

June 27, 2014


Mr. Rich Wysocki
Principal Cost Analyst
Office of CON and Rate Setting
Department of Social Services
25 Sigourney Street
Hartford, CT 06106

Dear Mr. Wysocki:

You will please find attached the Disclosure Statement and the Annual Filing for The McAuley Center, Inc. I trust that you will find our documents in order.

If you should have any questions regarding either document, please do not hesitate to contact me. I can be reached at 860-920-6345.

Sincerely,



William J. Fiocchetta
President and Chief Executive Officer/Acting Executive Director

Encl. The McAuley Center, Inc. Disclosure Statement – 2014
The McAuley Center, Inc. Annual Filing – 2014

THE McAULEY

PART OF THE MERCY COMMUNITY

ANNUAL FILING

McAULEY CENTER, INC.
275 Steele Road
West Hartford, CT 06117-2716
(860) 920-6300

For The Year Ended

December 31, 2013

Prepared For

STATE OF CONNECTICUT

DEPARTMENT OF SOCIAL SERVICES

McAULEY CENTER INC.
ANNUAL FILING
STATE OF CONNECTICUT
DEPARTMENT OF SOCIAL SERVICES

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Schedule of Standard Contract Fees

APARTMENT TYPE	ENTRANCE FEE <i>FULL LIFECARE – TWO-THIRDS REFUNDABLE</i>	MONTHLY SERVICE FEE
Studio 592 sq. ft.	\$166,010	\$2,500
One Bedroom 620 sq. ft. Single Double	\$173,370	\$2,680 \$4,430
One Bedroom Deluxe 818 sq. ft. Single Double	\$246,920	\$3,470 \$5,220
Two Bedroom 1,118 sq. ft. Single Double	\$362,490	\$4,080 \$5,830
Studio + One Bedroom 1,410 sq. ft. Single Double	\$454,950	\$5,140 \$6,900
One Bedroom + One Bedroom 1,636 sq. ft. Single Double	\$525,350	\$5,970 \$7,720
Two Bedroom + One Bedroom 1,936 sq. ft. Single Double	\$619,920	\$7,060 \$8,820

These rates are effective January 1, 2014.

Schedule of Zero Refund Contract Fees

APARTMENT TYPE	ENTRANCE FEE <i>FULL LIFECARE – NON-REFUNDABLE AFTER 50 MONTHS</i>	MONTHLY SERVICE FEE
Studio 592 sq. ft.	\$95,640	\$3,110
One Bedroom 620 sq. ft. Single Double	\$107,050 \$126,070	\$3,430 \$5,140
One Bedroom Deluxe 818 sq. ft. Single Double	\$115,860 \$134,880	\$3,740 \$5,450
Two Bedroom 1,118 sq. ft. Single Double	\$148,850 \$176,240	\$4,720 \$6,340
Studio + One Bedroom 1,410 sq. ft. Single Double	\$200,200	\$5,340 \$7,050
One Bedroom + One Bedroom 1,636 sq. ft. Single Double	\$231,460	\$5,970 \$7,680
Two Bedroom + One Bedroom 1,936 sq. ft. Single Double	\$266,180	\$6,860 \$8,570

These rates are effective January 1, 2014.

Schedule of Alternative Contract Fees

APARTMENT TYPE	ENTRANCE FEE <i>NO LIFECARE – 80% Refundable 150 days Skilled Nursing</i>	MONTHLY SERVICE FEE
Studio 592 sq. ft.	\$107,780	\$2,320
One Bedroom 620 sq. ft. Single Double	\$112,870	\$2,430 \$3,760
One Bedroom Deluxe 818 sq. ft. Single Double	\$148,920	\$3,210 \$4,540
Two Bedroom 1,118 sq. ft. Single Double	\$168,640	\$3,800 \$5,120
Studio + One Bedroom 1,410 sq. ft. Single Double	\$212,690	\$4,790 \$6,110
One Bedroom + One Bedroom 1,636 sq. ft. Single Double	\$246,780	\$5,550 \$6,880
Two Bedroom + One Bedroom 1,936 sq. ft. Single Double	\$292,030	\$6,570 \$7,900

These rates are effective January 1, 2014.

Schedule of Alternative Contract Fees

APARTMENT TYPE	ENTRANCE FEE <i>NO LIFECARE – 95% Refundable 60 days Skilled Nursing</i>	MONTHLY SERVICE FEE
Studio 592 sq. ft.	\$72,547	\$2,067
One Bedroom 620 sq. ft. Single Double	\$74,743	\$2,165 \$2,732
One Bedroom Deluxe 818 sq. ft. Single Double	\$94,541	\$2,857 \$3,424
Two Bedroom 1,118 sq. ft. Single Double	\$125,473	\$3,254 \$3,821
Studio + One Bedroom 1,410 sq. ft. Single Double	\$151,419	\$4,104 \$4,671
One Bedroom + One Bedroom 1,636 sq. ft. Single Double	\$171,501	\$4,761 \$5,328
Two Bedroom + One Bedroom 1,936 sq. ft. Single Double	\$198,157	\$5,634 \$6,201

These rates are effective January 1, 2012.

Schedule of Fees

THE ASSISTED LIVING CENTER AT THE McAULEY

<u>Apartment Style</u>	<u>Monthly Rental Fee</u>
Studio	\$5,000
One Bedroom	\$5,200
One Bedroom Deluxe	\$6,350
Two Bedroom	\$8,080

For a second person, add \$1,070 per month.

No entrance fee is required for Assisted Living residents.

Fees are subject to change without notice.

These rates are effective January 1, 2014.

EXHIBIT 2

McAULEY CENTER, INC.
West Hartford, CT 06117-2716

RESIDENTIAL TURNOVER RATES

CURRENT AND ANTICIPATED
FOR THE NEXT FIVE YEARS

A	B	C		D
<u>FISCAL YEAR</u>	<u>UNITS</u>	<u>UNIT</u>		<u>TURNOVER</u>
<u>ENDING</u>	<u>OCCUPIED</u>	<u>IL*</u>	<u>AL*</u>	<u>RATE (C/B)</u>
12/31/13	204	30	06	17.6
12/31/14	204	30	06	17.6
12/31/15	204	30	06	17.6
12/31/16	204	30	06	17.6
12/31/17	204	30	06	17.6
12/31/18	204	30	06	17.6

* "IL" designates independent living unit.
"AL" designates assisted living unit.

EXHIBIT 3

**McAULEY CENTER, INC.
West Hartford, CT 06117-2716**

**RESIDENTS' CURRENT AVERAGE AGE
AND FIVE YEAR PROJECTION OF AGES
AT THE ENDING OF EACH YEAR**

12/31/13	88.5
12/31/14	88.6
12/31/15	88.7
12/31/16	88.8
12/31/17	88.9
12/31/18	88.9

EXHIBIT 4

McAULEY CENTER, INC.
West Hartford, CT 06117-2716

HEALTH CARE UTILIZATION RATES

Health care utilization rates, including admission rates and days per 100 residents per level of care for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

All Data is for Skilled Nursing Care

Fiscal Year Ending 12/31	Utilization Rate Residents / Units	Admission Rate Residents / Units	Days per 100 Residents
2013	80/228 = 35.1	35/228 = 15.4	6,575
2014	80/228 = 35.1	35/228 = 15.4	6,575
2015	80/228 = 35.1	35/228 = 15.4	6,575
2016	80/228 = 35.1	35/228 = 15.4	6,575
2017	80/228 = 35.1	35/228 = 15.4	6,575
2018	80/228 = 35.1	35/228 = 15.4	6,575

The McAuley does not operate a skilled nursing facility. Therefore, a skilled level of care, in accordance with the Residency Agreement, is provided contractually by separate licensed facilities. Permanent transfers assume 365 days at a skilled nursing facility per resident.

EXHIBIT 5

McAULEY CENTER, INC.
West Hartford, CT 06117-2716

OCCUPANCY RATES

<u>A</u> <u>OCCUPANCY</u> <u>DATES</u>	<u>B</u> <u>OCCUPIED</u> <u>UNITS</u>	<u>C</u> <u>TOTAL</u> <u>UNITS</u>	<u>D</u> <u>RATE</u> <u>(B/C)</u>
12/31/13	204	228	89.5
12/31/14	204	228	89.5
12/31/15	204	228	89.5
12/31/16	204	228	89.5
12/31/17	204	228	89.5
12/31/18	204	228	89.5

EXHIBIT 6

McAULEY CENTER, INC.
West Hartford, CT 06117-2716

HEALTH CARE ADMISSIONS

CURRENT AND ANTICIPATED

An independent living resident entering into a Residency Agreement with The McAuley must be capable of independent living. The McAuley monitors resident health and maintain programs that assure wellness. The McAuley utilizes the nursing care beds of Saint Mary Home which is located adjacent to it in West Hartford.

Health care admissions to St. Mary Home (or other Skilled Nursing Facility, at resident's choice):

<u>YEAR</u> <u>ENDING</u>	<u>NUMBER OF ADMISSIONS</u>		
	Permanent	Temporary	Total
12/31/13	12	35	47
12/31/14	12	35	47
12/31/15	12	35	47
12/31/16	12	35	47
12/31/17	12	35	47
12/31/18	12	35	47

EXHIBIT 7

McAULEY CENTER, INC.
West Hartford, CT 06117-2716

DAYS OF CARE PER YEAR - CURRENT AND ANTICIPATED
(SKILLED NURSING CARE)

<u>YEAR ENDING</u>	<u>PERMANENT</u>	<u>TEMPORARY</u>	<u>TOTAL</u>
12/31/13	5,840	735	6,575
12/31/14	5,840	735	6,575
12/31/15	5,840	735	6,575
12/31/16	5,840	735	6,575
12/31/17	5,840	735	6,575
12/31/18	5,840	735	6,575

Notes:

(1) Above projected information for the fiscal years ended December 31, 2014 through December 31, 2018 is based on actuarial assumptions from Future Services Obligation (FSO) report prepared by Mercy Community Health Management utilizing A.V. Powell & Associates, LLC software for the year ended 12/31/2013

EXHIBIT 8

**McAULEY CENTER, INC.
West Hartford, CT 06117-2716**

NUMBER OF PERMANENT TRANSFERS

The number of residents who had a permanent transfer status at a skilled nursing facility during the year ended December 31, 2013 was 12.

User Filter: MODEL.MODEL = 'MCAULEYSR2V2'

General Filter: Model - ModelGrp - MCHCT

	Projection Years							
	2013	2014	2015	2016	2017	2018	2019	2020
Income Statement								
Patient Revenue								
Inpatient Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outpatient Services	0	0	0	0	0	0	0	0
Gross Patient Revenue	0	0	0	0	0	0	0	0
Deductions from Patient Revenue								
Contractual Discounts	0	0	0	0	0	0	0	0
Provision for Charity	0	0	0	0	0	0	0	0
Bad Debt	0	0	0	0	0	0	0	0
Total Deductions from Revenue	0	0	0	0	0	0	0	0
Net Patient Revenue	0	0	0	0	0	0	0	0
Other Operating Revenue	11,535	12,175	12,306	12,435	12,574	12,723	12,882	13,050
Total Operating Revenue	11,535	12,175	12,306	12,435	12,574	12,723	12,882	13,050
Operating Expenses								
Salaries and Wages	2,654	2,811	2,823	2,851	2,880	2,909	2,938	2,967
Employee Benefits	727	756	740	781	789	797	805	813
Contract Labor	0	0	0	0	0	0	0	0
Professional fees	0	47	4	4	4	4	4	4
Supplies	0	0	0	0	0	0	0	0
Drugs and Pharmaceuticals	0	0	0	0	0	0	0	0
Purchased Services	2,952	3,138	3,151	3,183	3,214	3,246	3,279	3,312
Depreciation & Amortization	1,056	1,226	1,182	1,171	1,135	1,104	1,079	1,076
Interest	669	524	524	524	524	524	524	524
Other	2,802	3,053	3,062	3,116	3,145	3,175	3,205	3,235
Total Operating Expenses	10,860	11,555	11,486	11,630	11,691	11,759	11,834	11,931
Operating Income	675	620	820	805	883	964	1,048	1,119
Nonoperating Revenue								
Investment Income	0	13	13	198	260	331	402	480
Interest Expense	0	0	0	0	0	0	0	0
Unrestricted Contributions	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Net Nonoperating Revenue	0	13	13	198	260	331	402	480
Excess of Revenue over Expenses	675	633	833	1,003	1,143	1,295	1,450	1,599
Other Changes	0	(383)	0	0	0	0	0	0
Increase(Decrease) in Unrestricted Net Assets	\$675	\$250	\$833	\$1,003	\$1,143	\$1,295	\$1,450	\$1,599

	2013	2014	2015	2016	2017	2018	2019	2020
Balance Sheet - Assets								
Current Assets								
Cash	\$1,443	\$2,475	\$2,368	\$3,533	\$4,891	\$6,368	\$7,723	\$9,479
Current Portion Limited as to Use	0	100	100	100	100	100	100	100
Accounts Receivable Net of Reserves	143	145	145	146	148	150	152	154
Third Party Settlements	0	0	0	0	0	0	0	0
Supply Inventories, at cost	59	60	0	0	0	0	0	0
Prepaid Expenses and Other	73	75	76	76	77	78	78	79
Total Current Assets	1,718	2,855	2,689	3,855	5,216	6,696	8,053	9,812
Assets Limited as to Use								
Trusted Assets	941	941	941	941	941	941	941	941
Temporary Restricted Cash	0	0	0	0	0	0	0	0
Permanent Restricted Cash	0	0	0	0	0	0	0	0
Board Designated Investments	0	0	0	151	213	284	355	433
Total Assets Limited as to Use	941	941	941	1,092	1,154	1,225	1,296	1,374
Property, Plant and Equipment								
Cost	40,151	43,276	43,786	44,296	44,806	45,316	45,826	46,336
Accumulated Depreciation	25,486	26,709	27,891	29,062	30,196	31,300	32,379	33,455
Construction in Progress	141	141	141	141	141	141	141	141
Net PP&E	14,806	16,708	16,036	15,375	14,751	14,157	13,588	13,022
Other Assets								
Investment in Subsidiaries	0	0	0	0	0	0	0	0
Unamortized Financing Fees	204	0	0	0	0	0	0	0
Start-up Costs	0	0	0	0	0	0	0	0
Other Long-Term Assets	(252)	(1,367)	(1,367)	(1,367)	(1,367)	(1,367)	(1,367)	(1,367)
Total Other Assets	(48)	(1,367)	(1,367)	(1,367)	(1,367)	(1,367)	(1,367)	(1,367)
Total Assets	\$17,417	\$19,137	\$18,299	\$18,955	\$19,754	\$20,711	\$21,570	\$22,841

Balance Sheet - Liabilities and Net Assets

Current Liabilities								
Notes Payable - Line of Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Current Maturities of Debt	464	356	356	356	356	356	336	246
A/P and Accrued Expenses	604	1,930	858	860	865	876	884	892
Third Party Settlements	0	0	0	0	0	0	0	0
Other Accrued Liabilities	1,466	1,450	1,450	1,450	1,450	1,450	1,450	1,450
Total Current Liabilities	2,534	3,736	2,664	2,666	2,671	2,682	2,670	2,588
Other Liabilities								
Pension	16	0	0	0	0	0	0	0
Other LT Liabilities	16,283	16,500	16,250	16,250	16,250	16,250	16,000	16,000
Total Other Liabilities	16,299	16,500	16,250	16,250	16,250	16,250	16,000	16,000
Long-Term Debt								
	12,399	12,459	12,103	11,747	11,391	11,035	10,699	10,453
Net Assets								
Fund Balance (Unrestricted)	(13,887)	(13,637)	(12,804)	(11,801)	(10,658)	(9,363)	(7,913)	(6,314)
Temporarily Restricted Fund Balance	60	67	74	81	88	95	102	102
Permanently Restricted Net Assets	12	12	12	12	12	12	12	12
Total Fund	(13,815)	(13,558)	(12,718)	(11,708)	(10,558)	(9,256)	(7,799)	(6,200)
Total Liabilities & Net Assets	\$17,417	\$19,137	\$18,299	\$18,955	\$19,754	\$20,711	\$21,570	\$22,841

User Filter: MODEL.MODEL = 'MCAULEYSR2V2'

General Filter: Model - ModelGrp - MCHCT

Projection Years

	2013	2014	2015	2016	2017	2018	2019	2020
Statement of Changes in Net Assets								
Unrestricted Net Assets:								
Beginning Unrestricted Net Assets	(\$13,887)	(\$13,637)	(\$12,804)	(\$11,801)	(\$10,658)	(\$9,363)	(\$7,913)	(\$7,913)
Excess of Revenues over Expenses	633	833	1,003	1,143	1,295	1,450	1,599	1,599
Change in Net Unrealized Gain/Loss	0	0	0	0	0	0	0	0
Transfers (to) from Affiliates	(371)	0	0	0	0	0	0	0
Restricted Contributions Used for Property Acquisitions	0	0	0	0	0	0	0	0
Extraordinary Gain (Loss)	0	0	0	0	0	0	0	0
Cumulative Effect of a Change in Accounting Principle	0	0	0	0	0	0	0	0
Additional Minimum Pension Liability	0	0	0	0	0	0	0	0
Other Unrestricted Activity	(12)	0	0	0	0	0	0	0
Increase (Decrease) in Unrestricted Net Assets	250	833	1,003	1,143	1,295	1,450	1,450	1,599
Total Unrestricted Net Assets	(13,637)	(12,804)	(11,801)	(10,658)	(9,363)	(7,913)	(7,913)	(6,314)
Temporarily Restricted Net Assets:								
Beginning Temporarily Restricted Net Assets	60	67	74	81	88	95	102	102
Contributions	5	5	5	5	5	5	5	0
Change in Net Unrealized Gain/Loss	2	2	2	2	2	2	2	0
Restricted Investment Income	0	0	0	0	0	0	0	0
Net Assets Released from Restrictions	0	0	0	0	0	0	0	0
Cumulative Effect of a Change in Accounting Principle	0	0	0	0	0	0	0	0
Other Restricted Activity	0	0	0	0	0	0	0	0
Incr. (Decr.) in Temporarily Restricted Net Assets	7	7	7	7	7	7	7	0
Ending Balance Temporarily Restricted Net Assets	67	74	81	88	95	102	102	102
Permanently Restricted Net Assets:								
Beginning Permanently Restricted Net Assets	12	12	12	12	12	12	12	12
Contributions	0	0	0	0	0	0	0	0
Change in Net Unrealized Gain/Loss	0	0	0	0	0	0	0	0
Restricted Investment Income	0	0	0	0	0	0	0	0
Other Restricted Activity	0	0	0	0	0	0	0	0
Incr. (Decr.) in Permanently Restricted Net Assets	0	0	0	0	0	0	0	0
Ending Balance Permanently Restricted Net Assets	12	12	12	12	12	12	12	12
Total Net Assets	(\$13,558)	(\$12,718)	(\$11,708)	(\$10,558)	(\$9,256)	(\$7,799)	(\$6,200)	(\$6,200)

User Filter: MODEL.MODEL = 'MCAULEYSR2V2'

General Filter: Model - ModelGrp - MCHCT

Projection Years

	2013	2014	2015	2016	2017	2018	2019	2020
Cash Flow Statement								
Sources of Cash:								
Excess of Revenues over Expenses from Operations		\$620	\$820	\$805	\$883	\$964	\$1,048	\$1,119
Net Nonoperating Income, Excluding Interest Income and Expense	0	0	0	0	0	0	0	0
Extraordinary Items, Transfers and Other Items Not Affecting Working Capital:	(383)	0	0	0	0	0	0	0
Depreciation	1,226	1,182	1,171	1,135	1,104	1,079	1,076	1,076
Amortization of Financing Costs	0	0	0	0	0	0	0	0
Other	1,527	(243)	7	7	7	7	(243)	0
Long Term Debt Proceeds	0	0	0	0	0	0	0	0
Total Sources of Cash	2,990	1,759	1,983	2,025	2,075	1,884	2,195	2,195
Uses of Cash:								
Change in Working Capital, Excluding Current Portion of Debt	(1,305)	1,013	(1)	(2)	(8)	(6)	(5)	(5)
Additions to Property, Plant & Equipment, net	\$3,128	\$510	\$510	\$511	\$510	\$510	\$510	\$510
Long Term Debt Principal Repayments	48	356	356	356	356	356	356	336
Total Uses of Cash	1,871	1,879	865	865	858	860	841	841
Cash Provided (Used) Prior to Interest Income	1,119	(120)	1,118	1,160	1,217	1,024	1,354	1,354
Cash Provided from Interest Income	13	13	198	260	331	402	480	480
Cash Used by Interest Expense	0	0	0	0	0	0	0	0
Cash Provided (Used)	1,132	(107)	1,316	1,420	1,548	1,426	1,834	1,834
Cash Balance, beginning of period	2,384	3,516	3,409	4,725	6,145	7,693	9,119	9,119
Cash Balance, end of period	\$3,516	\$3,409	\$4,725	\$6,145	\$7,693	\$9,119	\$10,953	\$10,953
Summary of Cash and Investments								
Operating Cash	\$1,443	\$2,475	\$2,368	\$3,533	\$4,891	\$6,368	\$7,723	\$9,479
Board Designated Assets	0	0	0	151	213	284	355	433
Trusteed Assets and Restricted Funds	941	1,041	1,041	1,041	1,041	1,041	1,041	1,041
Total	\$2,384	\$3,516	\$3,409	\$4,725	\$6,145	\$7,693	\$9,119	\$10,953

ATTACHMENT K

FUTURE SERVICE OBLIGATION

* * * * *

Mercy Community Health Management utilized software provided by A.V. Powell & Associates, LLC to perform an actuarial study as of December 31, 2013. Based on an actuarially sound basis, using reasonable assumptions for mortality and morbidity, and projections based upon financial data readily available at this time, we have determined that consistent with past years no future service obligation existed as of December 31, 2013.

Average Age at December 31, 2013:

Total for All Levels: Female 88.4

Male 88.7

The MERCY COMMUNITY

THE McAULEY | SAINT MARY HOME

June 27, 2014

Mr. Rich Wysocki
Principal Cost Analyst
Office of CON and Rate Setting
55 Farmington Avenue
Hartford, CT 06105

Dear Rich,

As part of our disclosure statement and annual filing requirements I wanted to notify you of some exciting news for McAuley Center, Incorporated.

We are in the process of merging our parent organization, Catholic Health East, with and into Trinity Health Corporation, an Indiana not for profit corporation, effective on or about June 30, 2014. It is anticipated that Trinity will be renamed at a later point in time.

The consolidation of our two entities has been ongoing for over a year now and this represents a significant step forward for our two systems. The entity McAuley Center, Incorporated will remain in existence and its parent corporation will still be Mercy Community Health.

As part of the strategic re-alignment of the organizations our Treasury Functions and Corporate Debt are being consolidated at the System office level. This will allow us to be afforded the best possible financing available and highest rate of return on investments for all of our Regional Health Ministries. We anticipate our reserve funds to become part of a consolidated portfolio that has significant stability and investment direction which will allow for a much higher return than we have had at our local institution.

As an example of the consolidated strength this portfolio as of December 31st includes \$3.2 billion dollars in cash and short term investments, \$69 million dollars in short term restricted assets, \$4.2 billion dollars in non current restricted assets, and \$684 million in

long term investments. The organization carries an AA- rating from Standard & Poor's, AA rating from Fitch, and an AA rating from Moody's.

I am attaching summary financial statements for the period ended December 31, 2013. The organization chose not to incur additional fees for a consolidated audit this year. Since our year-end has changed from December 31st to June 30th we will have a consolidated audit available sometime in August or September. We will update our disclosure statement once that has been completed.

Please let me know what further actions I need to take to further this exciting change for our Ministry.

Sincerely,

A handwritten signature in black ink, appearing to read "S.D. Beaulieu", written over the word "Sincerely,".

Steven D. Beaulieu
Chief Financial Officer

Balance Sheets - Assets

ASSETS	12/31/2013	6/30/2013
<i>(000's omitted)</i>		
CURRENT ASSETS:		
Cash and investments	\$ 3,269,845	\$ 3,248,696
Security lending collateral	188,897	153,583
Assets limited or restricted as to use, current portion	69,002	63,201
Patient accounts receivable, net of allowance for doubtful accounts	1,449,263	1,402,980
Estimated receivables from third-party payors	204,783	177,683
Other receivables	242,797	242,635
Inventories	204,342	200,794
Assets Held for sale	135,107	352,190
Prepaid expenses and other current assets	<u>128,897</u>	<u>140,222</u>
Total current assets	5,892,933	5,981,984
ASSETS LIMITED OR RESTRICTED AS TO USE, NON-CURRENT PORTION:		
Held by trustees under bond indenture agreements	79,956	122,196
Self-insurance, benefit plans and other	667,032	608,659
By Board	3,143,837	2,847,628
By donors	<u>287,206</u>	<u>278,506</u>
Total assets limited or restricted as to use, non-current portion	4,178,031	3,856,989
PROPERTY AND EQUIPMENT, NET	6,524,022	6,474,533
LONG-TERM INVESTMENTS	684,145	615,612
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	2,011,172	1,836,369
GOODWILL	151,686	151,594
OTHER INTANGIBLE ASSETS	67,859	68,770
OTHER LONG TERM ASSETS	340,187	359,994
TOTAL ASSETS	<u>\$ 19,850,035</u>	<u>\$ 19,345,845</u>

Balance Sheets – Liabilities and Net Assets

	<u>12/31/2013</u>	<u>6/30/2013</u>
CURRENT LIABILITIES: <i>(000's omitted)</i>		
Commercial paper	\$ 109,982	\$ 368,923
Short-term borrowings & long-term debt, current	1,228,720	896,455
Current portion of long term debt	124,524	128,273
Accounts payable and accrued expenses	803,802	953,902
Salary, wages and related liabilities	625,725	624,124
Payable under security lending agreements	188,897	153,583
Liabilities held for sale	282,209	415,077
Estimated payables to third-party payors	375,617	403,879
Self insurance reserves	<u>109,480</u>	<u>102,292</u>
Total current liabilities	3,848,956	4,046,508
LONG-TERM DEBT, NET OF CURRENT PORTION	3,626,062	3,512,404
SELF-INSURANCE RESERVES	870,848	816,538
ACCRUED PENSION AND RETIREE HEALTH COSTS	728,101	921,995
DEFERRED REVENUE FROM ENTRANCE FEES	94,623	91,871
OTHER LONG-TERM LIABILITIES	<u>470,052</u>	<u>511,568</u>
Total liabilities	9,638,642	9,900,884
NET ASSETS:		
Unrestricted Net Assets - Parent	9,804,039	9,051,595
Noncontrolling Ownership interest in subsidiaries	<u>32,962</u>	<u>31,034</u>
Unrestricted Net Assets	9,837,001	9,082,629
Temporarily Restricted Net Assets	285,651	269,653
Permanently Restricted Net Assets	88,741	92,679
Total Net Assets	<u>10,211,393</u>	<u>9,444,961</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,850,035</u>	<u>\$ 19,345,845</u>

Year to Date Consolidated Statement of Operations

(000's om. thru)

	December 2013 Actual	December 2013 Budget	\$ Change Favorable (unfavorable)	% Change Favorable (unfavorable)
UNRESTRICTED REVENUE:				
Patient service revenue, net of contractual and other allowances	\$ 6,259,819	\$ 6,418,198	\$ (158,379)	-2.5%
Provision for bad debts	(347,870)	(351,193)	3,323	0.9%
Net patient service revenue less provision for bad debts	5,911,949	6,067,005	(155,056)	-2.6%
Premium revenue	209,262	207,786	1,476	0.7%
Capitation revenue	109,142	99,294	9,848	9.9%
Operating investment income	34,188	20,010	14,178	70.9%
Net assets released from restrictions	10,161	9,640	521	5.4%
Equity gains in unconsolidated affiliates	31,691	32,824	(1,133)	-3.5%
Other revenue	499,509	491,581	7,928	1.6%
Total unrestricted revenue	6,805,902	6,928,140	(122,238)	-1.8%
EXPENSES:				
Salaries and wages	2,956,415	2,991,892	35,477	1.2%
Employee benefits	596,152	627,887	31,735	5.1%
Contract labor	51,183	35,799	(15,384)	-43.0%
Total labor expenses	3,603,750	3,655,578	51,828	1.4%
Supplies	1,093,882	1,103,483	9,601	0.9%
Medical and professional fees	198,152	205,282	7,130	3.5%
Purchased services	558,604	579,123	20,519	3.5%
Medical claims and capitated purchased services	127,715	128,302	587	0.5%
Depreciation and amortization	353,126	369,247	16,121	4.4%
Occupancy	287,305	301,323	14,018	4.7%
Interest	85,085	83,462	(1,623)	-1.9%
Insurance	105,811	103,063	(2,748)	-2.7%
Other	209,360	204,896	(4,464)	-2.2%
Total expenses	6,622,790	6,733,759	110,969	1.6%
Risk factors	-	7,500	7,500	100.0%
OPERATING INCOME BEFORE CONSOLIDATION COSTS	183,112	186,881	(3,769)	-2.0%
Consolidation costs	(19,151)	(21,216)	2,065	9.7%
OPERATING INCOME	163,961	165,665	(1,704)	-1.0%
NONOPERATING ITEMS:				
Investment income	380,145	165,873	214,272	129.2%
Equity earnings in unconsolidated affiliates	143,544	50,761	92,783	182.8%
Change in market value and cash payments of interest rate swaps	10,501	(4,783)	15,284	319.5%
Other non-operating loss	(3,485)	(1,522)	(1,963)	-129.0%
Non-controlling interest	(7,491)	(5,705)	(1,786)	-31.3%
EXCESS OF REVENUE OVER EXPENSES	687,175	370,289	316,886	85.6%

Change in Unrestricted Net Assets

(000's omitted)

	December 2013 Actual	December 2012 Prior Year	\$ Change Favorable (unfavorable)	% Change Favorable (unfavorable)
TOTAL UNRESTRICTED NET ASSETS::				
Excess of revenue over expenses	\$ 687,175	\$ 569,125	\$ 118,050	20.7%
Net changes in retirement plan related items	35,021	23,010	12,011	52.2%
Net assets changes due to alignment of accounting policies and adjustments	92,599	-	92,599	100.0%
Other	33,851	26,473	7,378	27.9%
Increase in total unrestricted net assets before discontinued operations	<u>848,646</u>	<u>618,608</u>	<u>230,038</u>	<u>37.2%</u>
Discontinued operations:				
Loss from operations	(16,933)	(142,372)	125,439	88.1%
Loss on membership substitution, Mercy Maine	(77,341)	-	(77,341)	-100.0%
Increase in total unrestricted net assets	<u>754,372</u>	<u>476,236</u>	<u>278,136</u>	<u>58.4%</u>