769)	-	621	7,020	3,872
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(3,055)	(1,199)	2,725	6,891	5,362
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ (3,055)	\$ (1,199)	\$ 2,725	\$ 6,891	\$ 5,362
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (4,085)	\$ (496)	\$ 2,777	\$ 6,952	\$ 5,148
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	3,208	1,394	(3,519)	1,083
INCREASE (DECREASE) NET ASSETS	(4,085)	2,712	4,171	3,433	6,231
NET ASSETS, Beginning of year	166,463	12,192	73,252	128,594	380,501
NET ASSETS, End of year	\$ 162,378	\$ 14,904	\$ 77,423	\$ 132,027	\$ 386,732



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, 2020

Revenue

Monthly service revenue	\$ 9,784
Other revenue	1,689
Total other revenue	<u>11,473</u>

Expenses

Salaries and benefits	4,688
Supplies	919
Purchased services	2,015
Depreciation and amortization	1,832
Interest expense	584
Other expenses	1,176
	<u>11,214</u>

Net operating income	<u>259</u>
Investment gains (losses)	543

Excess of revenues over expenses	<u><u>\$ 802</u></u>
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St. Joseph of the Pines

Balance Sheet (in 000's)

October 31, 2020

ASSETS		LIABILITIES AND NET ASSETS	
Current assets:		Current liabilities:	
Cash and investments	\$ 8,865	Accounts payable	\$ 1,302
Net patient accounts receivable	1,389	Wages and accrued liabilities	1,907
Other accounts receivable	1,537		<u>3,209</u>
Inventory	136	Other liabilities	
Prepaid expenses & other	84	Long-term debt	44,938
Total current assets	<u>12,011</u>	Deferred revenue	21,014
		Other long-term liabilities	<u>6,228</u>
			72,180
Other assets:		Net assets:	
Assets whose use is limited	13,014	Unrestricted net assets	6,879
Property and equipment, net	56,763	Restricted net assets	431
Other long-term assets	911		
	<u>70,688</u>		
Total assets	<u>\$ 82,699</u>	Total liabilities & net assets	<u>\$ 82,699</u>

St. Joseph of the Pines

Statement of Cash Flows (in 000's)

For the Four Months Ending October 31, 2020

Beginning balance	\$ 177
Increase in net assets	1,012
Depreciation and amortization	1,832
Amortization of deferred fees	(988)
Bad debt	98
Change in market value of investments	(170)
Changes in operating assets and liabilities	<u>(1,166)</u>
Cash used in operating activities	618
Net purchases of property & equipment	(444)
Net proceeds from investments	58
Cash provided by investing activities	<u>(386)</u>
Repayments of long-term debt	<u>(280)</u>
Cash used in financing activities	(280)
Net decrease in cash and cash equivalents	<u>(48)</u>
Ending balance cash and equivalents	<u>\$ 129</u>

ST. JOSEPH OF THE PINES, INC.
COMPILED FORECAST
FOR THE YEARS ENDING
JUNE 30, 2021, 2022, 2023, 2024, AND 2025



ST. JOSEPH OF THE PINES, INC.
Compiled Forecast
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Bernard Robinson & Company, L.L.P.

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, 2021, 2022, 2023, 2024 and 2025, and the forecasted statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICAP). 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 2, 2020

ST. JOSEPH OF THE PINES, INC.
Forecasted Balance Sheets
June 30, 2021, 2022, 2023, 2024, and 2025

(in thousands of dollars)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assets					
Current Assets:					
Cash and cash equivalents	\$ 13,894	\$ 14,138	\$ 14,105	\$ 14,263	\$ 14,964
Patient accounts receivable, net	3,082	5,883	6,059	6,241	6,491
Prepaid expenses, inventories and other current assets	165	170	175	180	187
Total current assets	<u>17,141</u>	<u>20,191</u>	<u>20,339</u>	<u>20,684</u>	<u>21,642</u>
Assets Limited as to Use:					
Operating reserve	5,172	5,327	5,487	5,651	5,821
Other restricted investments	1,180	1,180	1,180	1,180	1,180
	<u>6,352</u>	<u>6,507</u>	<u>6,667</u>	<u>6,831</u>	<u>7,001</u>
Property, Plant and Equipment:					
Property, plant and equipment	143,760	149,180	154,654	160,183	165,767
Less: accumulated depreciation	88,377	93,797	99,271	104,800	110,384
Total property, plant and equipment	<u>55,383</u>	<u>55,383</u>	<u>55,383</u>	<u>55,383</u>	<u>55,383</u>
Other Assets:					
Other long-term assets	851	877	904	932	960
Total other assets	<u>851</u>	<u>877</u>	<u>904</u>	<u>932</u>	<u>960</u>
Total assets	<u>\$ 79,727</u>	<u>\$ 82,958</u>	<u>\$ 83,293</u>	<u>\$ 83,830</u>	<u>\$ 84,986</u>
Liabilities and Net Assets					
Current Liabilities:					
Current portion of long-term debt	\$ 840	\$ 873	\$ 924	\$ 961	\$ 974
Accounts payable and accrued expenses	4,003	7,325	7,545	7,771	8,082
Total current liabilities	<u>4,843</u>	<u>8,198</u>	<u>8,469</u>	<u>8,732</u>	<u>9,056</u>
Deferred Revenues and Long-Term Liabilities:					
Deferred revenues - refundable	5,830	6,005	6,184	6,368	6,624
Deferred revenues - nonrefundable	18,934	17,802	16,884	16,205	15,700
Long-term debt	44,378	43,505	42,581	41,620	40,646
Other long-term liabilities	211	217	224	231	240
Total deferred revenues and long-term liabilities	<u>69,353</u>	<u>67,529</u>	<u>65,873</u>	<u>64,424</u>	<u>63,210</u>
Total liabilities	<u>74,196</u>	<u>75,727</u>	<u>74,342</u>	<u>73,156</u>	<u>72,266</u>
Net Assets					
Without donor restrictions	5,310	7,010	8,730	10,453	12,499
With donor restrictions	221	221	221	221	221
Total net assets	<u>5,531</u>	<u>7,231</u>	<u>8,951</u>	<u>10,674</u>	<u>12,720</u>
Total liabilities and net assets	<u>\$ 79,727</u>	<u>\$ 82,958</u>	<u>\$ 83,293</u>	<u>\$ 83,830</u>	<u>\$ 84,986</u>

ST. JOSEPH OF THE PINES, INC.**Forecasted Statements of Operations and Changes in Net Assets
For the Years Ending June 30, 2021, 2022, 2023, 2024, and 2025***(in thousands of dollars)*

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Unrestricted Net Assets					
Revenues, gains and other support:					
Monthly fees	\$ 17,394	\$ 18,270	\$ 18,818	\$ 19,383	\$ 19,964
Amortization of entrance fees	2,961	3,301	3,136	2,979	2,830
Health care	8,793	15,565	16,032	16,513	17,009
Contributions and gifts	93	186	192	197	203
Investment income	1,000	1,000	1,000	1,000	1,000
Other operating revenues	<u>1,890</u>	<u>963</u>	<u>991</u>	<u>1,021</u>	<u>1,051</u>
Total unrestricted revenues, gains and other support	<u>32,131</u>	<u>39,285</u>	<u>40,169</u>	<u>41,093</u>	<u>42,057</u>
Expenses:					
Health care	8,767	11,092	11,425	11,653	11,886
Dietary	4,352	6,362	6,553	6,749	6,952
Administration	6,282	6,282	6,408	6,536	6,667
Maintenance	3,477	3,864	3,980	4,099	4,222
Laundry (linen)	171	142	146	151	155
Housekeeping	1,286	1,429	1,472	1,516	1,562
Depreciation and amortization	5,534	5,420	5,474	5,529	5,584
Interest	1,893	1,858	1,821	1,932	1,742
Other operating	<u>1,136</u>	<u>1,136</u>	<u>1,170</u>	<u>1,205</u>	<u>1,241</u>
Total expenses	<u>32,898</u>	<u>37,585</u>	<u>38,449</u>	<u>39,370</u>	<u>40,011</u>
Changes in net assets	(767)	1,700	1,720	1,723	2,046
Net assets, beginning of year	<u>6,298</u>	<u>5,531</u>	<u>7,231</u>	<u>8,951</u>	<u>10,674</u>
Net assets, end of year	<u>\$ 5,531</u>	<u>\$ 7,231</u>	<u>\$ 8,951</u>	<u>\$ 10,674</u>	<u>\$ 12,720</u>

ST. JOSEPH OF THE PINES, INC.
Forecasted Statements of Cash Flows
For the Years Ending June 30, 2021, 2022, 2023, 2024, and 2025

(in thousands of dollars)

	2021	2022	2023	2024	2025
Cash flows from operating activities:					
Changes in net assets	\$ (767)	\$ 1,700	\$ 1,720	\$ 1,723	\$ 2,046
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Entrance fees received	1,183	2,344	2,397	2,484	2,581
Amortization of entrance fees	(2,961)	(3,301)	(3,136)	(2,979)	(2,830)
Depreciation and amortization	5,534	5,420	5,474	5,529	5,584
Changes in operating assets and liabilities:					
Patient accounts receivable, net	(90)	(2,801)	(176)	(182)	(250)
Prepaid expenses, inventories and other current assets	3	(5)	(5)	(5)	(7)
Accounts payable and accrued expenses	(211)	3,322	220	226	311
Other long-term liabilities	-	6	7	7	9
Net cash provided by operating activities	<u>2,691</u>	<u>6,685</u>	<u>6,501</u>	<u>6,803</u>	<u>7,444</u>
Cash flows from investing activities:					
Change in investments and assets limited as to use	3,030	(155)	(160)	(164)	(170)
Purchases of property and equipment	<u>(2,767)</u>	<u>(5,420)</u>	<u>(5,474)</u>	<u>(5,529)</u>	<u>(5,584)</u>
Net cash provided by (used in) investing activities	<u>263</u>	<u>(5,575)</u>	<u>(5,634)</u>	<u>(5,693)</u>	<u>(5,754)</u>
Cash flows from financing activities:					
(Payments) borrowings on long-term debt:					
Belle Meade and Pine Knoll	(840)	(840)	(873)	(924)	(961)
Related party borrowings	-	(26)	(27)	(28)	(28)
Net cash used in financing activities	<u>(840)</u>	<u>(866)</u>	<u>(900)</u>	<u>(952)</u>	<u>(989)</u>
Net increase (decrease) in cash and cash equivalents	2,114	244	(33)	158	701
Cash and cash equivalents, beginning	11,780	13,894	14,138	14,105	14,263
Cash and cash equivalents, ending	<u>\$ 13,894</u>	<u>\$ 14,138</u>	<u>\$ 14,105</u>	<u>\$ 14,263</u>	<u>\$ 14,964</u>
Supplemental cash flow information:					
Cash payments for interest	<u>\$ 1,893</u>	<u>\$ 1,858</u>	<u>\$ 1,821</u>	<u>\$ 1,932</u>	<u>\$ 1,742</u>

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

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, 2025. 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.

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

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.

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

4. SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Net Assets - Unrestricted net assets are those, which have no external restrictions. Temporarily restricted net assets are those for which use has been limited by donors to a specific time period or purpose or to be maintained in perpetuity. Permanently restricted net assets have been restricted by donors 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.

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 unrestricted net assets, 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), temporarily restricted net assets are reclassified as unrestricted net assets 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.

ST. JOSEPH OF THE PINES, INC.
Summary of Significant Forecast Assumptions and Accounting Policies

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.

The assumed turnover for independent living units of the Corporation due to death, withdrawal or transfer to either the assisted living units or skilled nursing beds, and double occupancy of the independent living units has been provided by the Corporation's actuary, A.V. Powell (the "Actuary") and is presented in the following table.

<u>Year Ending June 30,</u>	<u>Existing ILU's</u>
2021	36
2022	36
2023	34
2024	34
2025	34

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

ST. JOSEPH OF THE PINES, INC.**Summary of Significant Forecast Assumptions and Accounting Policies**

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	\$ 3,515
Bristol	3	800	124,190	2,487
Combination	4	2,323	322,897	4,772
Cotswold	55	1,366	191,240	3,451
Dorset I	11	1,518	215,556	3,519
Dorset II	21	1,620	228,420	3,720
Keswick	4	1,906	266,840	4,271
Somerset	26	962	143,627	2,769
Wellington	27	1,205	178,340	3,178
Cottages:				
Essex Cottage	9	1,973	312,678	4,547
Prescott Cottage	11	1,841	280,912	4,240
Sterling Cottage	8	2,322	364,533	4,975
Homes:				
Essex	4	1,913	312,678	4,547
Hampstead	8	1,799	293,816	4,336
Sterling	6	2,221	364,533	4,975
Windsor	2	1,632	267,073	4,074
Total/Weighted Average	<u>220</u>	<u>1,493</u>	<u>\$ 220,764</u>	<u>\$ 3,637</u>

ST. JOSEPH OF THE PINES, INC.**Summary of Significant Forecast Assumptions and Accounting Policies**

6. REVENUE (Continued)

**Entrance and Monthly Service Fees - Pine Knoll
Independent Living Units**

<u>Unit Type</u>	<u>Number of Units</u>	<u>Approximate Square Footage</u>	<u>Standard Entrance Fees</u>	<u>Monthly Service Fees</u>
Villas at Pine Knoll:				
Apartments:				
Halsford	7	385	\$ 56,091	\$ 1,449
Lampford	18	573	80,206	1,730
Upton	15	720	100,603	1,967
Newland	8	836	112,422	2,181
Total/Weighted Average	48	635	88,433	1,838
Overlook at Pine Knoll:				
Apartments:				
Ashmore	8	1,295	171,233	2,728
Kingston	8	1,618	204,639	2,978
Scotsgrove	4	1,344	177,040	2,790
Cottages:				
Woodleigh	8	1,211	164,625	3,010
Bickleigh	10	1,322	199,933	3,110
Ashleigh	1	1,347	214,141	3,142
Kingsford	1	1,381	219,201	3,192
Dunsford	1	1,443	228,681	3,217
Fernhill	1	1,733	272,906	3,598
Total/Weighted Average	42	1,369	189,676	2,979
Total/Weighted Average	90	993	\$ 135,680	\$ 2,371

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 2021, increasing 3 percent annually for 2022 through 2025.

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 has assumed that all of the existing Residents are enrolled under the standard option with a 3 to 4 percent annual increase.

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

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 percent annually throughout the forecast period.

Contributions and Release of Temporary Restrictions - 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 35 to 36 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,	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Beginning balance	\$ 140,993	\$ 143,760	\$ 149,180	\$ 154,654	\$ 160,183
Routine additions	2,767	5,420	5,474	5,529	5,584
	<u>143,760</u>	<u>149,180</u>	<u>154,654</u>	<u>160,183</u>	<u>165,767</u>
Accumulated depreciation	<u>88,377</u>	<u>93,797</u>	<u>99,271</u>	<u>104,800</u>	<u>110,384</u>
Property and equipment, net	<u>\$ 55,383</u>	<u>\$ 55,383</u>	<u>\$ 55,383</u>	<u>\$ 55,383</u>	<u>\$ 55,383</u>

ST. JOSEPH OF THE PINES, INC.
Summary of Significant Forecast Assumptions and Accounting Policies

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 \$30,958 and \$269,155, including interest at a rate of 3.8%. 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,	
2021	2021	\$ 840
2022	2022	873
2023	2023	924
2024	2024	961
2025	2025	974
Thereafter	Thereafter	40,646
		\$ 45,218

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.

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

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 90 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, 2021, 2022, 2023, 2024, and 2025***(in thousands of dollars)*

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Belle Meade:					
Health care	\$ -	\$ -	\$ -	\$ -	\$ -
Dietary	2,080	3,040	3,132	3,225	3,322
Administration	2,398	2,398	2,447	2,495	2,545
Maintenance	1,009	1,121	1,154	1,189	1,224
Laundry (linen)	131	108	111	115	119
Housekeeping	375	418	430	443	456
Depreciation and amortization	3,236	3,170	3,202	3,233	3,265
Interest	1,020	1,001	981	1,041	938
Other operating	83	83	85	88	90
Total	<u>\$ 10,332</u>	<u>\$ 11,339</u>	<u>\$ 11,542</u>	<u>\$ 11,829</u>	<u>\$ 11,959</u>
Pine Knoll:					
Health care	\$ -	\$ -	\$ -	\$ -	\$ -
Dietary	919	1,344	1,384	1,426	1,469
Administration	668	668	681	695	709
Maintenance	387	430	443	456	470
Laundry (linen)	22	19	19	20	20
Housekeeping	141	156	161	166	171
Depreciation and amortization	715	700	707	715	722
Interest	217	213	209	222	200
Other operating	54	54	56	57	59
Total	<u>\$ 3,123</u>	<u>\$ 3,584</u>	<u>\$ 3,660</u>	<u>\$ 3,757</u>	<u>\$ 3,820</u>
Non-resident clients:					
Health care	\$ 8,767	\$ 11,092	\$ 11,425	\$ 11,653	\$ 11,886
Dietary	1,353	1,978	2,037	2,098	2,161
Administration	3,216	3,216	3,280	3,346	3,413
Maintenance	2,081	2,313	2,383	2,454	2,528
Laundry (linen)	18	15	16	16	16
Housekeeping	770	855	881	907	935
Depreciation and amortization	1,583	1,550	1,565	1,581	1,597
Interest	656	644	631	669	604
Other operating	999	999	1,029	1,060	1,092
Total	<u>\$ 19,443</u>	<u>\$ 22,662</u>	<u>\$ 23,247</u>	<u>\$ 23,784</u>	<u>\$ 24,232</u>

ST. JOSEPH OF THE PINES, INC.

Forecasted Schedules of Operating Expenses by Location (Continued)

For the Years Ending June 30, 2021, 2022, 2023, 2024, and 2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total expenses:					
Health care	\$ 8,767	\$ 11,092	\$ 11,425	\$ 11,653	\$ 11,886
Dietary	4,352	6,362	6,553	6,749	6,952
Administration	6,282	6,282	6,408	6,536	6,667
Maintenance	3,477	3,864	3,980	4,099	4,222
Laundry (linen)	171	142	146	151	155
Housekeeping	1,286	1,429	1,472	1,516	1,562
Depreciation and amortization	5,534	5,420	5,474	5,529	5,584
Interest	1,893	1,858	1,821	1,932	1,742
Other operating	1,136	1,136	1,170	1,205	1,241
Total	<u>\$ 32,898</u>	<u>\$ 37,585</u>	<u>\$ 38,449</u>	<u>\$ 39,370</u>	<u>\$ 40,011</u>

**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 in 1984 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 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 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 (10th) 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.

The differences between choosing to pay an Entrance Fee and choosing to pay a Membership Fee are economic in nature.***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, assisted 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. Right to Inspect and Copy:** 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. Right to Amend:** 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. Right to an Accounting:** 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. **Right to Request Restrictions:** 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. **Right to Request Restrictions to a Health Plan:** 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. **Right to Confidential Communications:** 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. **Right to Receive a Copy of this Notice:** 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. **Medical Staff.** 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. **Membership in Trinity Health.** 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. **Business Associates.** 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, 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.*



This accreditation certificate is granted by authority of:

Handwritten signature of Herb Zaretsky.

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

Handwritten signature of Brian J. Boon.

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