

DISCLOSURE STATEMENT

December 15, 2021

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 May 14, 2023.

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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 91 hospitals and 101 continuing care locations, 14 PACE center programs, services in 22 states, our 117,000 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 and Coventry.

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, 2021, Belle Meade had approximately 198 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, 2021, Pine Knoll had approximately 75 occupied residential living units.
- **The Health Center** (“Health Center”), located at 103 Gossman Drive, is licensed for 169 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.

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.

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 one (1) ex-officio member. Ex-officio trustees include a representative of Trinity Health Senior Communities - a member of Trinity Health who is also 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
15 Muirfield Road
Pinehurst, NC 28374

Michael Fiske has traveled the world providing his expertise in sales and marketing as well as acquisitions and mergers. His travels include Bombay, China, Shanghai and Vietnam to name a few. Michael has held positions with JC

Penny USA and the Textile Alliance. His education includes Colgate University and Columbia Graduate School – special development program for Chase Bank.

Lin Hutaff (Chair)

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.

Steven Kastner

100 Gossman Drive, Suite B
Southern Pines, NC 28387

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. 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.

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 from the St. Joseph of the Pines staff. In addition, the St. Joseph of the Pines Health Evaluation Team will conduct an evaluation of the prospective resident to determine appropriate placement as needed.

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, shuffleboard, 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 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 billiard room
7. A theater
8. A game room for cards, chess, and other table games
9. A multi-purpose room, where residents can participate in private or group activities
10. Paved sidewalks for resident exercise and a wellness trail
11. An ecumenical chapel for worship
12. 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. Scheduled transportation to medical appointments
8. Health and exercise programs in the indoor pool, fitness center and in other open areas
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	2021	2020	2019	2018	2017	2016
Studio - 1st Floor	40	301	\$ 6,321	\$ 6,137	\$ 5,958	\$ 5,784	\$ 5,643	\$ 5,479
Apartment - 2nd Floor	10	651	\$ 7,066	\$ 6,860	\$ 6,660	\$ 6,466	\$ 6,309	\$ 6,125
	50 % Change		3.0%	3.0%	3.0%	5.6%	3.0%	3.0%
	Average \$ Change		\$ 188	\$ 183	\$ 178	\$ 144	\$ 168	\$ 164
2nd Person	\$2,000 per month in Apartment							

There are currently 60 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	2021	2020	2019	2018	2017	2016
Private Pay Daily Room Rate	160	\$ 350	\$ 339	\$ 329	\$ 319	\$ 310	\$ 295
	% change	3.2%	3.0%	3.1%	2.9%	5.1%	5.0%
	Average daily \$ change	\$ 11	\$ 10	\$ 10	\$ 9	\$ 15	\$ 14

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	2021	2020	2019	2018	2017	2016
Bristol	3	800	\$2,562	\$2,487	\$2,426	\$2,367	\$2,309	\$2,605
Somerset	26	962	\$2,852	\$2,769	\$2,701	\$2,635	\$2,570	\$2,849
Wellington	27	1,205	\$3,273	\$3,178	\$3,100	\$3,024	\$2,950	\$3,212
Cotswold	55	1,366	\$3,555	\$3,451	\$3,367	\$3,285	\$3,205	\$3,455
Avington	21	1,454	\$3,620	\$3,515	\$3,429	\$3,345	\$3,263	\$3,587
Dorset I	11	1,518	\$3,625	\$3,519	\$3,433	\$3,349	\$3,267	\$3,683
Dorset II	21	1,620	\$3,832	\$3,720	\$3,629	\$3,641	\$3,553	\$3,836
Keswick	4	1,906	\$4,399	\$4,271	\$4,167	\$4,065	\$3,966	\$4,266
Combo	4	2,323	\$4,915	\$4,772	\$4,656	\$4,542	\$4,431	\$4,892
Prescott Cottage	11	2,060	\$4,367	\$4,240	\$4,137	\$4,036	\$3,938	\$3,861
Essex Cottage	13	1,973	\$4,683	\$4,547	\$4,346	\$4,328	\$4,222	\$4,139
Sterling Cottage	14	2,322	\$5,124	\$4,975	\$4,854	\$4,736	\$4,620	\$4,592
Windsor Home	2	1,632	\$4,196	\$4,074	\$3,975	\$3,878	\$3,783	\$3,709
Hampstead Home	8	1,799	\$4,466	\$4,336	\$4,230	\$4,127	\$4,026	\$3,947
	220							
		% change	3.0%	2.7%	2.1%	2.5%	-4.8%	5.1%
		Average \$ change	\$109	\$94	\$72	\$85	(\$210)	\$173
Second Person Fee			\$1,420	\$ 1,379	\$ 1,345	\$ 1,312	\$ 1,280	\$ 1,255

Pine Knoll	Quantity	Square Footage	2021	2020	2019	2018	2017	2016
Halsford	7	384	\$1,492	\$1,449	\$1,414	\$1,767	\$1,724	\$1,847
Lampford	18	573	\$1,782	\$1,730	\$1,688	\$1,899	\$1,852	\$2,232
Upton	15	720	\$2,026	\$1,967	\$1,919	\$2,190	\$2,137	\$2,442
Newland	8	836	\$2,246	\$2,181	\$2,128	\$2,290	\$2,234	\$2,660
Ashmore	8	1,295	\$2,810	\$2,728	\$2,661	\$3,333	\$3,252	\$3,312
Scotsgrove	4	1,344	\$2,874	\$2,790	\$2,722	\$3,428	\$3,345	\$3,415
Kingston	8	1,618	\$3,067	\$2,978	\$2,905	\$3,603	\$3,515	\$3,551
Woodleigh	8	1,211	\$3,100	\$3,010	\$2,937	\$3,178	\$3,101	\$3,312
Bickleigh	10	1,322	\$3,203	\$3,110	\$3,034	\$3,386	\$3,304	\$3,324
Ashleigh	1	1,347	\$3,236	\$3,142	\$3,065	\$3,713	\$3,622	\$3,551
Kingsford	1	1,381	\$3,288	\$3,192	\$3,114	\$3,783	\$3,691	\$3,619
Dunsford	1	1,443	\$3,314	\$3,217	\$3,139	\$3,855	\$3,761	\$3,687
Fernhill	1	1,733	\$3,706	\$3,598	\$3,510	\$4,285	\$4,180	\$4,098
	90							
		% change	3.0%	2.5%	-15.9%	2.5%	-3.2%	1.8%
		Average \$ change	\$71	\$58	(\$374)	\$65	(\$204)	\$53
Second Person Fee			\$ 1,162	\$ 1,128	\$ 1,100	\$ 1,073	\$ 1,047	\$ 1,026

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 nonrefundable "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 2021 with a net operating loss of \$1.6 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-one percent (91%) as of June 30, 2021. The Pine Knoll Independent Living campus ended 2021 with an occupancy of ninety-two percent (92%) with 79 of the 86 available

units occupied/unoccupied but reserved, the Belle Meade Independent Living campus ended 2021 ninety-seven percent (97%) occupied with 208 of 214 available units occupied/unoccupied but reserved, the Coventry Assisted Living building was sixty-seven percent (67%) occupied. SJP is expected to continue to exceed the ninety (90%) occupancy target in this coming fiscal year.

SJP is required to maintain a minimum operating reserve of \$2,659 million for the 2022 fiscal year.

Total Forecasted 2022 Operating Costs for
 Belle Meade & Pine Knoll
 (in thousands of dollars)

Total Operating Costs:	\$13,641
Plus Principal Payment	873
Less Debt Service Reserve Amount	0
Less Depreciation & Amortization Expense	<u>3,879</u>
Total Adjusted Cost	\$10,636

Operating Reserve Requirement
 (in thousands of dollars)

Projected FY22 Adjusted Operating Costs	\$10,636
Multiplied by Required Percentage	<u>x 25%</u>
Total Operating Reserve Required	<u>\$2,659</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.

D. Contracts for Continuing Care

An estimated 400 independent living residents of the facility are provided services by SJP pursuant to contracts for continuing care.

E. 2021 Variances from Previous Forecast

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

Independent Living
Skilled Nursing

Assisted Living
HUD Property Management

Operating Margin

St. Joseph of the Pines operating margin was lower than the forecasted operating loss of \$1.8 million; actual operations resulted in an operating loss of \$1.6 million.

Total Operating Revenues

Total operating revenues were forecasted at \$31.1 million. Actual operating revenues were \$32.3 million. The favorable variance is primarily due to higher than anticipated Independent Living move ins and attrition. The Health Center also experienced higher than forecasted occupancy and reimbursement.

Total Operating Expenses

Total operating expenses were forecasted at \$32.9 million. Actual operating expenses were \$33.9 million. The organization was unfavorable to forecasted expenses because of increased occupancy and inflation for labor, supplies, and services.

Independent Living Revenues

- Monthly Service Fee income was forecasted at \$17.4 million, while actual Service Fee income for 2021 was favorable at \$18.4 million.
- Entrance Fee amortization forecast was \$3.0 million; actual realized entrance fee amortization was favorable at \$3.7 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.

St. Joseph of the Pines Comparison 2021 Forecast to 2021 Actuals					Material Variances of greater of 10% and greater than \$200,000 are itemized and explained on Notes page.
Balance Sheet (In Thousands of Dollars)					
	2021 Forecast	2021 Actual	\$ Variance	% Variance	Footnote
Current Assets:					
Cash & cash equivalents	13,894	\$ 7,392	\$ (6,502)	-47%	A
Related party receivable	0	9,370	9,370	100%	B
Patient accounts receivable (AR), net	3,082	3,940	859	28%	C
Prepaid expenses, inventories and other current assets	165	274	110	67%	
Total current assets	17,141	20,976	3,836	22%	
Assets Limited as to Use:					
Statutory Operating Reserve Investments	5,172	5,172	1	0%	
Other Restricted Investments	1,180	1,847	667	57%	D
	6,352	7,019	668	11%	
Property, Plant and Equipment					
Property, Plant and Equipment	143,760	141,290	(2,470)	-2%	
Less: accumulated depreciation	88,377	87,440	(937)	-1%	
Net Property, Plant and equipment	55,383	53,850	(1,533)	-3%	
Other Assets:					
Other long-term assets	851	847	(4)	0%	
Total other assets	851	847	(4)	0%	
Total assets	79,726	82,692	2,967	4%	
Liabilities and Net Assets					
Current Liabilities:					
Current portion of long term debt	840	873	33	4%	
Accounts Payable (AP) and accrued expenses	4,003	2,713	(1,290)	-32%	E
Other accrued liabilities	0	75	75	#DIV/0!	
Total current liabilities	4,843	3,661	(1,182)	-24%	
Deferred revenues - refundable	5,829	5,686	(143)	-2%	
Deferred revenues - nonrefundable	18,934	21,533	2,599	14%	F
Long-term debt	44,378	44,345	(33)	0%	
Other long-term liabilities	211	86	(125)	-59%	
Total deferred revenues and long-term liabilities	69,352	71,650	2,298		
Total liabilities	74,195	75,311	1,116	2%	
Net Assets (Deficit)					
Unrestricted	5,310	6,779	1,469	28%	
Temporarily restricted	221	602	381	173%	
Permanently restricted	0	-	-	0%	
Total net assets (deficit)	5,531	7,381	1,850	33%	
Total liabilities and net assets (deficit)	79,726	82,692	2,966	4%	
Based on material variance of 10% in main category with floor of \$200,000					

St. Joseph of the Pines					Material Variances of greater of 10% and greater than \$200,000 are itemized and explained on Notes page.
Comparison 2021 Forecast to 2021 Actuals					
Statement of Operations (In Thousands of Dollars)					
	2021 Forecast	2021 Actual	\$ Variance	% Variance	Footnote
Revenues, gains and other support:					
Monthly fees	17,394	18,364	\$ 970	6%	
Amortization of entrance fees	2,961	3,662	701	24%	G
Health Care Revenues	8,793	9,826	1,033	12%	H
Contributions and gifts	93	70	(23)	-24%	
Other operating revenues	1,890	432	(1,458)	-77%	I
Total unrestricted revenues, gains and other support	31,131	32,354	1,223	4%	
Expenses:					
Health Care	8,767	9,430	663	8%	
Dietary	4,352	4,705	353	8%	
Administrative	6,282	6,412	130	2%	
Maintenance	3,477	3,800	323	9%	
Laundry (Linen)	171	111	(60)	-35%	
Housekeeping	1,286	1,326	40	3%	
Depreciation and amortization	5,534	5,432	(102)	-2%	
Interest	1,893	1,747	(146)	-8%	
Other operating expenses	1,136	984	(152)	-13%	
Total expenses	32,898	33,947	1,049	3%	
Operating (loss) income	(1,767)	(1,593)	174	-10%	
Equity changes (rel from rest capital & equity xfer)	0	(639)	(639)	100%	J
Non-operating gains (losses)	1,000	2,934	1,934	193%	K
Increase (Decrease) in Unrestricted Net Assets	(767)	702	1,469	-192%	
Increase (Decrease) in Restricted Net Assets		379	379	100%	L
Net assets (deficit), beginning of year	7,380	6,299	(1,081)	-15%	
Net assets (deficit), end of year	5,531	7,380	(907)	-16%	
Based on material variance of 10% in main category with floor of \$200,000					

St. Joseph of the Pines Comparison 2021 Forecast to 2021 Actuals Statement of Cash Flows (In Thousand of Dollars)				Material Variances of greater of 10% and greater than \$200,000 are itemized and explained on Notes page.	
	2021 Forecast	2021 Actual	\$ Variance	% Variance	Footnote
Changes in net assets	\$ (767)	\$ 1,081	\$ 174	-23%	
Adjustments to reconcile changes in nets assets to cash:					
Entrance fees received	1,182	4,339	3,157	267%	M
Amortization of entrance fees	(2,961)	(3,662)	(701)	24%	N
Depreciation and amortization	5,534	5,432	(102)	-2%	
Changes in operating assets and liabilities:					
Patient accounts receivable	(90)	(948)	(859)	957%	O
Prepaid expenses inventory and other assets	3	(102)	(105)	-3291%	
Accounts payable and accrued expenses	(211)	(1,425)	(1,214)	576%	P
Other LT liabs	-	(124)	(124)	100%	
Net cash provided by operating activities	2,691	4,591	351	(15)	
Cash flows from investing activities:					
Change in investments and assets limited as to use	3,030	2,363	(668)	-22%	
Transfer of funds to related party		(9,370)			Q
Acquisitions of property and equipment	(2,767)	(1,132)	1,635	-59%	R
Net cash used in investing activities	263	(8,139)	968	368%	
Cash flows from financing activities:					
Payments on Long term debt	(840)	(840)	-	0%	
Net cash used in financing activities	(840)	(840)	-	0%	
Net increase (decrease) in cash and cash equivalents	2,114	(4,388)	(6,502)	-308%	
Cash and cash equivalents, beginning	11,780	11,780	-	0%	
Cash and cash equivalents, ending	13,894	7,392	\$ (6,502)	-47%	
Cash payments for interest	1,893	1,888	\$ (5)	0%	
Based on material variance of 10% in main category with floor of \$200,000					

St. Joseph of the Pines			
Comparison 2021 Forecast to 2021 Actuals			
Footnotes			
Material Variances of greater of 10% and over \$200,000 are itemized and explained on Notes page.			
A - Cash transferred within Trinity Health Senior Community organization. See footnote B			
B - Cash transferred with Trinity organization creating a receivable. See footnote A			
C - Increased due to higher than forecasted sales and timing of closings			
D - Higher than forecasted donations and investment income on restricted funds			
E - Lower than forecasted unpaid Accounts Payable			
F - New contract sales greater than forecast			
G - Early contract termination and new contract sales greater than forecast			
H - Census volume and reimbursement higher than forecast			
I - Health Center bed license sale in forecast delayed			
J - Adjustment for pension funding not in forecast			
K - Investment earnings higher than forecast			
L - Investment earnings higher than forecast			
M - New contract sales greater than forecast			
N - Early contract termination and new contract sales greater than forecast			
O - Higher than forecasted census and billed revenue			
P - Greater than forecasted Accounts Payable change			
Q - Related party cash transfers not in forecast			
R - Delays in purchasing capital assets due to pandemic			

Trinity Health

Consolidated Financial Statements as of and for the
years ended June 30, 2021 and 2020,
Supplemental Consolidating Schedules as of and for
the year ended June 30, 2021
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, 2021 and 2020, 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 \$4.2 billion and \$3.3 billion as of June 30, 2021, and 2020, respectively, and its equity method income from BayCare Health System of \$880.5 million and \$202.5 million for the years ended June 30, 2021 and 2020, respectively. The combined financial statements of BayCare Health System for the years ended December 31, 2020 and 2019, 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, 2021 and 2020, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte + Touche LLP

September 22, 2021

TRINITY HEALTH

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2021 AND 2020

(In thousands)

ASSETS	2021	2020
CURRENT ASSETS:		
Cash and cash equivalents	\$ 781,989	\$ 2,191,598
Investments	7,316,257	5,988,670
Security lending collateral	392,728	296,053
Assets limited or restricted as to use - current portion	456,723	402,129
Patient accounts receivable	2,078,192	1,715,740
Estimated receivables from third-party payers	322,586	252,278
Other receivables	356,161	386,520
Inventories	389,553	378,523
Prepaid expenses and other current assets	163,438	219,146
Total current assets	12,257,627	11,830,657
ASSETS LIMITED OR RESTRICTED AS TO USE - Noncurrent portion:		
Self-insurance, benefit plans and other	1,063,638	878,317
By Board	4,486,606	3,589,471
By donors	556,951	476,249
Total assets limited or restricted as to use - Noncurrent portion	6,107,195	4,944,037
PROPERTY AND EQUIPMENT - Net	8,209,177	8,278,585
OPERATING LEASE RIGHT-OF-USE ASSETS	531,522	495,648
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	5,071,333	4,057,789
GOODWILL	820,127	439,687
PREPAID PENSION AND RETIREE HEALTH ASSETS	324,006	56,345
OTHER ASSETS	300,760	354,328
TOTAL ASSETS	\$ 33,621,747	\$ 30,457,076

LIABILITIES AND NET ASSETS	2021	2020
CURRENT LIABILITIES:		
Commercial paper	\$ 99,994	\$ 99,979
Short-term lines of credit	-	615,000
Short-term borrowings	650,465	667,275
Current portion of long-term debt	224,938	387,544
Current portion of operating lease liabilities	141,130	135,342
Medicare cash advances	923,492	1,634,160
Accounts payable and accrued expenses	1,506,756	1,455,173
Salaries, wages and related liabilities	1,112,506	1,152,589
Payable under security lending agreements	392,728	296,053
Estimated payables to third-party payers	381,120	414,271
Current portion of self-insurance reserves	304,454	269,813
	<u>5,737,583</u>	<u>7,127,199</u>
Total current liabilities		
LONG-TERM DEBT - Net of current portion	6,339,608	6,554,014
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	467,876	454,039
SELF-INSURANCE RESERVES - Net of current portion	1,168,843	1,059,916
ACCRUED PENSION AND RETIREE HEALTH COSTS	209,097	943,473
LONG-TERM MEDICARE CASH ADVANCES	373,089	-
OTHER LONG-TERM LIABILITIES	817,386	787,687
	<u>15,113,482</u>	<u>16,926,328</u>
Total liabilities		
NET ASSETS:		
Net assets without donor restrictions	17,376,413	12,726,231
Noncontrolling ownership interest in subsidiaries	490,170	238,337
	<u>17,866,583</u>	<u>12,964,568</u>
Total net assets without donor restrictions		
Net assets with donor restrictions	641,682	566,180
	<u>18,508,265</u>	<u>13,530,748</u>
Total net assets		
TOTAL LIABILITIES AND NET ASSETS	\$ 33,621,747	\$ 30,457,076

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, 2021 AND 2020

(In thousands)

	<u>2021</u>	<u>2020</u>
OPERATING REVENUE:		
Net patient service revenue	\$ 16,734,960	\$ 15,454,773
Premium and capitation revenue	1,090,997	1,064,491
Net assets released from restrictions	34,899	29,296
Other revenue	<u>2,302,797</u>	<u>2,284,467</u>
Total operating revenue	<u>20,163,653</u>	<u>18,833,027</u>
EXPENSES:		
Salaries and wages	8,346,945	8,137,053
Employee benefits	1,667,422	1,654,500
Contract labor	<u>280,874</u>	<u>267,937</u>
Total labor expenses	10,295,241	10,059,490
Supplies	3,475,668	3,122,083
Purchased services and medical claims	2,699,973	2,750,885
Depreciation and amortization	896,434	894,959
Occupancy	738,875	756,300
Interest	236,128	244,156
Other	<u>975,575</u>	<u>930,436</u>
Total expenses	<u>19,317,894</u>	<u>18,758,309</u>
OPERATING INCOME BEFORE OTHER ITEMS	845,759	74,718
Restructuring costs	(76,671)	(212,941)
Asset impairment charges	(111,513)	(202,746)
Loss on transfer of Lourdes Health System	<u>-</u>	<u>(3,693)</u>
OPERATING INCOME (LOSS)	<u>657,575</u>	<u>(344,662)</u>
NONOPERATING ITEMS:		
Investment earnings	2,295,265	176,167
Equity in earnings of unconsolidated affiliates	912,860	172,283
Change in market value and cash payments of interest rate swaps	33,001	(80,037)
Other net periodic retirement income	47,336	81,258
Loss from early extinguishment of debt	(3,677)	(32,528)
Other, including income taxes	<u>(14,602)</u>	<u>(7,027)</u>
Total nonoperating items	<u>3,270,183</u>	<u>310,116</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	3,927,758	(34,546)
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>(75,784)</u>	<u>(40,913)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES, NET OF NONCONTROLLING INTEREST	<u>\$ 3,851,974</u>	<u>\$ (75,459)</u>

	<u>2021</u>	<u>2020</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Net assets without donor restrictions attributable to Trinity Health:		
Excess (deficiency) of revenue over expenses	\$ 3,851,974	\$ (75,459)
Net assets released from restrictions for capital acquisitions	26,519	34,961
Net change in retirement plan related items - consolidated organizations	810,392	(238,652)
Net change in retirement plan related items - unconsolidated organizations	(33,631)	(17,608)
Cumulative effect of change in accounting principle	-	(44,301)
Other	(5,072)	19,558
	<u>4,650,182</u>	<u>(321,501)</u>
Increase (decrease) in net assets without donor restrictions attributable to Trinity Health		
Net assets without donor restrictions attributable to noncontrolling interests:		
Excess of revenue over expenses attributable to noncontrolling interests	75,784	40,913
Noncontrolling interests related to acquisition	241,980	-
Dividends and other	(65,931)	(37,563)
	<u>251,833</u>	<u>3,350</u>
Increase in net assets without donor restrictions attributable to noncontrolling interests		
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions:		
Program and time restrictions	66,697	68,697
Endowment funds	4,377	6,269
Net investment gains (losses):		
Program and time restrictions	38,575	105
Endowment funds	31,580	(801)
Net assets released from restrictions	(61,418)	(64,257)
Other	(4,309)	3,478
	<u>75,502</u>	<u>13,491</u>
Increase in net assets with donor restrictions		
INCREASE (DECREASE) IN NET ASSETS	4,977,517	(304,660)
NET ASSETS - BEGINNING OF YEAR	<u>13,530,748</u>	<u>13,835,408</u>
NET ASSETS - END OF YEAR	<u>\$ 18,508,265</u>	<u>\$ 13,530,748</u>

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

TRINITY HEALTH

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

(In thousands)

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 4,977,517	\$ (304,660)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	896,434	894,959
Amortization of right-of-use asset	128,326	129,741
Asset impairment charges	111,513	202,746
Loss on transfer of Lourdes Health System	-	3,693
Gain (loss) on sale of subsidiaries	9,490	(5,693)
Increase in noncontrolling interest related to acquisitions	(241,980)	-
Loss from early extinguishment of debt	3,677	32,528
Change in net unrealized and realized gains on investments	(2,281,855)	(84,811)
Change in market values of interest rate swaps	(50,297)	61,871
Undistributed equity in earnings of unconsolidated affiliates	(995,067)	(198,295)
Deferred retirement items - consolidated organizations	(810,392)	238,652
Deferred retirement items - unconsolidated organizations	33,631	17,608
Restricted contributions and investment income received	(9,868)	(16,775)
Cumulative effect of change in accounting principle	-	44,301
Other adjustments	75,447	(11,130)
Changes in:		
Patient accounts receivable	(343,523)	297,238
Estimated receivables from third-party payers	(70,308)	14,903
Other assets	13,922	(215,201)
Medicare cash advances	(337,579)	1,634,160
Accounts payable and accrued expenses	12,812	272,569
Estimated payables to third-party payers	(33,151)	39,079
Self-insurance reserves and other liabilities	7,702	(151,019)
Accrued pension and retiree health costs	(177,488)	(247,482)
Total adjustments	<u>(4,058,554)</u>	<u>2,953,642</u>
Net cash provided by operating activities	<u>\$ 918,963</u>	<u>\$ 2,648,982</u>

	<u>2021</u>	<u>2020</u>
INVESTING ACTIVITIES:		
Proceeds from sales of investments	\$ 5,989,040	\$ 2,682,051
Purchases of investments	(6,161,580)	(3,856,958)
Purchases of property and equipment	(857,494)	(950,933)
Proceeds from disposal of property and equipment	9,519	3,321
Net cash used for acquisitions	(224,560)	(13,312)
Proceeds from the sales of divestitures	12,658	48,976
Change in investments in unconsolidated affiliates	5,474	(1,162)
Increase in assets limited as to use and other	34,719	15,945
Net cash used in investing activities	<u>(1,192,224)</u>	<u>(2,072,072)</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of debt	366,820	1,954,121
Repayments of debt	(421,861)	(1,766,170)
Net change in commercial paper	15	486
(Repayments) draws on lines of credit	(1,000,000)	1,000,000
Dividends paid	(66,549)	(37,485)
Proceeds from restricted contributions and restricted investment income	9,268	16,678
Increase in financing costs and other	(3,862)	(11,029)
Net cash (used in) provided by financing activities	<u>(1,116,169)</u>	<u>1,156,601</u>
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,389,430)	1,733,511
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR	<u>2,339,381</u>	<u>605,870</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 949,951</u>	<u>\$ 2,339,381</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest - net of amounts capitalized	\$ 252,623	\$ 260,388
Accruals for purchases of property and equipment and other long-term assets	105,916	128,689
Unsettled investment trades and purchases	42,202	26,084
Unsettled investment trades and sales	17,323	5,684
Increase in security lending collateral	96,675	31,618
Increase in payable under security lending agreements	(96,675)	(31,618)

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, 2021 AND 2020

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 people Trinity Health touches directly with clinical care, our Mission extends to reach millions of people who live in our communities. Trinity Health lives our Mission, not only through the delivery of medical care but also through community service programs, such as street outreach programs to meet the needs of homeless populations, and Social Care Models 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 such as 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>2021</u>	<u>2020</u>
Ministry for those who are poor and underserved:		
Financial assistance	\$ 179,492	\$ 207,123
Unpaid cost of Medicaid and other public programs	582,149	724,831
Programs for those who are poor and underserved:		
Community health improvement services	22,433	26,792
Subsidized health services	44,632	49,282
Financial contributions	17,646	18,975
Community building activities	1,533	1,565
Community benefit operations	<u>3,694</u>	<u>6,393</u>
 Total programs for those who are poor and underserved	 <u>89,938</u>	 <u>103,007</u>
 Ministry for those who are poor and underserved	 <u>851,579</u>	 <u>1,034,961</u>
Ministry for the broader community:		
Community health improvement services	9,905	14,735
Health professions education	221,873	189,591
Subsidized health services	57,034	57,439
Research	4,385	4,869
Financial contributions	27,288	27,160
Community building activities	1,070	1,449
Community benefit operations	<u>7,456</u>	<u>4,940</u>
 Ministry for the broader community	 <u>329,011</u>	 <u>300,183</u>
 Community benefit ministry	 <u>\$ 1,180,590</u>	 <u>\$ 1,335,144</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 represents 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 to community organizations and are 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 those who are 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 advocacy for community health improvement, the costs of programs that improve the physical environment, promote economic development, enhance other community support systems, develop leadership skills through training and build community coalitions.

Community benefit operations include costs associated with dedicated staff, community health needs 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 and 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 781,989	\$ 2,191,598
Restricted cash included in assets limited or restricted as to use - current portion		
Self-insurance, benefit plans and other	93,590	76,298
By donors	<u>5,129</u>	<u>4,698</u>
Total restricted cash included in assets limited or restricted as to use - current portion	98,719	80,996
Restricted cash included in assets limited as to use - noncurrent portion		
Self-insurance, benefit plans and other	33,533	34,437
By donors	<u>35,710</u>	<u>32,350</u>
Total restricted cash included in assets limited or restricted as to use - noncurrent portion	<u>69,243</u>	<u>66,787</u>
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	<u>\$ 949,951</u>	<u>\$ 2,339,381</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, 2021 and 2020, the Corporation had securities loaned of \$842.0 million and \$663.3 million, respectively, and received collateral (cash and noncash) totaling \$871.0 million and \$684.5 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 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 finance lease right-of-use asset amortization 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 4 to 30 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 1 to 6 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 primarily in April 2020, and were provided through the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). Future claims for services provided to Medicare beneficiaries will be applied against the cash advances. On October 1, 2020, the Continuing Appropriations Act, 2021 and Other Extensions Act (the "CA Act") was signed into law. Among other things, the CA Act significantly changed the repayment terms for Medicare advance payments made under the Medicare Fee-for-Service accelerated and advanced payment program. The CA Act amended repayment terms as follows: allows recipients to extend repayment for a full year before recoupment of the advance payments begins; limits the claim payment offset to 25% of the recipient's full Medicare payments for 11 months, followed by six months with claim offset limited to 50%. Beginning in April 2021, claims for services provided to Medicare beneficiaries are being applied against the Corporation's cash advances. At the end of the 29 month period, any unapplied advance repayment amounts must be repaid by the Corporation.

Recoupment amounts estimated to be repaid within one year are classified in current liabilities, with the remainder classified in long-term liabilities on the consolidated balance sheet.

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.

Other Revenue – Other revenue is recorded at amounts the Corporation expects to collect in exchange for providing goods or services not directly associated with patient care and recorded over the time in which obligations to provide goods or services are satisfied. Other revenue includes revenue from the following sources: grants, retail pharmacy, operating investment income, assisted and independent living, equity in earnings of unconsolidated affiliates if the unconsolidated affiliate is operational and projected to make routine and regular cash distributions, gainshare recognized under alternative payment models and ancillary services.

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.

Excess (Deficiency) of Revenue Over Expenses – The consolidated statements of operations and changes in net assets includes excess (deficiency) of revenue over expenses. Changes in net assets without donor restrictions, which are excluded from excess (deficiency) 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.

Forthcoming Accounting Pronouncements –

In June 2016, the FASB issued ASU No. 2016-13, “*Financial Instruments – Credit Losses (Topic 326)*”. This guidance is intended to align the needs of the users of financial statements related to credit loss recognition and also addressed the potential weakness from the delayed recognition of credit losses, resulting in an overstatement of assets. The amendments replace the current incurred loss methodology, which delays recognition until it is probable a loss has occurred, with one that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This guidance is effective for the Corporation beginning July 1, 2023. The Corporation is still evaluating the impact this guidance will have on its consolidated financial statements and results of operations.

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 does not expect this guidance to have a material impact 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, 2021 and 2020, 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 \$1.0 billion and \$227.1 million for the years ended June 30, 2021 and 2020, respectively, of which \$119.9 million and \$54.8 million, respectively, is included in other revenue and \$912.9 million and \$172.3 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, 2021 and 2020, the Corporation’s investment in BayCare totaled \$4,151 million and \$3,268 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, 2021 and 2020, the Corporation’s investment in GHP totaled \$255.9 million and \$227.0 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, 2021 and 2020, the Corporation’s investment in CHS totaled \$0 and \$37.9 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, 2021 and 2020, the Corporation’s investment in EH/SJHS totaled \$176.5 million and \$143.4 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”), 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. MHN is also the sole member of Central Community Hospital, a critical access hospital located in Elkader, Iowa.

Effective March 1, 2016, the Corporation and CSH amended and restated their existing MHN 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 year 2020 and 2021. As of June 30, 2021 and 2020, the Corporation's investment in MHN totaled \$118.4 million and \$104.7 million, respectively.

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

	2021				
	BayCare	GHP	CHS	EH/SJHS	MHN
Total assets	\$ 11,442,894	\$ 1,274,300	\$ 1,313,588	\$ 822,481	\$ 374,023
Total liabilities	\$ 3,016,012	\$ 762,600	\$ 1,278,381	\$ 547,529	\$ 129,416
	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

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

	2021				
	BayCare	GHP	CHS	EH/SJHS	MHN
Revenue - net	\$ 4,291,421	\$ 2,517,507	\$ 1,186,530	\$ 785,759	\$ 412,148
Excess (deficiency) of revenue over expenses	\$ 1,746,736	\$ 63,180	\$ (66,073)	\$ 62,405	\$ 25,555
	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

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):

	2021				
	BayCare	GHP	CHS	EH/SJHS	MHN
Other revenue	\$ -	\$ 31,822	\$ -	\$ -	\$ 13,652
Equity in earnings of unconsolidated organizations	880,530	-	(4,954)	33,209	-
Other changes in net assets without donor restrictions	<u>7,289</u>	<u>(2,850)</u>	<u>(32,992)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 887,819</u>	<u>\$ 28,972</u>	<u>\$ (37,946)</u>	<u>\$ 33,209</u>	<u>\$ 13,652</u>
	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	<u>4,223</u>	<u>867</u>	<u>(19,741)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 206,700</u>	<u>\$ 13,224</u>	<u>\$ (59,368)</u>	<u>\$ 7,020</u>	<u>\$ 9,072</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):

	2021					
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Hospital Organizations	Other Investees	Total
Total assets	\$ 40,110	\$ 153,967	\$ 195,561	\$ 103,073	\$ 1,080,877	\$ 1,573,588
Total liabilities	\$ 28,216	\$ 61,547	\$ 126,985	\$ 29,489	\$ 455,836	\$ 702,073
Revenue - net	\$ 9,784	\$ 191,690	\$ 146,512	\$ 32,744	\$ 1,739,321	\$ 2,120,051
Excess of revenue over expenses	\$ 2,651	\$ 17,087	\$ 29,755	\$ 4,265	\$ 179,984	\$ 233,742
	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

Acquisitions:

Consolidation of Saint Agnes/Dignity/USP Surgery Centers, L.L.C. – Effective July 1, 2020, a venture was created between Saint Agnes Medical Center (“Saint Agnes”), CHI National Services (“Dignity”) and USP Fresno Inc, a California corporation (“USP”) (collectively, “Saint Agnes/Dignity/USP Surgery Centers”, L.L.C., a California limited liability company). Saint Agnes owns a controlling interest of 50.1%, Dignity owns 24.95% and USP owns the remaining 24.95% interest of the venture. Saint Agnes/Dignity/USP Surgery Centers simultaneously acquired a 71.35% interest in two surgical hospitals, with the remaining interest held by physicians, Fresno Surgery Center, L.P. a California limited partnership d/b/a Fresno Surgical Hospital (“FSH”) and Sierra Pacific Surgery Center, LLC, a Tennessee limited liability company d/b/a Summit Surgical (“Summit”). Saint Agnes/Dignity/USP Surgery Centers recorded operating revenue of \$106.4 million, operating income of \$6.3 million, and excess of revenue over expenses of \$4.1 million for the year ended June 30, 2021 in the consolidated statement of operations and changes in net assets.

Summarized consolidated balance sheet information for Saint Agnes/Dignity/USP Surgery Centers is shown below as of July 1, 2020 (in thousands):

Assets		Liabilities	
Cash and cash equivalents	\$ 2,262	Current portion of long-term debt	\$ 3,599
Patient accounts receivable	14,045	Current portion of operating lease liabilities	488
Inventories	3,010	Accounts payable and accrued expenses	8,406
Prepaid expenses and other		Salary, wages, and related liabilities	1,743
current assets	1,131	Other current liabilities	1,203
Property and equipment, net	75,613	Long-term debt, net of current portion	64,607
Operating lease right-of-use assets	1,532	Long-term portion of operating lease	
Goodwill	101,282	liabilities	1,561
Other assets	189	Other long-term liabilities	31
			<hr/>
		Total liabilities acquired	81,638
		Net assets	
		Net assets without donor restrictions	46,400
		Net assets attributable to noncontrolling	
		interest	71,026
			<hr/>
		Total net assets	117,426
			<hr/>
Total assets acquired	<u>\$ 199,064</u>	Total liabilities and net assets	<u>\$ 199,064</u>

Consolidation of the Surgery Center at Easton (“Easton”) – On December 31, 2020, Mount Carmel Health System (“Mount Carmel”), a wholly controlled subsidiary of Trinity Health, acquired a 50% controlling interest in Easton with the remaining 50% interest held by a number of physician investors. Easton owns and operates an ambulatory surgery center known as Surgery Center at Easton located in Columbus, Ohio. As a result of the transaction, the Corporation recorded goodwill of \$272.4 million in the consolidated balance sheet as of December 31, 2020. Easton recorded operating revenue of \$29.0 million and excess of revenue over expenses of \$18.5 million for the six months ended June 30, 2021 in the consolidated statement of operations and changes in net assets.

Summarized consolidated balance sheet information for Easton is shown below as of December 31, 2020 (in thousands):

Assets		Liabilities	
Cash and cash equivalents	\$ 2,657	Current portion of long-term debt	\$ 885
Patient accounts receivable	4,775	Current portion of operating lease liabilities	604
Inventories	450	Accounts payable and accrued expenses	1,304
Prepaid expenses and other current assets	136	Salary, wages, and related liabilities	169
Property and equipment, net	645	Long-term debt, net of current portion	609
Operating lease right-of-use assets	6,881	Long-term portion of operating lease liabilities	<u>6,358</u>
Goodwill	272,449	Total liabilities acquired	9,929
		Net assets	
		Net assets without donor restrictions	139,242
		Net assets attributable to noncontrolling interest	<u>138,822</u>
		Total net assets	<u>278,064</u>
Total assets acquired	<u>\$ 287,993</u>	Total liabilities and net assets	<u>\$ 287,993</u>

Sales and Divestitures:

Mercy Health System of Chicago (“MHSC”) – In July 2020, MHSC announced a clinical transformation plan for Mercy Hospital and Medical Center (“Mercy”) to a community-based health care organization, to be named Mercy Care Center. The new organization will focus on serving community needs by providing diagnostic imaging, urgent care, and care coordination services, and will honor the legacy of the mission of its founding sponsors as a Mission Health Ministry of the Corporation. On February 10, 2021, both Mercy and MHSC filed a petition for bankruptcy under Chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Northern District of Illinois (the “Chapter 11 Cases”) due to deteriorating and sustained financial losses. The Chapter 11 Cases were dismissed in May 2021 and on June 1, 2021, Mercy and MHSC sold certain assets, including the land and hospital building on the Mercy campus, to Insight Chicago, Inc., an Illinois not-for-profit corporation pursuant to a definitive agreement executed in April 2021. The Corporation, MHSC and Mercy continue to implement the transformation plan and MHSC and Mercy also continue to wind-down their other remaining operations. Mercy Care Center is currently providing a limited number of services and the Corporation anticipates that Mercy Care Center will begin providing all of the services contemplated under the transformation plan in late calendar year 2021.

For the years ended June 30, 2021 and 2020, the Corporation’s consolidated statements of operations and changes in net assets included operating revenue of \$165.7 million and \$275.6 million, respectively, and incurred a deficiency of revenue over expense of \$141.1 million and excess of revenue over expense \$4.1 million, respectively, for the years ended June 30, 2021 and 2020. For the year ended June 30, 2021, \$76.7 million of restructuring charges, primarily for severance and termination benefits and loss on sale of property, plant and equipment, were recorded in the consolidated statement of operations and changes in net assets related to the transformation plan.

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>2021</u>	<u>2020</u>
Net patient service revenue, by payer:		
Medicare	\$ 6,820,395	\$ 6,304,365
Blue Cross	3,432,556	3,227,890
Medicaid	2,726,452	2,456,859
Uninsured	347,744	301,255
Commercial and other	<u>3,407,813</u>	<u>3,164,404</u>
Net patient service revenue, by payer	<u>\$ 16,734,960</u>	<u>\$ 15,454,773</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>2021</u>	<u>2020</u>
Service line net patient service revenue:		
Acute care - inpatient	\$ 7,533,992	\$ 7,115,318
Acute care - outpatient	6,552,855	5,839,112
Physician services	2,047,189	1,824,784
Long term care	217,166	279,460
Home health care	<u>383,758</u>	<u>396,099</u>
Net patient service revenue, by service line	16,734,960	15,454,773
Premium revenue	611,615	597,558
Capitation revenue	479,382	466,933
Grant revenue	672,671	742,390
Revenue from other sources	<u>1,665,025</u>	<u>1,571,373</u>
Total operating revenue	<u>\$ 20,163,653</u>	<u>\$ 18,833,027</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 ("PRF grants"). Also, the Paycheck Protection Program and Health Care Enhancement Act ("PPHCE Act") 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. Furthermore, on December 27, 2020, the Consolidated Appropriations Act ("CAA Act," collectively the "Acts") was passed, which provided additional guidance regarding recognition of PRF grants. The CAA Act further clarifies that health systems may move all PRF grant distributions within their system. Specifically, a parent organization may allocate (through transfers or otherwise) any or all of its subsidiary organizations' PRF grants distributions, including "Targeted Distributions," among subsidiary eligible health care providers of the parent organization. PRF grants 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 PRF grants to reimburse expenses or losses that other sources are obligated to reimburse. PRF grants recognized as revenue, recorded in other revenue in the consolidated statements of operations and changes in net assets, totaled \$618.8 million and \$643.6 million for the years ended June 30, 2021 and 2020, respectively. The Corporation recorded \$3.0 million and \$131.0 million as deferred revenue in accounts payable and accrued expenses in the consolidated balance sheets as of June 30, 2021 and 2020, respectively where conditions for recognition have not yet been met. The Corporation believes the amount of PRF grants recognized as grant revenue is appropriate under the various and changing guidance from HHS and continues to monitor progression of clarifying guidance issued by HHS. The Corporation transferred both General Distribution and Targeted Distribution PRF grants amongst its subsidiaries.

5. LONG-LIVED ASSETS

Property and Equipment:

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

	<u>2021</u>		<u>2020</u>
Land	\$ 340,838		\$ 359,344
Buildings and improvements	10,503,285		10,240,356
Equipment	6,850,045		6,601,634
Finance lease right-of-use assets	94,384		34,152
	<u>17,788,552</u>	-	<u>17,235,486</u>
Total	17,788,552	-	17,235,486
Accumulated depreciation and amortization	(10,265,700)		(9,787,322)
Construction in progress	686,325		830,421
	<u>8,209,177</u>		<u>8,278,585</u>
Property and equipment - net	<u>\$ 8,209,177</u>		<u>\$ 8,278,585</u>

As of June 30, 2021, commitments for capital projects of approximately \$201.8 million were outstanding. Significant commitments are primarily for facility expansion at existing campuses and related infrastructures at the following Health Ministries: Trinity Health Of New England \$44.5 million; Trinity Health Senior Communities \$39.8 million; Holly Cross Hospital Inc., Ft. Lauderdale, Florida \$22.4 million; St. Peter's Health Partners, Albany, New York \$11.7 million; and St. Mary Mercy, Livonia, Michigan \$11.1 million. Additionally, Trinity Information Services has commitments of \$21.0 million primarily related to system-wide software licenses and upgrades. The remaining amount is due to several smaller projects across the Corporation.

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 sheets as of June 30 (in thousands):

<u>Component of Finance Lease Balances</u>	<u>Classification in Consolidated Balance Sheets</u>	<u>2021</u>	<u>2020</u>
Assets:			
Finance lease right-of-use assets - net	Property and equipment	\$ 82,496	\$ 30,557
Liabilities:			
Current portion of finance lease liability	Current portion of long-term debt	9,181	5,908
Long-term portion of finance lease liability	Long-term debt	100,644	47,082

The components of lease expense and their classification in the consolidated statements of operations and changes in net assets for the years 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>2021</u>	<u>2020</u>
Operating lease expense	Occupancy	\$ 146,061	\$ 148,046
Finance lease expense:			
Amortization of right-of-use assets	Depreciation and amortization	8,291	3,585
Interest on lease liabilities	Interest	<u>3,275</u>	<u>3,761</u>
Total finance lease expense		11,566	7,346
Short-term lease expense	Occupancy	<u>53,980</u>	<u>61,002</u>
Total lease expense		<u>\$ 211,607</u>	<u>\$ 216,394</u>

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

<u>Weighted average remaining lease term (years)</u>	<u>2021</u>	<u>2020</u>
Operating leases	6.95	6.94
Finance leases	11.91	8.66

<u>Weighted average discount rate</u>	<u>2021</u>	<u>2020</u>
Operating leases	3.26%	3.15%
Finance leases	5.84%	6.35%

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

	<u>2021</u>	<u>2020</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	\$162,604	\$145,873
Operating cash outflows from finance leases	3,275	3,761
Financing cash outflows from finance leases	12,103	11,174
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	158,958	720,559
Finance leases	4,452	32,235

Future maturities of lease liabilities as of June 30, 2021 are presented in the following table (in thousands):

	Operating Leases	Finance Leases
2022	\$ 160,206	\$ 13,445
2023	133,418	13,397
2024	108,487	13,437
2025	81,557	10,970
2026	61,485	9,437
Thereafter	<u>142,434</u>	<u>65,941</u>
Total lease payments	687,587	126,627
Less: Imputed interest	<u>(78,581)</u>	<u>(16,802)</u>
Total lease obligations	609,006	109,825
Less: Current obligations	<u>(141,130)</u>	<u>(9,181)</u>
Long-term lease obligations	<u>\$ 467,876</u>	<u>\$ 100,644</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):

	2021	2020
As of July 1:		
Goodwill	\$ 478,751	\$ 468,441
Accumulated impairment loss	<u>(39,064)</u>	<u>(31,038)</u>
Total	439,687	437,403
Goodwill acquired during the year	380,440	10,310
Impairment loss	<u>-</u>	<u>(8,026)</u>
Total	<u>\$ 820,127</u>	<u>\$ 439,687</u>
As of June 30:		
Goodwill	\$ 859,191	\$ 478,751
Accumulated impairment loss	<u>(39,064)</u>	<u>(39,064)</u>
Total	<u>\$ 820,127</u>	<u>\$ 439,687</u>

Impairments:

During the year ended June 30, 2021, the Corporation recorded impairment charges of \$111.5 million in the consolidated statement of operations and changes in net assets. Of the total impairment charges, \$59.4 million were primarily at certain continuing care facilities of 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 continued declines in occupancy of continuing care facilities and rising labor costs. Therefore this assessment resulted in impairments of the buildings and equipment related to these facilities. The Corporation also recognized \$15.8 million of impairments related to an unconsolidated equity method investment. In addition, the Corporation recorded impairment charges of \$5.6 million related to operating leased space no longer in use and \$30.7 million of other asset 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.

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>2021</u>	<u>2020</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 0.20% to 0.77% during 2021 and 0.11% to 7.00% during 2020	\$ 650,465	\$ 667,275
Long-term debt:		
Tax-exempt revenue bonds and refunding bonds:		
Fixed-rate term and serial bonds, payable at various dates through 2051. Interest rates ranging from 1.25% to 5.00% during 2021 and 1.81% to 5.00% during 2020	\$ 3,383,950	\$ 3,561,400
Variable-rate term bonds, payable at various dates through 2051. Interest rates ranging from 0.48% to 1.48% during 2021 and 0.54% to 5.68% during 2020	435,200	527,247
Taxable revenue bonds:		
Fixed-rate term, payable in 2051. Interest rates ranging from 1.03% to 4.13% during 2021 and 2.03% to 4.13% during 2020	2,218,715	1,873,365
Variable-rate term bonds, payable at various dates through 2051. Interest rates ranging from 0.62% to 2.11% during 2020	-	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 1.0% to 6.0% during 2021 and 1.00% to 6.4% during 2020, fixed and variable, payable in varying monthly installments through 2031	49,362	25,804
Financing lease obligations (excluding imputed interest of \$16.8 million at June 30, 2021 and \$16.5 million at June 30, 2020)	109,825	52,991
Mortgage obligations. Interest payable at rates ranging from 3.35% to 5.04% during 2021 and 2020	10,414	65,296
Other	52,930	60,951
Total long-term debt	6,260,396	6,606,734
Less current portion - net of current discounts	(224,938)	(387,544)
Unamortized debt issuance costs	(37,200)	(38,456)
Unamortized premiums - net	341,350	373,280
Long-term debt - net of current portion	<u>\$ 6,339,608</u>	<u>\$ 6,554,014</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:		
2022	\$ 17,735	\$ 152,850
2023	16,395	132,007
2024	16,920	133,155
2025	22,120	119,718
2026	22,995	113,969
Thereafter	<u>554,300</u>	<u>5,608,697</u>
Total	<u>\$ 650,465</u>	<u>\$ 6,260,396</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>2021</u>	<u>2020</u>
Interest costs incurred	\$ 237,380	\$ 249,142
Less capitalized interest	<u>(1,252)</u>	<u>(4,986)</u>
Interest expense included in operations	<u>\$ 236,128</u>	<u>\$ 244,156</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.

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, 2021 and 2020, that has not been secured under the ARMI is generally collateralized by certain property and equipment.

Further, Mercy Health System of Chicago (“MHSC”) had \$51.3 million in mortgage loans outstanding at June 30, 2020, that were insured by the U.S. Department of Housing and Urban Development (“HUD”). During the year ended June 30, 2021, MHSC prepaid the two previously existing mortgage loans; one loan in the amount of \$23.8 million on November 30, 2020, which incurred a prepayment premium of \$2.4 million and then the second mortgage loan in the amount of \$23.7 million on May 26, 2021. In addition, pertaining to the second mortgage loan, the Corporation recorded a net loss from early extinguishment of debt of \$0.7 million in the statement of operations and changes in net assets for the year ended June 30, 2021.

Commercial Paper – The Corporation’s commercial paper program is authorized for borrowings up to \$600.0 million. As of both June 30, 2021 and 2020, the total amount of commercial paper outstanding was \$100.0 million. 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, 2021 and 2020, ranged from 0.08% to 1.62% and 0.10% to 4.50%, respectively.

Liquidity Facilities – On June 8, 2021, the Corporation renewed and amended 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 RCAI. 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 \$600 million available balance, the first tranche of \$300 million expires on June 7, 2023 and the second tranche of \$300 million expires on June 7, 2024. As of June 30, 2021 and 2020, 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”). 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. As of June 30 2020, \$285M was outstanding under RCAII. The drawn balance of \$285 million was fully repaid on May 26, 2021. On June 8, 2021, the Corporation renewed its RCAII and increased the available balance from \$285 million to \$600 million with a new maturity date of June 7, 2024. The agreement is by and among the Corporation and U.S. Bank National Association, which acts as an administrative agent for a group of lenders under RCAII and 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 RCAII can be used for general corporate purposes and working capital needs. As of June 30, 2021, there were no amounts outstanding under RCAII.

Each financial institution providing liquidity support under RCAI and RCAII is secured by an obligation under the ARMI .

During fiscal year 2020, the Corporation entered into four additional general purpose credit facilities with independent financial institutions to meet potential liquidity needs during the COVID-19 pandemic. Information regarding the credit facilities is summarized below (in thousands):

<u>Facility</u>	<u>RCAIII</u>	<u>RCAIV</u>	<u>RCAV</u>	<u>RCAVI</u>
Execution date	March 24, 2020	March 27, 2020	April 2, 2020	June 18, 2020
Amount drawn	\$400,000	\$100,000	\$100,000	\$115,000
Date drawn	March 25, 2020	March 30, 2020	April 3, 2020	June 18, 2020
Balance as of June 30, 2020	\$400,000	\$100,000	\$100,000	\$115,000
Repayment date	March 23, 2021	May 27, 2021	March 31, 2021	May 27, 2021
Contract Termination date	March 23, 2021	March 25, 2022	April 1, 2021	June 17, 2021

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, 2021 and 2020. The arrangement supports multiple insurance, unemployment, and other risk liabilities that have been issued in the amounts of \$69.4 million and \$85.5 million as of June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020 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 an additional 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, 2021 and 2020. As of June 30, 2021 and 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 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.

During January 2021, the Trinity Health Credit Group issued \$300.0 million par value taxable fixed-rate bonds. Proceeds were used to partially refund \$166.8 million of certain tax-exempt bonds. As a result of this transaction, the Corporation recognized a loss on extinguishment of debt of \$1.5 million in the

statement of operations and changes in net assets. The remaining proceeds were used for general corporate purposes. The Corporation currently refunded certain tax-exempt bonds within 90 days of the call date of such bonds, and advance refunded certain other tax-exempt 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.

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

As a result of disposition of various property and leases, the Corporation defeased \$11.7 million of bonds through the funding of various escrow accounts on May 13, 2021 resulting in a loss on early extinguishment of debt of \$1.5 million.

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 and general liability as well as \$10 million per occurrence for 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, 2021, 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, 2021 and 2020, the assets under these plans totaled \$349.6 million and \$272.9 million, respectively, and liabilities totaled \$356.5 million and \$278.3 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 \$343.8 million and \$347.9 million for the years ended June 30, 2021 and 2020, 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>Pension Plans</u>		<u>Postretirement Plans</u>	
Change in Benefit Obligations:				
Benefit obligation, beginning of year	\$ 7,921,426	\$ 7,610,651	\$ 114,100	\$ 118,577
Service cost	-	-	9	31
Interest cost	241,134	279,697	3,208	4,197
Actuarial loss (gain)	17,019	519,991	(4,377)	(1,910)
Benefits paid	(333,192)	(488,770)	(6,437)	(6,864)
Settlements	(212,386)	(143)	-	-
Medicare Part D reimbursement	-	-	20	69
Benefit obligation, end of year	<u>7,634,001</u>	<u>7,921,426</u>	<u>106,523</u>	<u>114,100</u>
Change in Plan Assets:				
Fair value of plan assets, beginning of year	7,023,543	6,705,997	124,856	119,963
Actual return on plan assets	1,072,426	635,434	42,340	9,162
Employer contributions	141,945	171,025	2,338	2,595
Benefits paid	(333,192)	(488,770)	(6,437)	(6,864)
Settlements	<u>(212,386)</u>	<u>(143)</u>	<u>-</u>	<u>-</u>
Fair value of plan assets, end of year	<u>7,692,336</u>	<u>7,023,543</u>	<u>163,097</u>	<u>124,856</u>
Funded (unfunded) amount recognized June 30	<u>\$ 58,335</u>	<u>\$ (897,883)</u>	<u>\$ 56,574</u>	<u>\$ 10,756</u>
Recognized in other long-term assets	\$ 243,439	\$ 19,406	\$ 80,567	\$ 36,940
Recognized in accrued pension and retiree health costs	\$ (185,104)	\$ (917,289)	\$ (23,993)	\$ (26,184)

The actuarial loss in 2021 was due primarily to changes in demographics and mortality assumptions. The actuarial loss in 2020 was 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 \$7,634.0 million and \$7,921.4 million at June 30, 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>
Accumulated benefit obligation	\$ 805,392	\$ 7,551,212
Fair value of plan assets	<u>620,288</u>	<u>6,633,923</u>
Funded status	<u>\$ (185,104)</u>	<u>\$ (917,289)</u>

The projected benefit obligation in excess of plan assets and the accumulated benefit obligation in excess of plan assets are equal.

The accumulated postretirement benefit obligation for all plans was \$106.5 million and \$114.1 million at June 30, 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>
Accumulated benefit obligation	\$ 24,308	\$ 26,435
Fair value of plan assets	<u>439</u>	<u>438</u>
Funded status	<u>\$ (23,869)</u>	<u>\$ (25,997)</u>

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

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>Pension Plans</u>		<u>Postretirement Plans</u>	
Service cost	\$ -	\$ -	\$ 9	\$ 31
Interest cost	241,134	279,697	3,208	4,197
Expected return on assets	(433,643)	(432,614)	(7,936)	(8,204)
Amortization of prior service credit	(4,914)	(4,914)	(443)	(443)
Recognized net actuarial loss (gain)	<u>91,811</u>	<u>82,514</u>	<u>(1,423)</u>	<u>(1,562)</u>
Net periodic benefit income before settlements	(105,612)	(75,317)	(6,585)	(5,981)
Settlements	<u>64,861</u>	<u>78</u>	<u>-</u>	<u>-</u>
Net periodic benefit income	<u>\$ (40,751)</u>	<u>\$ (75,239)</u>	<u>\$ (6,585)</u>	<u>\$ (5,981)</u>

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

	Pension Plans		
	Net Loss (Gain)	Prior Service Credit	Total
Balance at July 1, 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
Settlements	78	-	78
	<hr/>	<hr/>	<hr/>
Balance at June 30, 2020	\$ 2,859,030	\$ (106,271)	\$ 2,752,759
Reclassified into net periodic benefit cost	(91,811)	4,914	(86,897)
Arising during the year	(621,772)	-	(621,772)
Settlements	(64,861)	-	(64,861)
	<hr/>	<hr/>	<hr/>
Balance at June 30, 2021	<u>\$ 2,080,586</u>	<u>\$ (101,357)</u>	<u>\$ 1,979,229</u>

	Postretirement Plans			All Plans
	Net Loss (Gain)	Prior Service Credit	Total	Grand Total
Balance at July 1, 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
Settlements	-	-	-	78
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at June 30, 2020	\$ (25,417)	\$ (1,993)	\$ (27,410)	\$ 2,725,349
Reclassified into net periodic benefit cost	1,423	443	1,866	(85,031)
Arising during the year	(38,728)	-	(38,728)	(660,500)
Settlements	-	-	-	(64,861)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at June 30, 2021	<u>\$ (62,722)</u>	<u>\$ (1,550)</u>	<u>\$ (64,272)</u>	<u>\$ 1,914,957</u>

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

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	Pension Plans		Postretirement Plans	
Benefit Obligations:				
Discount rate	2.80% - 3.35%	2.75% - 3.45%	2.25% - 3.05%	2.30% - 3.00%
Weighted average interest crediting rate	2.67%	2.66%	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A
Net Periodic Benefit Cost:				
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
Expected long-term return on plan assets	4.00% - 6.50%	5.00% - 6.75%	6.50%	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% discount rate as of both June 30, 2021 and 2020.

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, which was further refined during fiscal year 2021 to protect the funded status of the Pension Plans. The revised glidepath was developed in alignment of an improving hedging ratio, which measures the percentage of hedging assets to Pension Plan liabilities. The glidepath methodology is used 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>2021</u>	<u>2020</u>
Medical and drugs, pre-age 65	6.39%	6.67%
Medical and drugs, post-age 65	6.39%	6.67%
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:

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>Pension Plans</u>		<u>Postretirement Plans</u>	
Investment Category:				
Cash and cash equivalents	5%	2%	-	-
Marketable securities:				
U.S. and non-U.S. equity securities	6%	13%	-	-
Equity mutual funds	2%	3%	-	-
Debt securities	56%	47%	11%	17%
Other investments:				
Commingled funds	22%	20%	89%	83%
Hedge funds	7%	13%	-	-
Private equity funds	2%	2%	-	-
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, 2021, was global and traditional equity securities 18%; fixed-income obligations 78%; hedge funds 2%; 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.

	2021		Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Pension Plans:			
Cash and cash equivalents	\$ 282,885	\$ -	\$ 282,885
Equity securities	497,527	32	497,559
Debt securities			
Government and government agency obligations	-	992,402	992,402
Corporate bonds	-	3,305,802	3,305,802
Exchange traded/mutual funds			
Equity funds	162,666	-	162,666
Fixed-income funds	8,761	-	8,761
Other	43,073	-	43,073
Subtotal	<u>\$ 994,912</u>	<u>\$ 4,298,236</u>	<u>\$ 5,293,148</u>
Investments measured at net asset value:			
Commingled funds			
Equity funds			967,853
Fixed-income funds			693,675
Hedge funds			548,507
Private equity			189,153
Total assets			<u>\$ 7,692,336</u>
Postretirement Plans:			
Exchange traded/mutual funds			
Short-term investment funds	\$ 470	\$ -	\$ 470
Fixed-income funds	17,137	-	17,137
Subtotal	<u>\$ 17,607</u>	<u>\$ -</u>	<u>\$ 17,607</u>
Investment measured at net asset value:			
Equity commingled fund			145,490
Total assets			<u>\$ 163,097</u>

	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			<u>153,296</u>
Total assets			<u>\$ 7,023,543</u>
Postretirement Plans:			
Exchange traded/mutual funds			
Short-term investment funds	\$ 191	\$ -	\$ 191
Fixed-income funds	<u>20,857</u>	<u>-</u>	<u>20,857</u>
Subtotal	<u>\$ 21,048</u>	<u>\$ -</u>	<u>\$ 21,048</u>
Investment measured at net asset value:			
Equity commingled fund			<u>103,808</u>
Total assets			<u>\$ 124,856</u>

Unfunded capital commitments related to private equity investments totaled \$50.1 million and \$53.2 million as of June 30, 2021 and 2020, 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.

There were no Level 3 assets in the Pension Plan portfolios at June 30, 2021 or 2020.

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 \$41 million to its Pension Plans and \$3 million to its Postretirement Plans during the year ended June 30, 2022, 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:			
2022	\$ 556,794	\$ 8,444	\$ 31
2023	486,442	8,297	27
2024	480,843	8,103	24
2025	476,480	7,897	22
2026	471,692	7,673	18
Years 2027 – 2031	2,212,480	34,706	57

9. COMMITMENTS AND CONTINGENCIES

Litigation and Settlements – In November 2018, 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 – Beginning in March of 2020, the global COVID-19 pandemic began to significantly affect the U.S. health care industry and the Corporation’s patients, communities, employees and business operations. In the spring of 2020, restrictions on nonessential medical services, travel and shelter-in place orders implemented by federal, state and local governments in response to the COVID-19 pandemic materially impacted patient volumes and related revenue for most of the Corporation’s health care services. Patient volumes and related revenue for the Corporation’s health care services continue to fluctuate with COVID-19 pandemic surge and recovery waves with prolonged reduced patient volumes compared to pre-COVID-19 periods. Furthermore, the Corporation’s service mix, revenue mix and patient volumes still endure negative impacts from broad economic factors, such as elevated unemployment rates and reduced consumer spending. The Corporation’s response to the COVID-19 pandemic continues to require additional contract labor staff and increased premium labor rates. Both labor and 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. Risks and uncertainties caused by the COVID-19 pandemic continue to impact the Corporation’s business, financial condition, results of operations and cash flows.

The Corporation has taken and continues to take various actions to mitigate the impact on operations from the COVID-19 pandemic. Furthermore, the Corporation has taken steps to control capital and operational spending and reallocate resources to support its hospitals and clinicians. With concerns of potential liquidity needs eased, the Corporation paid back all revolving credit facilities as of June 30, 2021 that were drawn upon during fiscal year 2020. The Corporation received PRF grants, under both the CARES Act and the PPPHCE Act, which added to unrestricted cash reserves and also partially offset a portion of the revenue shortfalls and operating expenses incurred as a direct result of the COVID-19 pandemic. Compliance with the HHS Provider Relief Fund General and Targeted Distribution Post-Payment Notice of Reporting Requirements is complex and subject to HHS audit. Transferred Targeted Distribution payments face an increased likelihood of an audit by HHS. There can be no assurance that HHS will not challenge the Corporation’s compliance with these reporting requirements.

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 subject to periodic updates 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.

The Corporation and its Health Ministries periodically receive requests for information and notices of investigations regarding potential noncompliance with those laws and regulations, billing, payment or other reimbursement matters, 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. Trinity Health monitors its business activities for compliance with applicable laws and regulations and operates a values-based ethics and compliance program that is designed to meet or exceed applicable federal guidelines and industry standards.

10. LIQUIDITY AND FAIR VALUE MEASUREMENTS

Liquidity and Availability – The following financial assets are not subject to donor or other contractual restrictions and are available for expenditure generally within one year of the balance sheet date. Board-designated funds have been established in which the Board has the objective of setting funds aside that can be drawn upon for current needs. Also, as more fully described in Note 6, the Corporation has a commercial paper program authorized for borrowings of up to \$600 million and a general purpose credit facility of \$600 million as of June 30, 2021. As of both June 30, 2021 and 2020, there were no amounts outstanding under the existing general purpose credit facility. As of June 30, 2020, various credit facilities executed during fiscal year 2020 were fully drawn upon in the amount of \$1.0 billion in the event of liquidity needs related to the COVID-19 pandemic, such credit facilities were terminated and fully repaid during fiscal year 2021.

The Corporation received \$1.6 billion of Medicare advance payments under the CARES Act primarily during April 2020. During fiscal year 2021, \$337.6 million of the balance was recouped by CMS as of June 30, 2021. Furthermore, as of June 30, 2021, \$373.1 million of the Medicare advance payments are included in long-term liabilities, with the remainder included in current liabilities in the consolidated balance sheets, as a result of the extended recoupment period under the CA Act.

Lastly, the CARES Act provided for deferred payment of the employer portion of social security taxes between March 27, 2020 and December 31, 2020. 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. During fiscal year 2021, the Corporation fully repaid the deferred employer portion of social security taxes.

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 781,989	\$ 2,191,598
Investment securities classified as current assets	7,316,257	5,988,670
Board-designated funds	<u>4,692,496</u>	<u>3,763,120</u>
Total unrestricted cash and investments	<u>\$ 12,790,742</u>	<u>\$ 11,943,388</u>
Days cash on hand	254	245

For the years ended June 30, 2021 and 2020, days cash on hand increased 9 days and 56 days, respectively. The increase in fiscal year 2021 is related to increased investment earnings and \$489.2 million of PRF grant revenue received in fiscal year 2021, partially offset by the repayment of the lines of credit, the recoupment of a portion of Medicare cash advances and the repayment of the deferred employer portion of social security taxes. The increase in fiscal year 2020 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.

Approximately 8.3% 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, 2021 the Corporation had a working capital surplus of \$6.5 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 over time, 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. There were no level 3 investments as of June 30, 2021 and 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, 2021 and 2020, were \$2,182.0 million and \$1,012.3 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 \$748.5 million and \$823.3 million as of June 30, 2021 and 2020, 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, 2021 (in thousands):

	2021		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value
Assets:			
Cash and cash equivalents	\$ 1,009,578	\$ 43,859	\$ 1,053,437
Security lending collateral		392,728	392,728
Equity securities	3,865,137	16,349	3,881,486
Debt securities:			
Government and government agency obligations		861,911	861,911
Corporate bonds		2,485,206	2,485,206
Asset backed securities		532,557	532,557
Bank loans		6,643	6,643
Other		6,336	6,336
Exchange traded/mutual funds:			
Equity funds	578,605		578,605
Fixed income funds	306,877		306,877
Real estate investment funds	85,099		85,099
Other	175,224		175,224
Interest rate swaps		2,202	2,202
Subtotal	<u>\$ 6,020,520</u>	<u>\$ 4,347,791</u>	<u>\$ 10,368,311</u>
Equity method investments			2,218,844
Investments measured at net asset value:			
Commingled funds			1,608,317
Hedge funds			<u>746,870</u>
Total assets			<u>\$ 14,942,342</u>
Liabilities:			
Interest rate swaps	<u>\$ -</u>	<u>\$ 175,897</u>	<u>\$ 175,897</u>

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, 2020 (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			<u>638,206</u>
Total assets			<u>\$ 13,703,022</u>
Liabilities:			
Interest rate swaps	<u>\$ -</u>	<u>\$ 226,784</u>	<u>\$ 226,784</u>

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>2021</u>	<u>2020</u>
Assets:		
Cash and cash equivalents	\$ 781,989	\$ 2,191,598
Investments	7,316,257	5,988,670
Security lending collateral	392,728	296,053
Assets limited or restricted as to use - current portion	456,723	402,129
Assets limited or restricted as to use - noncurrent portion:		
Self-insurance, benefit plans and other	1,063,638	878,317
By Board	4,486,606	3,589,471
By donor	556,951	476,249
Interest rate swaps in other long-term assets	2,202	2,792
Less items not recorded at fair value:		
Total unconditional promises to give - net	(59,059)	(72,457)
Reinsurance recovery receivable	(47,900)	(42,823)
Other, primarily beneficial interests in trusts	(7,793)	(6,977)
Total assets	<u>\$ 14,942,342</u>	<u>\$ 13,703,022</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, 2021 and 2020. The fair value and redemption rules of these investments are as follows as of June 30 (in thousands):

	<u>2021</u>		
	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Commingled funds	\$ 1,608,317	Daily, semi-monthly	2 - 15 days
Hedge funds	<u>746,870</u>	Daily, monthly, quarterly, semi-annually, annually	2 - 95 days
Total	<u>\$ 2,355,187</u>		
	<u>2020</u>		
	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
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>		

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 0.5% and 0.4% of the value of the investments in this category as of June 30, 2021 and 2020, respectively, can only be redeemed semi-annually, bi-annually, or annually subsequent to the initial investment date. Investments representing 52.0% and 64.1% of the investments in this category as of June 30, 2021 and 2020, 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>2021</u>	<u>2020</u>
Dividend, interest income and other	\$ 225,812	\$ 176,622
Realized gain - net	611,285	87,452
Realized equity earnings, other investments	123,571	23,310
Change in net unrealized (loss) gain on investments	<u>1,548,700</u>	<u>(21,333)</u>
Total investment return	<u>\$ 2,509,368</u>	<u>\$ 266,051</u>
Included in:		
Operating income	\$ 143,948	\$ 90,580
Nonoperating items	2,295,265	176,167
Changes in net assets with donor restrictions	<u>70,155</u>	<u>(696)</u>
Total investment return	<u>\$ 2,509,368</u>	<u>\$ 266,051</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>2021</u>	<u>2020</u>
Amounts expected to be collected in:		
Less than one year	\$ 42,365	\$ 46,674
One to five years	20,893	30,461
More than five years	<u>3,004</u>	<u>3,819</u>
	66,262	80,954
Discount to present value of future cash flows	(3,186)	(4,134)
Allowance for uncollectible amounts	<u>(4,017)</u>	<u>(4,363)</u>
Total unconditional promises to give - net	<u>\$ 59,059</u>	<u>\$ 72,457</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 \$17.0 million and \$18.2 million for the years ended June 30, 2021 and 2020, 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 gains (losses) included in the change in market value and cash payments of interest rate swaps totaled \$33.0 million and (\$80.0) million for the years ended June 30, 2021 and 2020, 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	
		2021	2020
Asset Derivatives:			
Interest rate swaps	Other assets	\$ 2,202	\$ 2,792
Liability Derivatives:			
Interest rate swaps	Other long-term liabilities	\$ 175,897	\$ 226,784

The counterparties to the interest rate swaps expose the Corporation to credit loss in the event of nonperformance. As of June 30, 2021 and 2020, an adjustment for nonperformance risk reduced derivative assets by \$0 and \$0.1 million, respectively, and derivative liabilities by \$2.7 million and \$12.2 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>2021</u>	<u>2020</u>
Subject to expenditure for specified program		
Education and research	\$ 42,722	\$ 40,229
Building and equipment	69,512	62,774
Patient care	57,561	47,623
Cancer center/research	25,269	22,791
Services for elderly care	45,412	35,258
Other	<u>104,745</u>	<u>82,964</u>
Total subject to expenditure for specified program	<u>345,221</u>	<u>291,639</u>
Subject to the passage of time		
For periods after June 30	<u>59,059</u>	<u>72,457</u>
Total subject to expenditure for specified program and passage of time	<u>\$ 404,280</u>	<u>\$ 364,096</u>
Subject to organization spending policy and appropriation		
Investment in perpetuity, which, once appropriated, is expendable to support:		
Hospital operations	141,167	115,772
Medical programs	13,126	12,766
Scholarship funds	10,274	8,675
Research funds	11,975	11,717
Community service funds	16,410	14,566
Other	<u>44,450</u>	<u>38,588</u>
Total subject to organization spending policy and appropriation	<u>237,402</u>	<u>202,084</u>
Total net assets with donor restrictions	<u>\$ 641,682</u>	<u>\$ 566,180</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, 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
Investment return:			
Investment income	6,040	8,777	14,817
Change in net realized and unrealized gains (losses)	15,528	42,191	57,719
Total investment return	21,568	50,968	72,536
Contributions	859	13,390	14,249
Appropriation of endowment assets for expenditures	(3,800)	(2,064)	(5,864)
Other	(7,770)	(3,425)	(11,195)
Endowment net assets, June 30, 2021	\$ 100,367	\$ 309,812	\$ 410,179

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

	2021	2020
Net assets with donor restrictions:		
Endowments requiring income to be added to the original gift	\$ 6,698	\$ 6,664
Term endowment funds	10,975	5,446
Accumulated investment gains on endowment funds:		
Without purpose restrictions	183,079	155,804
With purpose restrictions	109,060	83,029
Total endowment funds classified as net assets with donor restrictions	\$ 309,812	\$ 250,943

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, 2021 and 2020. 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>2021</u>	<u>2020</u>
Quasi-endowment funds	\$ 100,367	\$ 89,510
Future capital improvements	937,585	852,292
System development fund	657,718	649,680
Insurance and retirement programs	904,845	705,413
Retirement of debt/intercompany loan program	1,634,871	1,068,238
Program/mission	319,781	285,003
Liquidity reserve	30,827	30,717
Other	<u>106,502</u>	<u>82,267</u>
Total governing Board designations	4,692,496	3,763,120
Less current portion	<u>(205,890)</u>	<u>(173,649)</u>
Total governing Board designations - net of current portion	<u>\$ 4,486,606</u>	<u>\$ 3,589,471</u>

13. RESTRUCTURING CHARGES

As further discussed in Note 3, for the year ended June 30, 2021, \$76.7 million of restructuring charges, primarily for severance and termination benefits and loss on sale of property, plant and equipment, were recorded in the consolidated statement of operations and changes in net assets related to the Mercy and MHSC transformation plan.

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.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 22, 2021, the date the consolidated financial statements were issued. The following subsequent events were noted:

Gateway Health Plan – Effective August 31, 2021, the Corporation, through its wholly owned subsidiary, Mercy Health Plan, sold its 50% interest in Gateway Health Plan, L.P. and subsidiaries (“GHP”) accounted for under the equity method, to the existing partner and parent owner, Highmark Ventures, Inc. See Note 3 for further details regarding GHP. As a result of the transaction the Corporation received a \$62.5 million dividend distribution on August 27, 2021. Furthermore, the Corporation expects to record an approximately \$127 million gain on sale in the first quarter fiscal year 2022 consolidated statement of operations and changes in net assets.

Bond Defeasance – As a result of the disposition of MHSC, on August 12, 2021, the Corporation defeased \$18.8 million of tax-exempt fixed rate hospital revenue and refunding bonds. The Corporation recorded a net loss from early extinguishment of debt of \$0.5 million in the first quarter fiscal year 2022 consolidated statement of operations and changes in net assets.

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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 22, 2021

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2021
(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	\$ 421,476	\$ 653,987	\$ 289,741	\$ 518,846	\$ 8,136
Assets limited as to use - current portion	113	666	479	357	3,093
Patient and other receivables	195,297	165,289	171,628	340,490	14,217
Other current assets	14,310	21,633	38,126	48,771	-
Total current assets	<u>631,196</u>	<u>841,575</u>	<u>499,974</u>	<u>908,464</u>	<u>25,446</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Self-insurance, benefit plans and other	2,300	15,350	28,560	60,852	151
By Board	795	19,718	312,148	2,321	-
By donors	16,994	7,776	11,618	61,805	3,179
Total assets limited or restricted as to use - Noncurrent portion	<u>20,089</u>	<u>42,844</u>	<u>352,326</u>	<u>124,978</u>	<u>3,330</u>
PROPERTY AND EQUIPMENT - Net	266,408	520,083	317,805	603,160	-
OTHER ASSETS	152,145	173,902	363,434	321,523	-
TOTAL ASSETS	<u>\$ 1,069,838</u>	<u>\$ 1,578,404</u>	<u>\$ 1,533,539</u>	<u>\$ 1,958,125</u>	<u>\$ 28,776</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 195,205	\$ 214,948	\$ 252,870	\$ 524,078	\$ 77,377
LONG-TERM DEBT - Net of current portion	147,178	246,730	266,413	765,008	-
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	9,610	41,718	12,502	13,450	208
OTHER LIABILITIES	3,386	17,149	35,427	104,067	-
NET ASSETS:					
Net assets without donor restrictions	697,474	1,049,417	954,603	489,361	(55,443)
Net assets with donor restrictions	16,985	8,442	11,724	62,161	6,634
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,069,838</u>	<u>\$ 1,578,404</u>	<u>\$ 1,533,539</u>	<u>\$ 1,958,125</u>	<u>\$ 28,776</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2021
(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	\$ 85,326	\$ 2,472,157	\$ 770,299	\$ 540,866	\$ 359,066
Assets limited as to use - current portion	217	28,878	480	519	2,350
Patient and other receivables	67,832	593,273	266,420	74,707	174,568
Other current assets	11,924	61,024	30,314	16,076	29,882
Total current assets	<u>165,299</u>	<u>3,155,332</u>	<u>1,067,513</u>	<u>632,168</u>	<u>565,866</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Self-insurance, benefit plans and other	10,329	87,215	28,511	1,292	32,587
By Board	-	466,675	177,263	2,000	301,934
By donors	10,257	73,825	11,044	5,611	94,831
Total assets limited or restricted as to use - Noncurrent portion	<u>20,586</u>	<u>627,715</u>	<u>216,818</u>	<u>8,903</u>	<u>429,352</u>
PROPERTY AND EQUIPMENT - Net	308,117	1,636,832	1,054,072	418,900	575,783
OTHER ASSETS	54,652	434,373	487,002	95,524	134,363
TOTAL ASSETS	<u>\$ 548,654</u>	<u>\$ 5,854,252</u>	<u>\$ 2,825,405</u>	<u>\$ 1,155,495</u>	<u>\$ 1,705,364</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 103,659	\$ 1,010,724	\$ 411,763	\$ 163,793	\$ 302,812
LONG-TERM DEBT - Net of current portion	281,222	951,580	636,915	373,592	229,520
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	11,404	91,576	48,928	6,399	34,121
OTHER LIABILITIES	10,544	103,940	25,574	4,872	122,100
NET ASSETS:					
Net assets without donor restrictions	131,350	3,594,679	1,690,701	600,709	917,484
Net assets with donor restrictions	10,475	101,753	11,524	6,130	99,327
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 548,654</u>	<u>\$ 5,854,252</u>	<u>\$ 2,825,405</u>	<u>\$ 1,155,495</u>	<u>\$ 1,705,364</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2021
(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	\$ 114,013	\$ 414,283	\$ 765,320	\$ 1,222	\$ 92,922
Assets limited as to use - current portion	3,921	2,157	106	-	3,025
Patient and other receivables	79,777	249,751	177,314	22,124	53,612
Other current assets	15,463	48,492	24,858	5,823	10,643
Total current assets	<u>213,174</u>	<u>714,683</u>	<u>967,598</u>	<u>29,169</u>	<u>160,202</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Self-insurance, benefit plans and other	7,860	11,282	2,964	63	2,811
By Board	43,659	32,358	9,861	1,774	25,312
By donors	12,881	158,698	17,861	1,877	3,778
Total assets limited or restricted as to use - Noncurrent portion	<u>64,400</u>	<u>202,338</u>	<u>30,686</u>	<u>3,714</u>	<u>31,901</u>
PROPERTY AND EQUIPMENT - Net	254,591	546,836	313,270	-	109,812
OTHER ASSETS	<u>54,131</u>	<u>221,988</u>	<u>363,585</u>	<u>4,376</u>	<u>26,158</u>
TOTAL ASSETS	<u>\$ 586,296</u>	<u>\$ 1,685,845</u>	<u>\$ 1,675,139</u>	<u>\$ 37,259</u>	<u>\$ 328,073</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 159,387	\$ 415,332	\$ 327,161	\$ 118,315	\$ 80,009
LONG-TERM DEBT - Net of current portion	301,188	400,317	298,908	70,413	62,844
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	17,856	44,682	32,914	1,996	6,505
OTHER LIABILITIES	56,647	246,919	7,865	1,691	3,118
NET ASSETS:					
Net assets without donor restrictions	36,666	417,740	990,253	(156,771)	171,394
Net assets with donor restrictions	<u>14,552</u>	<u>160,855</u>	<u>18,038</u>	<u>1,615</u>	<u>4,203</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 586,296</u>	<u>\$ 1,685,845</u>	<u>\$ 1,675,139</u>	<u>\$ 37,259</u>	<u>\$ 328,073</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2021
(In thousands)

	Holy Cross Hospital, Inc., Ft. Lauderdale, Florida	National Urgent Care	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	\$ 72,669	\$ 5,222	\$ 41,071	\$ 28,044	\$ 84,042	\$ 14,240
Assets limited as to use - current portion	18,745	-	1,093	20	-	1,000
Patient and other receivables	79,116	5,776	30,791	24,697	2,953	19,128
Other current assets	12,014	426	1,569	227	172	939
Total current assets	<u>182,544</u>	<u>11,424</u>	<u>74,524</u>	<u>52,988</u>	<u>87,167</u>	<u>35,307</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Self-insurance, benefit plans and other	16,676	-	9,112	211	-	425
By Board	44,750	-	1,245	-	1,188	106,470
By donors	41,606	-	5,931	425	161	3,082
Total assets limited or restricted as to use - Noncurrent portion	<u>103,032</u>	<u>-</u>	<u>16,288</u>	<u>636</u>	<u>1,349</u>	<u>109,977</u>
PROPERTY AND EQUIPMENT - Net	218,715	1,333	187,798	269	9,349	14,955
OTHER ASSETS	68,080	78,093	28,219	9,153	25,679	33,147
TOTAL ASSETS	<u>\$ 572,371</u>	<u>\$ 90,850</u>	<u>\$ 306,829</u>	<u>\$ 63,046</u>	<u>\$ 123,544</u>	<u>\$ 193,386</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	\$ 150,262	\$ 11,937	\$ 65,817	\$ 36,503	\$ 43,008	\$ 10,649
LONG-TERM DEBT - Net of current portion	145,081	-	194,061	-	22,666	936
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	11,883	5,294	421	3,628	10,826	9,934
OTHER LIABILITIES	58,353	-	95,547	211	304	587
NET ASSETS:						
Net assets without donor restrictions	163,055	73,619	(54,949)	22,259	46,579	167,199
Net assets with donor restrictions	43,737	-	5,932	445	161	4,081
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 572,371</u>	<u>\$ 90,850</u>	<u>\$ 306,829</u>	<u>\$ 63,046</u>	<u>\$ 123,544</u>	<u>\$ 193,386</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2021
(In thousands)

	Mercy Primary Care Center, Detroit, Michigan	Trinity Health Consolidated Labs	Trinity Health Warde Lab LLC	Trinity Specialty Pharmacy	Global Health Ministry	St. Joseph's Health System, Inc., Atlanta, Georgia
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	\$ 13,023	\$ 7,124	\$ 5,509	\$ 6,862	\$ 7,151	\$ 229,256
Assets limited as to use - current portion	-	-	-	-	-	124
Patient and other receivables	322	5,644	-	143	-	1,312
Other current assets	59	3,553	-	68	17	288
Total current assets	<u>13,404</u>	<u>16,321</u>	<u>5,509</u>	<u>7,073</u>	<u>7,168</u>	<u>230,980</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Self-insurance, benefit plans and other	-	-	-	-	-	27
By Board	-	-	-	-	-	40,762
By donors	472	-	-	-	309	12,930
Total assets limited or restricted as to use - Noncurrent portion	<u>472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>309</u>	<u>53,719</u>
PROPERTY AND EQUIPMENT - Net	30	3,764	6,038	899	-	35,802
OTHER ASSETS	333	570	-	-	-	189,261
TOTAL ASSETS	<u>\$ 14,239</u>	<u>\$ 20,655</u>	<u>\$ 11,547</u>	<u>\$ 7,972</u>	<u>\$ 7,477</u>	<u>\$ 509,762</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	\$ 470	\$ 11,820	\$ -	\$ 396	\$ 1,228	\$ 6,000
LONG-TERM DEBT - Net of current portion	-	2,081	-	-	-	23,834
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	140	-	-	-	-	-
OTHER LIABILITIES	-	-	-	-	1,170	635
NET ASSETS:						
Net assets without donor restrictions	13,157	6,754	11,547	7,576	4,843	461,503
Net assets with donor restrictions	472	-	-	-	236	17,790
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,239</u>	<u>\$ 20,655</u>	<u>\$ 11,547</u>	<u>\$ 7,972</u>	<u>\$ 7,477</u>	<u>\$ 509,762</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
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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	\$ 11,384	\$ 131,152	\$ -	\$ -	\$ -
Assets limited as to use - current portion	-	846	-	114,075	-
Patient and other receivables	26,468	-	-	8,093	-
Other current assets	-	15	-	18	-
Total current assets	<u>37,852</u>	<u>132,013</u>	<u>-</u>	<u>122,186</u>	<u>-</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Self-insurance, benefit plans and other	-	-	-	676,502	-
By Board	-	-	13,063	-	-
By donors	-	-	-	-	-
Total assets limited or restricted as to use - Noncurrent portion	<u>-</u>	<u>-</u>	<u>13,063</u>	<u>676,502</u>	<u>-</u>
PROPERTY AND EQUIPMENT - Net	-	35	-	-	-
OTHER ASSETS	-	6	-	-	4,151,469
TOTAL ASSETS	<u>\$ 37,852</u>	<u>\$ 132,054</u>	<u>\$ 13,063</u>	<u>\$ 798,688</u>	<u>\$ 4,151,469</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 40,960	\$ 3,400	\$ 3,532	\$ 238,873	\$ -
LONG-TERM DEBT - Net of current portion	-	-	-	-	-
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-	-
OTHER LIABILITIES	-	-	-	537,026	-
NET ASSETS:					
Net assets without donor restrictions	(3,108)	128,674	9,531	22,789	4,123,316
Net assets with donor restrictions	-	(20)	-	-	28,153
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 37,852</u>	<u>\$ 132,054</u>	<u>\$ 13,063</u>	<u>\$ 798,688</u>	<u>\$ 4,151,469</u>

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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	Maxxis Health System
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ -	\$ 6,421	\$ 54	\$ -	\$ -
Assets limited as to use - current portion	-	-	-	-	-
Patient and other receivables	-	-	15	-	5,597
Other current assets	-	-	-	-	-
Total current assets	-	6,421	69	-	5,597
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Self-insurance, benefit plans and other	-	-	-	-	2,030
By Board	-	-	-	-	-
By donors	-	-	-	-	-
Total assets limited or restricted as to use - Noncurrent portion	-	-	-	-	2,030
PROPERTY AND EQUIPMENT - Net	-	-	203	-	-
OTHER ASSETS	-	-	-	4,124	-
TOTAL ASSETS	\$ -	\$ 6,421	\$ 272	\$ 4,124	\$ 7,627
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ -	\$ 4,459	\$ 983	\$ 851	\$ 53,479
LONG-TERM DEBT - Net of current portion	-	-	135	-	-
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-	-
OTHER LIABILITIES	-	-	1,287	-	2,696
NET ASSETS:					
Net assets without donor restrictions	(2,574)	1,962	(2,133)	3,273	(48,548)
Net assets with donor restrictions	2,574	-	-	-	-
TOTAL LIABILITIES AND NET ASSETS	\$ -	\$ 6,421	\$ 272	\$ 4,124	\$ 7,627

TRINITY HEALTH
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	System Office	Eliminations and Other	TRINITY HEALTH
ASSETS			
CURRENT ASSETS:			
Cash, cash equivalents and investments	\$ 475,822	\$ (155,732)	\$ 8,490,974
Assets limited as to use - current portion	274,459	-	456,723
Patient and other receivables	693,832	(793,247)	2,756,939
Other current assets	174,636	(18,349)	552,991
Total current assets	1,618,749	(967,328)	12,257,627
ASSETS LIMITED OR RESTRICTED AS TO USE -			
Noncurrent portion:			
Self-insurance, benefit plans and other	66,528	-	1,063,638
By Board	2,883,310	-	4,486,606
By donors	-	-	556,951
Total assets limited or restricted as to use - Noncurrent portion	2,949,838	-	6,107,195
PROPERTY AND EQUIPMENT - Net	804,301	17	8,209,177
OTHER ASSETS	5,834,253	(6,261,795)	7,047,748
TOTAL ASSETS	\$ 11,207,141	\$ (7,229,106)	\$ 33,621,747
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES	\$ 1,913,213	\$ (1,217,690)	\$ 5,737,583
LONG-TERM DEBT - Net of current portion	6,160,266	(5,241,280)	6,339,608
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	49,151	2,730	467,876
OTHER LIABILITIES	1,836,102	(708,802)	2,568,415
NET ASSETS:			
Net assets without donor restrictions	1,248,240	(67,598)	17,866,583
Net assets with donor restrictions	169	3,534	641,682
TOTAL LIABILITIES AND NET ASSETS	\$ 11,207,141	\$ (7,229,106)	\$ 33,621,747

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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	\$ 693,011	\$ 1,018,004	\$ 974,638	\$ 1,723,645	\$ 158,120
Other	11,139	108,725	176,087	256,648	7,547
Total operating revenue	704,150	1,126,729	1,150,725	1,980,293	165,667
Expenses:					
Labor costs	304,167	509,591	533,317	926,633	105,210
Purchased services and medical claims	134,618	162,483	220,817	232,223	54,231
Depreciation, amortization and interest	38,444	65,197	62,034	110,420	11,061
Other	212,970	261,545	306,462	576,352	55,974
Total expenses	690,199	998,816	1,122,630	1,845,628	226,476
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	13,951	127,913	28,095	134,665	(60,809)
Other items	-	-	(361)	-	(76,922)
OPERATING INCOME (LOSS)	13,951	127,913	27,734	134,665	(137,731)
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	69,119	101,489	103,120	75,104	(2,686)
Loss from early extinguishment of debt	-	-	-	-	(680)
Other	7,009	5,400	10,704	(10,932)	-
Total nonoperating items	76,128	106,889	113,824	64,172	(3,366)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	90,079	234,802	141,558	198,837	(141,097)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(4,197)	(47)	(33,444)	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	\$ 85,882	\$ 234,755	\$ 108,114	\$ 198,837	\$ (141,097)
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 139,800	\$ 216,241	\$ 77,258	\$ 197,953	\$ 49,743
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	4,392	1,204	(1,226)	(1,119)	(247)
INCREASE (DECREASE) NET ASSETS	144,192	217,445	76,032	196,834	49,496
NET ASSETS, Beginning of year	570,267	840,414	890,295	354,688	(98,305)
NET ASSETS, End of year	\$ 714,459	\$ 1,057,859	\$ 966,327	\$ 551,522	\$ (48,809)

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	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	\$ 451,017	\$ 3,544,773	\$ 1,288,227	\$ 599,897	\$ 1,356,656
Other	44,362	631,162	708,898	55,949	142,029
Total operating revenue	495,379	4,175,935	1,997,125	655,846	1,498,685
Expenses:					
Labor costs	237,568	2,031,699	754,465	345,029	820,612
Purchased services and medical claims	83,899	502,477	654,010	81,810	198,411
Depreciation, amortization and interest	35,571	220,686	142,106	50,053	78,026
Other	145,900	1,104,845	401,064	129,755	374,077
Total expenses	502,938	3,859,707	1,951,645	606,647	1,471,126
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(7,559)	316,228	45,480	49,199	27,559
Other items	-	(5,489)	(88)	-	-
OPERATING INCOME (LOSS)	(7,559)	310,739	45,392	49,199	27,559
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	17,085	455,944	124,803	90,053	107,790
Loss from early extinguishment of debt	-	-	-	-	-
Other	5,092	28,406	12,277	5,653	4,850
Total nonoperating items	22,177	484,350	137,080	95,706	112,640
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	14,618	795,089	182,472	144,905	140,199
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	(10,978)	(14,724)	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	\$ 14,618	\$ 784,111	\$ 167,748	\$ 144,905	\$ 140,199
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 1,226	\$ 713,995	\$ 266,281	\$ 129,489	\$ 132,114
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	801	11,008	535	1,079	18,034
INCREASE (DECREASE) NET ASSETS	2,027	725,003	266,816	130,568	150,148
NET ASSETS, Beginning of year	139,798	2,971,429	1,435,409	476,271	866,663
NET ASSETS, End of year	\$ 141,825	\$ 3,696,432	\$ 1,702,225	\$ 606,839	\$ 1,016,811

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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	\$ 645,665	\$ 1,845,611	\$ 1,162,446	\$ 107,583	\$ 335,251
Other	83,937	189,304	332,939	59,495	13,233
Total operating revenue	<u>729,602</u>	<u>2,034,915</u>	<u>1,495,385</u>	<u>167,078</u>	<u>348,484</u>
Expenses:					
Labor costs	371,093	997,342	757,339	81,374	171,086
Purchased services and medical claims	111,891	282,886	250,433	45,540	60,120
Depreciation, amortization and interest	47,412	90,320	68,521	4,340	17,969
Other	174,563	551,335	309,046	32,067	92,619
Total expenses	<u>704,959</u>	<u>1,921,883</u>	<u>1,385,339</u>	<u>163,321</u>	<u>341,794</u>
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	24,643	113,032	110,046	3,757	6,690
Other items	<u>(17,919)</u>	<u>(281)</u>	<u>-</u>	<u>(2,815)</u>	<u>(39)</u>
OPERATING INCOME (LOSS)	<u>6,724</u>	<u>112,751</u>	<u>110,046</u>	<u>942</u>	<u>6,651</u>
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	24,863	80,780	135,705	(2,727)	21,185
Loss from early extinguishment of debt	-	-	-	-	-
Other	<u>266</u>	<u>7,016</u>	<u>4,991</u>	<u>526</u>	<u>203</u>
Total nonoperating items	<u>25,129</u>	<u>87,796</u>	<u>140,696</u>	<u>(2,201)</u>	<u>21,388</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	31,853	200,547	250,742	(1,259)	28,039
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>(3,728)</u>	<u>(701)</u>	<u>(5,784)</u>	<u>(1,644)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	<u>\$ 28,125</u>	<u>\$ 199,846</u>	<u>\$ 244,958</u>	<u>\$ (2,903)</u>	<u>\$ 28,039</u>
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 20,453	\$ 217,312	\$ 235,313	\$ (4,040)	\$ 22,046
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	<u>1,685</u>	<u>27,638</u>	<u>965</u>	<u>13</u>	<u>(238)</u>
INCREASE (DECREASE) NET ASSETS	<u>22,138</u>	<u>244,950</u>	<u>236,278</u>	<u>(4,027)</u>	<u>21,808</u>
NET ASSETS, Beginning of year	29,080	333,645	772,013	(151,129)	153,789
NET ASSETS, End of year	<u>\$ 51,218</u>	<u>\$ 578,595</u>	<u>\$ 1,008,291</u>	<u>\$ (155,156)</u>	<u>\$ 175,597</u>

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	Holy Cross Hospital, Inc., Ft. Lauderdale, Florida	National Urgent Care	Trinity Continuing Care Services	Trinity Home Health Services	Trinity Health PACE	Pittsburgh Mercy Health System Inc., Pittsburgh, Pennsylvania
Operating revenue:						
Net patient service revenue	\$ 519,560	\$ 3,631	\$ 112,876	\$ 126,879	\$ -	\$ 67,809
Other	41,252	23,631	134,265	38,234	166,974	45,008
Total operating revenue	560,812	27,262	247,141	165,113	166,974	112,817
Expenses:						
Labor costs	294,751	25,833	136,975	130,298	64,881	70,734
Purchased services and medical claims	70,261	1,213	34,557	9,882	75,283	5,565
Depreciation, amortization and interest	30,909	147	29,753	1,127	3,743	2,030
Other	154,162	1,987	45,704	11,139	8,542	30,737
Total expenses	550,083	29,180	246,989	152,446	152,449	109,066
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	10,729	(1,918)	152	12,667	14,525	3,751
Other items	(2,055)	-	(49,583)	-	-	-
OPERATING INCOME (LOSS)	8,674	(1,918)	(49,431)	12,667	14,525	3,751
NONOPERATING ITEMS:						
Investment earnings (losses) and interest rate swaps	21,017	-	9,816	2,319	12,489	21,601
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	1,614	-	1,194	1,299	-	5
Total nonoperating items	22,631	-	11,010	3,618	12,489	21,606
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	31,305	(1,918)	(38,421)	16,285	27,014	25,357
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(305)	193	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	\$ 31,000	\$ (1,725)	\$ (38,421)	\$ 16,285	\$ 27,014	\$ 25,357
CHANGES IN NET ASSETS						
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 23,935	\$ 73,619	\$ (44,681)	\$ 12,105	\$ 26,026	\$ 23,656
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	7,551	-	1,065	98	(87)	806
INCREASE (DECREASE) NET ASSETS	31,486	73,619	(43,616)	12,203	25,939	24,462
NET ASSETS, Beginning of year	175,306	-	(5,401)	10,501	20,801	146,818
NET ASSETS, End of year	\$ 206,792	\$ 73,619	\$ (49,017)	\$ 22,704	\$ 46,740	\$ 171,280

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	Mercy Primary Care Center, Detroit, Michigan	Trinity Health Consolidated Labs	Trinity Health Warde Lab LLC	Trinity Specialty Pharmacy	Global Health Ministry	St. Joseph's Health System, Inc., Atlanta, Georgia
Operating revenue:						
Net patient service revenue	\$ 588	-	-	\$ -	\$ -	\$ 3,271
Other	1,419	70,899	739	1,006	2,491	31,618
Total operating revenue	2,007	70,899	739	1,006	2,491	34,889
Expenses:						
Labor costs	1,464	10,833	-	825	1,429	23,447
Purchased services and medical claims	108	25,666	-	217	80	2,872
Depreciation, amortization and interest	71	1,242	309	213	-	984
Other	1,632	33,421	-	1,114	838	5,556
Total expenses	3,275	71,162	309	2,369	2,347	32,859
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(1,268)	(263)	430	(1,363)	144	2,030
Other items	-	-	-	-	-	-
OPERATING INCOME (LOSS)	(1,268)	(263)	430	(1,363)	144	2,030
NONOPERATING ITEMS:						
Investment earnings (losses) and interest rate swaps	1,955	1,408	836	1,242	1,151	84,939
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	-	-	-	-	15	(116)
Total nonoperating items	1,955	1,408	836	1,242	1,166	84,823
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	687	1,145	1,266	(121)	1,310	86,853
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	\$ 687	\$ 1,145	\$ 1,266	\$ (121)	\$ 1,310	\$ 86,853
CHANGES IN NET ASSETS						
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 3,750	\$ 646	\$ 1,266	\$ (122)	\$ 1,280	\$ 86,922
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	66	-	-	-	-	5,639
INCREASE (DECREASE) NET ASSETS	3,816	646	1,266	(122)	1,280	92,561
NET ASSETS, Beginning of year	9,813	6,108	10,281	7,698	3,799	386,732
NET ASSETS, End of year	\$ 13,629	\$ 6,754	\$ 11,547	\$ 7,576	\$ 5,079	\$ 479,293

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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	39,421	8,703	2,555	197,438	-
Total operating revenue	39,421	8,703	2,555	197,438	-
Expenses:					
Labor costs	-	1,040	-	-	-
Purchased services and medical claims	39,333	1,089	-	781	-
Depreciation, amortization and interest	-	9	-	-	-
Other	32	6,565	2,555	196,657	-
Total expenses	39,365	8,703	2,555	197,438	-
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	56	-	-	-	-
Other items	-	-	-	-	-
OPERATING INCOME (LOSS)	56	-	-	-	-
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	1,621	22,322	-	-	880,530
Loss from early extinguishment of debt	-	-	-	-	-
Other	-	-	-	-	-
Total nonoperating items	1,621	22,322	-	-	880,530
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	1,677	22,322	-	-	880,530
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	\$ 1,677	\$ 22,322	\$ -	\$ -	\$ 880,530
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 1,676	\$ 22,322	\$ -	\$ -	\$ 887,818
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	(34)	-	-	(4,549)
INCREASE (DECREASE) NET ASSETS	1,676	22,288	-	-	883,269
NET ASSETS, Beginning of year	(4,784)	106,366	9,531	22,789	3,268,200
NET ASSETS, End of year	\$ (3,108)	\$ 128,654	\$ 9,531	\$ 22,789	\$ 4,151,469

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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	-	-	71	-	2,914
Total operating revenue	-	-	71	-	2,914
Expenses:					
Labor costs	-	-	-	-	(430)
Purchased services and medical claims	-	-	4	-	304
Depreciation, amortization and interest	-	-	16	-	-
Other	-	-	165	-	(7)
Total expenses	-	-	185	-	(133)
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	-	-	(114)	-	3,047
Other items	-	-	-	-	-
OPERATING INCOME (LOSS)	-	-	(114)	-	3,047
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	(4,954)	-	-	-	(7,940)
Loss from early extinguishment of debt	-	-	-	-	-
Other	-	-	-	-	-
Total nonoperating items	(4,954)	-	-	-	(7,940)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(4,954)	-	(114)	-	(4,893)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	\$ (4,954)	\$ -	\$ (114)	\$ -	\$ (4,893)
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (37,946)	\$ 1,104	\$ 2,939	\$ -	\$ (2,732)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-	-
INCREASE (DECREASE) NET ASSETS	(37,946)	1,104	2,939	-	(2,732)
NET ASSETS, Beginning of year	37,946	858	(5,072)	3,273	(45,816)
NET ASSETS, End of year	\$ -	\$ 1,962	\$ (2,133)	\$ 3,273	\$ (48,548)

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(In thousands)

	System Office	Eliminations and Other	TRINITY HEALTH
Operating revenue:			
Net patient service revenue	\$ -	\$ (4,198)	\$ 16,734,960
Other	1,948,577	(2,149,976)	3,428,693
Total operating revenue	1,948,577	(2,154,174)	20,163,653
Expenses:			
Labor costs	851,872	(265,236)	10,295,241
Purchased services and medical claims	393,392	(1,036,483)	2,699,973
Depreciation, amortization and interest	375,414	(355,565)	1,132,562
Other	380,419	(419,674)	5,190,118
Total expenses	2,001,097	(2,076,958)	19,317,894
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(52,520)	(77,216)	845,759
Other items	(32,632)	-	(188,184)
OPERATING INCOME (LOSS)	(85,152)	(77,216)	657,575
NONOPERATING ITEMS:			
Investment earnings (losses) and interest rate swaps	772,615	16,532	3,241,126
Loss from early extinguishment of debt	(2,997)	-	(3,677)
Other	(52,950)	212	32,734
Total nonoperating items	716,668	16,744	3,270,183
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	631,516	(60,472)	3,927,758
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	(425)	(75,784)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - Net of noncontrolling interest	\$ 631,516	\$ (60,897)	\$ 3,851,974
CHANGES IN NET ASSETS			
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 1,465,522	\$ (62,274)	\$ 4,902,015
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	28	395	75,502
INCREASE (DECREASE) NET ASSETS	1,465,550	(61,879)	4,977,517
NET ASSETS, Beginning of year	(217,141)	(2,185)	13,530,748
NET ASSETS, End of year	\$ 1,248,409	\$ (64,064)	\$ 18,508,265

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 22, 2021

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(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
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ 399,747	\$ 2,093	\$ 126	\$ 19,510	\$ 421,476
Assets limited as to use - current portion	113	-	-	-	113
Patient and other receivables	190,250	3,921	-	1,126	195,297
Other current assets	<u>10,709</u>	<u>61</u>	-	<u>3,540</u>	<u>14,310</u>
Total current assets	600,819	6,075	126	24,176	631,196
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Self-insurance, benefit plans and other	-	-	2,300	-	2,300
By Board	795	-	-	-	795
By donors	<u>16,994</u>	-	-	-	<u>16,994</u>
Total assets limited or restricted as to use - Noncurrent portion	17,789	-	2,300	-	20,089
PROPERTY AND EQUIPMENT - Net	191,742	4,566	-	70,100	266,408
OTHER ASSETS	<u>45,519</u>	<u>3,999</u>	-	<u>102,627</u>	<u>152,145</u>
TOTAL ASSETS	<u>\$ 855,869</u>	<u>\$ 14,640</u>	<u>\$ 2,426</u>	<u>\$ 196,903</u>	<u>\$ 1,069,838</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 167,309	\$ 15,654	\$ 312	\$ 11,930	\$ 195,205
LONG-TERM DEBT - Net of current portion	86,347	-	-	60,831	147,178
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	5,676	2,968	-	966	9,610
OTHER LIABILITIES	3,355	-	-	31	3,386
NET ASSETS:					
Net assets without donor restrictions	576,197	(3,982)	2,114	123,145	697,474
Net assets with donor restrictions	<u>16,985</u>	-	-	-	<u>16,985</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 855,869</u>	<u>\$ 14,640</u>	<u>\$ 2,426</u>	<u>\$ 196,903</u>	<u>\$ 1,069,838</u>

TRINITY HEALTH

**Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(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	\$ 693,011	\$ 30,068	\$ -	\$ (30,068)	\$ 693,011
Other	11,139	16,610	-	(16,610)	11,139
Total operating revenue	704,150	46,678	-	(46,678)	704,150
Expenses:					
Labor costs	304,167	10,207	133	(10,340)	304,167
Purchased services and medical claims	134,618	53,738	650	(54,388)	134,618
Depreciation, amortization and interest	38,444	564	-	(564)	38,444
Other	212,970	6,466	77	(6,543)	212,970
Total expenses	690,199	70,975	860	(71,835)	690,199
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	13,951	(24,297)	(860)	25,157	13,951
Other items	-	-	-	-	-
OPERATING INCOME (LOSS)	13,951	(24,297)	(860)	25,157	13,951
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	69,119	432	42	(474)	69,119
Loss from early extinguishment of debt	-	-	-	-	-
Other	7,009	-	-	-	7,009
Total nonoperating items	76,128	432	42	(474)	76,128
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	90,079	(23,865)	(818)	24,683	90,079
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(4,197)	-	-	-	(4,197)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 85,882	\$ (23,865)	\$ (818)	\$ 24,683	\$ 85,882
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 139,800	\$ (10,164)	\$ 1,700	\$ 8,464	\$ 139,800
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(110,289)	-	-	114,681	4,392
INCREASE (DECREASE) NET ASSETS	29,511	(10,164)	1,700	123,145	144,192
NET ASSETS, Beginning of year	563,671	6,182	414	-	570,267
NET ASSETS, End of year	\$ 593,182	\$ (3,982)	\$ 2,114	\$ 123,145	\$ 714,459

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(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
ASSETS							
CURRENT ASSETS:							
Cash, cash equivalents and investments	\$ 36,098	\$ 94,739	\$ 107,450	\$ 48,548	\$ -	\$ 2,906	\$ 289,741
Assets limited as to use - current portion	379	33	6	61	-	-	479
Patient and other receivables	19,070	33,378	72,280	47,674	-	(774)	171,628
Other current assets	<u>3,269</u>	<u>6,113</u>	<u>17,724</u>	<u>9,261</u>	-	<u>1,759</u>	<u>38,126</u>
Total current assets	58,816	134,263	197,460	105,544	-	3,891	499,974
ASSETS LIMITED OR RESTRICTED AS TO USE -							
Noncurrent portion:							
Self-insurance, benefit plans and other	-	-	788	-	-	27,772	28,560
By Board	42,405	43,755	219,377	6,611	-	-	312,148
By donors	<u>1,339</u>	<u>5,746</u>	<u>2,914</u>	<u>1,619</u>	-	-	<u>11,618</u>
Total assets limited or restricted as to use - Noncurrent portion	43,744	49,501	223,079	8,230	-	27,772	352,326
PROPERTY AND EQUIPMENT - Net	35,939	85,741	131,276	64,849	-	-	317,805
OTHER ASSETS	11,080	14,590	38,354	181,047	118,363	-	363,434
TOTAL ASSETS	<u>\$ 149,579</u>	<u>\$ 284,095</u>	<u>\$ 590,169</u>	<u>\$ 359,670</u>	<u>\$ 118,363</u>	<u>\$ 31,663</u>	<u>\$ 1,533,539</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES	\$ 15,438	\$ 44,202	\$ 118,949	\$ 70,355	\$ -	\$ 3,926	\$ 252,870
LONG-TERM DEBT - Net of current portion	16,080	27,413	77,172	145,748	-	-	266,413
LEASE LIABILITIES	3,266	419	5,825	2,992	-	-	12,502
OTHER LIABILITIES	1,082	1,537	3,823	1,213	-	27,772	35,427
NET ASSETS:							
Net assets without donor restrictions	112,195	204,739	381,517	137,824	118,363	(35)	954,603
Net assets with donor restrictions	<u>1,518</u>	<u>5,785</u>	<u>2,883</u>	<u>1,538</u>	-	-	<u>11,724</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 149,579</u>	<u>\$ 284,095</u>	<u>\$ 590,169</u>	<u>\$ 359,670</u>	<u>\$ 118,363</u>	<u>\$ 31,663</u>	<u>\$ 1,533,539</u>

TRINITY HEALTH

**Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(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	\$ 126,334	\$ 152,546	\$ 398,900	\$ 296,858	\$ -	\$ -	\$ 974,638
Other	7,780	38,247	103,639	14,400	13,652	(1,631)	176,087
Total operating revenue	134,114	190,793	502,539	311,258	13,652	(1,631)	1,150,725
Expenses:							
Labor costs	75,172	78,828	231,508	148,093	-	(284)	533,317
Purchased services and medical claims	19,793	28,058	118,414	55,829	-	(1,277)	220,817
Depreciation, amortization and interest	8,068	14,008	22,595	17,363	-	-	62,034
Other	35,771	63,570	124,135	83,056	-	(70)	306,462
Total expenses	138,804	184,464	496,652	304,341	-	(1,631)	1,122,630
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(4,690)	6,329	5,887	6,917	13,652	-	28,095
Other items	-	-	-	(361)	-	-	(361)
OPERATING INCOME (LOSS)	(4,690)	6,329	5,887	6,556	13,652	-	27,734
NONOPERATING ITEMS:							
Investment earnings (losses) and interest rate swaps	15,248	23,420	54,761	9,699	-	(8)	103,120
Loss from early extinguishment of debt	-	-	-	-	-	-	-
Other	1,143	2,277	4,432	2,852	-	-	10,704
Total nonoperating items	16,391	25,697	59,193	12,551	-	(8)	113,824
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	11,701	32,026	65,080	19,107	13,652	(8)	141,558
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(104)	-	(4,937)	(28,403)	-	-	(33,444)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 11,597	\$ 32,026	\$ 60,143	\$ (9,296)	\$ 13,652	\$ (8)	\$ 108,114
CHANGES IN NET ASSETS							
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 6,959	\$ 27,306	\$ 41,827	\$ (12,478)	\$ 13,653	\$ (9)	\$ 77,258
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(1,609)	657	(299)	25	-	-	(1,226)
INCREASE (DECREASE) NET ASSETS	5,350	27,963	41,528	(12,453)	13,653	(9)	76,032
NET ASSETS, Beginning of year	108,363	182,561	342,872	151,815	104,710	(26)	890,295
NET ASSETS, End of year	\$ 113,713	\$ 210,524	\$ 384,400	\$ 139,362	\$ 118,363	\$ (35)	\$ 966,327

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(In thousands)

Mercy Hospital and Medical Center, Chicago, Illinois

	Mercy Hospital and Medical Center	Mercy Foundation, Inc.	Eliminations and Other	Mercy Hospital and Medical Center, Chicago, Illinois
ASSETS				
CURRENT ASSETS:				
Cash, cash equivalents and investments	\$ 3,385	\$ 4,751	\$ -	\$ 8,136
Assets limited as to use - current portion	361	2,732	-	3,093
Patient and other receivables	15,189	-	(972)	14,217
Other current assets	-	-	-	-
Total current assets	<u>18,935</u>	<u>7,483</u>	<u>(972)</u>	<u>25,446</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -				
Noncurrent portion:				
Self-insurance, benefit plans and other	151	-	-	151
By Board	-	-	-	-
By donors	<u>3,179</u>	-	-	<u>3,179</u>
Total assets limited or restricted as to use -	3,330	-	-	3,330
Noncurrent portion				
PROPERTY AND EQUIPMENT - Net	-	-	-	-
OTHER ASSETS	-	-	-	-
TOTAL ASSETS	<u>\$ 22,265</u>	<u>\$ 7,483</u>	<u>\$ (972)</u>	<u>\$ 28,776</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
LONG-TERM DEBT - Net of current portion	\$ 77,375	\$ 974	(972)	\$ 77,377
LONG-TERM PORTION OF OPERATING	-	-	-	-
LEASE LIABILITIES	208	-	-	208
OTHER LIABILITIES	-	-	-	-
NET ASSETS:				
Net assets without donor restrictions	(59,150)	3,707	-	(55,443)
Net assets with donor restrictions	<u>3,832</u>	<u>2,802</u>	-	<u>6,634</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,265</u>	<u>\$ 7,483</u>	<u>\$ (972)</u>	<u>\$ 28,776</u>

TRINITY HEALTH

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2021
(In thousands)

Mercy Hospital and Medical Center, Chicago, Illinois

	Mercy Hospital and Medical Center	Mercy Foundation, Inc.	Eliminations and Other	Mercy Hospital and Medical Center, Chicago, Illinois
Operating revenue:				
Net patient service revenue	\$ 158,120	-	\$ -	\$ 158,120
Other	7,292	255	-	7,547
Total operating revenue	<u>165,412</u>	<u>255</u>	<u>-</u>	<u>165,667</u>
Expenses:				
Labor costs	105,210	-	-	105,210
Purchased services and medical claims	54,245	-	(14)	54,231
Depreciation, amortization and interest	11,061	-	-	11,061
Other	55,714	260	-	55,974
Total expenses	<u>226,230</u>	<u>260</u>	<u>(14)</u>	<u>226,476</u>
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(60,818)	(5)	14	(60,809)
Other items	<u>(76,922)</u>	<u>-</u>	<u>-</u>	<u>(76,922)</u>
OPERATING INCOME (LOSS)	(137,740)	(5)	14	(137,731)
NONOPERATING ITEMS:				
Investment earnings (losses) and interest rate swaps	(2,686)	-	-	(2,686)
Loss from early extinguishment of debt	(680)	-	-	(680)
Other	-	-	-	-
Total nonoperating items	<u>(3,366)</u>	<u>-</u>	<u>-</u>	<u>(3,366)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(141,106)	(5)	14	(141,097)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ (141,106)	\$ (5)	\$ 14	\$ (141,097)
CHANGES IN NET ASSETS				
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 49,735	\$ (5)	\$ 13	\$ 49,743
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	455	(702)	-	(247)
INCREASE (DECREASE) NET ASSETS	50,190	(707)	13	49,496
NET ASSETS, Beginning of year	<u>(105,508)</u>	<u>7,216</u>	<u>(13)</u>	<u>(98,305)</u>
NET ASSETS, End of year	<u>\$ (55,318)</u>	<u>\$ 6,509</u>	<u>\$ -</u>	<u>\$ (48,809)</u>

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(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	\$ 302,263	\$ 224,651	\$ 36,665	\$ 1,254,589	\$ 52,620
Assets limited as to use - current portion	13	908	-	27,957	-
Patient and other receivables	261,868	123,859	14,154	303,508	26,911
Other current assets	11,247	11,910	-	14,783	3,608
Total current assets	575,391	361,328	50,819	1,600,837	83,139
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Self-insurance, benefit plans and other	21,859	6,962	-	9,018	-
By Board	449,733	16,942	-	-	-
By donors	10,639	6,317	-	56,869	-
Total assets limited or restricted as to use - Noncurrent portion	482,231	30,221	-	65,887	-
PROPERTY AND EQUIPMENT - Net	260,880	421,707	-	421,394	98,149
OTHER ASSETS	52,391	56,523	-	118,041	2,610
TOTAL ASSETS	<u>\$ 1,370,893</u>	<u>\$ 869,779</u>	<u>\$ 50,819</u>	<u>\$ 2,206,159</u>	<u>\$ 183,898</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 193,137	\$ 361,502	\$ 35,125	\$ 338,270	\$ 58,139
LONG-TERM DEBT - Net of current portion	153,415	205,365	-	361,729	300
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	9,535	7,436	-	2,069	1,821
OTHER LIABILITIES	21,969	10,416	-	17,709	1,464
NET ASSETS:					
Net assets without donor restrictions	982,185	277,835	15,694	1,402,506	122,174
Net assets with donor restrictions	10,652	7,225	-	83,876	-
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,370,893</u>	<u>\$ 869,779</u>	<u>\$ 50,819</u>	<u>\$ 2,206,159</u>	<u>\$ 183,898</u>

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(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
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ 239,400	\$ 295,387	\$ 66,582	\$ -	\$ 2,472,157
Assets limited as to use - current portion	-	-	-	-	28,878
Patient and other receivables	72,629	90,212	50,496	(350,364)	593,273
Other current assets	5,817	10,747	2,649	263	61,024
Total current assets	317,846	396,346	119,727	(350,101)	3,155,332
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Self-insurance, benefit plans and other	2,795	4,926	41,655	-	87,215
By Board	-	-	-	-	466,675
By donors	-	-	-	-	73,825
Total assets limited or restricted as to use - Noncurrent portion	2,795	4,926	41,655	-	627,715
PROPERTY AND EQUIPMENT - Net	156,421	247,666	28,352	2,263	1,636,832
OTHER ASSETS	77,611	37,793	89,261	143	434,373
TOTAL ASSETS	<u>\$ 554,673</u>	<u>\$ 686,731</u>	<u>\$ 278,995</u>	<u>\$ (347,695)</u>	<u>\$ 5,854,252</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 144,862	\$ 156,990	\$ 70,800	\$ (348,101)	\$ 1,010,724
LONG-TERM DEBT - Net of current portion	118,837	111,774	160	-	951,580
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	39,739	3,845	27,020	111	91,576
OTHER LIABILITIES	4,009	6,718	41,655	-	103,940
NET ASSETS:					
Net assets without donor restrictions	247,226	407,404	139,360	295	3,594,679
Net assets with donor restrictions	-	-	-	-	101,753
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 554,673</u>	<u>\$ 686,731</u>	<u>\$ 278,995</u>	<u>\$ (347,695)</u>	<u>\$ 5,854,252</u>

TRINITY HEALTH

**Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(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	\$ 593,291	\$ 650,722	\$ -	\$ 1,084,779	\$ 168,410
Other	213,581	151,657	25,946	127,853	19,833
Total operating revenue	806,872	802,379	25,946	1,212,632	188,243
Expenses:					
Labor costs	348,603	383,501	11,311	487,006	83,411
Purchased services and medical claims	97,614	109,913	12,057	211,576	25,593
Depreciation, amortization and interest	41,373	44,036	-	65,169	9,268
Other	229,092	214,686	1,417	321,398	58,121
Total expenses	716,682	752,136	24,785	1,085,149	176,393
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	90,190	50,243	1,161	127,483	11,850
Other items	(924)	(23)	-	(3,743)	(75)
OPERATING INCOME (LOSS)	89,266	50,220	1,161	123,740	11,775
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	122,399	34,571	6,742	189,308	6,607
Loss from early extinguishment of debt	-	-	-	-	-
Other	3,611	3,631	-	12,854	-
Total nonoperating items	126,010	38,202	6,742	202,162	6,607
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	215,276	88,422	7,903	325,902	18,382
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(404)	(37)	-	(1,529)	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 214,872	\$ 88,385	\$ 7,903	\$ 324,373	\$ 18,382
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 201,862	\$ 76,040	\$ 7,902	\$ 292,393	\$ 17,784
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	875	93	-	10,040	-
INCREASE (DECREASE) NET ASSETS	202,737	76,133	7,902	302,433	17,784
NET ASSETS, Beginning of year	790,100	208,927	7,792	1,183,949	104,390
NET ASSETS, End of year	\$ 992,837	\$ 285,060	\$ 15,694	\$ 1,486,382	\$ 122,174

TRINITY HEALTH

**Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(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	\$ 357,635	\$ 469,639	\$ 220,297	\$ -	\$ 3,544,773
Other	2,343	37,146	152,681	(99,878)	631,162
Total operating revenue	359,978	506,785	372,978	(99,878)	4,175,935
Expenses:					
Labor costs	192,805	235,780	290,236	(954)	2,031,699
Purchased services and medical claims	58,128	68,887	10,254	(91,545)	502,477
Depreciation, amortization and interest	24,448	31,029	5,363	-	220,686
Other	93,302	146,352	47,856	(7,379)	1,104,845
Total expenses	368,683	482,048	353,709	(99,878)	3,859,707
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(8,705)	24,737	19,269	-	316,228
Other items	(694)	(30)	-	-	(5,489)
OPERATING INCOME (LOSS)	(9,399)	24,707	19,269	-	310,739
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	48,351	47,966	-	-	455,944
Loss from early extinguishment of debt	-	-	-	-	-
Other	2,881	4,948	481	-	28,406
Total nonoperating items	51,232	52,914	481	-	484,350
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	41,833	77,621	19,750	-	795,089
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	(9,008)	(10,978)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 41,833	\$ 77,621	\$ 19,750	\$ (9,008)	\$ 784,111
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 35,723	\$ 63,574	\$ 18,717	\$ -	\$ 713,995
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-	11,008
INCREASE (DECREASE) NET ASSETS	35,723	63,574	18,717	-	725,003
NET ASSETS, Beginning of year	211,503	343,830	120,643	295	2,971,429
NET ASSETS, End of year	\$ 247,226	\$ 407,404	\$ 139,360	\$ 295	\$ 3,696,432

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(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
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ 403,610	\$ 133,993	\$ 715	\$ 2,548	\$ 540,866
Assets limited as to use - current portion	-	-	-	519	519
Patient and other receivables	44,863	19,686	4,219	5,939	74,707
Other current assets	12,769	3,268	39	-	16,076
Total current assets	461,242	156,947	4,973	9,006	632,168
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Self-insurance, benefit plans and other	1,053	133	106	-	1,292
By Board	2,000	-	-	-	2,000
By donors	84	-	-	5,527	5,611
Total assets limited or restricted as to use - Noncurrent portion	3,137	133	106	5,527	8,903
PROPERTY AND EQUIPMENT - Net	271,740	143,750	3,410	-	418,900
OTHER ASSETS	41,907	7,531	46,086	-	95,524
TOTAL ASSETS	<u>\$ 778,026</u>	<u>\$ 308,361</u>	<u>\$ 54,575</u>	<u>\$ 14,533</u>	<u>\$ 1,155,495</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ (83,952)	\$ 229,249	\$ 7,454	\$ 11,042	\$ 163,793
LONG-TERM DEBT - Net of current portion	228,525	145,067	-	-	373,592
LEASE LIABILITIES	4,545	-	1,854	-	6,399
OTHER LIABILITIES	1,539	3,056	277	-	4,872
NET ASSETS:					
Net assets without donor restrictions	627,285	(69,011)	44,990	(2,555)	600,709
Net assets with donor restrictions	84	-	-	6,046	6,130
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 778,026</u>	<u>\$ 308,361</u>	<u>\$ 54,575</u>	<u>\$ 14,533</u>	<u>\$ 1,155,495</u>

TRINITY HEALTH

**Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(In thousands)**

Holy Cross Health, Inc., Maryland

	Holy Cross Hospital	Holy Cross Germentown Hospital	Holy Cross Health Network	Holy Cross Health Foundation, Inc.	Holy Cross Health, Inc., Maryland
Operating revenue:					
Net patient service revenue	\$ 480,514	\$ 116,370	\$ 3,013	\$ -	\$ 599,897
Other	36,070	5,744	13,505	630	55,949
Total operating revenue	516,584	122,114	16,518	630	655,846
Expenses:					
Labor costs	273,800	57,639	13,065	525	345,029
Purchased services and medical claims	68,962	9,661	3,107	80	81,810
Depreciation, amortization and interest	35,244	14,557	252	-	50,053
Other	84,063	41,681	3,357	654	129,755
Total expenses	462,069	123,538	19,781	1,259	606,647
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	54,515	(1,424)	(3,263)	(629)	49,199
Other items	-	-	-	-	-
OPERATING INCOME (LOSS)	54,515	(1,424)	(3,263)	(629)	49,199
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	89,067	(471)	(155)	1,612	90,053
Loss from early extinguishment of debt	-	-	-	-	-
Other	5,653	-	-	-	5,653
Total nonoperating items	94,720	(471)	(155)	1,612	95,706
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	149,235	(1,895)	(3,418)	983	144,905
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 149,235	\$ (1,895)	\$ (3,418)	\$ 983	\$ 144,905
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 118,886	\$ (1,792)	\$ 11,412	\$ 983	\$ 129,489
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	31	-	-	1,048	1,079
INCREASE (DECREASE) NET ASSETS	118,917	(1,792)	11,412	2,031	130,568
NET ASSETS, Beginning of year	508,452	(67,219)	33,578	1,460	476,271
NET ASSETS, End of year	\$ 627,369	\$ (69,011)	\$ 44,990	\$ 3,491	\$ 606,839

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(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
Cash, cash equivalents and investments	\$ 413,785	\$ -	\$ 688	\$ -	\$ 22,625	\$ -
Assets limited as to use - current portion	-	-	-	-	-	-
Patient and other receivables	131,964	14	2,400	234	4,482	19,648
Other current assets	<u>8,631</u>	-	-	<u>7</u>	<u>731</u>	-
Total current assets	554,380	14	3,088	241	27,838	19,648

ASSETS

CURRENT ASSETS:

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

ASSETS LIMITED OR RESTRICTED AS TO USE -

Noncurrent portion:

Self-insurance, benefit plans and other
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 - Net of current 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

76,859	-	-	-	-	2,555	39
<u>34,777</u>	-	-	<u>119</u>	-	<u>765</u>	<u>419</u>
\$ <u>671,159</u>	\$ <u>14</u>	\$ <u>3,088</u>	\$ <u>7,112</u>	\$ <u>31,158</u>	\$ <u>20,106</u>	
\$ 225,284	\$ 585	\$ 134,259	\$ 24,223	\$ 107,722	\$ 43,947	
105,784	-	-	1,318	-	-	
-	406	-	44	234	271	
9,453	-	-	-	-	-	
325,494	(977)	(131,171)	(19,372)	(76,798)	(24,112)	
<u>5,144</u>	-	-	<u>899</u>	-	-	
\$ <u>671,159</u>	\$ <u>14</u>	\$ <u>3,088</u>	\$ <u>7,112</u>	\$ <u>31,158</u>	\$ <u>20,106</u>	

TRINITY HEALTH

Supplemental Condensed Consolidating Balance
Sheets - Information
June 30, 2021
(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	Mercy Health Accountable Care Organization, LLC	Mercy Elimination and Other	The Mercy Hospital Inc. and Subsidiaries Subtotal
ASSETS							
CURRENT ASSETS:							
Cash, cash equivalents and investments	\$ -	\$ 8	\$ -	\$ 948	\$ -	\$ (355,282)	\$ 82,772
Assets limited as to use - current portion	-	-	-	-	-	-	-
Patient and other receivables	914	1,474	-	6,023	289	(98,237)	69,205
Other current assets	282	389	-	548	-	-	10,588
Total current assets	1,196	1,871	-	7,519	289	(453,519)	162,565

ASSETS LIMITED OR RESTRICTED AS TO USE -							
Noncurrent portion:							
Self-insurance, benefit plans and other	-	-	-	-	-	-	-
By Board	-	-	-	-	-	-	5,852
By donors	-	-	-	-	-	-	6,043
Total assets limited or restricted as to use - Noncurrent portion	-	-	-	-	-	-	11,895
PROPERTY AND EQUIPMENT - Net	13	-	-	6,846	-	-	86,312
OTHER ASSETS	-	4,675	-	15,070	-	(99)	55,726
TOTAL ASSETS	<u>\$ 1,209</u>	<u>\$ 6,546</u>	<u>\$ -</u>	<u>\$ 29,435</u>	<u>\$ 289</u>	<u>\$ (453,618)</u>	<u>\$ 316,498</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
LONG-TERM DEBT - Net of current portion	\$ 41,563	\$ 47,575	\$ -	\$ 72,011	\$ 2,377	\$ (453,520)	\$ 246,026
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	11	-	-	107,113
OTHER LIABILITIES	-	3,428	-	13,179	-	-	17,562
	-	-	-	2,362	-	-	11,815
NET ASSETS:							
Net assets without donor restrictions	(40,354)	(44,457)	-	(58,128)	(2,088)	(98)	(72,061)
Net assets with donor restrictions	-	-	-	-	-	-	6,043
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,209</u>	<u>\$ 6,546</u>	<u>\$ -</u>	<u>\$ 29,435</u>	<u>\$ 289</u>	<u>\$ (453,618)</u>	<u>\$ 316,498</u>

TRINITY HEALTH**Supplemental Condensed Consolidating Balance****Sheets - Information****June 30, 2021****(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.
ASSETS			
CURRENT ASSETS:			
Cash, cash equivalents and investments	\$ 331,511	\$ -	\$ 414,283
Assets limited as to use - current portion	2,157	-	2,157
Patient and other receivables	1,129,086	(948,540)	249,751
Other current assets	<u>37,724</u>	<u>180</u>	<u>48,492</u>
Total current assets	<u>1,500,478</u>	<u>(948,360)</u>	<u>714,683</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -			
Noncurrent portion:			
Self-insurance, benefit plans and other	11,282	-	11,282
By Board	26,506	-	32,358
By donors	<u>152,655</u>	-	<u>158,698</u>
Total assets limited or restricted as to use - Noncurrent portion	<u>190,443</u>	<u>-</u>	<u>202,338</u>
PROPERTY AND EQUIPMENT - Net	459,238	1,286	546,836
OTHER ASSETS	<u>162,659</u>	<u>3,603</u>	<u>221,988</u>
TOTAL ASSETS	<u>\$ 2,312,818</u>	<u>\$ (943,471)</u>	<u>\$ 1,685,845</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES	\$ 1,109,466	\$ (940,160)	\$ 415,332
LONG-TERM DEBT - Net of current portion	293,204	-	400,317
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	27,063	57	44,682
OTHER LIABILITIES	235,104	-	246,919
NET ASSETS:			
Net assets without donor restrictions	493,169	(3,368)	417,740
Net assets with donor restrictions	<u>154,812</u>	<u>-</u>	<u>160,855</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,312,818</u>	<u>\$ (943,471)</u>	<u>\$ 1,685,845</u>

TRINITY HEALTH

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

June 30, 2021

(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	\$ 291,740	\$ -	\$ 8,475	\$ 2,225	\$ 41,999	\$ 2,180
Other	69,295	-	3,188	779	16,784	529
Total operating revenue	361,035	-	11,663	3,004	58,783	2,709
Expenses:						
Labor costs	108,120	-	8,876	1,697	36,332	3,391
Purchased services and medical claims	149,050	359	2,796	503	8,463	486
Depreciation, amortization and interest	16,533	-	613	52	464	13
Other	86,554	25	1,624	120	13,137	501
Total expenses	360,257	384	13,909	2,372	58,396	4,391
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	778	(384)	(2,246)	632	387	(1,682)
Other items	-	-	-	-	-	-
OPERATING INCOME (LOSS)	778	(384)	(2,246)	632	387	(1,682)
NONOPERATING ITEMS:						
Investment earnings (losses) and interest rate swaps	16,738	-	5	974	-	-
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	530	-	-	-	-	-
Total nonoperating items	17,268	-	5	974	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	18,046	(384)	(2,241)	1,606	387	(1,682)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 18,046	\$ (384)	\$ (2,241)	\$ 1,606	\$ 387	\$ (1,682)
CHANGES IN NET ASSETS						
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 12,773	\$ (209)	\$ (2,242)	\$ 1,605	\$ 387	\$ (1,680)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	3,471	-	(993)	65	-	-
INCREASE (DECREASE) NET ASSETS	16,244	(209)	(3,235)	1,670	387	(1,680)
NET ASSETS, Beginning of year	314,394	(768)	(127,936)	(20,143)	(77,185)	(22,432)
NET ASSETS, End of year	\$ 330,638	\$ (977)	\$ (131,171)	\$ (18,473)	\$ (76,798)	\$ (24,112)

TRINITY HEALTH

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

June 30, 2021

(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	Mercy Health Accountable Care Organization, LLC	Mercy Elimination and Other	The Mercy Hospital Inc. and Subsidiaries Subtotal
Operating revenue:							
Net patient service revenue	\$ 8,316	\$ 2,915	\$ -	\$ 59,459	\$ -	\$ (12,500)	\$ 404,809
Other	160	1,108	-	18,913	3,610	(72,448)	41,918
Total operating revenue	8,476	4,023	-	78,372	3,610	(84,948)	446,727
Expenses:							
Labor costs	198	152	-	67,825	1,247	4	227,842
Purchased services and medical claims	13,421	5,219	-	3,398	3,866	(82,820)	104,741
Depreciation, amortization and interest	11	-	-	1,172	-	-	18,858
Other	835	1,605	-	12,525	20	(2,132)	114,814
Total expenses	14,465	6,976	-	84,920	5,133	(84,948)	466,255
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(5,989)	(2,953)	-	(6,548)	(1,523)	-	(19,528)
Other items	-	(281)	-	-	-	-	(281)
OPERATING INCOME (LOSS)	(5,989)	(3,234)	-	(6,548)	(1,523)	-	(19,809)
NONOPERATING ITEMS:							
Investment earnings (losses) and interest rate swaps	-	-	-	-	-	-	17,717
Loss from early extinguishment of debt	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	530
Total nonoperating items	-	-	-	-	-	-	18,247
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(5,989)	(3,234)	-	(6,548)	(1,523)	-	(1,562)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	(5,989)	(3,234)	\$ -	(6,548)	(1,523)	\$ -	(1,562)
CHANGES IN NET ASSETS							
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	(5,989)	(3,235)	(1,920)	(6,548)	(1,524)	-	(8,582)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(34,365)	(41,222)	1,920	(51,580)	(564)	(98)	(59,979)
NET ASSETS, Beginning of year	(40,354)	(44,457)	-	(58,128)	(2,088)	(98)	(66,018)
NET ASSETS, End of year							

TRINITY HEALTH

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2021
(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.
Operating revenue:			
Net patient service revenue	\$ 1,430,834	\$ 9,968	\$ 1,845,611
Other	200,142	(52,756)	189,304
Total operating revenue	<u>1,630,976</u>	<u>(42,788)</u>	<u>2,034,915</u>
Expenses:			
Labor costs	761,956	7,544	997,342
Purchased services and medical claims	228,270	(50,125)	282,886
Depreciation, amortization and interest	70,718	744	90,320
Other	434,158	2,363	551,335
Total expenses	<u>1,495,102</u>	<u>(39,474)</u>	<u>1,921,883</u>
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	135,874	(3,314)	113,032
Other items	-	-	(281)
OPERATING INCOME (LOSS)	<u>135,874</u>	<u>(3,314)</u>	<u>112,751</u>
NONOPERATING ITEMS:			
Investment earnings (losses) and interest rate swaps	63,063	-	80,780
Loss from early extinguishment of debt	-	-	-
Other	6,486	-	7,016
Total nonoperating items	<u>69,549</u>	<u>-</u>	<u>87,796</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	205,423	(3,314)	200,547
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(701)	-	(701)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	<u>\$ 204,722</u>	<u>\$ (3,314)</u>	<u>\$ 199,846</u>
CHANGES IN NET ASSETS			
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 229,730	\$ (3,836)	\$ 217,312
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	25,095	-	27,638
INCREASE (DECREASE) NET ASSETS	254,825	(3,836)	244,950
NET ASSETS, Beginning of year	393,156	468	333,645
NET ASSETS, End of year	<u>\$ 647,981</u>	<u>\$ (3,368)</u>	<u>\$ 578,595</u>

TRINITY HEALTH

Trinity Health Mid-Atlantic

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(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	\$ 6,935	\$ 24,900	\$ 41,341	\$ 30,625	\$ 109,333	\$ -
Assets limited as to use - current portion	-	-	-	-	-	-
Patient and other receivables	56,211	28,092	976	3,604	14,443	-
Other current assets	4,548	3,433	392	312	38	4
Total current assets	67,694	56,425	42,709	34,541	123,814	4
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Self-insurance, benefit plans and other	-	-	-	-	-	-
By Board	-	-	-	-	-	-
By donors	2,948	350	2,130	-	-	-
Total assets limited or restricted as to use -	2,948	350	2,130	-	-	-
Noncurrent portion						
PROPERTY AND EQUIPMENT - Net	38,857	38,737	4,625	3,313	266	4,028
OTHER ASSETS	2,761	1,242	2,770	3,826	291	-
TOTAL ASSETS	\$ 112,260	\$ 96,754	\$ 52,234	\$ 41,680	\$ 124,371	\$ 4,032
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
LONG-TERM DEBT - Net of current portion	\$ 92,505	\$ 24,195	\$ 18,821	\$ 278,724	\$ 12,177	\$ 32,511
LONG-TERM PORTION OF OPERATING	52,066	30,353	-	-	-	-
LEASE LIABILITIES	41	491	2,043	953	150	-
OTHER LIABILITIES	3,350	1,351	-	-	-	-
NET ASSETS:						
Net assets without donor restrictions	(38,650)	40,010	29,240	(238,067)	112,044	(28,479)
Net assets with donor restrictions	2,948	354	2,130	70	-	-
TOTAL LIABILITIES AND NET ASSETS	\$ 112,260	\$ 96,754	\$ 52,234	\$ 41,680	\$ 124,371	\$ 4,032

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(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
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	\$ -	\$ 50,005	\$ 136,705	\$ 543,513	\$ 7,407	\$ 2,081
Assets limited as to use - current portion	-	-	-	106	-	-
Patient and other receivables	-	-	325	389,952	-	6,288
Other current assets	-	-	(378)	10,484	-	4
Total current assets	-	50,005	136,652	944,055	7,407	8,373
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Self-insurance, benefit plans and other	-	-	1,373	1,451	-	-
By Board	-	-	-	9,861	-	-
By donors	-	322	-	11,493	-	-
Total assets limited or restricted as to use - Noncurrent portion	-	322	1,373	22,805	-	-
PROPERTY AND EQUIPMENT - Net	-	-	-	154,269	-	-
OTHER ASSETS	255,850	-	29,592	30,623	-	-
TOTAL ASSETS	<u>\$ 255,850</u>	<u>\$ 50,327</u>	<u>\$ 167,617</u>	<u>\$ 1,151,752</u>	<u>\$ 7,407</u>	<u>\$ 8,373</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	\$ -	\$ -	\$ 10,119	\$ 98,895	\$ 7,989	\$ 14,103
LONG-TERM DEBT - Net of current portion	-	-	-	112,616	-	-
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	783	3,465	-	-
OTHER LIABILITIES	-	-	1,373	1,640	-	-
NET ASSETS:						
Net assets without donor restrictions	255,850	50,005	155,342	923,540	(582)	(5,730)
Net assets with donor restrictions	-	322	-	11,596	-	-
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 255,850</u>	<u>\$ 50,327</u>	<u>\$ 167,617</u>	<u>\$ 1,151,752</u>	<u>\$ 7,407</u>	<u>\$ 8,373</u>

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(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	\$ 4,003	\$ 8,014	\$ 21,200	\$ -	\$ 49,221	\$ 2,985
Assets limited as to use - current portion	-	-	-	-	-	-
Patient and other receivables	1,003	5,193	195	37	5,052	1,195
Other current assets	<u>677</u>	<u>583</u>	<u>40</u>	<u>24</u>	<u>167</u>	<u>11</u>
Total current assets	5,683	13,790	21,435	61	54,440	4,191
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Self-insurance, benefit plans and other	-	-	-	-	-	-
By Board	-	-	-	-	-	-
By donors	-	-	-	-	-	-
Total assets limited or restricted as to use -	-	-	-	-	-	-
Noncurrent portion						
PROPERTY AND EQUIPMENT - Net	207	353	850	16	8,801	16,742
OTHER ASSETS	<u>195</u>	<u>18,595</u>	<u>2,223</u>	<u>-</u>	<u>7,838</u>	<u>-</u>
TOTAL ASSETS	\$ <u>6,085</u>	\$ <u>32,738</u>	\$ <u>24,508</u>	\$ <u>77</u>	\$ <u>71,079</u>	\$ <u>20,933</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
LONG-TERM DEBT - Net of current portion	\$ 816	\$ 9,021	\$ 6,970	\$ 4,874	\$ 313,402	\$ 21,166
LONG-TERM PORTION OF OPERATING	2,100	-	-	-	-	-
LEASE LIABILITIES	-	12,701	1,934	-	6,109	-
OTHER LIABILITIES	10	-	-	-	-	-
NET ASSETS:						
Net assets without donor restrictions	3,159	11,016	15,604	(4,797)	(248,432)	(233)
Net assets with donor restrictions	-	-	-	-	-	-
TOTAL LIABILITIES AND NET ASSETS	\$ <u>6,085</u>	\$ <u>32,738</u>	\$ <u>24,508</u>	\$ <u>77</u>	\$ <u>71,079</u>	\$ <u>20,933</u>

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(In thousands)

Trinity Health Mid-Atlantic

	St. Mary Foundation	St. Francis Hospital	Delaware Care Collab, MSSP	LIFE at St. Francis	Eliminations and Other	Trinity Health Mid-Atlantic
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	\$ -	\$ 3,149	\$ -	\$ 37,474	\$ (313,571)	\$ 765,320
Assets limited as to use - current portion	-	-	-	-	-	106
Patient and other receivables	-	17,533	-	291	(353,076)	177,314
Other current assets	-	4,497	-	22	-	24,858
Total current assets	-	25,179	-	37,787	(666,647)	967,598
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Self-insurance, benefit plans and other	-	140	-	-	-	2,964
By Board	-	-	-	-	-	9,861
By donors	-	618	-	-	-	17,861
Total assets limited or restricted as to use - Noncurrent portion	-	758	-	-	-	30,686
PROPERTY AND EQUIPMENT - Net						
OTHER ASSETS						
	-	36,117	4	6,085	-	313,270
	-	10,860	-	2,697	(5,778)	363,585
TOTAL ASSETS						
	\$ -	\$ 72,914	\$ 4	\$ 46,569	\$ (672,425)	\$ 1,675,139
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
LONG-TERM DEBT - Net of current portion	\$ 7	\$ 40,555	\$ 5,755	\$ 5,855	\$ (671,299)	\$ 327,161
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	101,773	-	-	-	298,908
OTHER LIABILITIES	-	1,923	-	2,321	-	32,914
	-	141	-	-	-	7,865
NET ASSETS:						
Net assets without donor restrictions	(7)	(72,096)	(5,751)	38,393	(1,126)	990,253
Net assets with donor restrictions	-	618	-	-	-	18,038
TOTAL LIABILITIES AND NET ASSETS						
	\$ -	\$ 72,914	\$ 4	\$ 46,569	\$ (672,425)	\$ 1,675,139

TRINITY HEALTH

**Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(In thousands)**

Trinity Health Mid-Atlantic

	Mercy Catholic Medical Center	Nazareth Hospital	St. Agnes Continuing Care Corp	MHS Combined Physicians	Mercy Home Health Services	Mercy Eastwick, Inc.
Operating revenue:						
Net patient service revenue	\$ 265,729	\$ 155,921	\$ -	\$ 44,136	\$ 86,327	\$ -
Other	31,489	2,971	91,077	44,068	9,740	923
Total operating revenue	297,218	158,892	91,077	88,204	96,067	923
Expenses:						
Labor costs	121,417	75,391	34,085	73,010	63,742	-
Purchased services and medical claims	70,037	29,675	41,760	22,833	5,683	177
Depreciation, amortization and interest	9,015	6,640	819	533	64	561
Other	89,051	45,612	6,701	11,258	5,054	720
Total expenses	289,520	157,318	83,365	107,634	74,543	1,458
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	7,698	1,574	7,712	(19,430)	21,524	(535)
Other items	-	-	-	-	-	-
OPERATING INCOME (LOSS)	7,698	1,574	7,712	(19,430)	21,524	(535)
NONOPERATING ITEMS:						
Investment earnings (losses) and interest rate swaps	1,034	1,203	1,067	(6,687)	2,931	(954)
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	1,139	-	-	-	-	-
Total nonoperating items	2,173	1,203	1,067	(6,687)	2,931	(954)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	9,871	2,777	8,779	(26,117)	24,455	(1,489)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 9,871	\$ 2,777	\$ 8,779	\$ (26,117)	\$ 24,455	\$ (1,489)
CHANGES IN NET ASSETS						
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 15,114	\$ 3,347	\$ 8,779	\$ (26,117)	\$ 24,456	\$ (1,488)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(345)	163	579	71	-	-
INCREASE (DECREASE) NET ASSETS	14,769	3,510	9,358	(26,046)	24,456	(1,488)
NET ASSETS, Beginning of year	(50,471)	36,854	22,012	(211,951)	87,588	(26,991)
NET ASSETS, End of year	\$ (35,702)	\$ 40,364	\$ 31,370	\$ (237,997)	\$ 112,044	\$ (28,479)

TRINITY HEALTH

**Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(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	\$ -	\$ -	\$ 88	\$ 375,809	\$ -	\$ -
Other	31,822	-	108,772	69,837	3,105	999
Total operating revenue	31,822	-	108,860	445,646	3,105	999
Expenses:						
Labor costs	-	-	48,742	176,958	1,258	1,258
Purchased services and medical claims	-	-	47,592	69,942	898	559
Depreciation, amortization and interest	-	-	7,484	30,325	-	-
Other	-	-	3,790	119,027	64	63
Total expenses	-	-	107,608	396,252	2,220	1,880
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	31,822	-	1,252	49,394	885	(881)
Other items	-	-	-	-	-	-
OPERATING INCOME (LOSS)	31,822	-	1,252	49,394	885	(881)
NONOPERATING ITEMS:						
Investment earnings (losses) and interest rate swaps	-	1,475	31,033	100,873	-	-
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	-	-	2,205	1,162	-	-
Total nonoperating items	-	1,475	33,238	102,035	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	31,822	1,475	34,490	151,429	885	(881)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 31,822	\$ 1,475	\$ 34,490	\$ 151,429	\$ 885	\$ (881)
CHANGES IN NET ASSETS						
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 12,453	\$ 1,475	\$ 40,566	\$ 152,651	\$ 1,025	\$ (532)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	107	-	504	-	-
INCREASE (DECREASE) NET ASSETS	12,453	1,582	40,566	153,155	1,025	(532)
NET ASSETS, Beginning of year	243,397	48,745	114,776	781,981	(1,607)	(5,198)
NET ASSETS, End of year	\$ 255,850	\$ 50,327	\$ 155,342	\$ 935,136	\$ (582)	\$ (5,730)

TRINITY HEALTH

**Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(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
Operating revenue:						
Net patient service revenue	\$ 8,463	\$ 29,938	\$ (375)	\$ 167	\$ 43,209	\$ -
Other	892	258	27,721	26	18,511	2,071
Total operating revenue	9,355	30,196	27,346	193	61,720	2,071
Expenses:						
Labor costs	2,321	11,741	7,056	780	67,226	-
Purchased services and medical claims	894	4,690	8,692	343	7,668	-
Depreciation, amortization and interest	397	90	166	-	1,054	508
Other	3,148	2,675	4,198	49	10,139	477
Total expenses	6,760	19,196	20,112	1,172	86,087	985
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	2,595	11,000	7,234	(979)	(24,367)	1,086
Other items	-	-	-	-	-	-
OPERATING INCOME (LOSS)	2,595	11,000	7,234	(979)	(24,367)	1,086
NONOPERATING ITEMS:						
Investment earnings (losses) and interest rate swaps	38	-	-	-	-	-
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	(32)	-	-	-	-	-
Total nonoperating items	6	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	2,601	11,000	7,234	(979)	(24,367)	1,086
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 2,601	\$ 11,000	\$ 7,234	\$ (979)	\$ (24,367)	\$ 1,086
CHANGES IN NET ASSETS						
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 2,029	\$ 216	\$ 7,234	\$ (979)	\$ (24,367)	\$ 42
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-	-	-
INCREASE (DECREASE) NET ASSETS	2,029	216	7,234	(979)	(24,367)	42
NET ASSETS, Beginning of year	1,130	10,800	8,370	(3,818)	(224,065)	(275)
NET ASSETS, End of year	\$ 3,159	\$ 11,016	\$ 15,604	\$ (4,797)	\$ (248,432)	\$ (233)

TRINITY HEALTH

**Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(In thousands)**

Trinity Health Mid-Atlantic

	St. Mary Foundation	St. Francis Hospital	Delaware Care Collab, MSSP	LIFE at St. Francis	Eliminations and Other	Trinity Health Mid-Atlantic
Operating revenue:						
Net patient service revenue	\$ -	\$ 156,801	\$ -	\$ -	\$ (3,767)	\$ 1,162,446
Other	-	16,473	-	28,933	(156,749)	332,939
Total operating revenue	-	173,274	-	28,933	(160,516)	1,495,385
Expenses:						
Labor costs	-	87,757	1,072	7,321	(23,796)	757,339
Purchased services and medical claims	-	32,551	185	12,595	(106,341)	250,433
Depreciation, amortization and interest	-	10,470	-	395	-	68,521
Other	7	35,037	15	1,893	(29,932)	309,046
Total expenses	7	165,815	1,272	22,204	(160,069)	1,385,339
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(7)	7,459	(1,272)	6,729	(447)	110,046
Other items	-	-	-	-	-	-
OPERATING INCOME (LOSS)	(7)	7,459	(1,272)	6,729	(447)	110,046
NONOPERATING ITEMS:						
Investment earnings (losses) and interest rate swaps	-	2,130	-	1,570	(8)	135,705
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	-	517	-	-	-	4,991
Total nonoperating items	-	2,647	-	1,570	(8)	140,696
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(7)	10,106	(1,272)	8,299	(455)	250,742
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	(5,784)	(5,784)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	(7)	10,106	(1,272)	8,299	(6,239)	244,958
CHANGES IN NET ASSETS						
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	(7)	12,819	(1,271)	8,299	(431)	235,313
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	(114)	-	-	-	965
INCREASE (DECREASE) NET ASSETS	(7)	12,705	(1,271)	8,299	(431)	236,278
NET ASSETS, Beginning of year	-	(84,183)	(4,480)	30,094	(695)	772,013
NET ASSETS, End of year	(7)	(71,478)	(5,751)	38,393	(1,126)	1,008,291

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(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	\$ -	\$ 8,931	\$ 100	\$ 1,220	\$ -	\$ (9,029)	\$ 1,222
Assets limited as to use - current portion	-	-	-	-	-	-	-
Patient and other receivables	34,732	924	-	439	-	(13,971)	22,124
Other current assets	5,353	-	-	470	-	-	5,823
Total current assets	40,085	9,855	100	2,129	-	(23,000)	29,169
ASSETS LIMITED OR RESTRICTED AS TO USE -							
Noncurrent portion:							
Self-insurance, benefit plans and other	63	-	-	-	-	-	63
By Board	250	-	1,524	-	-	-	1,774
By donors	-	-	1,877	-	-	-	1,877
Total assets limited or restricted as to use -	313	-	3,401	-	-	-	3,714
Noncurrent portion							
PROPERTY AND EQUIPMENT - Net	-	-	-	-	-	-	-
OTHER ASSETS	4,364	-	-	-	-	12	4,376
TOTAL ASSETS	\$ 44,762	\$ 9,855	\$ 3,501	\$ 2,129	\$ -	\$ (22,988)	\$ 37,259
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES	\$ 119,547	\$ 12,074	\$ 706	\$ 123	\$ -	\$ (14,135)	\$ 118,315
LONG-TERM DEBT - Net of current portion	64,670	5,743	-	-	-	-	70,413
LONG-TERM PORTION OF OPERATING							
LEASE LIABILITIES	645	1,212	-	-	-	139	1,996
OTHER LIABILITIES	1,691	-	-	-	-	-	1,691
NET ASSETS:							
Net assets without donor restrictions	(141,791)	(9,174)	1,180	2,006	-	(8,992)	(156,771)
Net assets with donor restrictions	-	-	1,615	-	-	-	1,615
TOTAL LIABILITIES AND NET ASSETS	\$ 44,762	\$ 9,855	\$ 3,501	\$ 2,129	\$ -	\$ (22,988)	\$ 37,259

TRINITY HEALTH

**Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(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
Operating revenue:							
Net patient service revenue	\$ 109,447	\$ (177)	\$ -	\$ 7,112	\$ -	\$ (8,799)	\$ 107,583
Other	28,744	31,953	180	145	-	(1,527)	59,495
Total operating revenue	138,191	31,776	180	7,257	-	(10,326)	167,078
Expenses:							
Labor costs	68,169	8,858	-	530	-	3,817	81,374
Purchased services and medical claims	41,687	14,302	137	252	-	(10,838)	45,540
Depreciation, amortization and interest	4,094	246	-	-	-	-	4,340
Other	24,864	4,664	(8)	2,209	-	338	32,067
Total expenses	138,814	28,070	129	2,991	-	(6,683)	163,321
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(623)	3,706	51	4,266	-	(3,643)	3,757
Other items	(2,812)	(3)	-	-	-	-	(2,815)
OPERATING INCOME (LOSS)	(3,435)	3,703	51	4,266	-	(3,643)	942
NONOPERATING ITEMS:							
Investment earnings (losses) and interest rate swaps	(2,691)	(33)	(3)	-	-	-	(2,727)
Loss from early extinguishment of debt	-	-	-	-	-	-	-
Other	526	-	-	-	-	-	526
Total nonoperating items	(2,165)	(33)	(3)	-	-	-	(2,201)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(5,600)	3,670	48	4,266	-	(3,643)	(1,259)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	(1,644)	(1,644)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ (5,600)	\$ 3,670	\$ 48	\$ 4,266	\$ -	\$ (5,287)	\$ (2,203)
CHANGES IN NET ASSETS							
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (30,049)	\$ 3,811	\$ (49)	\$ (259)	\$ 25,740	\$ (3,234)	\$ (4,040)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	-	13	-	-	-	13
INCREASE (DECREASE) NET ASSETS	(30,049)	3,811	(36)	(259)	25,740	(3,234)	(4,027)
NET ASSETS, Beginning of year	(111,742)	(12,985)	2,831	2,265	(25,740)	(5,758)	(151,129)
NET ASSETS, End of year	\$ (141,791)	\$ (9,174)	\$ 2,795	\$ 2,006	\$ -	\$ (8,992)	\$ (155,156)

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(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	\$ 59,631	\$ 25,189	\$ 59	\$ 5,905	\$ 801
Assets limited as to use - current portion	2,585	-	-	274	166
Patient and other receivables	44,044	6,339	13,270	122	106
Other current assets	8,493	576	920	-	-
Total current assets	114,753	32,104	14,249	6,301	1,073
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Self-insurance, benefit plans and other	2,811	-	-	-	-
By Board	22,681	-	-	2,631	-
By donors	-	-	-	2,251	1,527
Total assets limited or restricted as to use - Noncurrent portion	25,492	-	-	4,882	1,527
PROPERTY AND EQUIPMENT - Net	61,486	27,603	10,000	3	-
OTHER ASSETS	21,454	79	339	-	-
TOTAL ASSETS	<u>\$ 223,185</u>	<u>\$ 59,786</u>	<u>\$ 24,588</u>	<u>\$ 11,186</u>	<u>\$ 2,600</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 72,039	\$ 3,914	\$ 8,790	\$ 163	\$ 72
LONG-TERM DEBT - Net of current portion	15,377	33,593	11,399	-	-
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	3,721	-	108	-	-
OTHER LIABILITIES	3,118	-	-	-	-
NET ASSETS:					
Net assets without donor restrictions	128,930	22,279	4,291	8,497	851
Net assets with donor restrictions	-	-	-	2,526	1,677
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 223,185</u>	<u>\$ 59,786</u>	<u>\$ 24,588</u>	<u>\$ 11,186</u>	<u>\$ 2,600</u>

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(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	\$ 1,299	\$ 38	\$ -	\$ 92,922
Assets limited as to use - current portion	-	-	-	3,025
Patient and other receivables	646	2,423	(13,338)	53,612
Other current assets	24	630	-	10,643
Total current assets	<u>1,969</u>	<u>3,091</u>	<u>(13,338)</u>	<u>160,202</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -				
Noncurrent portion:				
Self-insurance, benefit plans and other	-	-	-	2,811
By Board	-	-	-	25,312
By donors	-	-	-	3,778
Total assets limited or restricted as to use - Noncurrent portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,901</u>
PROPERTY AND EQUIPMENT - Net	8,446	2,274	-	109,812
OTHER ASSETS	-	4,286	-	26,158
TOTAL ASSETS	<u>\$ 10,415</u>	<u>\$ 9,651</u>	<u>\$ (13,338)</u>	<u>\$ 328,073</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES	\$ 1,054	\$ 7,315	\$ (13,338)	\$ 80,009
LONG-TERM DEBT - Net of current portion	2,465	10	-	62,844
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	2,676	-	6,505
OTHER LIABILITIES	-	-	-	3,118
NET ASSETS:				
Net assets without donor restrictions	6,896	(350)	-	171,394
Net assets with donor restrictions	-	-	-	4,203
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,415</u>	<u>\$ 9,651</u>	<u>\$ (13,338)</u>	<u>\$ 328,073</u>

TRINITY HEALTH

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

June 30, 2021

(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	\$ 241,606	\$ 25,903	\$ 36,224	\$ -	\$ -
Other	1,857	4,520	675	414	137
Total operating revenue	243,463	30,423	36,899	414	137
Expenses:					
Labor costs	104,036	12,932	19,499	345	-
Purchased services and medical claims	31,868	6,640	10,202	5	-
Depreciation, amortization and interest	12,022	3,352	1,548	-	-
Other	73,616	5,165	7,821	652	61
Total expenses	221,542	28,089	39,070	1,002	61
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	21,921	2,334	(2,171)	(588)	76
Other items	(39)	-	-	-	-
OPERATING INCOME (LOSS)	21,882	2,334	(2,171)	(588)	76
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	14,947	3,958	(37)	1,779	271
Loss from early extinguishment of debt	-	-	-	-	-
Other	203	-	-	-	-
Total nonoperating items	15,150	3,958	(37)	1,779	271
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	37,032	6,292	(2,208)	1,191	347
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 37,032	\$ 6,292	\$ (2,208)	\$ 1,191	\$ 347
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (23,553)	\$ 32,258	\$ 12,421	\$ 1,611	\$ 388
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(33)	(192)	-	33	(46)
INCREASE (DECREASE) NET ASSETS	(23,586)	32,066	12,421	1,644	342
NET ASSETS, Beginning of year	152,516	(9,787)	(8,130)	9,379	2,186
NET ASSETS, End of year	\$ 128,930	\$ 22,279	\$ 4,291	\$ 11,023	\$ 2,528

TRINITY HEALTH

**Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(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	\$ 5,411	\$ 26,107	\$ -	\$ 335,251
Other	11	6,221	(602)	13,233
Total operating revenue	5,422	32,328	(602)	348,484
Expenses:				
Labor costs	3,116	31,158	-	171,086
Purchased services and medical claims	731	10,677	(3)	60,120
Depreciation, amortization and interest	725	322	-	17,969
Other	804	5,099	(599)	92,619
Total expenses	5,376	47,256	(602)	341,794
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	46	(14,928)	-	6,690
Other items	-	-	-	(39)
OPERATING INCOME (LOSS)	46	(14,928)	-	6,651
NONOPERATING ITEMS:				
Investment earnings (losses) and interest rate swaps	267	-	-	21,185
Loss from early extinguishment of debt	-	-	-	-
Other	-	-	-	203
Total nonoperating items	267	-	-	21,388
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	313	(14,928)	-	28,039
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 313	\$ (14,928)	\$ -	\$ 28,039
CHANGES IN NET ASSETS				
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (44)	\$ (1,035)	\$ -	\$ 22,046
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	(238)
INCREASE (DECREASE) NET ASSETS	(44)	(1,035)	-	21,808
NET ASSETS, Beginning of year	6,940	685	-	153,789
NET ASSETS, End of year	\$ 6,896	\$ (350)	\$ -	\$ 175,597

TRINITY HEALTH
Supplemental Condensed Consolidating Balance
Sheets - Information
June 30, 2021
(In thousands)

Trinity Continuing Care Services

	Marycrest Consolidated	Mercy Services for Aging Nonprofit Housing Corporation	Sanctuary at St. Paul's	Glacier Hills Consolidated	Mercy Community Health, Inc.	St. Joseph's of the Pines, Inc.	Eliminations and Other	Trinity Continuing Care Services
ASSETS								
CURRENT ASSETS:								
Cash, cash equivalents and investments	\$ -	\$ 215	\$ -	\$ 22,654	\$ 605	\$ 6,561	\$ 11,036	\$ 41,071
Assets limited as to use - current portion	-	-	-	1,089	-	-	4	1,093
Patient and other receivables	441	25,951	28,561	4,995	22,177	27,786	(79,120)	30,791
Other current assets	60	154	60	356	147	276	516	1,569
Total current assets	501	26,320	28,621	29,094	22,929	34,623	(67,564)	74,524
ASSETS LIMITED OR RESTRICTED AS TO USE -								
Noncurrent portion:								
Self-insurance, benefit plans and other	90	64	-	968	1,917	-	70	3,109
Held in trust, statutory reserve	-	-	-	-	-	6,003	-	6,003
By Board	-	-	-	-	-	1,245	-	1,245
By donors	-	-	-	2,681	-	602	2,648	5,931
Total assets limited or restricted as to use - Noncurrent portion	90	64	-	3,649	1,917	7,850	2,718	16,288
PROPERTY AND EQUIPMENT - Net	2,694	24,444	8,353	50,102	11,034	53,850	37,321	187,798
OTHER ASSETS	-	254	35	399	163	846	26,522	28,219
TOTAL ASSETS	<u>\$ 3,285</u>	<u>\$ 51,082</u>	<u>\$ 37,009</u>	<u>\$ 83,244</u>	<u>\$ 36,043</u>	<u>\$ 97,169</u>	<u>\$ (1,003)</u>	<u>\$ 306,829</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES	\$ 30,429	\$ 18,653	\$ 1,347	\$ (18,943)	\$ 33,132	\$ 18,139	\$ (16,940)	\$ 65,817
LONG-TERM DEBT - Net of current portion	19,227	38,487	2,998	6,706	27,939	44,345	54,359	194,061
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-	-	-	421	421
OTHER LIABILITIES	-	-	-	48,439	19,753	27,305	50	95,547
NET ASSETS:								
Net assets without donor restrictions	(46,392)	(6,144)	32,664	44,361	(45,352)	6,777	(40,863)	(54,949)
Net assets with donor restrictions	21	86	-	2,681	571	603	1,970	5,932
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,285</u>	<u>\$ 51,082</u>	<u>\$ 37,009</u>	<u>\$ 83,244</u>	<u>\$ 36,043</u>	<u>\$ 97,169</u>	<u>\$ (1,003)</u>	<u>\$ 306,829</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance
Sheets - Information
June 30, 2021
(In thousands)

Marycrest Consolidated

	Marycrest Manor	Marycrest Heights	Eliminations and Other	Marycrest Consolidated
ASSETS				
CURRENT ASSETS:				
Cash, cash equivalents and investments	-	-	-	-
Assets limited as to use - current portion	-	-	-	-
Patient and other receivables	343	(12)	110	441
Other current assets	<u>60</u>	<u>-</u>	<u>-</u>	<u>60</u>
Total current assets	403	(12)	110	501
ASSETS LIMITED OR RESTRICTED AS TO USE -				
Noncurrent portion:				
Self-insurance, benefit plans and other	-	90	-	90
Held in trust, statutory reserve	-	-	-	-
By Board	-	-	-	-
By donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets limited or restricted as to use -	-	90	-	90
Noncurrent portion				
PROPERTY AND EQUIPMENT - Net	2,250	444	-	2,694
OTHER ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,653</u>	<u>\$ 522</u>	<u>\$ 110</u>	<u>\$ 3,285</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
LONG-TERM DEBT - Net of current portion	\$ 22,668	\$ 7,651	\$ 110	\$ 30,429
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	19,227	-	-	19,227
OTHER LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS:				
Net assets without donor restrictions	(39,263)	(7,129)	-	(46,392)
Net assets with donor restrictions	<u>21</u>	<u>-</u>	<u>-</u>	<u>21</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,653</u>	<u>\$ 522</u>	<u>\$ 110</u>	<u>\$ 3,285</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance
Sheets - Information
June 30, 2021
(In thousands)

Glacier Hills Consolidated

	Glacier Hills Inc.	Glacier Hills Foundation	Eliminations and Other	Glacier Hills Consolidated
ASSETS				
CURRENT ASSETS:				
Cash, cash equivalents and investments	\$ 14,486	\$ 8,168	\$ -	\$ 22,654
Assets limited as to use - current portion	-	1,089	-	1,089
Patient and other receivables	9,885	52	(4,942)	4,995
Other current assets	<u>356</u>	<u>-</u>	<u>-</u>	<u>356</u>
Total current assets	24,727	9,309	(4,942)	29,094
ASSETS LIMITED OR RESTRICTED AS TO USE -				
Noncurrent portion:				
Self-insurance, benefit plans and other	968	-	-	968
Held in trust, statutory reserve	-	-	-	-
By Board	-	-	-	-
By donors	<u>-</u>	<u>2,681</u>	<u>-</u>	<u>2,681</u>
Total assets limited or restricted as to use - Noncurrent portion	968	2,681	-	3,649
PROPERTY AND EQUIPMENT - Net	50,102	-	-	50,102
OTHER ASSETS	<u>318</u>	<u>81</u>	<u>-</u>	<u>399</u>
TOTAL ASSETS	<u>\$ 76,115</u>	<u>\$ 12,071</u>	<u>\$ (4,942)</u>	<u>\$ 83,244</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES	\$ (10,740)	\$ (3,331)	\$ (4,872)	\$ (18,943)
LONG-TERM DEBT - Net of current portion	6,706	-	-	6,706
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-
OTHER LIABILITIES	48,430	9	-	48,439
NET ASSETS:				
Net assets without donor restrictions	31,719	12,712	(70)	44,361
Net assets with donor restrictions	<u>-</u>	<u>2,681</u>	<u>-</u>	<u>2,681</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 76,115</u>	<u>\$ 12,071</u>	<u>\$ (4,942)</u>	<u>\$ 83,244</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance
Sheets - Information
June 30, 2021
(In thousands)

Mercy Community Health, Inc., West Hartford

	MCH - Corporate Office	The McAuley Center, Inc.	Saint Mary Home, Inc.	Mount St. Joseph	Eliminations and Other	Mercy Community Health, Inc.
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	\$ -	\$ 24	\$ 401	\$ 180	\$ -	\$ 605
Assets limited as to use - current portion	-	-	-	-	-	-
Patient and other receivables	3,217	34,876	7,952	12,710	(36,578)	22,177
Other current assets	17	27	103	-	-	147
Total current assets	3,234	34,927	8,456	12,890	(36,578)	22,929
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Self-insurance, benefit plans and other	-	1,917	-	-	-	1,917
Held in trust, statutory reserve	-	-	-	-	-	-
By Board	-	-	-	-	-	-
By donors	-	-	-	-	-	-
Total assets limited or restricted as to use - Noncurrent portion	-	1,917	-	-	-	1,917
PROPERTY AND EQUIPMENT - Net	107	7,558	3,369	-	-	11,034
OTHER ASSETS	82	41	40	-	-	163
TOTAL ASSETS	<u>\$ 3,423</u>	<u>\$ 44,443</u>	<u>\$ 11,865</u>	<u>\$ 12,890</u>	<u>\$ (36,578)</u>	<u>\$ 36,043</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	\$ 25,855	\$ 29,953	\$ 8,290	\$ 5,612	\$ (36,578)	\$ 33,132
LONG-TERM DEBT - Net of current portion	3,690	11,117	9,456	3,676	-	27,939
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-	-	-
OTHER LIABILITIES	6	19,747	-	-	-	19,753
NET ASSETS:						
Net assets without donor restrictions	(26,280)	(16,445)	(6,229)	3,602	-	(45,352)
Net assets with donor restrictions	152	71	348	-	-	571
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,423</u>	<u>\$ 44,443</u>	<u>\$ 11,865</u>	<u>\$ 12,890</u>	<u>\$ (36,578)</u>	<u>\$ 36,043</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance
Sheets - Information
June 30, 2021
(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	\$ 1,494	\$ 4,022	\$ 1,036	\$ 9	\$ -	\$ -	\$ -
Assets limited as to use - current portion	-	-	-	-	-	-	-
Patient and other receivables	53,630	37,345	10,859	57,374	10,552	2,473	953
Other current assets	154	67	11	44	-	-	-
Total current assets	55,278	41,434	11,906	57,427	10,552	2,473	953
ASSETS LIMITED OR RESTRICTED AS TO USE -							
Noncurrent portion:							
Self-insurance, benefit plans and other	-	-	-	-	-	-	-
Held in trust, statutory reserve	-	4,802	1,201	-	-	-	-
By Board	446	-	-	-	-	-	799
By donors	414	153	16	9	10	-	-
Total assets limited or restricted as to use -	860	4,955	1,217	9	10	-	799
Noncurrent portion							
PROPERTY AND EQUIPMENT - Net	2,041	33,028	9,410	5,086	4,285	-	-
OTHER ASSETS	739	107	-	-	-	-	-
TOTAL ASSETS	<u>\$ 58,918</u>	<u>\$ 79,524</u>	<u>\$ 22,533</u>	<u>\$ 62,522</u>	<u>\$ 14,847</u>	<u>\$ 2,473</u>	<u>\$ 1,752</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES	\$ 2,418	\$ 57,580	\$ 18,567	\$ 71,031	\$ 13,567	\$ 1,956	\$ 361
LONG-TERM DEBT - Net of current portion	44,345	-	-	-	-	-	-
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-	-	-	-
OTHER LIABILITIES	21	23,197	4,087	-	-	-	-
NET ASSETS:							
Net assets without donor restrictions	11,867	(1,402)	(141)	(8,433)	1,272	517	1,156
Net assets with donor restrictions	267	149	20	(76)	8	-	235
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 58,918</u>	<u>\$ 79,524</u>	<u>\$ 22,533</u>	<u>\$ 62,522</u>	<u>\$ 14,847</u>	<u>\$ 2,473</u>	<u>\$ 1,752</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Balance
Sheets - Information
June 30, 2021
(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.
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ -	\$ -	\$ -	\$ -	\$ 6,561
Assets limited as to use - current portion	-	-	-	-	-
Patient and other receivables	8,220	2,181	2,832	(158,633)	27,786
Other current assets	-	-	-	-	276
Total current assets	<u>8,220</u>	<u>2,181</u>	<u>2,832</u>	<u>(158,633)</u>	<u>34,623</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Self-insurance, benefit plans and other	-	-	-	-	-
Held in trust, statutory reserve	-	-	-	-	6,003
By Board	-	-	-	-	1,245
By donors	-	-	-	-	602
Total assets limited or restricted as to use - Noncurrent portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,850</u>
PROPERTY AND EQUIPMENT - Net					
OTHER ASSETS					
TOTAL ASSETS	<u>\$ 8,220</u>	<u>\$ 2,181</u>	<u>\$ 2,832</u>	<u>\$ (158,633)</u>	<u>\$ 97,169</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 8,869	\$ 2,238	\$ 185	\$ (158,633)	\$ 18,139
LONG-TERM DEBT - Net of current portion	-	-	-	-	44,345
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-	-
OTHER LIABILITIES	-	-	-	-	27,305
NET ASSETS:					
Net assets without donor restrictions	(649)	(57)	2,647	-	6,777
Net assets with donor restrictions	-	-	-	-	603
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,220</u>	<u>\$ 2,181</u>	<u>\$ 2,832</u>	<u>\$ (158,633)</u>	<u>\$ 97,169</u>

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(In thousands)

Trinity Continuing Care Services

	Marycrest Consolidated	Mercy Services for Aging Nonprofit Housing Corporation	Sanctuary at St. Paul's	Glacier Hills Consolidated	Mercy Community Health, Inc.	St. Joseph's of the Pines, Inc.	Eliminations and Other	Trinity Continuing Care Services
Operating revenue:								
Net patient service revenue	\$ 6,746	\$ (120)	\$ 35	\$ 10,738	\$ 28,915	\$ 10,789	\$ 55,773	\$ 112,876
Other	5,519	25,931	7,937	17,399	20,969	21,565	34,945	134,265
Total operating revenue	12,265	25,811	7,972	28,137	49,884	32,354	90,718	247,141
Expenses:								
Labor costs	3,655	12,867	4,619	12,633	27,816	14,702	60,683	136,975
Purchased services and medical claims	2,554	3,285	1,355	4,757	9,106	5,742	7,758	34,557
Depreciation and amortization	1,287	3,028	1,149	3,159	1,828	5,432	5,605	21,488
Interest	754	1,526	99	516	1,103	1,747	2,520	8,265
Other	2,244	5,440	2,008	6,190	10,449	6,324	13,049	45,704
Total expenses	10,494	26,146	9,230	27,255	50,302	33,947	89,615	246,989
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	1,771	(335)	(1,258)	882	(418)	(1,593)	1,103	152
Other items	(34,155)	-	-	(228)	(32)	-	(15,168)	(49,583)
OPERATING INCOME (LOSS)	(32,384)	(335)	(1,258)	654	(450)	(1,593)	(14,065)	(49,431)
NONOPERATING ITEMS:								
Investment earnings (losses) and interest rate swaps	(62)	(117)	(10)	7,008	(75)	2,934	138	9,816
Loss from early extinguishment of debt	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	1,194	1,194
Total nonoperating items	(62)	(117)	(10)	7,008	(75)	2,934	1,332	11,010
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(32,446)	(452)	(1,268)	7,662	(525)	1,341	(12,733)	(38,421)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ (32,446)	\$ (452)	\$ (1,268)	\$ 7,662	\$ (525)	\$ 1,341	\$ (12,733)	\$ (38,421)
CHANGES IN NET ASSETS								
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (32,448)	\$ (452)	\$ (1,270)	\$ 7,094	\$ (309)	\$ 702	\$ (17,998)	\$ (44,681)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	(250)	-	2,689	(136)	379	(1,617)	1,065
INCREASE (DECREASE) NET ASSETS	(32,448)	(702)	(1,270)	9,783	(445)	1,081	(19,615)	(43,616)
NET ASSETS, Beginning of year	(13,923)	(5,356)	33,934	37,259	(44,336)	6,299	(19,278)	(5,401)
NET ASSETS, End of year	\$ (46,371)	\$ (6,058)	\$ 32,664	\$ 47,042	\$ (44,781)	\$ 7,380	\$ (38,893)	\$ (49,017)

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Marycrest Consolidated

	Marycrest Manor	Marycrest Heights	Eliminations and Other	Marycrest Consolidated
Operating revenue:				
Net patient service revenue	\$ 6,746	\$ -	\$ -	\$ 6,746
Other	4,300	1,219	-	5,519
Total operating revenue	11,046	1,219	-	12,265
Expenses:				
Labor costs	3,646	9	-	3,655
Purchased services and medical claims	2,452	102	-	2,554
Depreciation and amortization	1,087	200	-	1,287
Interest	754	-	-	754
Other	2,057	187	-	2,244
Total expenses	9,996	498	-	10,494
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	1,050	721	-	1,771
Other items	(28,036)	(6,119)	-	(34,155)
OPERATING INCOME (LOSS)	(26,986)	(5,398)	-	(32,384)
NONOPERATING ITEMS:				
Investment earnings (losses) and interest rate swaps	(62)	-	-	(62)
Loss from early extinguishment of debt	-	-	-	-
Other	-	-	-	-
Total nonoperating items	(62)	-	-	(62)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(27,048)	(5,398)	-	(32,446)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ (27,048)	\$ (5,398)	\$ -	\$ (32,446)
CHANGES IN NET ASSETS				
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (27,048)	\$ (5,400)	\$ -	\$ (32,448)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	(27,048)	(5,400)	-	(32,448)
NET ASSETS, Beginning of year	(12,194)	(1,729)	-	(13,923)
NET ASSETS, End of year	\$ (39,242)	\$ (7,129)	\$ -	\$ (46,371)

TRINITY HEALTH

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Glacier Hills Consolidated

	Glacier Hills Inc.	Glacier Hills Foundation	Eliminations and Other	Glacier Hills Consolidated
Operating revenue:				
Net patient service revenue	\$ 10,738	\$ -	\$ -	\$ 10,738
Other	16,569	877	(47)	17,399
Total operating revenue	27,307	877	(47)	28,137
Expenses:				
Labor costs	12,373	189	71	12,633
Purchased services and medical claims	4,682	123	(48)	4,757
Depreciation and amortization	3,159	-	-	3,159
Interest	516	-	-	516
Other	6,062	128	-	6,190
Total expenses	26,792	440	23	27,255
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	515	437	(70)	882
Other items	(228)	-	-	(228)
OPERATING INCOME (LOSS)	287	437	(70)	654
NONOPERATING ITEMS:				
Investment earnings (losses) and interest rate swaps	5,906	1,102	-	7,008
Loss from early extinguishment of debt	-	-	-	-
Other	-	-	-	-
Total nonoperating items	5,906	1,102	-	7,008
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	6,193	1,539	(70)	7,662
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 6,193	\$ 1,539	\$ (70)	\$ 7,662
CHANGES IN NET ASSETS				
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 5,625	\$ 1,539	\$ (70)	\$ 7,094
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	2,689	-	2,689
INCREASE (DECREASE) NET ASSETS	5,625	4,228	(70)	9,783
NET ASSETS, Beginning of year	26,094	11,165	-	37,259
NET ASSETS, End of year	\$ 31,719	\$ 15,393	\$ (70)	\$ 47,042

TRINITY HEALTH

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Mercy Community Health, Inc., West Hartford

	MCH - Corporate Office	The McAuley Center, Inc.	Saint Mary Home, Inc.	Mount St. Joseph	Eliminations and Other	Mercy Community Health, Inc.
Operating revenue:						
Net patient service revenue	\$ -	\$ (9)	\$ 18,813	\$ 10,538	\$ (427)	\$ 28,915
Other	1,327	11,690	4,238	4,967	(1,253)	20,969
Total operating revenue	1,327	11,681	23,051	15,505	(1,680)	49,884
Expenses:						
Labor costs	781	3,134	16,058	7,843	-	27,816
Purchased services and medical claims	288	3,114	5,204	2,180	(1,680)	9,106
Depreciation and amortization	8	1,617	(593)	796	-	1,828
Interest	179	411	367	146	-	1,103
Other	71	3,321	4,373	2,684	-	10,449
Total expenses	1,327	11,597	25,409	13,649	(1,680)	50,302
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	-	84	(2,358)	1,856	-	(418)
Other items	(32)	-	-	-	-	(32)
OPERATING INCOME (LOSS)	(32)	84	(2,358)	1,856	-	(450)
NONOPERATING ITEMS:						
Investment earnings (losses) and interest rate swaps	(15)	(18)	(30)	(12)	-	(75)
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total nonoperating items	(15)	(18)	(30)	(12)	-	(75)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(47)	66	(2,388)	1,844	-	(525)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	(47)	66	(2,388)	1,844	-	(525)
CHANGES IN NET ASSETS						
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	(47)	249	(2,355)	1,844	-	(309)
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	75	(176)	(31)	(4)	-	(136)
INCREASE (DECREASE) NET ASSETS	28	73	(2,386)	1,840	-	(445)
NET ASSETS, Beginning of year	(26,156)	(16,447)	(3,495)	1,762	-	(44,336)
NET ASSETS, End of year	(26,128)	(16,374)	(5,881)	3,602	-	(44,781)

TRINITY HEALTH

**Supplemental Condensed Consolidating Statements of Operations and
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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	\$ -	\$ (15)	\$ -	\$ 9,826	\$ 710	\$ -	\$ -
Other	4,901	13,579	4,253	382	2,796	261	22
Total operating revenue	4,901	13,564	4,253	10,208	3,506	261	22
Expenses:							
Labor costs	3,115	1,793	909	5,765	1,389	-	-
Purchased services and medical claims	355	4,556	1,683	3,466	1,405	-	7
Depreciation and amortization	364	3,220	697	839	280	29	-
Interest	67	945	193	255	287	-	-
Other	1,000	2,140	833	2,036	185	-	92
Total expenses	4,901	12,654	4,315	12,361	3,546	29	99
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	-	910	(62)	(2,153)	(40)	232	(77)
Other items	-	-	-	-	-	-	-
OPERATING INCOME (LOSS)	-	910	(62)	(2,153)	(40)	232	(77)
NONOPERATING ITEMS:							
Investment earnings (losses) and interest rate swaps	224	2,096	527	(21)	(24)	-	132
Loss from early extinguishment of debt	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total nonoperating items	224	2,096	527	(21)	(24)	-	132
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	224	3,006	465	(2,174)	(64)	232	55
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 224	\$ 3,006	\$ 465	\$ (2,174)	\$ (64)	\$ 232	\$ 55
CHANGES IN NET ASSETS							
INCREASE (DECREASE)/NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (415)	\$ 3,005	\$ 463	\$ (2,173)	\$ (61)	\$ 232	\$ 55
INCREASE (DECREASE)/NET ASSETS WITH DONOR RESTRICTIONS	166	24	-	-	-	-	189
INCREASE (DECREASE)/NET ASSETS	(249)	3,029	463	(2,173)	(61)	232	244
NET ASSETS, Beginning of year	12,383	(4,282)	(584)	(6,336)	1,341	285	1,147
NET ASSETS, End of year	12,134	(1,253)	(121)	(8,509)	1,280	517	1,391

TRINITY HEALTH
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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.
Operating revenue:					
Net patient service revenue	\$ 1,631	\$ -	\$ -	\$ (1,363)	\$ 10,789
Other	-	158	-	(4,787)	21,565
Total operating revenue	1,631	158	-	(6,150)	32,354
Expenses:					
Labor costs	1,595	140	-	(4)	14,702
Purchased services and medical claims	381	39	-	(6,150)	5,742
Depreciation and amortization	3	-	-	-	5,432
Interest	-	-	-	-	1,747
Other	7	27	-	4	6,324
Total expenses	1,986	206	-	(6,150)	33,947
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(355)	(48)	-	-	(1,593)
Other items	-	-	-	-	-
OPERATING INCOME (LOSS)	(355)	(48)	-	-	(1,593)
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	-	-	-	-	2,934
Loss from early extinguishment of debt	-	-	-	-	-
Other	-	-	-	-	-
Total nonoperating items	-	-	-	-	2,934
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(355)	(48)	-	-	1,341
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	(355)	(48)	-	-	1,341
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	(355)	(49)	-	-	702
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-	379
INCREASE (DECREASE) NET ASSETS	(355)	(49)	-	-	1,081
NET ASSETS, Beginning of year	(294)	(8)	2,647	-	6,299
NET ASSETS, End of year	(649)	(57)	2,647	-	7,380

TRINITY HEALTH

Supplemental Condensed Consolidating Balance
 Sheets - Information
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 (In thousands)

Trinity Health PACE

	Trinity Health PACE Livonia Office	Mercy Adult Day Health	Eliminations and Other	Trinity Health PACE System Office
ASSETS				
CURRENT ASSETS:				
Cash, cash equivalents and investments	\$ 8,819	\$ -	\$ -	\$ 8,819
Assets limited as to use - current portion	-	-	-	-
Patient and other receivables	(2,923)	188	(6,243)	(8,978)
Other current assets	<u>32</u>	-	-	<u>32</u>
Total current assets	5,928	188	(6,243)	(127)
ASSETS LIMITED OR RESTRICTED AS TO USE -				
Noncurrent portion:				
Self-insurance, benefit plans and other	-	-	-	-
By Board	-	-	-	-
By donors	-	4	-	4
Total assets limited or restricted as to use - Noncurrent portion	-	4	-	4
PROPERTY AND EQUIPMENT - Net	262	70	-	332
OTHER ASSETS	1,138	-	-	1,138
TOTAL ASSETS	<u>\$ 7,328</u>	<u>\$ 262</u>	<u>\$ (6,243)</u>	<u>\$ 1,347</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES	\$ 3,019	\$ 241	\$ (6,243)	\$ (2,983)
LONG-TERM DEBT - Net of current portion	-	-	-	-
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-
OTHER LIABILITIES	-	-	-	-
NET ASSETS:				
Net assets without donor restrictions	4,309	17	-	4,326
Net assets with donor restrictions	-	4	-	4
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,328</u>	<u>\$ 262</u>	<u>\$ (6,243)</u>	<u>\$ 1,347</u>

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(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
ASSETS								
CURRENT ASSETS:								
Cash, cash equivalents and investments	\$ 1,970	\$ 22,899	\$ 13,101	\$ 792	\$ 6,299	\$ 20,820	\$ 9,342	\$ 84,042
Assets limited as to use - current portion	-	-	-	-	-	-	-	-
Patient and other receivables	153	741	662	-	102	365	9,908	2,953
Other current assets	27	32	50	-	31	-	-	172
Total current assets	2,150	23,672	13,813	792	6,432	21,185	19,250	87,167
ASSETS LIMITED OR RESTRICTED AS TO USE -								
Noncurrent portion:								
Self-insurance, benefit plans and other	-	-	-	-	-	-	-	-
By Board	-	-	-	1,188	-	-	-	1,188
By donors	-	-	157	-	-	-	-	161
Total assets limited or restricted as to use - Noncurrent portion	-	-	157	1,188	-	-	-	1,349
PROPERTY AND EQUIPMENT - Net	2,634	1,679	1,500	-	-	1,313	1,891	9,349
OTHER ASSETS	-	21,200	282	-	80	1,403	1,576	25,679
TOTAL ASSETS	<u>\$ 4,784</u>	<u>\$ 46,551</u>	<u>\$ 15,752</u>	<u>\$ 1,980</u>	<u>\$ 6,512</u>	<u>\$ 23,901</u>	<u>\$ 22,717</u>	<u>\$ 123,544</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES	\$ 3,860	\$ 10,434	\$ 2,834	\$ 21	\$ 6,934	\$ 6,366	\$ 15,542	\$ 43,008
LONG-TERM DEBT - Net of current portion	6,131	15,188	511	-	-	395	441	22,666
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	4	7,618	163	-	698	1,100	1,243	10,826
OTHER LIABILITIES	-	-	-	304	-	-	-	304
NET ASSETS:								
Net assets without donor restrictions	(5,211)	13,311	12,087	1,655	(1,120)	16,040	5,491	46,579
Net assets with donor restrictions	-	-	157	-	-	-	-	161
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,784</u>	<u>\$ 46,551</u>	<u>\$ 15,752</u>	<u>\$ 1,980</u>	<u>\$ 6,512</u>	<u>\$ 23,901</u>	<u>\$ 22,717</u>	<u>\$ 123,544</u>

TRINITY HEALTH

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Trinity Health PACE

	Trinity Health PACE Livonia Office	Mersey Adult Day Health	Eliminations and Other	Trinity Health PACE System Office
Operating revenue:				
Net patient service revenue	-	-	-	-
Other	9,107	280	(6)	9,381
Total operating revenue	9,107	280	(6)	9,381
Expenses:				
Labor costs	5,879	167	-	6,046
Purchased services and medical claims	2,542	77	(6)	2,613
Depreciation, amortization and interest	395	11	-	406
Other	291	22	-	313
Total expenses	9,107	277	(6)	9,378
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	-	3	-	3
Other items	-	-	-	-
OPERATING INCOME (LOSS)	-	3	-	3
NONOPERATING ITEMS:				
Investment earnings (losses) and interest rate swaps	7,855	-	-	7,855
Loss from early extinguishment of debt	-	-	-	-
Other	-	-	-	-
Total nonoperating items	7,855	-	-	7,855
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	7,855	3	-	7,858
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 7,855	\$ 3	\$ -	\$ 7,858
CHANGES IN NET ASSETS				
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 6,866	\$ 3	\$ -	\$ 6,869
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-
INCREASE (DECREASE) NET ASSETS	6,866	3	-	6,869
NET ASSETS, Beginning of year	(2,557)	18	-	(2,539)
NET ASSETS, End of year	\$ 4,309	\$ 21	\$ -	\$ 4,330

TRINITY HEALTH

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(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	\$ 18,649	\$ 42,737	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	18,649	42,737	15,665	(25)	24,084	22,711	33,772	166,974
Total operating revenue	18,649	42,737	15,665	(25)	24,084	22,711	33,772	166,974
Expenses:								
Labor costs	4,612	13,070	4,785	-	6,964	6,857	22,547	64,881
Purchased services and medical claims	11,432	20,653	9,521	8	13,318	10,297	7,441	75,283
Depreciation, amortization and interest	874	1,552	348	-	-	291	272	3,743
Other	735	3,497	630	-	889	1,357	1,121	8,542
Total expenses	17,653	38,772	15,284	8	21,171	18,802	31,381	152,449
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	996	3,965	381	(33)	2,913	3,909	2,391	14,525
Other items	-	-	-	-	-	-	-	-
OPERATING INCOME (LOSS)	996	3,965	381	(33)	2,913	3,909	2,391	14,525
NONOPERATING ITEMS:								
Investment earnings (losses) and interest rate swaps	54	1,361	849	317	250	1,275	528	12,489
Loss from early extinguishment of debt	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total nonoperating items	54	1,361	849	317	250	1,275	528	12,489
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	1,050	5,326	1,230	284	3,163	5,184	2,919	27,014
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 1,050	\$ 5,326	\$ 1,230	\$ 284	\$ 3,163	\$ 5,184	\$ 2,919	\$ 27,014
CHANGES IN NET ASSETS								
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 1,049	\$ 5,327	\$ 1,232	\$ 285	\$ 3,162	\$ 5,183	\$ 2,919	\$ 26,026
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	-	(87)	-	-	-	-	(87)
INCREASE (DECREASE) NET ASSETS	1,049	5,327	1,145	285	3,162	5,183	2,919	25,939
NET ASSETS, Beginning of year	(6,260)	7,984	11,099	1,370	(4,282)	10,857	2,572	20,801
NET ASSETS, End of year	\$ (5,211)	\$ 13,311	\$ 12,244	\$ 1,655	\$ (1,120)	\$ 16,040	\$ 5,491	\$ 46,740

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(In thousands)

Pittsburgh Mercy Health System Inc., Pittsburgh, Pennsylvania

	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	\$ (15,932)	\$ 2,264	\$ 1,951	\$ 25,957	\$ -	\$ 14,240
Assets limited as to use - current portion	-	-	1,000	-	-	1,000
Patient and other receivables	60,634	-	3,230	46,953	(91,689)	19,128
Other current assets	<u>579</u>	<u>-</u>	<u>14</u>	<u>346</u>	<u>-</u>	<u>939</u>
Total current assets	45,281	2,264	6,195	73,256	(91,689)	35,307
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Self-insurance, benefit plans and other	-	-	-	425	-	425
By Board	16,343	90,127	-	-	-	106,470
By donors	<u>1,045</u>	<u>-</u>	<u>2,037</u>	<u>-</u>	<u>-</u>	<u>3,082</u>
Total assets limited or restricted as to use -	17,388	90,127	2,037	425	-	109,977
Noncurrent portion						
PROPERTY AND EQUIPMENT - Net	1,206	-	4,425	9,324	-	14,955
OTHER ASSETS	<u>3,647</u>	<u>-</u>	<u>-</u>	<u>29,500</u>	<u>-</u>	<u>33,147</u>
TOTAL ASSETS	<u>\$ 67,522</u>	<u>\$ 92,391</u>	<u>\$ 12,657</u>	<u>\$ 112,505</u>	<u>\$ (91,689)</u>	<u>\$ 193,386</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	\$ 58,947	\$ 1,731	\$ 5,968	\$ 35,692	\$ (91,689)	\$ 10,649
LONG-TERM DEBT - Net of current portion	(90)	-	-	1,026	-	936
LONG-TERM PORTION OF OPERATING						
LEASE LIABILITIES	1,169	-	-	8,765	-	9,934
OTHER LIABILITIES	-	-	-	587	-	587
NET ASSETS:						
Net assets without donor restrictions	6,451	90,660	3,653	66,435	-	167,199
Net assets with donor restrictions	<u>1,045</u>	<u>-</u>	<u>3,036</u>	<u>-</u>	<u>-</u>	<u>4,081</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 67,522</u>	<u>\$ 92,391</u>	<u>\$ 12,657</u>	<u>\$ 112,505</u>	<u>\$ (91,689)</u>	<u>\$ 193,386</u>

TRINITY HEALTH

**Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(In thousands)**

Pittsburgh Mercy Health System Inc., Pittsburgh, Pennsylvania

	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	\$ -	\$ -	\$ 65	\$ 67,744	\$ -	\$ 67,809
Other	876	3,284	3,909	36,939	-	45,008
Total operating revenue	876	3,284	3,974	104,683	-	112,817
Expenses:						
Labor costs	7,455	195	1,837	61,247	-	70,734
Purchased services and medical claims	(8,203)	92	718	12,958	-	5,565
Depreciation, amortization and interest	139	-	260	1,631	-	2,030
Other	1,154	2,897	1,601	25,085	-	30,737
Total expenses	545	3,184	4,416	100,921	-	109,066
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	331	100	(442)	3,762	-	3,751
Other items	-	-	-	-	-	-
OPERATING INCOME (LOSS)	331	100	(442)	3,762	-	3,751
NONOPERATING ITEMS:						
Investment earnings (losses) and interest rate swaps	1,767	11,818	523	7,493	-	21,601
Loss from early extinguishment of debt	-	-	-	-	-	-
Other	18	-	-	(13)	-	5
Total nonoperating items	1,785	11,818	523	7,480	-	21,606
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	2,116	11,918	81	11,242	-	25,357
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 2,116	\$ 11,918	\$ 81	\$ 11,242	\$ -	\$ 25,357
CHANGES IN NET ASSETS						
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 260	\$ 11,918	\$ 75	\$ 11,403	\$ -	\$ 23,656
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	546	-	260	-	-	806
INCREASE (DECREASE) NET ASSETS	806	11,918	335	11,403	-	24,462
NET ASSETS, Beginning of year	6,690	78,742	6,354	55,032	-	146,818
NET ASSETS, End of year	\$ 7,496	\$ 90,660	\$ 6,689	\$ 66,435	\$ -	\$ 171,280

TRINITY HEALTH

Supplemental Condensed Consolidating Balance

Sheets - Information

June 30, 2021

(In thousands)

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

	St. Joseph's Health System, Inc., Atlanta	Mercy Care	Mercy Care Foundation	Eliminations and Other	St. Joseph's Health System, Inc., Atlanta, Georgia
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	\$ 168,372	\$ 1,296	\$ 43,417	\$ 16,171	\$ 229,256
Assets limited as to use - current portion	-	-	124	-	124
Patient and other receivables	-	1,051	-	261	1,312
Other current assets	-	243	5	40	288
Total current assets	<u>168,372</u>	<u>2,590</u>	<u>43,546</u>	<u>16,472</u>	<u>230,980</u>
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Self-insurance, benefit plans and other	-	-	27	-	27
By Board	-	-	40,762	-	40,762
By donors	-	-	12,930	-	12,930
Total assets limited or restricted as to use - Noncurrent portion	<u>-</u>	<u>-</u>	<u>53,719</u>	<u>-</u>	<u>53,719</u>
PROPERTY AND EQUIPMENT - Net	23,366	3,495	-	8,941	35,802
OTHER ASSETS	<u>-</u>	<u>15,316</u>	<u>12,780</u>	<u>161,165</u>	<u>189,261</u>
TOTAL ASSETS	<u>\$ 191,738</u>	<u>\$ 21,401</u>	<u>\$ 110,045</u>	<u>\$ 186,578</u>	<u>\$ 509,762</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	\$ 339	\$ 3,126	\$ 101	\$ 2,434	\$ 6,000
LONG-TERM DEBT - Net of current portion	-	-	2,394	21,440	23,834
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	-	-	-	-	-
OTHER LIABILITIES	-	-	635	-	635
NET ASSETS:					
Net assets without donor restrictions	191,399	2,959	91,838	175,307	461,503
Net assets with donor restrictions	<u>-</u>	<u>15,316</u>	<u>15,077</u>	<u>(12,603)</u>	<u>17,790</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 191,738</u>	<u>\$ 21,401</u>	<u>\$ 110,045</u>	<u>\$ 186,578</u>	<u>\$ 509,762</u>

TRINITY HEALTH

**Supplemental Condensed Consolidating Statements of Operations and
Changes in Net Assets - Information
June 30, 2021
(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	\$ -	\$ 3,259	\$ -	\$ 12	\$ 3,271
Other	1,073	22,835	9,268	(1,558)	31,618
Total operating revenue	1,073	26,094	9,268	(1,546)	34,889
Expenses:					
Labor costs	913	20,283	978	1,273	23,447
Purchased services and medical claims	60	2,619	154	39	2,872
Depreciation, amortization and interest	599	278	23	84	984
Other	3,748	2,510	2,717	(3,419)	5,556
Total expenses	5,320	25,690	3,872	(2,023)	32,859
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(4,247)	404	5,396	477	2,030
Other items	-	-	-	-	-
OPERATING INCOME (LOSS)	(4,247)	404	5,396	477	2,030
NONOPERATING ITEMS:					
Investment earnings (losses) and interest rate swaps	33,418	-	18,312	33,209	84,939
Loss from early extinguishment of debt	-	-	-	-	-
Other	(110)	-	(6)	-	(116)
Total nonoperating items	33,308	-	18,306	33,209	84,823
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	29,061	404	23,702	33,686	86,853
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - net of noncontrolling interest	\$ 29,061	\$ 404	\$ 23,702	\$ 33,686	\$ 86,853
CHANGES IN NET ASSETS					
INCREASE (DECREASE) NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 29,021	\$ 513	\$ 23,702	\$ 33,686	\$ 86,922
INCREASE (DECREASE) NET ASSETS WITH DONOR RESTRICTIONS	-	2,858	5,790	(3,009)	5,639
INCREASE (DECREASE) NET ASSETS	29,021	3,371	29,492	30,677	92,561
NET ASSETS, Beginning of year	162,378	14,904	77,423	132,027	386,732
NET ASSETS, End of year	\$ 191,399	\$ 18,275	\$ 106,915	\$ 162,704	\$ 479,293



ST. JOSEPH of the PINES

Interim Financial Statements

St. Joseph of the Pines
Income Statement (in 000's)
For the Four Months Ending November 30, 2021

Revenue	
Monthly service revenue	\$ 9,581
Other revenue	2,157
Total other revenue	<u>11,738</u>
Expenses	
Salaries and benefits	5,424
Supplies	1,073
Purchased services	2,339
Depreciation and amortization	2,179
Interest expense	664
Other expenses	1,542
	<u>13,221</u>
Net operating income	<u>(1,483)</u>
Investment gains (losses)	52
Excess of revenues over expenses	<u><u>\$ (1,431)</u></u>

These interim financial statements are prepared without audit. A certified public accountant has not examined the financial statements and accordingly has expressed no opinion on them.

St. Joseph of the Pines

Balance Sheet (in 000's)

November 30, 2021

ASSETS		LIABILITIES AND NET ASSETS	
Current assets:		Current liabilities:	
Cash and investments	\$ 7,224	Accounts Payable	\$ 1,342
Related party receivable	\$ 9,672	Wages and accrued liabilities	2,246
Net patient accounts receivable	1,114		3,588
Other accounts receivable	2,505	Other liabilities	
Inventory	160	Long-term debt	43,982
Prepaid expenses & other	74	Deferred revenue	21,042
Total current assets	20,749	Other long-term liabilities	5,303
			70,327
Other assets:		Net assets:	
Assets whose use is limited	4,561	Unrestricted net assets	5,348
Property and equipment, net	53,649	Restricted net assets	589
Other long-term assets	893		
	59,103		
Total assets	\$ 79,852	Total liabilities & net assets	\$ 79,852

St. Joseph of the Pines

Statement of Cash Flows (in 000's)

For the Four Months Ending November 30, 2021

Beginning balance	\$ 66
Increase in net assets	(1,444)
Depreciation and amortization	2,179
Amortization of deferred fees	(957)
Change in patient accounts receivable	123
Change in market value of investments	(90)
Changes in operating assets and liabilities	(185)
Cash used in operating activities	(374)
Net purchases of property & equipment	(1,978)
Net transfer of funds to be held by parent	2,871
Net proceeds from investments	(10)
Cash provided by investing activities	883
Repayments of long-term debt	(364)
Cash used in financing activities	(364)
Net decrease in cash and cash equivalents	145
Ending balance cash and equivalents	\$ 211

These interim financial statements are prepared without audit. A certified public accountant has not examined the financial statements and accordingly has expressed no opinion on them.

ST. JOSEPH OF THE PINES, INC.
COMPILED FORECAST
FOR THE YEARS ENDING
JUNE 30, 2022, 2023, 2024, 2025, AND 2026



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

Management is responsible for the accompanying forecast of St. Joseph of the Pines, Inc. (the "Corporation"), which comprises the forecasted balance sheets as of June 30, 2022, 2023, 2024, 2025 and 2026, 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
December 9, 2021

ST. JOSEPH OF THE PINES, INC.
Forecasted Balance Sheets
June 30, 2022, 2023, 2024, 2025, and 2026

(in thousands of dollars)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Assets					
Current Assets:					
Cash and cash equivalents	\$ 9,586	\$ 10,694	\$ 12,028	\$ 13,614	\$ 15,456
Patient accounts receivable, net	4,334	4,464	4,598	4,736	4,878
Related party receivable	8,370	7,370	6,370	5,370	4,370
Prepaid expenses, inventories and other current assets	269	277	286	294	303
Total current assets	<u>22,559</u>	<u>22,805</u>	<u>23,282</u>	<u>24,014</u>	<u>25,007</u>
Assets Limited as to Use:					
Operating reserve	2,659	2,739	2,821	2,905	2,993
Other restricted investments	1,847	1,847	1,847	1,847	1,847
	<u>4,506</u>	<u>4,586</u>	<u>4,668</u>	<u>4,752</u>	<u>4,840</u>
Property, Plant and Equipment:					
Property, plant and equipment	146,548	151,858	157,222	162,639	168,111
Less: accumulated depreciation	92,698	98,008	103,372	108,789	114,261
Total property, plant and equipment	<u>53,850</u>	<u>53,850</u>	<u>53,850</u>	<u>53,850</u>	<u>53,850</u>
Other Assets:					
Other long-term assets	847	873	900	928	956
Total other assets	<u>847</u>	<u>873</u>	<u>900</u>	<u>928</u>	<u>956</u>
Total assets	<u>\$ 81,762</u>	<u>\$ 82,114</u>	<u>\$ 82,700</u>	<u>\$ 83,544</u>	<u>\$ 84,653</u>
Liabilities and Net Assets					
Current Liabilities:					
Current portion of long-term debt	\$ 924	\$ 961	\$ 974	\$ 1,014	\$ 1,096
Accounts payable and accrued expenses	2,795	2,847	2,902	2,955	3,013
Other accrued liabilities	77	80	82	84	87
Total current liabilities	<u>3,796</u>	<u>3,888</u>	<u>3,958</u>	<u>4,053</u>	<u>4,196</u>
Deferred Revenues and Long-Term Liabilities:					
Deferred revenues - refundable	6,027	6,388	6,580	6,778	6,981
Deferred revenues - nonrefundable	21,705	21,542	21,227	20,589	19,634
Long-term debt	43,421	42,460	41,486	40,472	39,376
Other long-term liabilities	86	89	91	94	97
Total deferred revenues and long-term liabilities	<u>71,239</u>	<u>70,479</u>	<u>69,384</u>	<u>67,933</u>	<u>66,088</u>
Total liabilities	<u>75,035</u>	<u>74,367</u>	<u>73,342</u>	<u>71,986</u>	<u>70,284</u>
Net Assets					
Without donor restrictions	6,125	7,145	8,756	10,956	13,767
With donor restrictions	602	602	602	602	602
Total net assets	<u>6,727</u>	<u>7,747</u>	<u>9,358</u>	<u>11,558</u>	<u>14,369</u>
Total liabilities and net assets	<u>\$ 81,762</u>	<u>\$ 82,114</u>	<u>\$ 82,700</u>	<u>\$ 83,544</u>	<u>\$ 84,653</u>

ST. JOSEPH OF THE PINES, INC.**Forecasted Statements of Operations and Changes in Net Assets****For the Years Ending June 30, 2022, 2023, 2024, 2025, and 2026***(in thousands of dollars)*

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Unrestricted Net Assets					
Revenues, gains and other support:					
Monthly fees	\$ 17,138	\$ 18,708	\$ 19,295	\$ 19,873	\$ 20,470
Amortization of entrance fees	3,826	3,973	4,092	4,214	4,341
Health care	6,965	8,672	8,932	9,200	9,476
Contributions and gifts	100	103	106	109	113
Other operating revenues	<u>1,457</u>	<u>559</u>	<u>577</u>	<u>595</u>	<u>610</u>
Total unrestricted revenues, gains and other support	<u>29,486</u>	<u>32,015</u>	<u>33,002</u>	<u>33,991</u>	<u>35,010</u>
Expenses:					
Health care	6,795	7,698	7,852	8,009	8,169
Dietary	5,124	5,284	5,390	5,498	5,608
Administration	6,478	5,878	5,878	5,878	5,878
Maintenance	3,480	3,550	3,621	3,693	3,767
Laundry (linen)	126	128	131	134	136
Housekeeping	1,301	1,327	1,354	1,381	1,408
Depreciation and amortization	5,258	5,310	5,364	5,417	5,472
Interest	1,599	1,821	1,782	1,742	1,701
Other operating	<u>979</u>	<u>999</u>	<u>1,019</u>	<u>1,039</u>	<u>1,060</u>
Total expenses	<u>31,140</u>	<u>31,995</u>	<u>32,391</u>	<u>32,791</u>	<u>33,199</u>
Non-operating gains	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Changes in net assets	(654)	1,020	1,611	2,200	2,811
Net assets, beginning of year	<u>7,381</u>	<u>6,727</u>	<u>7,747</u>	<u>9,358</u>	<u>11,558</u>
Net assets, end of year	<u>\$ 6,727</u>	<u>\$ 7,747</u>	<u>\$ 9,358</u>	<u>\$ 11,558</u>	<u>\$ 14,369</u>

ST. JOSEPH OF THE PINES, INC.
Forecasted Statements of Cash Flows
For the Years Ending June 30, 2022, 2023, 2024, 2025, and 2026

(in thousands of dollars)

	2022	2023	2024	2025	2026
Cash flows from operating activities:					
Changes in net assets	\$ (654)	\$ 1,020	\$ 1,611	\$ 2,200	\$ 2,811
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Entrance fees received	4,339	4,171	3,969	3,774	3,589
Amortization of entrance fees	(3,826)	(3,973)	(4,092)	(4,214)	(4,341)
Depreciation and amortization	5,258	5,310	5,364	5,417	5,472
Changes in operating assets and liabilities:					
Patient accounts receivable, net	(394)	(130)	(134)	(138)	(142)
Prepaid expenses, inventories and other current assets	5	(8)	(9)	(8)	(9)
Accounts payable and accrued expenses	82	55	57	55	61
Other long-term liabilities	2	3	2	3	3
Net cash provided by operating activities	<u>4,812</u>	<u>6,448</u>	<u>6,768</u>	<u>7,089</u>	<u>7,444</u>
Cash flows from investing activities:					
Change in investments and assets limited as to use	2,513	(80)	(82)	(84)	(88)
Related party receivable	1,000	1,000	1,000	1,000	1,000
Purchases of property and equipment	(5,258)	(5,310)	(5,364)	(5,417)	(5,472)
Net cash used in investing activities	<u>(1,745)</u>	<u>(4,390)</u>	<u>(4,446)</u>	<u>(4,501)</u>	<u>(4,560)</u>
Cash flows from financing activities:					
Payments on long-term debt:					
Belle Meade and Pine Knoll	(873)	(924)	(961)	(974)	(1,014)
Related party borrowings	-	(26)	(27)	(28)	(28)
Net cash used in financing activities	<u>(873)</u>	<u>(950)</u>	<u>(988)</u>	<u>(1,002)</u>	<u>(1,042)</u>
Net increase in cash and cash equivalents	2,194	1,108	1,334	1,586	1,842
Cash and cash equivalents, beginning	7,392	9,586	10,694	12,028	13,614
Cash and cash equivalents, ending	<u>\$ 9,586</u>	<u>\$ 10,694</u>	<u>\$ 12,028</u>	<u>\$ 13,614</u>	<u>\$ 15,456</u>
Supplemental cash flow information:					
Cash payments for interest	<u>\$ 1,599</u>	<u>\$ 1,821</u>	<u>\$ 1,782</u>	<u>\$ 1,742</u>	<u>\$ 1,701</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, 2026. 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; 60 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.

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

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 60 to 70 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>
2022	36
2023	36
2024	35
2025	35
2026	35

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
<i>Apartments:</i>				
Avington	21	1,454	\$ 212,284	\$ 3,620
Bristol	3	800	124,190	2,562
Combination	4	2,323	322,897	4,915
Cotswold	55	1,366	191,240	3,555
Dorset I	11	1,518	215,556	3,625
Dorset II	21	1,620	228,420	3,832
Keswick	4	1,906	266,840	4,399
Somerset	26	962	143,627	2,852
Wellington	27	1,205	178,340	3,273
<i>Cottages:</i>				
Essex Cottage	9	1,973	312,678	4,683
Prescott Cottage	11	1,841	280,912	4,367
Sterling Cottage	8	2,322	364,533	5,124
<i>Homes:</i>				
Essex	4	1,913	312,678	4,683
Hampstead	8	1,799	293,816	4,466
Sterling	6	2,221	364,533	5,124
Windsor	2	1,632	267,073	4,196
Total/Weighted Average	220	1,493	\$ 220,764	\$ 3,746

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				
Unit Type	Number of Units	Approximate Square Footage	Standard Entrance Fees	Monthly Service Fees
Villas at Pine Knoll:				
Apartments:				
Halsford	7	385	\$ 56,091	\$ 1,492
Lampford	18	573	80,206	1,782
Upton	15	720	100,603	2,026
Newland	8	836	112,422	2,246
Total/Weighted Average	48	635	88,433	1,893
Overlook at Pine Knoll:				
Apartments:				
Ashmore	8	1,295	171,233	2,810
Kingston	8	1,618	204,639	3,067
Scotsgrove	4	1,344	177,040	2,874
Cottages:				
Woodleigh	8	1,211	164,625	3,100
Bickleigh	10	1,322	199,933	3,203
Ashleigh	1	1,347	214,141	3,236
Kingsford	1	1,381	219,201	3,288
Dunsford	1	1,443	228,681	3,314
Fernhill	1	1,733	272,906	3,706
Total/Weighted Average	42	1,369	189,676	3,069
Total/Weighted Average	90	978	\$ 135,680	\$ 2,442

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 2022, increasing 3 percent annually for 2023 through 2026.

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 3 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,	2022	2023	2024	2025	2026
Beginning balance	\$ 141,290	\$ 146,548	\$ 151,858	\$ 157,222	\$ 162,639
Routine additions	5,258	5,310	5,364	5,417	5,472
	146,548	151,858	157,222	162,639	168,111
Accumulated depreciation	92,698	98,008	103,372	108,789	114,261
Property and equipment, net	<u>\$ 53,850</u>	<u>\$ 53,850</u>	<u>\$ 53,850</u>	<u>\$ 53,850</u>	<u>\$ 53,850</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,		
2022	\$	873
2023		924
2024		961
2025		974
2026		1,014
Thereafter		40,472
	\$	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, 2022, 2023, 2024, 2025, and 2026

(in thousands of dollars)

	2022	2023	2024	2025	2026
Belle Meade:					
Health care	\$ -	\$ -	\$ -	\$ -	\$ -
Dietary	2,449	2,525	2,575	2,628	2,680
Administration	2,474	2,244	2,244	2,244	2,244
Maintenance	1,010	1,030	1,051	1,071	1,093
Laundry (linen)	96	97	100	102	104
Housekeeping	380	388	396	404	411
Depreciation and amortization	3,074	3,105	3,137	3,168	3,200
Interest	862	981	960	938	917
Other operating	71	73	74	76	78
Total	<u>\$ 10,416</u>	<u>\$ 10,443</u>	<u>\$ 10,537</u>	<u>\$ 10,631</u>	<u>\$ 10,727</u>
Pine Knoll:					
Health care	\$ -	\$ -	\$ -	\$ -	\$ -
Dietary	1,082	1,116	1,139	1,161	1,185
Administration	688	625	625	625	625
Maintenance	387	395	403	411	419
Laundry (linen)	17	17	17	18	18
Housekeeping	142	145	148	151	154
Depreciation and amortization	680	686	693	700	707
Interest	183	209	204	200	195
Other operating	47	48	49	49	50
Total	<u>\$ 3,226</u>	<u>\$ 3,241</u>	<u>\$ 3,278</u>	<u>\$ 3,315</u>	<u>\$ 3,353</u>
Non-resident clients:					
Health care	\$ 6,795	\$ 7,698	\$ 7,852	\$ 8,009	\$ 8,169
Dietary	1,593	1,643	1,676	1,709	1,743
Administration	3,316	3,009	3,009	3,009	3,009
Maintenance	2,083	2,125	2,167	2,211	2,255
Laundry (linen)	13	14	14	14	14
Housekeeping	779	794	810	826	843
Depreciation and amortization	1,504	1,519	1,534	1,549	1,565
Interest	554	631	618	604	589
Other operating	861	878	896	914	932
Total	<u>\$ 17,498</u>	<u>\$ 18,311</u>	<u>\$ 18,576</u>	<u>\$ 18,845</u>	<u>\$ 19,119</u>
Total expenses:					
Health care	\$ 6,795	\$ 7,698	\$ 7,852	\$ 8,009	\$ 8,169
Dietary	5,124	5,284	5,390	5,498	5,608
Administration	6,478	5,878	5,878	5,878	5,878
Maintenance	3,480	3,550	3,621	3,693	3,767
Laundry (linen)	126	128	131	134	136
Housekeeping	1,301	1,327	1,354	1,381	1,408
Depreciation and amortization	5,258	5,310	5,364	5,417	5,472
Interest	1,599	1,821	1,782	1,742	1,701
Other operating	979	999	1,019	1,039	1,060
Total	<u>\$ 31,140</u>	<u>\$ 31,995</u>	<u>\$ 32,391</u>	<u>\$ 32,791</u>	<u>\$ 33,199</u>



ST. JOSEPH of the PINES

**FULFILLMENT PROGRAM AGREEMENT
ST. JOSEPH OF THE PINES
SOUTHERN PINES, NORTH CAROLINA**

This *Fulfillment* Program Agreement (“Agreement”) is made this _____ day of _____, 20_____ by and between St. Joseph of the Pines, and

 (“Future Resident”, “You” or “Your”).

BACKGROUND

The Corporation is a not-for-profit corporation that owns and operates two retirement communities on separate campuses in Southern Pines, North Carolina. A part of Trinity Health, the Corporation was established in 1948 and has been in continuous operation since that time. The mission of the Corporation is to provide senior living and health services. 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”) is located at 590 Central Drive and is approximately two miles from Belle Meade and consists of ninety-one (91) independent living residential apartments, cottages, and a 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 Rehabilitation.

Assisted Living

- **The Coventry** (the “Coventry”) is located at 105 Gossman Drive and is licensed as a fifty (50) unit 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.

(check the applicable boxes)

Belle Meade Community

Pine Knoll Community

<input type="checkbox"/>	<input type="checkbox"/>
Diamond Membership	Platinum Membership
Diamond members choose one size of residence and agree to move within 1-2 years upon availability.	Platinum members choose one size of residences and agree to move within 3 years upon availability.
<input type="checkbox"/> \$30,000 deposit for 800 – 1,454 square foot residences; locks in Entrance Fee for 24 months from execution date.	<input type="checkbox"/> \$10,000 deposit for any size residence.
<input type="checkbox"/> \$50,000 deposit for 1,518-2,382 square foot residences; locks in Entrance Fee for 24 months from execution date.	

You and St. Joseph of the Pines agree as follows:

1. **Priority.** Priority for the *Fulfillment* Program selection of a residence at _____ is determined by the size of Residence preferred, date of this Agreement and the *Fulfillment* membership level. Diamond members have priority of Residence preference second to current residents. Platinum members have priority of Residence preference second to current residents and Diamond members.
2. **Preference.** You shall specify the following preferences:
 - a. You prefer to occupy a _____ size of Residence.
3. **Readiness.** You estimate the following readiness:
 - a. **Under Diamond Membership.** You estimate readiness for residency to be when the preferred size(s) of Residence become(s) available within the timeframe selected above and upon execution of this Agreement. If there is a change in your planning, St. Joseph of the Pines requests you notify us.
 - b. **Under Platinum Membership.** You estimate readiness for residency to be when the preferred size(s) of Residence become(s) available within Three (3) years upon execution of this Agreement. If there is a change in your planning, St. Joseph of the Pines requests you notify us.

4. **Fulfillment Program Deposit.** You agree to pay a *Fulfillment* Program Deposit based on the selected membership level above. The *Fulfillment* Program Deposit is a non-interest bearing deposit associated with this Agreement and will be credited towards the Entrance Fee due by you as outlined in the Residency Agreement.
5. **Notification.** St. Joseph of the Pines will notify you of the availability of the preferred size(s) of Residence specified by you. You may accept or reject the offer to reserve the Residence within Three (3) days from the date of notification.

If you accept the offer to reserve the Residence, you agree to execute a Residency Agreement and take Occupancy within ninety (90) days of the acceptance date, unless otherwise agreed to in writing by both parties.

If St. Joseph of the Pines does not notify you of the availability of your preferred style(s) of Residence within the timeframe listed above, you may retain your Priority by executing a new *Fulfillment* Program Agreement and in accordance with then current Entrance Fees. If you do not choose to execute a new *Fulfillment* Program Agreement, you shall receive a full refund of the *Fulfillment* Program Deposit paid by You.
6. **Application Forms.** Upon execution of this Agreement, you will submit completed Application Forms for a preliminary approval. Upon acceptance of an offer, you will update the Application Forms as requested by St. Joseph of the Pines. Upon final approval, you will enter into the Residency Agreement.
7. **Termination and Refund.** You may terminate this Agreement within seven (7) days of execution by signing the attached Notice of Right to Rescind and delivering it to St. Joseph of the Pines. After the lapse of the seven (7) day rescission period, but prior to your acceptance, you may terminate this Agreement for any reason by providing a written notice to St. Joseph of the Pines. In either situation, a full refund of the *Fulfillment* Program Deposit will be made to you within thirty (30) days of such written notification of termination.
8. **Privileges Under the Diamond and Platinum Membership.** In addition to the Priority established above, you shall have the following privileges with St. Joseph of the Pines as a Diamond or Platinum Member:
 - a. **Culinary Services.** You have access to dine at either Belle Meade or Pine Knoll restaurants with prior reservations at established meal rates.
 - b. **Use of Commons Area and Amenities.** You may use the cultural/multi-purpose rooms, lounges, libraries, arts/crafts rooms, classrooms, indoor/outdoor recreational areas including the indoor pool, exercise rooms and other common areas and amenities.
 - c. **Participation in Planned Activities.** You may participate in planned social, recreational, educational, and cultural programs provided by Belle Meade and Pine Knoll with prior reservations provided space is available and at established rates, if any.
9. **Preliminary Agreement.** This *Fulfillment* Program Agreement is preliminary to the execution of the Residency Agreement (or the Direct Admission Agreement). Upon payment of the Ten Percent (10%) Deposit of the Entrance Fee for the Residence and

execution of the Residency Agreement, this Agreement shall terminate and will be superseded by the Residency Agreement.

St. Joseph of the Pines and you have executed this Agreement, and the *Fulfillment* Program Deposit has been paid as of the day and year first written above.

Witness

Future Resident

Witness

Future Resident

THE CORPORATION: St. Joseph of the Pines

Signature

Title

Date



ST. JOSEPH of the PINES

NOTICE OF RIGHT TO RESCIND

Date rescission period begins _____, 20____. You may rescind and terminate your *Fulfillment* Program Agreement without penalty or forfeiture within seven (7) days of the above date. You are not required to move into either of the two (2) continuing care communities before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your *Fulfillment* Program Agreement within this seven (7) day period.

To rescind your *Fulfillment* Program Agreement, mail, email or deliver a signed and dated copy of this notice, or any other dated written notice, letter or telegram, stating your desire to rescind to the following address:

Kimberly Wessell, Sales & Marketing Director
St. Joseph of the Pines
490 Central Drive
Southern Pines, NC 28387

Not later than midnight of _____ (last day for rescission).

Pursuant to this notice, I hereby cancel my *Fulfillment* Program Agreement.

Date: _____

PROSPECTIVE RESIDENT’S SIGNATURE

**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 Rehabilitation.

Assisted Living

- **The Coventry** (the “Coventry”) is located at 105 Gossman Drive and is licensed as a fifty (50) unit 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.

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. 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 Meade will providewall-to-wall carpeting, refrigerator with icemaker, stove, oven, dishwasher, microwave, mini-blinds, washer and dryer, and other furnishings. Each Pine Knoll Residential Unit in The Villas will provide wall-to-wall carpeting, refrigerator, mini-blinds, and other furnishings. Each Pine Knoll Residential Unit in the Overlook and the Cottages will provide wall-to-wall carpeting, 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: three dining options, main lobby, a chapel, bank, hair salon, an activities room, an art room, a game room, a woodworking shop, croquet court, putting green, walking paths, fitness center, 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, fitness room, walking paths, greenhouse, 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.** Dining 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 mealstaken that exceed the monthly Discretionary Credits amount.
- h. **Utilities.** The Corporation will furnish heating, air conditioning, electricity, basic cable service, internet services, water, sewer service, and trash removal. You are responsible for the charges related to long-distance telephone (outside the continental USA) and premium cable television 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 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 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).
- 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. **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.
- F. **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.
- G. **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. If You are paying a Membership Fee or an Entrance Fee, You will choose a Closing Date at which time You will pay the balance of the 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 a timely manner 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.

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 and the Coventry before non-residents. In the event You require care that is within the limits of the health care services available at the Health Center or the Coventry, 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.

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 30 days after
the sale of your home, whichever is sooner.

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):

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 the Fee For Service Health Care Benefit Option only.



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