

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Saint Francis Care, Inc. and Subsidiaries
Years Ended September 30, 2015 and 2014
With Report of Independent Auditors

Ernst & Young LLP



Building a better
working world

Saint Francis Care, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

Years Ended September 30, 2015 and 2014

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Report of Independent Auditors

The Board of Directors
Saint Francis Care, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Saint Francis Care, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of September 30, 2015 and 2014, 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 Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Saint Francis Indemnity Company, LLC (SFICL), a wholly owned subsidiary, which statements reflect total assets of \$62.4 million as of September 30, 2015 and \$50.2 million as of September 30, 2014, and total revenues of \$12.3 million and \$13.4 million for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for SFICL, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 report of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Saint Francis Care, Inc. and Subsidiaries at September 30, 2015 and 2014, and the consolidated results of their operations and changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating balance sheets and consolidating statements of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits 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. In our opinion, based on our audits, the procedures performed as described above and the report of other auditors, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Ernst + Young LLP

January 29, 2016

Saint Francis Care, Inc. and Subsidiaries

Consolidated Balance Sheets
(In Thousands)

	September 30	
	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 102,071	\$ 93,155
Short-term investments	33,496	42,241
Assets whose use is limited for current liabilities	1,521	1,459
Current portion of pledges receivable	1,166	1,304
Accounts receivable – patients, less allowance for doubtful accounts (\$23,413 for 2015 and \$21,874 for 2014)	77,445	84,904
Accounts receivable – other	5,579	4,243
Inventories of supplies	9,701	8,855
Prepaid expenses and deposits	7,851	6,778
Due from affiliated entities	3,400	1,346
Total current assets	242,230	244,285
Assets whose use is limited:		
Board-designated	64,100	57,787
Donor restricted	5,459	4,286
Held under bond indenture	817	957
Held in trusts by others	48,893	53,033
	119,269	116,063
Assets whose use is limited for current liabilities	(1,521)	(1,459)
	117,748	114,604
Long-term investments	25,097	19,120
Property, plant, and equipment, net	467,248	475,763
Other assets:		
Bond issuance costs, less amortization	1,261	1,346
Pledges receivable, less current portion	6,992	9,271
Other	7,611	12,370
Total assets	\$ 868,187	\$ 876,759

	September 30	
	2015	2014
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 41,686	\$ 37,210
Accrued payroll and other related expenses	51,151	49,723
Accrued expenses and interest payable	8,658	7,455
Due to third-party reimbursement agencies	13,630	15,780
Current portion of long-term debt	7,298	8,760
Total current liabilities	<u>122,423</u>	118,928
Pension and other accrued expenses	320,956	285,634
Long-term debt, less portion classified as a current liability	<u>244,154</u>	251,476
Total liabilities	<u>687,533</u>	656,038
Net assets:		
Unrestricted	101,295	137,311
Temporarily restricted	26,180	26,091
Permanently restricted	53,179	57,319
	<u>180,654</u>	220,721
Total liabilities and net assets	<u><u>\$ 868,187</u></u>	<u><u>\$ 876,759</u></u>

See accompanying notes.

Saint Francis Care, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets
(In Thousands)

	Year Ended September 30	
	2015	2014
Net patient service revenue	\$ 798,352	\$ 783,327
Less: provision for bad debts	(25,600)	(26,546)
Net patient service revenue less provision for bad debts	772,752	756,781
Other operating revenue	38,303	38,797
Net assets released from restrictions for operations	10,911	9,644
Total revenues	821,966	805,222
Operating expenses:		
Salaries	378,595	363,599
Supplies and other	386,551	380,593
Interest	11,152	11,620
Depreciation and amortization	39,696	37,887
Total operating expenses	815,994	793,699
	5,972	11,523
Net (loss) gain on investment activity	(2,530)	3,625
Operating income	3,442	15,148
Non-operating gains and losses:		
Loss on refunding and refinancing of debt	-	(1,719)
Net loss on termination of interest rate swaps	(2,739)	-
Interest savings (cost) on interest rate swaps	41	(102)
Change in fair value of interest rate swaps	(14,835)	(603)
	(17,533)	(2,424)
(Deficiency) excess of revenues and gains and losses over expenses	(14,091)	12,724

(Continued on next page)

Saint Francis Care, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (continued)
(In Thousands)

	Year Ended September 30	
	2015	2014
Unrestricted net assets:		
(Deficiency) excess of revenues and gains and losses over expenses (continued)	\$ (14,091)	\$ 12,724
Net asset transfer	(5,333)	(4,015)
Net assets released from restrictions used for property, plant, and equipment	1,539	3,313
Change in pension funding and postretirement obligations	(19,192)	(53,442)
Donated property	857	-
Change in minority interest in subsidiary	204	264
Decrease in unrestricted net assets	(36,016)	(41,156)
Temporarily restricted net assets:		
Income from investments	136	109
Gifts, contributions, and donations	7,484	8,591
Net unrealized (loss) gain on investments	(268)	44
Net assets released from restrictions for operations	(10,911)	(9,644)
Net assets released from restrictions used for property, plant, and equipment	(1,685)	(3,680)
Net asset transfer	5,333	4,015
Increase (decrease) in temporarily restricted net assets	89	(565)
Permanently restricted net assets:		
(Decrease) increase in assets held in trusts by others	(4,140)	1,869
(Decrease) increase in permanently restricted net assets	(4,140)	1,869
Decrease in net assets	(40,067)	(39,852)
Net assets at beginning of year	220,721	260,573
Net assets at end of year	\$ 180,654	\$ 220,721

See accompanying notes.

Saint Francis Care, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (In Thousands)

	Year Ended September 30	
	2015	2014
Operating activities and other gains		
Decrease in net assets	\$ (40,067)	\$ (39,852)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities and other gains:		
Depreciation and amortization	39,696	36,168
Bad debts	25,600	26,546
Change in pension funding and postretirement obligations	19,192	53,442
Change in fair value of interest rate swaps	14,835	603
Net loss on termination of interest rate swaps	2,739	-
Loss on refunding and refinancing of debt	-	1,719
Unrealized loss (gain) on investments	3,155	(1,426)
Decrease (increase) in assets held in trusts by others	4,140	(1,869)
Restricted contributions and investment income	(7,620)	(8,700)
Increase in pension and other accrued expenses	1,295	7,972
Change in working capital, other than cash and cash equivalents	(16,138)	(30,447)
Net cash provided by operating activities and other gains	46,827	44,156
Investing activities		
Purchase of property, plant, and equipment, net	(31,096)	(43,429)
(Increase) decrease in investments	(3,126)	8,923
Increase in noncurrent assets whose use is limited	(7,284)	(7,642)
Decrease (increase) in other assets	4,759	(5,355)
Net cash used in investing activities	(36,747)	(47,503)
Financing activities		
Principal payments on long-term debt and capital leases	(8,784)	(221,810)
Proceeds from issuance of bonds	-	213,215
Payment of bond issuance costs	-	(1,127)
Restricted contributions and investment income	7,620	8,700
Net cash used in financing activities	(1,164)	(1,022)
Net increase (decrease) in cash and cash equivalents	8,916	(4,369)
Cash and cash equivalents at beginning of year	93,155	97,524
Cash and cash equivalents at end of year	\$ 102,071	\$ 93,155
Supplemental information		
Capital lease obligations - Non-cash financing	\$ -	\$ 1,298
Donated property - Non-cash investing	(857)	-
	\$ (857)	\$ 1,298

See accompanying notes.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Amounts in Thousands)

September 30, 2015

1. Significant Accounting Policies

Organization

Saint Francis Care, Inc. and Subsidiaries (Saint Francis Care) is a not-for-profit integrated health care delivery system. Subsidiaries of Saint Francis Care include: consolidated Saint Francis Hospital and Medical Center (the Hospital and Medical Center), Mount Sinai Rehabilitation Hospital, Inc., Saint Francis Medical Group, Inc. and Subsidiary, Asylum Hill Family Medicine Center, Inc., and Saint Francis Hospital and Medical Center Foundation, Inc.

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements include the accounts of Saint Francis Care and Subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related footnotes. Actual results could differ from those estimates.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by Saint Francis Care has been limited by donors to a specific time frame or purpose. Temporarily restricted net assets consist primarily of contributions and grants restricted for certain health care services, medical research activities, and capital replacement. Permanently restricted net assets, which are primarily endowment gifts and assets held in trusts by others, have been restricted by donors and are to be maintained in perpetuity.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently 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 purpose restriction is

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Amounts In Thousands)

1. Significant Accounting Policies (continued)

accomplished, temporarily restricted net assets are reclassified as unrestricted net assets 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 classified as unrestricted contributions in the accompanying consolidated financial statements.

Interest Rate Swap Agreements

Saint Francis Care utilizes interest rate swap agreements to reduce risks associated with changes in interest rates. Saint Francis Care does not hold or issue derivative financial instruments for trading purposes. Saint Francis Care is exposed to credit loss in the event of nonperformance by the counterparties to its interest rate swap agreements. Interest rate swap agreements are reported at fair value. Changes in fair value are recognized in the performance indicator in the consolidated statements of operations and changes in net assets.

Cash and Cash Equivalents

Saint Francis Care considers all highly liquid investments with remaining maturities of three months or less at the date of purchase to be cash equivalents.

Patient Accounts Receivable

Patient accounts receivable result from health care services provided by Saint Francis Care. The amount of the allowance for uncollectible accounts is based on management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage and other collection indicators.

Inventories of Supplies

Inventories are stated at the lower of cost or market. Saint Francis Care values its inventories using the first-in, first-out method.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued) (Amounts In Thousands)

1. Significant Accounting Policies (continued)

Investments

Unrealized gains and losses on unrestricted investments are included in the (deficiency) excess of revenues over expenses. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Fair value is generally determined based on quoted market prices. Alternative investments, which are investments with a non-readily determinable fair value, are stated at fair value based on, as a practical expedient, net asset values derived from the application of the equity method of accounting. Valuations of those investments and, therefore, Saint Francis Care's holdings may be determined by the investment manager and are primarily based on the valuation of the underlying securities. Investment income or loss, including realized and unrealized gains and losses on investments, interest, and dividends, is included in (deficiency) excess of revenues and gains and losses over expenses unless the income or loss is restricted by donor or law. The cost of securities sold is based on the specific identification method.

Saint Francis Care considers all investments with remaining maturities of more than three months but less than one year at the date of purchase to be short-term investments.

Assets Whose Use Is Limited

Assets whose use is limited include assets set aside by the Board of Directors, assets restricted by donors, assets held by trustees under bond indenture agreements related to financing activities with the State of Connecticut Health and Educational Facilities Authority (CHEFA or the Authority), and assets held in trusts by others. The portion of these amounts required for funding current liabilities is included in current assets. Assets set aside by the Board of Directors are established for the purpose of providing for future improvement, expansion, and replacement of property, plant, and equipment and for certain insurance liabilities.

Long-Lived Assets

Property, plant, and equipment are stated at cost and those acquired by gifts are recorded at fair value established at the date of acquisition. Saint Francis Care provides for depreciation of property, plant, and equipment using the straight-line method in amounts sufficient to depreciate the cost of the assets over their estimated useful lives or the lesser of the estimated useful life of the asset or lease term.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued) (Amounts In Thousands)

1. Significant Accounting Policies (continued)

Bond issuance costs are amortized over the life of the bonds using the effective interest method.

Other Assets

Other assets include bond issuance costs, assets related to deferred compensation and workers compensation programs and interest rate swap agreements.

General and Professional Liability Insurance

Saint Francis Care purchases claims made general and professional liability insurance coverage for the benefit of certain of its subsidiaries from a wholly owned insurance captive subsidiary, Saint Francis Indemnity Company, LLC (Saint Francis Indemnity Company). Saint Francis Care, in consultation with its independent actuary, records as a liability an estimate of incurred but not reported claims. Such liability, discounted at 4%, totaled \$7,474 and \$7,257 at September 30, 2015 and 2014, respectively.

Reserves for losses and loss adjustment expenses are based on management's best estimate determined in consultation with independent consulting actuaries and represent the ultimate net cost of all reported and unreported losses incurred and unpaid through September 30, 2015. These liabilities include estimates of future trends in loss severity and frequency and other factors, which could vary as the losses are ultimately settled. However, there is an absence of a significant amount of experience as to whether the Saint Francis Indemnity Company's actual incurred losses and loss adjustment expenses will conform to the assumptions inherent in the determination of the estimated liability. Accordingly, the ultimate settlement of losses and loss adjustment expenses may vary significantly from the estimated amounts included in the accompanying consolidated financial statements. Although considerable variability is inherent in such estimates, management believes that the reserves for losses and loss adjustment expenses in the accompanying consolidated financial statements are adequate. The method of making such estimates and for establishing reserves is continuously reviewed and updated and adjustments are reflected in operations in the period the need for such adjustments becomes known.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued) (Amounts In Thousands)

1. Significant Accounting Policies (continued)

Workers' Compensation Insurance

Saint Francis Care purchases a large deductible policy, which effectively self-insures the first portion of the workers' compensation and employers' liability risk. Under the policy, Saint Francis Care is responsible for the first \$1,500 of every loss event (first \$500 for employers' liability). The accrued workers' compensation self-insurance liabilities of \$6,755 and \$6,806 at September 30, 2015 and 2014, respectively, have been discounted at 4%. The current portion of the accrued workers' compensation liabilities included in accrued expenses and interest payable is \$1,591 and \$1,634 at September 30, 2015 and 2014, respectively, and the long-term portion included in pension and other accrued expenses is \$5,164 and \$5,172 at September 30, 2015 and 2014, respectively.

Retirement Plans

Saint Francis Care has certain noncontributory defined benefit and defined contribution pension plans in effect covering all employees who meet certain eligibility requirements. For plans subject to the Employee Retirement Income Security Act of 1974 (ERISA), Saint Francis Care's funding policy is to contribute amounts to the plans sufficient to meet the applicable minimum funding requirements set forth in ERISA.

Saint Francis Care sponsors a 409(a) deferred compensation plan for certain senior executives. Senior executives are allowed to contribute to the plan up to an annual maximum amount in accordance with Section 457(b) of the Internal Revenue Code. The assets of the plan remain in a trust, which is subject to the claims of Saint Francis Care's creditors. As of September 30, 2015 and 2014, the plan had \$3,595 and \$3,010, respectively, in other assets with a corresponding liability, included in pension and other accrued expenses, payable upon retirement, death or disability.

Other Operating Revenue

Other operating revenue includes services to other institutions, rental income, pharmacy income, investment income, unrestricted contributions, equity earnings in group purchasing organizations and joint ventures, cafeteria sales, vendor rebates and electronic health record program revenue.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued) (Amounts In Thousands)

1. Significant Accounting Policies (continued)

(Deficiency) Excess of Revenues and Gains and Losses Over Expenses

The consolidated statements of operations and changes in net assets include (deficiency) excess of revenues and gains and losses over expenses, which is the performance indicator. Changes in unrestricted net assets, which are excluded from (deficiency) excess of revenues and gains and losses over expenses, include adjustments to the pension funding and postretirement obligations, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets, and changes in minority interest in subsidiaries.

Income Taxes

Saint Francis Care and its principal subsidiaries are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and are exempt from state and local income taxes. Tax provisions and related liabilities for certain taxable subsidiaries are not material to the consolidated financial statements.

Saint Francis Care Medical Group has net operating loss carryforwards in the amount of \$23,331. The net operating loss carryforwards result in a deferred tax asset of \$9,332, which is offset by a corresponding valuation allowance of the same amount. These expire between September 30, 2018 and September 30, 2031.

Saint Francis Hospital and Medical Center has net operating loss carryforwards in the amount of \$2,554. These net operating loss carryforwards result in a deferred tax asset of \$1,022, which is offset by a corresponding valuation allowance of the same amount. These expire between September 30, 2027 and September 30, 2034.

Saint Francis Behavioral Health Group, P.C. has net operating loss carryforwards in the amount of \$5,707. These net operating loss carryforwards result in a deferred tax asset of \$2,283, which is offset by a corresponding valuation allowance of the same amount. These expire between June 30, 2023 and June 30, 2034.

Reclassifications

Certain 2014 amounts have been reclassified to conform to the 2015 presentation. Such reclassifications had no effect on the consolidated statements of operations and changes in net assets.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued) (Amounts In Thousands)

1. Significant Accounting Policies (continued)

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2014-09, *Revenue From Contracts With Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASU 2014-09 is required on October 1, 2018, and Saint Francis Care is currently evaluating the effect of this guidance on its consolidated financial statements.

2. Net Patient Service Revenue and Charity Care

Net patient service revenue consists of the following for the years ended:

	September 30	
	2015	2014
Gross patient service revenue	\$ 2,433,798	\$ 2,287,499
Deductions:		
Contractual allowances and discounts	1,621,115	1,485,018
Charity care at charges	14,331	19,154
	1,635,446	1,504,172
Net patient service revenue	798,352	783,327
Less: provision for bad debts	(25,600)	(26,546)
Net patient service revenue less provision for bad debts	\$ 772,752	\$ 756,781

Patient accounts receivable and revenues are recorded when patient services are performed. Differences between amounts received from most third-party payors and the established billing rates of Saint Francis Care are accounted for as allowances.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued) (Amounts In Thousands)

2. Net Patient Service Revenue and Charity Care (continued)

on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

During 2015 and 2014, 38.3% and 37.2%, respectively, of net patient service revenue was received under the Medicare program; 12.8% and 14.2%, respectively, under the Medicaid program; and 20% and 17.2%, respectively, from Blue Cross. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Saint Francis Care believes that it is in compliance with all applicable laws and regulations. Saint Francis Care is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that could have a material adverse effect on the consolidated financial statements. While no such regulatory inquiries are outstanding, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Saint Francis Care has agreements with third-party payors that provide for payments to Saint Francis Care at amounts different from its established rates. The difference is accounted for as allowances. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, fee-for-service, discounted charges, and per diem payments. Net patient service revenue is affected by the state of Connecticut Disproportionate Share program and is reported at the estimated net realizable amounts due from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments due to ongoing and future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. In addition, changes in the Medicaid and Medicare programs, the reduction of funding levels, or changes in interpretations or estimates could have an adverse impact on Saint Francis Care. During 2015 and 2014, Saint Francis Care recorded a net change in estimate of approximately \$9,221 and \$9,102, respectively, increasing operating revenue related to changes in previously estimated third-party payor settlements. Saint Francis Care has established estimates based on information presently available, of amounts due to or from Medicare, Medicaid and third-party payors for adjustments to current-and prior-year payment rates, based on industry-wide and Saint Francis Care specific data. Such amounts are included in the accompanying consolidated balance sheets.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

2. Net Patient Service Revenue and Charity Care (continued)

Patient service revenue, net of contractual allowances and discounts (not including the reduction for charity care) and before the provision for bad debts, recognized in the period from major payor sources for the year ended September 30, 2015 and 2014, is as follows:

	September 30	
	2015	2014
Third-party payors	\$ 771,876	\$ 765,810
Self-pay patients	40,807	36,671
	\$ 812,683	\$ 802,481

Deductibles and copayments under third-party payment programs within the self-pay patient's amounts above are the patient's responsibility, and Saint Francis Care considers these amounts in its determination of the provision for bad debts based on collection experience.

Saint Francis Care accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to the established policies of Saint Francis Care. Essentially, these policies define charity services as those services for which no payment is anticipated. In assessing a patient's inability to pay, Saint Francis Care utilizes the generally recognized poverty income levels for the state of Connecticut, but also includes certain cases where incurred charges are significant when compared to incomes. In addition, all self-pay patients receive a 45% discount from charges, which are recorded as contractual allowances in net patient service revenue for financial reporting purposes.

The estimated cost of charity care provided was \$4,359 and \$6,093 for the years ended September 30, 2015 and 2014, respectively. The estimated cost of charity care is based on the ratio of cost to charges, as determined by hospital-specific data.

The significant concentrations of accounts receivable for services to patients include 29.6% from Medicare, 10.9% from Medicaid, and 49.6% from commercial insurance carriers and managed care companies at September 30, 2015 (34.0%, 10.1%, and 42.8%, respectively, at September 30, 2014).

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

3. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	September 30	
	2015	2014
Health care services:		
Research and education	\$ 3,664	\$ 3,112
Capital replacement	10,387	10,753
Other health care services	12,129	12,226
	\$ 26,180	\$ 26,091

Permanently restricted net assets are restricted for the following purposes:

	September 30	
	2015	2014
Investments to be held in perpetuity, the income from which is expendable to support health care services	\$ 4,286	\$ 4,286
Restricted funds held in trusts by others, the income from which is expendable to support health care services	48,893	53,033
	\$ 53,179	\$ 57,319

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

4. Assets Whose Use is Limited

Assets whose use is limited consist of the following:

	September 30	
	2015	2014
Board designated:		
Short-term investments	\$ 21,809	\$ 956
Marketable equity securities and mutual funds	14,506	33,012
United States government securities	4,633	11,185
Corporate bonds and other fixed income	23,152	12,634
	64,100	57,787
Donor restricted:		
Marketable equity securities	5,459	4,286
	5,459	4,286
Held under bond indenture:		
Cash and cash equivalents	817	594
United States government securities	–	216
Short-term investments	–	147
	817	957

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

4. Assets Whose Use is Limited (continued)

	September 30	
	2015	2014
Held in trusts by others:		
Short-term investments	\$ 1,278	\$ 2,086
Marketable equity securities	7,900	15,866
Mutual funds	21,484	8,637
United States government securities	1,114	2,558
Corporate bonds and other fixed income	2,041	7,054
Collective trust fund	12,605	14,693
Alternative investment	2,471	2,139
	48,893	53,033
 Total assets whose use is limited	119,269	116,063
Assets whose use is limited for current liabilities	(1,521)	(1,459)
	\$ 117,748	\$ 114,604

5. Donor-Restricted Endowment Funds

Saint Francis Care endowments include the donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Management of Saint Francis Care has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Saint Francis Care classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Amounts In Thousands)

5. Donor-Restricted Endowment Funds (continued)

expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Saint Francis Care considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- (1) The duration and preservation of the fund
- (2) The purposes of Saint Francis Care and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Saint Francis Care
- (7) The investment policies of Saint Francis Care

Saint Francis Care has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment.

Changes in endowment funds for the years ended September 30, 2015 and 2014, consisted of the following:

	2015		
	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of the year	\$ —	\$ 4,286	\$ 4,286
Investment income	36	—	36
Appropriation of endowment assets for expenditure	(36)	—	(36)
Net assets, end of year	\$ —	\$ 4,286	\$ 4,286

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

5. Donor-Restricted Endowment Funds (continued)

	2014		
	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of the year	\$ —	\$ 4,286	\$ 4,286
Investment income	32	—	32
Appropriation of endowment assets for expenditure	(32)	—	(32)
Net assets, end of year	\$ —	\$ 4,286	\$ 4,286

From time to time, the fair value of assets associated with individual donor-restricted endowments funds may fall below the level that the donor of UPMIFA requires Saint Francis Care to retain as a fund of perpetual duration. There were no deficiencies of this nature that are reported in unrestricted or permanently restricted net assets as of September 30, 2015 and 2014.

6. Long-Term Investments and Investment Income

Long-term investments consist of the following:

	September 30	
	2015	2014
Money market funds	\$ 832	\$ 1,033
Marketable equity securities	13,638	9,140
United States government securities	—	778
Corporate bonds and other fixed income	3,141	2,653
Equity method investments	7,486	5,516
	\$ 25,097	\$ 19,120

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

6. Long-Term Investments and Investment Income (continued)

The composition and presentation of net (loss) gain on investment activity, which is included in operating income in the consolidated statements of operations and changes in net assets, are as follows:

	September 30	
	2015	2014
Realized gain on investments	\$ 358	\$ 2,243
Unrealized (loss) gain on investments	(2,888)	1,382
	\$ (2,530)	\$ 3,625

7. Property, Plant, and Equipment

Property, plant, and equipment consist of the following:

	September 30	
	2015	2014
Land and land improvements	\$ 8,766	\$ 8,208
Buildings	517,364	506,164
Equipment	386,784	364,590
Construction-in-progress (estimated cost to complete of approximately \$7,529 as of 2015)	8,412	13,587
	921,326	892,549
Less accumulated depreciation	454,078	416,786
Total property, plant, and equipment, net	\$ 467,248	\$ 475,763

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

7. Property, Plant, and Equipment (continued)

During the years ended September 30, 2015 and 2014, there were \$1,097 and \$956, respectively, of asset retirements related to obsolete and fully depreciated property, plant, and equipment.

Equipment includes gross capitalized leases aggregating approximately \$23,863 and \$26,640 at September 30, 2015 and 2014, respectively. Accumulated amortization on capital lease assets is approximately \$8,066 and \$7,891 at September 30, 2015 and 2014, respectively.

At September 30, 2015 and 2014, construction-in-progress included \$2,999 and \$4,666, respectively, of computer software costs relating to projects which were in development and were therefore not yet being amortized.

8. Pledges Receivable

Pledges receivable include the following unconditional promises to give as of September 30:

	September 30	
	2015	2014
Due within one year	\$ 1,166	\$ 1,304
Due within two to five years	5,807	7,168
Due within greater than five years	3,044	3,957
	10,017	12,429
Allowance for uncollectible pledges	(491)	(737)
Discount	(1,368)	(1,117)
Present value of pledges receivable, net	\$ 8,158	\$ 10,575

The allowance recognizes the estimated uncollectible portion of pledges and the discount of pledges to net present value based on a range of interest rates of 1% to 4%.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

9. Other Operating Revenues

Electronic Health Record (EHR) Program

Certain health care providers can earn incentive payments between 2011 and 2016 from Medicare and Medicaid for establishing an EHR system and maintaining its meaningful use. Saint Francis Care recognizes income when it is reasonably assured that it is in compliance with the program criteria. Saint Francis Care has included \$923 and \$2,424 in other operating revenue related to the program for fiscal year 2015 and 2014, respectively. Included in the amounts are zero and \$710 received from Medicaid and \$923 and \$1,714 from Medicare for the fiscal years 2015 and 2014, respectively. The estimate for the Medicare program is based on cost report data, which is subject to audit and the amounts recognized are subject to change. Saint Francis Care's attestation of compliance with the meaningful use criteria is subject to audit by the federal or state government or its designee.

Other operating revenues consist of the following:

	September 30	
	2015	2014
EHR income	\$ 923	\$ 2,424
Rental income	5,337	4,597
Investment income	4,551	5,907
Services to other institutions	5,942	5,073
Unrestricted contributions	2,083	3,255
Pharmacy income	2,454	2,679
Equity earnings in group purchasing organization	953	849
Equity earnings from joint ventures	1,679	1,202
Cafeteria sales	1,805	–
Vendor rebates	902	523
Other income	11,674	12,288
Total other operating revenues	\$ 38,303	\$ 38,797

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Amounts In Thousands)

10. Professional and General Liability Insurance

During 2009, Saint Francis Care established the Saint Francis Indemnity Company as a successor to Saint Francis Care's financial interest in Partners Interinsurance Exchange (PIE). On July 1, 2009, Saint Francis Care's account in PIE was transferred to the Saint Francis Indemnity Company. Saint Francis Care and certain Subsidiaries continue to purchase limits of professional and general liability from the Saint Francis Indemnity Company at levels previously purchased from PIE. Actuarially determined premiums are paid in order to set aside assets to cover the reasonable value of ultimate expected losses. Saint Francis Care's management, with assistance from its consulting actuaries, accrued its best estimate of professional and general liabilities.

Malpractice claims that fall within the Saint Francis Care's adopted policy of self-insurance have been asserted against Saint Francis Care's various claimants. The claims are in various stages of assessment and resolution. There are also known and unknown incidents that have occurred through September 30, 2015, that may result in the assertion of additional claims. Saint Francis Care's management believes that the ultimate settlement of these claims will not have a material impact on Saint Francis Care's consolidated financial position or results of their operations, as adequate self-insurance reserves, assets and reinsurance are in place.

The Saint Francis Indemnity Company entered into a novation agreement with Saint Francis Care and PIE to assume the existing liabilities effective July 1, 2009. This transaction did not transfer significant insurance underwriting risk to the Saint Francis Indemnity Company, so accordingly, this transaction is accounted for using deposit accounting in accordance with ASC 340-30, *Insurance Contracts that do not Transfer Insurance Risk*. Under deposit accounting, an insurance deposit liability is initially measured based upon the premium received on the insurance contract. At the end of the period, the insurance deposit liability is adjusted to the estimated future cash flows for payments of outstanding losses and loss adjustment expenses. All risk taken on by adverse development on liabilities transferred as part of the novation agreement is guaranteed by Saint Francis Care.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

10. Professional and General Liability Insurance (continued)

Activity in the reserves for losses (discounted at 4%) and loss adjustment expenses for the years ended September 30 and is summarized as follows:

	2015	2014
Balance at beginning of year, net	\$ 30,184	\$ 26,208
Incurred related to:		
Current period	8,755	8,843
Prior periods	(3,206)	174
Total incurred	5,549	9,017
Paid related to:		
Current period	35	19
Prior periods	336	5,022
Total paid	371	5,041
Balance at end of year, net of reinsurance recoverable	35,362	30,184
Plus reinsurance recoverable on unpaid losses and loss adjustment expenses	1,685	1,690
Gross balance, included in pension and other accrued expenses in the consolidated balance sheets, at end of year	\$ 37,047	\$ 31,874

As described in Note 1, the estimate of losses and loss adjustment expenses may vary significantly from the amounts reported in the Saint Francis Indemnity Company's financial statements and could result in adverse deviation from the recorded reserve amounts. The 2015 prior year loss development was favorable due to better than actuarial expected results of \$3,206. The 2014 prior year loss development was unfavorable due to worse than actuarial expected results related to the attending physician program of \$174.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

11. Long-Term Debt

Long-term debt consists of the following:

	September 30	
	2015	2014
State of Connecticut Health and Educational Facilities Authority (the Authority) revenue bonds:		
Series E (interest rate at September 30, 2015 of 6.11%)	\$ 38,085	\$ 38,950
Series H (interest rate at September 30, 2015 of 3.04%)	48,785	49,597
Series I (interest rate at September 30, 2015 of 1.37%)	58,543	59,518
Series J (interest rate at September 30, 2015 of 1.84%)	39,027	39,677
Series K (interest rate at September 30, 2015 of 1.55%)	34,148	34,718
Series L (interest rate at September 30, 2015 of 1.72%)	19,515	19,920
Series M (interest rate at September 30, 2015 of 1.43%)	8,017	8,150
	246,120	250,530
 Obligations under capital leases, due in quarterly and monthly installments, at varying rates of interest from 3% to 6.75%	 5,332	 9,706
	251,452	260,236
 Less current portion: Scheduled maturities		
	 7,298	 8,760
	\$ 244,154	\$ 251,476

In January 2014, the Hospital and Medical Center entered into a financing arrangement with the Authority for the purpose of refunding and refinancing the Series D, F, and G revenue bonds. The Authority sold \$213,215 of Series H-M Qualified Tax Exempt Bonds, which mature serially from 2018 to 2021 through private placement. Principal payments will be made based on a redemption schedule as defined in the bond documents. The Series H bonds bear interest at a fixed rate of 3.04%. The Series I-M bonds bear interest at various rates ranging from 68.00% to 72.00% of one-month LIBOR plus 1.70% to 2.30%. The refunding and refinancing did not impact any of the terms related to the interest rate swap agreements that were in place in 2014 at the Hospital and Medical Center. For the year ended September 30, 2014, non-operating gains and losses included \$1.7 million of extinguishment loss resulting from the refunding and refinancing of the Series D, F, and G revenue bonds. The Series D, F, and G revenue bonds were fully redeemed in fiscal 2014.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued) (Amounts In Thousands)

11. Long-Term Debt (continued)

During 2004, the Hospital and Medical Center entered into a synthetic refinancing of its then existing Series C Fixed Rate Bonds. Through a series of transactions, which involves a total return interest rate swap and a cash flow swap, the Hospital and Medical Center converted its old fixed rate debt to a lower fixed rate debt with substantial anticipated future savings. In March 2008, a financial institution terminated its total return interest rate swap with the Hospital and Medical Center, but the cash flow swap remained.

In May 2008, the Hospital and Medical Center entered into a financing arrangement with the Authority under a Master Indenture for the purpose of refinancing a bridge loan. The Authority sold \$39,745 of Series E revenue bonds through a private placement. The bonds mature serially from 2014 to 2027 and bear interest at a fixed rate of 6.11%. The Hospital and Medical Center subsequently entered into a synthetic refinancing of these bonds through a total return interest rate swap with a financial institution that lowers the fixed rate to 3.85% through July 2018.

The total return distribution agreements and interest rate swaps between the Hospital and Medical Center and the financial institutions are considered derivative instruments and are marked to market in accordance with ASC 815. Although the agreements and swaps represent economic hedges of the interest rate on the bonds, they do not qualify for hedge accounting treatment under ASC 815. The changes in the fair value of the swaps and total return distribution agreements are reported in the accompanying consolidated statements of operations and changes in net assets as interest rate swap activity along with the net cash receipts on the swaps.

The Hospital and Medical Center's swap agreements provide for interest rates at a level viewed as acceptable by the Hospital and Medical Center. Such agreements expose the Hospital and Medical Center to credit risk in the event of nonperformance by the counterparties.

In September 2015, the Hospital and Medical Center terminated the Series C fixed rate swap, Series E fixed rate swap and the Series E total return swap.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

11. Long-Term Debt (continued)

At September 30, 2015 and 2014, the swaps in a liability position are reported in pension and other accrued liabilities and the swap in an asset position is reported in other assets and are summarized as follows:

Notional Amount	Maturity Date	Fixed Payment Rate	2015 Fair Value Liability
\$ 130,000	July 1, 2047	3.535%	\$ 43,991
Notional Amount	Maturity Date	Fixed Payment Rate	2014 Fair Value Liability (Asset)
\$ 130,000	July 1, 2047	3.535%	\$ 29,156
26,620	July 1, 2023	3.349	2,487
26,620	July 1, 2023	3.349	2,487
38,950	July 1, 2018	6.105	(5,689)
			\$ 28,441

Under the terms of the financing arrangements, the proceeds of the revenue bonds were loaned to the Hospital and Medical Center by the Authority. Pursuant to the loan agreements, the Hospital and Medical Center is obligated to provide amounts that will be sufficient to enable the Authority to pay the principal and interest on the Series E bonds. A significant portion of property, building, and equipment have been collateralized under various debt agreements. The terms of the various financing arrangements between the Authority, certain financial institutions, and the Hospital and Medical Center also provide for financial covenants. As of September 30, 2015, the Hospital and Medical Center was in compliance with such covenants.

Concurrent with the issuance and delivery of the Series C, Series D, Series E, Series F, Series G, and Series H bonds, the Hospital and Medical Center and the trustee entered into a master indenture and supplemental master indentures, which provide for the establishment and maintenance of various funds, a pledge of gross receipts, as defined, restrictions on incurrence of

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

11. Long-Term Debt (continued)

certain indebtedness, and financial covenants. The balances of the funds established pursuant to the master indenture and supplemental master indentures are included in assets whose use is limited.

The Hospital and Medical Center has a line of credit with a bank with a total line available of \$5,000 which expires in March 2016. The rate is LIBOR plus 1.5%. There were no amounts outstanding as of September 30, 2015 and 2014. The Hospital and Medical Center entered into a letter of credit arrangement with Johnson Memorial Medical Center (JMMC) for \$2,250 that expires on June 27, 2016. As of September 30, 2015, JMMC has not drawn any amounts. Due to this arrangement the available line of credit to the Hospital and Medical Center is \$2,750.

Scheduled principal payments of long-term debt, including lease obligations, at September 30, 2015, are as follows:

	Debt	Capital Lease Obligations
2016	\$ 4,517	\$ 2,902
2017	4,707	2,044
2018	4,945	281
2019	3,913	281
2020	5,408	–
Thereafter	222,630	–
Less: interest	–	(176)
	\$ 246,120	\$ 5,332

Interest payments of \$11,378 and \$10,448 were made during 2015 and 2014, respectively.

On October 1, 2015, the Hospital and Medical Center defeased the Series E through Series M bonds utilizing proceeds from an intercompany loan with Trinity Health Corporation (Trinity Health). The Series F Fixed Pay LIBOR Swap was novated to Trinity Health as part of the asset purchase agreement on October 1, 2015 (see Note 18 for further information).

On December 31, 2015, Trinity Health-New England, Inc. received an intercompany loan from Trinity Health of \$18,000 for the purchase of Johnson Memorial Medical Center and certain subsidiaries.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

12. Retirement Plan and Other Postretirement Benefits

The Hospital and Medical Center has noncontributory defined benefit pension plans in effect covering all employees who meet certain eligibility requirements. Benefits are based on years of service and the employee's compensation and include a cash balance account for each employee. For plans subject to ERISA, the Hospital and Medical Center makes contributions in amounts sufficient to meet ERISA's minimum funding requirements.

Effective March 1, 2006, the Hospital and Medical Center amended its defined benefit pension plans to close the plans to new participants on September 30, 2006, and to freeze accruals as of October 1, 2006, for participants whose age plus years of service (minimum of ten years) total less than 55. As of October 1, 2006, the Hospital and Medical Center established a defined contribution plan for all eligible non-grandfathered employees. Pension expense related to the defined contribution plan for the years ended September 30, 2015 and 2014, was \$12,760 and \$12,246, respectively. The defined benefit plan became fully frozen effective October 1, 2009.

The Hospital and Medical Center provides health insurance to retirees and spouses who have met certain eligibility and length of service requirements. The Hospital and Medical Center's policy is to fund the cost of those postretirement benefits as incurred. Effective September 30, 2014, a plan amendment for the Hospital and Medical Center permanently capped the subsidy for the grandfathered participants to the 2014 funding level.

Included in unrestricted net assets at September 30 are the following amounts that have not yet been recognized in net periodic benefit cost:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
Unrecognized actuarial (loss) gain	\$ (210,866)	\$ (192,089)	\$ 2,145	\$ 2,561

The actuarial (loss) gain and transition assets included in unrestricted net assets expected to be recognized in net periodic benefit cost during the year ending September 30, 2016, is \$5,288.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

12. Retirement Plan and Other Postretirement Benefits (continued)

The following table sets forth the plan's funded status and amounts recognized in the consolidated balance sheets:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 464,343	\$ 403,091	\$ 7,326	\$ 7,224
Interest cost	21,243	21,148	324	363
Benefits paid	(18,928)	(18,113)	(871)	(892)
Actuarial losses	439	58,217	62	631
Benefit obligation at end of year	467,097	464,343	6,841	7,326
Change in plan assets				
Fair value of plan assets at beginning of year	273,471	263,968	-	-
Actual return on plan assets	(5,915)	18,723	-	-
Contributions	8,869	8,893	871	892
Benefits paid	(18,928)	(18,113)	(871)	(892)
Fair value of plan assets at end of year	257,497	273,471	-	-
Funded status of the plan	(209,600)	(190,872)	(6,841)	(7,326)
Accrued benefit cost recognized in pension and other accrued expenses in the consolidated balance sheets	\$ (209,600)	\$ (190,872)	\$ (6,841)	\$ (7,326)

The accumulated benefit obligations for the plans were \$473,938 and \$471,669 at September 30, 2015 and 2014, respectively.

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2014	2014
Components of net periodic benefit cost (credit)				
Interest cost	\$ 21,243	\$ 21,148	\$ 324	\$ 363
Expected return on plan assets	(17,940)	(17,194)	-	-
Net amortization and deferral	5,517	4,287	82	26
Transition asset	-	-	(436)	(436)
Benefit cost (credit)	\$ 8,820	\$ 8,241	\$ (30)	\$ (47)

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

12. Retirement Plan and Other Postretirement Benefits (continued)

Assumptions

The weighted-average assumptions used to determine benefit obligations at September 30 are as follows:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
Discount rate	4.78%	4.70%	4.78%	4.70%

The weighted-average assumptions used to determine net periodic benefit cost for the years ended September 30 are as follows:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
Discount rate	4.70%	5.35%	4.70%	5.35%
Expected long-term rate of return on assets	7.00	7.00	N/A	N/A

The Hospital and Medical Center's expected long-term rate of return on assets assumption is derived from a study conducted by its actuaries and investment managers. The study includes a review of anticipated future long-term performance of individual asset classes and consideration of the appropriate asset allocation strategy given the anticipated requirements of the plan to determine the average rate of earnings expected on the funds invested to provide for the pension plan benefits. While the study gives appropriate consideration to recent fund performance and historical returns, the assumption is primarily a long-term, prospective rate.

As of September 30, 2014, the health care cost trend rate no longer applies due to a plan change. Effective as of this date, a plan amendment permanently capped the Hospital and Medical Center's subsidy for the grandfathered participants to the 2014 level.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

12. Retirement Plan and Other Postretirement Benefits (continued)

The actuarial loss in 2015 and 2014 primarily relates to changes in the discount rate and mortality improvement scale to measure the benefit obligation.

Plan Assets

The Hospital and Medical Center’s pension plan asset allocations, by asset category are as follows:

	September 30	
	2015	2014
Asset category		
Equity securities:		
Domestic	35%	37%
International	15	16
Debt securities	41	40
Commodities	3	3
Real estate	4	3
Cash	2	1
Total	100%	100%

The Hospital and Medical Center maintains target allocation percentages among various asset classes based on an investment policy established for the pension plan, which is designed to achieve long-term objectives of return, while mitigating against downside risk and considering expected cash flows. The current weighted-average target asset allocation is as follows: equity securities 40%–80%, debt securities 20%–40%, and real estate 0%–15%. The investment policy is reviewed from time to time to ensure consistency with the long-term objective of funding the plan to a level sufficient to pay plan benefits as they become due.

Contributions

The Hospital and Medical Center expects to contribute \$9,600 to its defined benefit plan and \$827 to its other postretirement benefits plan in 2016.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued) (Amounts In Thousands)

12. Retirement Plan and Other Postretirement Benefits (continued)

Estimated Future Benefit Payments

The benefit payments, which reflect expected future service, are expected to be paid as follows:

Fiscal year:	Pension	Other
	Benefits	Postretirement Benefits
2016	\$ 21,434	\$ 827
2017	23,153	785
2018	24,077	742
2019	25,677	698
2020	26,681	654
2021–2025	146,651	2,645

13. Fair Values of Financial Instruments

Saint Francis Care measures fair value based on 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. Fair value measurements are applied based on the unit of account from Saint Francis Care's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated) for purposes of applying other accounting pronouncements.

Saint Francis Care follows a valuation hierarchy that is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

13. Fair Values of Financial Instruments (continued)

Level 3 Unobservable inputs are used when little or no market data are available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, Saint Francis Care uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers nonperformance risk in its assessment of fair value.

Financial assets and liabilities carried at fair value as of September 30, 2015, are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 102,071	\$ —	\$ —	\$ 102,071
Short-term investments	33,496	—	—	33,496
Other assets				
Deferred compensation assets:				
Marketable equity securities and mutual funds	3,595	—	—	3,595
Assets whose use is limited				
Board designated:				
Short-term investments	21,809	—	—	21,809
Marketable equity securities and mutual funds	14,506	—	—	14,506
United States government securities	4,633	—	—	4,633
Corporate bonds and other fixed income	23,125	27	—	23,152
	64,073	27	—	64,100

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

13. Fair Values of Financial Instruments (continued)

	Level 1	Level 2	Level 3	Total
Donor restricted				
Short-term investments	\$ 96	\$ —	\$ —	\$ 96
Mutual funds:				
Emerging markets	357	—	—	357
Equities	3,812	—	—	3,812
Fixed income	184	—	—	184
Real estate	273	—	—	273
Commodities	317	—	—	317
International	420	—	—	420
	<u>5,459</u>	—	—	<u>5,459</u>
Held under bond indenture				
Cash and cash equivalents	817	—	—	817
Held in trust by others				
Short-term investments	—	1,278	—	1,278
Marketable equity securities	—	7,900	—	7,900
Mutual funds	—	21,484	—	21,484
United States government securities	—	1,114	—	1,114
Corporate bonds and other fixed income	—	2,041	—	2,041
Collective trust fund	—	12,605	—	12,605
Alternative investment	—	2,471	—	2,471
	—	<u>48,893</u>	—	<u>48,893</u>
Long-term investments				
Money market funds	832	—	—	832
Marketable equity securities and mutual funds	13,638	—	—	13,638
Corporate bonds and other fixed income	3,141	—	—	3,141
	<u>17,611</u>	—	—	<u>17,611</u>

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

13. Fair Values of Financial Instruments (continued)

	Level 1	Level 2	Level 3	Total
Liabilities				
Interest rate swap agreements	\$ —	\$ 43,991	\$ —	\$ 43,991
Pension assets				
Cash and short-term investments	8,337	—	—	8,337
Fixed income	167,071	—	—	167,071
Mutual funds	82,089	—	—	82,089
	<u>257,497</u>	<u>—</u>	<u>—</u>	<u>257,497</u>

Financial assets and liabilities carried at fair value as of September 30, 2014, are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 93,155	\$ —	\$ —	\$ 93,155
Short-term investments	42,241	—	—	42,241
Other assets				
Interest rate swap agreements	—	5,689	—	5,689
Deferred compensation assets:				
Marketable equity securities and mutual funds	3,010	—	—	3,010
	<u>3,010</u>	<u>5,689</u>	<u>—</u>	<u>8,699</u>
Assets whose use is limited				
Board designated:				
Short-term investments	956	—	—	956
Marketable equity securities and mutual funds	33,012	—	—	33,012
United States government securities	11,185	—	—	11,185
Corporate bonds and other fixed income	12,594	40	—	12,634
	<u>57,747</u>	<u>40</u>	<u>—</u>	<u>57,787</u>

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

13. Fair Values of Financial Instruments (continued)

	Level 1	Level 2	Level 3	Total
Donor restricted				
Short-term investments	\$ 31	\$ —	\$ —	\$ 31
Mutual funds:				
Emerging markets	357	—	—	357
Equities	2,713	—	—	2,713
Fixed income	175	—	—	175
Real estate	273	—	—	273
Commodities	317	—	—	317
International	420	—	—	420
	4,286	—	—	4,286
Held under bond indenture				
Cash and cash equivalents	594	—	—	594
United States government securities	216	—	—	216
Short-term investments	147	—	—	147
	957	—	—	957
Held in trust by others				
Short-term investments	—	2,086	—	2,086
Marketable equity securities	—	15,866	—	15,866
Mutual funds	—	8,637	—	8,637
United States government securities	—	2,558	—	2,558
Corporate bonds and other fixed income	—	7,054	—	7,054
Collective trust fund	—	14,693	—	14,693
Alternative investment	—	2,139	—	2,139
	—	53,033	—	53,033

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

13. Fair Values of Financial Instruments (continued)

	Level 1	Level 2	Level 3	Total
Long-term investments				
Money market funds	\$ 1,033	\$ —	\$ —	\$ 1,033
Mutual funds:				
Emerging markets	4,929	—	—	4,929
Equities	4,194	—	—	4,194
United States government securities	778	—	—	778
Corporate bonds and other fixed income	2,611	42	—	2,653
	<u>13,545</u>	<u>42</u>	<u>—</u>	<u>13,587</u>
Liabilities				
Interest rate swap agreements	—	34,130	—	34,130
Pension assets				
Cash and short-term investments	2,233	—	—	2,233
Fixed income	76,294	1,214	—	77,508
Mutual funds:				
Other assets	94,310	—	—	94,310
Equities	99,420	—	—	99,420
	<u>272,257</u>	<u>1,214</u>	<u>—</u>	<u>273,471</u>

The Hospital and Medical Center long-term debt was defeased at October 1, 2015 for \$246,121, which represents the fair value at September 30, 2015.

The amounts reported in the previous tables exclude investments reported under the equity method of accounting in the amounts of \$7,486 and \$5,533 at September 30, 2015 and 2014, respectively.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Amounts In Thousands)

14. Related-Party Transactions

On July 12, 2012, JMMC entered into an affiliation agreement with Saint Francis Care, designed to establish a long-term stable relationship between the two systems. Included in the affiliation agreement, Saint Francis Care obtained a minority voting interest on the Board of Directors of JMMC. Saint Francis Care provides certain management and other services to JMMC for which Saint Francis Care is reimbursed. Saint Francis Care was reimbursed \$2,998 and \$3,356 for the years ended September 30, 2015 and 2014, respectively. Related accounts receivable was \$1,815 and \$844 for the years ended September 30, 2015 and 2014, respectively.

On January 14, 2015, Saint Francis Care entered into an asset purchase agreement with JMMC and certain subsidiaries and provided a deposit of \$750 towards this purchase that is included in prepaid expenses and deposits. Final regulatory approval was received in November 2015 and the transaction was effective on January 1, 2016.

On January 16, 2015, Saint Francis Care entered into a Participation Agreement with a lender and agreed to purchase up to \$1,200 in subordinate, last-out participation interests in a revolving loan between the lender and JMMC and certain subsidiaries. The Hospital and Medical Center has funded \$250 as of September 30, 2015.

15. Commitments and Contingencies

The Hospital and Medical Center has guaranteed the payment of a loan made by the City of Hartford to Mount Sinai Hospital Foundation, Inc. This loan matures on August 1, 2016. The balance of this loan at September 30, 2015 and 2014, was \$187 and \$386, respectively.

Saint Francis Care is a party to various lawsuits incidental to its business. Management believes that the lawsuits will not have a material adverse effect on its consolidated financial position and results of operations.

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Amounts In Thousands)

16. Changes in Components of Working Capital Other Than Cash and Cash Equivalents

	Year Ended September 30	
	2015	2014
Changes in current assets:		
Assets whose use is limited for current liabilities	\$ (62)	\$ 3,424
Pledges receivable	2,417	163
Accounts receivable – patients, net	(18,141)	(38,549)
Accounts receivable – other	(1,336)	389
Inventories of supplies	(846)	(1,646)
Prepaid expenses and deposits	(1,073)	(949)
Due from affiliated entities	(2,054)	466
	(21,095)	(36,702)
Changes in current liabilities:		
Accounts payable	4,476	87
Accrued payroll and other related expenses	1,428	3,504
Accrued expenses and interest payable	1,203	905
Due to third-party reimbursement agencies	(2,150)	1,759
	4,957	6,255
Changes in working capital other than cash and cash equivalents	\$ (16,138)	\$ (30,447)

17. Functional Expenses

Functional expenses are as follows:

	Year Ended September 30	
	2015	2014
Health care services	\$ 745,033	\$ 723,113
General, administrative, and teaching	68,803	68,494
Fundraising	2,158	2,092
	\$ 815,994	\$ 793,699

Saint Francis Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued) (Amounts In Thousands)

18. Subsequent Events

Saint Francis Care evaluated subsequent events through January 29, 2016, which is the date the consolidated financial statements were issued. Saint Francis Care evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the consolidated financial statements are issued, for potential recognition in the consolidated financial statements as of the balance sheet date and for the year ended September 30, 2015.

Effective October 1, 2015, Trinity Health became the sole member of Saint Francis Care and Saint Francis Care became the new Trinity Health Regional Health Ministry in New England. Saint Francis Care continues to be the sole member of the Hospital and Medical Center, Mount Sinai Rehabilitation Hospital, Inc. and other entities that were subsidiaries of Saint Francis Care as of September 30, 2015. Effective November 17, 2015, Saint Francis Care, Inc. changed its name to Trinity Health – New England, Inc.

Trinity Health is one of the largest multi-institutional Catholic health care delivery systems in the nation. It serves people and communities in 21 states from coast to coast with 88 hospitals, and 126 continuing care facilities, home health and hospice programs, and PACE center (Program of All Inclusive Care for the Elderly) locations that provide more than 2.5 million visits annually. Trinity Health has annual operating revenues of approximately \$15.8 billion and assets of approximately \$20.4 billion and returns approximately \$1 billion to its communities annually in the form of charity care and other community benefit programs. As part of this transaction, certain outstanding debt was defeased and an intercompany loan was established between the Hospital and Medical Center and Trinity Health on October 1, 2015 (see Note 11).

On September 18, 2015, Saint Francis Care entered into a Transfer Agreement with Saint Mary's Health System, Inc. and Saint Mary's Hospital, Inc. located in Waterbury, Connecticut. This agreement is contingent upon state and regulatory approval. If approved, Saint Francis Care will become the sole corporate member of Saint Mary's Health System and certain of its subsidiaries. This transaction is expected to close during fiscal year 2016. Saint Mary's Health System is a leading regional healthcare provider anchored by Saint Mary's Hospital, a Catholic, not-for-profit, acute care, community teaching hospital that has served Greater Waterbury since 1907.

Effective January 1, 2016, Trinity Health-New England, Inc. acquired certain assets and liabilities through an asset purchase agreement of Johnson Memorial Medical Center, Inc., Johnson Memorial Hospital, Inc., Home & Community Health Services, Inc. and Johnson Health Care, Inc.

Supplementary Information

Saint Francis Care, Inc. and Subsidiaries

Consolidating Balance Sheet
(In Thousands)

September 30, 2015

	Saint Francis Care, Inc.	Saint Francis Hospital and Medical Center	Mount Sinai Rehabilitation Hospital, Inc.	Saint Francis Hospital and Medical Foundation, Inc.	Saint Francis Medical Group and Subsidiary	Asylum Hill Family Medicine Center, Inc.	Total Prior to Elimination	Intercompany Elimination	Consolidated Saint Francis Care, Inc.
Assets									
Current assets:									
Cash and cash equivalents	\$ -	\$ 93,016	\$ 4,626	\$ -	\$ 3,924	\$ 505	\$ 102,071	\$ -	\$ 102,071
Short-term investments	-	23,167	10,290	39	-	-	33,496	-	33,496
Assets whose use is limited for current liabilities	-	1,521	-	-	-	-	1,521	-	1,521
Current portion of pledges receivable	-	-	-	1,166	-	-	1,166	-	1,166
Accounts receivable – patients, less allowance for doubtful accounts	-	67,076	2,626	-	7,362	381	77,445	-	77,445
Accounts receivable – other	-	4,566	19	-	117	877	5,579	-	5,579
Inventories of supplies	-	9,701	-	-	-	-	9,701	-	9,701
Prepaid expenses and deposits	-	7,718	50	12	67	4	7,851	-	7,851
Due from affiliated entities	762	7,245	3,422	-	(7,747)	(249)	3,433	(33)	3,400
Total current assets	762	214,010	21,033	1,217	3,723	1,518	242,263	(33)	242,230
Assets whose use is limited:									
Board – designated	-	64,100	-	-	-	-	64,100	-	64,100
Donor restricted	-	4,286	-	1,173	-	-	5,459	-	5,459
Held under bond indenture	-	817	-	-	-	-	817	-	817
Held in trusts by others	-	48,893	-	-	-	-	48,893	-	48,893
Interest in SFHMC Foundation, Inc.	-	9,394	-	-	-	-	9,394	(9,394)	-
	-	127,490	-	1,173	-	-	128,663	(9,394)	119,269
Assets whose use is limited for current liabilities	-	(1,521)	-	-	-	-	(1,521)	-	(1,521)
	-	125,969	-	1,173	-	-	127,142	(9,394)	117,748
Long-term investments	15,800	24,057	87	-	-	-	39,944	(14,847)	25,097
Property, plant, and equipment, net	-	461,286	4,919	9	937	97	467,248	-	467,248
Other assets:									
Bond issuance costs, less amortization	-	1,261	-	-	-	-	1,261	-	1,261
Pledges receivable, less current portion	-	-	-	6,992	-	-	6,992	-	6,992
Other	-	5,858	-	-	1,753	-	7,611	-	7,611
Total assets	\$ 16,562	\$ 832,441	\$ 26,039	\$ 9,391	\$ 6,413	\$ 1,615	\$ 892,461	\$ (24,274)	\$ 868,187

Saint Francis Care, Inc. and Subsidiaries

Consolidating Balance Sheet (continued)

(In Thousands)

	Saint Francis Care, Inc.	Saint Francis Hospital and Medical Center	Mount Sinai Rehabilitation Hospital, Inc.	Saint Francis Hospital and Medical Center Foundation, Inc.	Saint Francis Medical Group and Subsidiary	Asylum Hill Family Medicine Center, Inc.	Total Prior to Elimination	Intercompany Elimination	Consolidated Saint Francis Care, Inc.
Liabilities and net assets									
Current liabilities:									
Accounts payable	\$ -	\$ 37,798	\$ 85	\$ 21	\$ 1,543	\$ 2,272	\$ 41,719	\$ (33)	\$ 41,686
Accrued payroll and other related expenses	-	36,078	1,928	-	12,955	190	51,151	-	51,151
Accrued expenses and interest payable	-	7,380	-	319	959	-	8,658	-	8,658
Due to third-party reimbursement agencies	-	12,528	1,102	-	-	-	13,630	-	13,630
Current portion of long-term debt	-	7,298	-	-	-	-	7,298	-	7,298
Total current liabilities	-	101,082	3,115	340	15,457	2,462	122,456	(33)	122,423
Pension and other accrued expenses	-	319,203	-	-	1,753	-	320,956	-	320,956
Long-term debt, less portion classified as a current liability	-	244,154	-	-	-	-	244,154	-	244,154
Total liabilities	-	664,439	3,115	340	17,210	2,462	687,566	(33)	687,533
Net assets:									
Unrestricted	16,562	90,406	21,161	(343)	(10,797)	(847)	116,142	(14,847)	101,295
Temporarily restricted	-	24,417	1,763	9,181	-	-	35,361	(9,181)	26,180
Permanently restricted	-	53,179	-	213	-	-	53,392	(213)	53,179
	16,562	168,002	22,924	9,051	(10,797)	(847)	204,895	(24,241)	180,654
Total liabilities and net assets	\$ 16,562	\$ 832,441	\$ 26,039	\$ 9,391	\$ 6,413	\$ 1,615	\$ 892,461	\$ (24,274)	\$ 868,187

Saint Francis Care, Inc. and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets
(In Thousands)

Year Ended September 30, 2015

	Saint Francis Care, Inc.	Saint Francis Hospital and Medical Center	Mount Sinai Rehabilitation Hospital, Inc.	Saint Francis Hospital and Medical Center Foundation, Inc.	Saint Francis Medical Group and Subsidiary	Asylum Hill Family Medicine Center, Inc.	Total Prior to Elimination	Intercompany Elimination	Consolidated Saint Francis Care, Inc.
Net patient service revenue	\$ -	\$ 691,884	\$ 45,528	\$ -	\$ 57,644	\$ 3,296	\$ 798,352	\$ -	\$ 798,352
Less: provision for bad debts	-	(22,456)	(262)	-	(2,871)	(11)	(25,600)	-	(25,600)
Net patient service revenue less provision for bad debts	-	669,428	45,266	-	54,773	3,285	772,752	-	772,752
Other operating revenues	(52)	35,294	84	335	44,397	853	80,911	(42,608)	38,303
Net assets released from restrictions for operations	-	4,156	295	6,460	-	-	10,911	-	10,911
	(52)	708,878	45,645	6,795	99,170	4,138	864,574	(42,608)	821,966
Operating expenses:									
Salaries	-	273,953	13,049	907	87,757	2,929	378,595	-	378,595
Supplies and other	238	377,521	19,159	1,251	29,289	1,701	429,159	(42,608)	386,551
Interest	-	11,152	-	-	-	-	11,152	-	11,152
Depreciation and amortization	-	38,728	668	2	269	29	39,696	-	39,696
	238	701,354	32,876	2,160	117,315	4,659	858,602	(42,608)	815,994
	(290)	7,524	12,769	4,635	(18,145)	(521)	5,972	-	5,972
Net loss on investment activity	-	(2,528)	-	(2)	-	-	(2,530)	-	(2,530)
Operating (loss) income	(290)	4,996	12,769	4,633	(18,145)	(521)	3,442	-	3,442
Non-operating gains and losses:									
Net loss on termination of interest rate swaps	-	(2,739)	-	-	-	-	(2,739)	-	(2,739)
Interest savings on interest rate swaps	-	41	-	-	-	-	41	-	41
Change in fair value of interest rate swaps	-	(14,835)	-	-	-	-	(14,835)	-	(14,835)
	-	(17,533)	-	-	-	-	(17,533)	-	(17,533)
(Deficiency) excess of revenues and gains and losses over expenses	(290)	(12,537)	12,769	4,633	(18,145)	(521)	(14,091)	-	(14,091)

Saint Francis Care, Inc. and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets (continued)

(In Thousands)

	Saint Francis Care, Inc.	Saint Francis Hospital and Medical Center	Mount Sinai Rehabilitation Hospital, Inc.	Saint Francis Hospital and Medical Center Foundation, Inc.	Saint Francis Medical Group and Subsidiary	Asylum Hill Family Medicine Center, Inc.	Total Prior to Elimination	Intercompany Elimination	Consolidated Saint Francis Care, Inc.
Unrestricted net assets:									
(Deficiency) excess of revenues and gains and losses over expenses (continued)	\$ (290)	\$ (12,537)	\$ 12,769	\$ 4,633	\$ (18,145)	\$ (521)	\$ (14,091)	\$ -	\$ (14,091)
Net asset transfer	-	(667)	-	(4,666)	-	-	(5,333)	-	(5,333)
Net assets released from restrictions used for property, plant, and equipment	-	1,539	-	-	-	-	1,539	-	1,539
Change in pension funding and postretirement obligations	-	(19,192)	-	-	-	-	(19,192)	-	(19,192)
Equity transfer to affiliated entity	-	(13,000)	(10,000)	-	23,000	-	-	-	-
Transfer from (to) St Francis Care, inc.	1,005	(280)	-	-	-	-	725	(725)	-
Donated property	-	857	-	-	-	-	857	-	857
Change in minority interest in subsidiary	-	204	-	-	-	-	204	-	204
Increase (decrease) in unrestricted net assets	715	(43,076)	2,769	(33)	4,855	(521)	(35,291)	(725)	(36,016)
Temporarily restricted net assets:									
Income from investments	-	125	-	11	-	-	136	-	136
Gifts, contributions, and donations	-	2,077	263	5,144	-	-	7,484	-	7,484
Net unrealized loss on investments	-	(178)	-	(90)	-	-	(268)	-	(268)
Net assets released from restrictions for operations	-	(4,156)	(295)	(6,460)	-	-	(10,911)	-	(10,911)
Net assets released from restrictions used for property, plant, and equipment	-	(1,685)	-	-	-	-	(1,685)	-	(1,685)
Net asset transfer	-	5,274	59	-	-	-	5,333	-	5,333
Decrease in interest SFHMC Foundation, Inc.	-	(1,395)	-	-	-	-	(1,395)	1,395	-
Increase (decrease) in temporarily restricted net assets	-	62	27	(1,395)	-	-	(1,306)	1,395	89
Permanently restricted net assets:									
Decrease in assets held in trusts by others	-	(4,140)	-	-	-	-	(4,140)	-	(4,140)
Decrease in permanently restricted net assets	-	(4,140)	-	-	-	-	(4,140)	-	(4,140)
Increase (decrease) in net assets	715	(47,154)	2,796	(1,428)	4,855	(521)	(40,737)	670	(40,067)
Net assets at beginning of year	15,847	215,156	20,128	10,479	(15,652)	(326)	245,632	(24,911)	220,721
Net assets at end of year	\$ 16,562	\$ 168,002	\$ 22,924	\$ 9,051	\$ (10,797)	\$ (847)	\$ 204,895	\$ (24,241)	\$ 180,654

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