OLD JMH, INC.
(FKA JOHNSON MEMORIAL HOSPITAL)

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE PERIOD FROM OCTOBER 1, 2015 TO DECEMBER 31, 2015

(WITH INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

OLD JMH, INC.
(FKA JOHNSON MEMORIAL HOSPITAL)

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MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Old JMH, Inc.

We have reviewed the accompanying financial statements of Old JMH, Inc. (Hospital) (formerly known as Johnson Memorial Hospital), which comprise the consolidated balance sheet as of December 31, 2015, and the related consolidated statements of operations, changes in net assets and cash flows for the period from October 1, 2015 to December 31, 2015, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Hospital management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Marcum LLP ■ City Place II ■ 185 Asylum Street ■ 17th Floor ■ Hartford, Connecticut 06103 ■ Phone 860.760.0600 ■ Fax 860.760.0601 ■ www.marcumllp.com

Emphasis of Matter

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Hospital filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code on January 14, 2015. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of the reported asset amounts or adjustments relating to the establishment, settlement, and classification of liabilities that may be required in connection with Chapter 11 of the United States Bankruptcy Code.

Effective January 1, 2016, the unrestricted assets of the Hospital were sold and certain liabilities were assumed by Trinity Health – New England, Inc. who will continue to provide health care services utilizing the name Johnson Memorial Hospital through a newly formed corporation. Effective April 8, 2016, the assets of Johnson Professional Associates, P.C. (entity controlled by the Hospital) were sold and liabilities were assumed by Trinity Health – New England, Inc.

The consolidated financial statements do not include any adjustments that resulted from the sale of the Hospital or Johnson Professional Associates, P.C. subsequent to December 31, 2015 or from the settlement of their liabilities in connection with this transaction. Our conclusion is not modified with respect to these matters.

Marcum LLP

Hartford, CT
March 30, 2017

OLD JMH, INC.
(FKA JOHNSON MEMORIAL HOSPITAL)

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2015

Assets	
Current Assets	
Cash and cash equivalents	$ 3,535,226
Patients accounts receivable, net of allowance for uncollectible accounts of $6,065,000	8,673,376
Insurance and other receivables	271,821
Inventories	1,576,871
Prepaid expenses and other current assets	1,434,880
Total Current Assets	15,492,174
Assets Whose Use is Limited	
Beneficial interests in perpetual trusts	3,496,750
Restricted cash and board designated investments	225,122
Cash and investments restricted by donor	843,587
Total Assets Whose Use is Limited	4,565,459
Other Assets	
Property, plant and equipment, net	20,604,218
Investment in joint ventures	3,472,037
Deferred financing costs, net	156,557
Other noncurrent assets	1,200,413
Total Other Assets	25,433,225
	$ 45,490,858

See accompanying notes and independent accountants' review report.

OLD JMH, INC.
(FKA JOHNSON MEMORIAL HOSPITAL)

CONSOLIDATED BALANCE SHEET (CONTINUED)

DECEMBER 31, 2015

Liabilities and Net Assets (Deficit)	
Liabilities Not Subject to Compromise	
Current Liabilities	
Trade accounts payable and accrued expenses	$ 7,450,199
Accrued payroll and related costs	1,842,413
Senior debt under revolving line of credit	5,585,318
Current portion of capital lease obligations	847,394
Estimated amounts due to third-party reimbursement agencies	2,013,751
Other current liabilities	880,756
Total Current Liabilities	18,619,831
Long-Term Liabilities	
Due to parent and affiliated corporations	3,501,143
Self-insurance liabilities and IBNR	2,260,865
Other liabilities	346,001
Obligations under capital lease - less current portion	4,356,381
Total Long-Term Liabilities	10,464,390
Liabilities Subject to Compromise	
Payments due under 2010 plan of reorganization	6,461,107
Pre-petition trade accounts payable	2,712,061
Mortgages payable	11,987,500
Other debt	2,350,000
Total Liabilities Subject to Compromise	23,510,668
Total Liabilities	52,594,889
Net Assets (Deficit)	
Unrestricted	(11,889,848)
Temporarily restricted	445,480
Permanently restricted	4,340,337
Total Net Assets (Deficit)	(7,104,031)
Total Liabilities and Net Assets (Deficit)	$ 45,490,858

See accompanying notes and independent accountants' review report.

OLD JMH, INC.
(FKA JOHNSON MEMORIAL HOSPITAL)

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE PERIOD FROM OCTOBER 1, 2015 TO DECEMBER 31, 2015

Operating Revenue	
Net patient service revenue	$ 16,798,037
Provision for bad debts	736,278
Net patient service revenue less provision for bad debts	16,061,759
Grant and other income	302,599
Net assets released from restriction	9,000
Total Operating Revenue	16,373,358
Expenses	
Salaries	6,876,651
Employee benefits	1,698,499
Professional fees	1,449,024
Depreciation and amortization	632,235
Outsourced staffing and contracted services	1,630,713
Supplies, drugs and patient care	2,968,031
Leases and service contracts	319,177
Occupancy costs	876,636
Insurance	257,818
Other expenses	1,510,955
Interest	253,480
Total Expenses	18,473,219
Loss from Operations	(2,099,861)
Nonoperating Revenue	
Investment income	33,526
Equity earnings in joint ventures	4,963
Total Nonoperating Revenue	38,489
Loss Before Reorganization Items	(2,061,372)
Reorganization Items	
Professional fees	596,704
Deficiency of Revenue Over Expenses	$ (2,658,076)

See accompanying notes and independent accountants' review report.

OLD JMH, INC.
(FKA JOHNSON MEMORIAL HOSPITAL)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE PERIOD FROM OCTOBER 1, 2015 TO DECEMBER 31, 2015

Unrestricted Net Assets	
Deficiency of revenue over expenses	$ (2,658,076)
Net assets released from restriction for purchase of property and equipment	27,574
Change in Unrestricted Net Assets	(2,630,502)
Temporarily Restricted Net Assets	
Grants and other contributions	10,538
Net assets released from restriction	(36,574)
Change in Temporarily Restricted Net Assets	(26,036)
Permanently Restricted Net Assets	
Increase in fair value of beneficial interests in perpetual trusts	70,829
Change in Net Assets	(2,585,709)
Net Assets (Deficit) - Beginning	(4,518,322)
Net Assets (Deficit) - End	$ (7,104,031)

See accompanying notes and independent accountants' review report.

OLD JMH, INC.
(FKA JOHNSON MEMORIAL HOSPITAL)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM OCTOBER 1, 2015 TO DECEMBER 31, 2015

Cash Flows From Operating Activities and Reorganization Items	
Change in net assets	$ (2,585,709)
Adjustments to reconcile change in net assets (deficit) to net cash provided by operating activities:	
Depreciation and amortization	632,235
Provision for bad debt	736,278
Equity earnings in joint ventures	(4,963)
Restricted grants and contributions	(10,538)
Increase in fair value of beneficial interests in perpetual trusts	(70,829)
Changes in assets and liabilities:	
Patient accounts receivable	361,324
Insurance and other receivables	95,370
Prepaid expenses and other current assets	102,654
Inventories	(79,740)
Restricted cash and board designated investments	(205)
Accounts payable and accrued expenses	1,163,291
Accrued payroll and related costs	(179,828)
Estimated amounts due to third-party reimbursement agencies	(198,611)
Self-insurance liabilities and IBNR	57,160
Other current liabilities	780,996
Other liabilities	18,348
Net Cash Provided by Operating Activities and Reorganization Items	817,233
Cash Flows From Investing Activities	
Capital expenditures	(486,427)
Net Cash Used in Investing Activities	(486,427)

See accompanying notes and independent accountants' review report.

OLD JMH, INC.
(FKA JOHNSON MEMORIAL HOSPITAL)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE PERIOD FROM OCTOBER 1, 2015 TO DECEMBER 31, 2015

Cash Flows From Financing Activities	
Restricted grants and contributions	$ 10,538
Draws on revolving line of credit	2,003,451
Principal payments on capital lease obligations	(206,556)
Repayment of amounts due to parent and affiliated corporations	(278,866)
Net Cash Provided by Financing Activities	1,528,567
Net Change in Cash and Cash Equivalents	1,859,373
Cash and Cash Equivalents - Beginning	1,675,853
Cash and Cash Equivalents - Ending	$ 3,535,226
Supplemental Disclosures of Cash Flow Information	
Cash paid for interest	$ 386,046
Cash paid for reorganization costs	$ (684,939)
Cash provided by operating activities	1,502,172
	$ 817,233

See accompanying notes and independent accountants' review report.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

ORGANIZATION

Old JMH, Inc. (Hospital), formerly known as Johnson Memorial Hospital, is an acute care hospital located in Stafford Springs, Connecticut. The Hospital is licensed for 92 beds and provides a broad range of inpatient and outpatient services primarily throughout Hartford and Tolland Connecticut counties. Admitting physicians are primarily practitioners in the same geographic area. The Hospital has a controlling interest in Johnson Professional Associates, P.C. (JPA). These two entities are collectively referred to as the Hospital in this consolidated presentation. The Hospital is a subsidiary of Old JMMC, Inc., formerly known as Johnson Memorial Medical Center (JMMC or the Corporation), a not-for-profit, non-stock holding company. The other subsidiaries of the Corporation are Johnson Evergreen Corporation (Evergreen), Old JHC, Inc. (JHC), and Old HCHS, Inc. (HCHS).

Effective December 29, 2015, Athena Stafford Springs Landlord LLC and Stafford Springs CT SNF LLC acquired certain assets and assumed certain liabilities of Evergreen.

Effective January 1, 2016, Trinity Health – New England, Inc. acquired certain unrestricted assets and liabilities of JMMC, the Hospital, HCHS and JHC through an asset purchase agreement approved by the Bankruptcy Court on May 14, 2015. On November 24, 2015, Trinity Health – New England, Inc. formed new corporations named JMMC Acquisition Corp., JMH Acquisition Corp., HCHS Acquisition Corp., and JHC Acquisition Corp. These corporations began to provide health care services as of January 1, 2016, and the names of the newly formed acquisition corporations were amended to Johnson Memorial Hospital, Inc.; Johnson Memorial Medical Center, Inc.; Johnson Healthcare, Inc.; and Home and Community Health Services, Inc. effective as of January 4, 2016. The restricted net assets of the Hospital will be transferred to the newly formed corporation upon approval of the Attorney General of the State of Connecticut.

Effective April 8, 2016, Trinity Health – New England, Inc., through Saint Francis Medical Group, Inc., entered into an agreement to acquire the assets, assume the liabilities, and to assume certain contracts and unexpired leases of JPA.

The Hospital's major accounting policies are as summarized below and in Note 2.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

JANUARY 14, 2015 BANKRUPTCY FILING

On January 14, 2015, Hospital, along with the Corporation, HCHS, JHC and JPA filed a voluntary joint petition for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for District of Connecticut, Hartford Division (Bankruptcy Court). Evergreen filed a separate Chapter 11 petition on January 14, 2015. The aforementioned entities are collectively referred to as the Debtors.

On January 16, 2015, the Debtors and a lender negotiated the terms of a debtor in possession loan in the amount of up to $7 million, subject to certain limits, to finance the Debtors' operations through the bankruptcy process. The amounts outstanding were paid in full as part of the asset sales during 2016.

On May 14, 2015, the Bankruptcy Court approved the sale of certain assets and the assumption of certain liabilities of JMMC, the Hospital, HCHS and JHC to Saint Francis Care, Inc. (now known as Trinity Health – New England, Inc.).

Trinity Health – New England, Inc. and People's United Bank (People's) negotiated the restructuring of the People's mortgage debt owed by the Hospital totaling $11,987,500 for the settlement amount of $7,400,000 plus accrued interest. This restructured debt was paid as part of the sale to Trinity Health – New England, Inc. in 2016.

In connection with the sale to Trinity Health – New England, Inc., the unsecured creditors from the first bankruptcy filings received payments of approximately $3 million. Trinity Health – New England, Inc. assumed the trade accounts payable liabilities and certain other liabilities of the entities that they acquired other than those associated with the first bankruptcy filing.

The Hospital prepared its consolidated financial statements in accordance with the guidance in FASB ASC Topic 852, *Reorganizations*. Expenses and provisions for losses directly related to the Chapter 11 Proceedings were recorded as Reorganization Items which do not constitute an element of operating loss due to their nature and the requirement of ASC 852 that they be reported separately.

During the three month period ended December 31, 2015, the Hospital expensed legal and consulting costs of $596,704, related to the bankruptcy filing and the proposed sales transactions.

As of December 31, 2015, the Hospital's consolidated balance sheet distinguished pre-petition liabilities subject to compromise from pre-petition liabilities not subject to compromise and from post-petition liabilities.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

ORIGINAL BANKRUPTCY FILING

On November 4, 2008, the Hospital, filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code. This generally delayed payments of liabilities incurred prior to filing this petition while the Hospital developed a plan of reorganization that was satisfactory to its creditors, and allowed it to continue as a going concern.

On August 11, 2010, the Bankruptcy Court confirmed the original plan of reorganization which was subject to the satisfaction of a number of conditions precedent. One of the conditions was that the Hospital, the Corporation, and Evergreen were required to obtain a line of credit of at least $6 million. On September 30, 2010, the plan of reorganization became effective when these debtors received financing under an $8 million line of credit and all other material conditions precedent to the plan becoming binding were resolved. The Bankruptcy Court issued a final decree on December 29, 2010.

As of December 31, 2015, liabilities compromised by the confirmed plan have been recorded at the present values of amounts to be paid based on the original plan of reorganization.

The Hospital failed to pay the amounts owed to the unsecured creditors and the Pension Benefit Guaranty Corporation (PBGC) that were due on October 1, 2013, 2014 and 2015.

In addition, mortgage payments were past due under the secured mortgage as of December 31, 2015.

As part of the January 14, 2015 bankruptcy filing, amounts due to unsecured creditors and the PBGC from the original bankruptcy were renegotiated and paid at closing subsequent to December 31, 2015.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

AFFILIATION WITH SAINT FRANCIS CARE, INC. (NOW KNOWN AS TRINITY HEALTH – NEW ENGLAND, INC.)

On July 12, 2012, the Hospital entered into an affiliation agreement with Saint Francis Care, Inc. (Saint Francis) designed to establish a long-term stable relationship between the two systems, allowing them to work together to maintain and strengthen the Hospital's operating viability and presence in the community as a community hospital, expand the array of health care services available, support the Hospital's medical staff, and enhance its efforts to fulfill its mission. Saint Francis made an initial payment to the Hospital of $1,300,000 on the date of the affiliation agreement and made an additional payment of $1,050,000 on October 1, 2012, both payments were used by the Hospital to satisfy outstanding claims owed under the original reorganization plan to the Pension Benefit Guaranty Corporation and the unsecured creditors.

All payments made by Saint Francis under this agreement were considered to be an unsecured loan. Under the terms of the affiliation agreement, this loan would be payable in the event that the Hospital sought the closing of an alternative transaction, if the proceeds of this alternative transaction exceeded the amounts necessary to satisfy all other secured and unsecured debt owed by the Hospital.

In connection with the $1,300,000 initial payment, Saint Francis was provided with the right to appoint three members to the Boards of Directors of the Hospital.

On May 17, 2013, the Hospital amended the affiliation agreement with Saint Francis to include additional advances of up to $1,000,000 to be used solely for general working capital purposes. Advances under this amendment are subject to interest effective at the prime rate plus 2%. As of December 31, 2015, there were no advances under this letter of credit.

Saint Francis agreed to provide credit support of $2.25 million to the Hospital in the form of a guaranty and letter of credit issued by a bank as security for the Hospital's deductible under its workers' compensation policy. Certain fees and interest were owed to Saint Francis under this agreement. As of December 31, 2015, there were no borrowings under this letter of credit.

Saint Francis has provided medical leadership in the Hospital's oncology program, infectious disease program, hospitalist program and management services in both case management and psychiatry in an effort to help the Hospital to attract additional volume.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

BASIS OF ACCOUNTING

The accompanying consolidated financial statements have been prepared assuming that the Hospital will continue as a going concern. On January 14, 2015, the Hospital and JPA filed for relief under Chapter 11 of the U.S. Bankruptcy Code. The Hospital failed certain debt covenants and defaulted on all payments due on its mortgage during the three months ended December 31, 2015.

Effective January 1, 2016 and April 8, 2016, respectively, the assets of the Hospital and JPA were sold to Trinity Health – New England, Inc. who will continue to operate the Hospital.

The Hospital's ability to sustain continued operations would not be possible without the relief provided by the bankruptcy filings, the restructuring of its debt and the involvement of Saint Francis and Trinity Health – New England, Inc.

Based on the fact that the Hospital will continue to operate with a new owner, the liquidation basis of accounting is not required and the going concern basis of accounting remains appropriate.

The financial statements do not include any adjustments that resulted from the sale of the Hospital subsequent to year end or from the settlement of the Hospital's liabilities in connection with these sale transactions.

PRINCIPLES OF CONSOLIDATION AND PRESENTATION

The accompanying consolidated financial statements include the accounts of Old JMH, Inc. and Johnson Professional Associates, P.C. in which the Hospital has a controlling financial interest. All inter-company accounts have been eliminated in consolidation.

ASC 810-25, *Consolidations*, requires a not-for-profit entity, among other things, to consolidate into its financial statements the financial results of another not-for-profit in which it has a controlling financial interest and to make certain disclosures. Reference is made to Note 2.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

NET ASSET CATEGORIES

To ensure observance of limitations and restrictions placed on the use of resources available to the Hospital, the accounts of the Hospital are maintained in the following net asset categories:

Unrestricted – Unrestricted net assets represent available resources which can be used for general operations of the Hospital. Included in unrestricted net assets are assets set aside by the Board of Directors.

Temporarily Restricted – The Hospital reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

Permanently Restricted – Permanently restricted net assets represent contributions received with the donor restriction that the principal be invested in perpetuity and that income earned thereon is available for operations or a specific purpose.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, including estimated uncollectible accounts receivable and contractual allowances and liabilities, including estimated net settlements with third-party reimbursement agencies and professional liabilities, and disclosure of contingent assets and contingent liabilities at the date of the financial statements. Estimates also affect the amounts of revenues and expenses reported during the period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

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 net assets 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 accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

CASH AND CASH EQUIVALENTS

The Hospital considers all highly liquid investments with remaining maturities of three months or less at date of purchase to be cash equivalents. Cash and cash equivalents are held at a limited number of financial institutions and at times, the amounts on deposit exceed insured limits.

BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The Hospital is the beneficiary of several trust funds. Although the principal balances in the trust funds are permanently restricted, the income earned on the trust funds is unrestricted. The increases in unrealized gains from the trust funds were $70,829 for the three months ended December 31, 2015 and are included in changes in permanently restricted net assets.

INVESTMENTS PERMANENTLY RESTRICTED BY DONOR

Investments permanently restricted by donor (other than beneficial interests in perpetual trusts) represent the funds held to support the permanently restricted endowment funds and earnings thereon. Investments in securities with readily determinable fair values are measured at fair value in the consolidated balance sheet. Fair value is determined based upon quoted market prices. Investment income (including realized gains and losses on investments, interest and dividends) is included in the deficiency of revenue over expenses unless restricted by the donor or law.

Unrealized gains and losses on investments related to certain permanently restricted net assets (excluding beneficial interests in perpetual trusts) and certain temporarily restricted net assets are included in temporarily restricted net assets under State law which allows the Board of Directors to appropriate as much of the net appreciation of investments as is prudent considering the Hospital's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Reference is made to Note 7.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

ACCOUNTS RECEIVABLE

Patient accounts receivable result from the health care services provided by the Hospital and JPA. The amount of the allowance for uncollectible accounts is based upon 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. See Note 3 for additional information relative to net patient service revenue recognition and third-party payer programs.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheet. Investment income (including realized gains and losses on investments, interest and dividends) is included in the deficiency of revenue over expenses unless the income or loss is restricted by donor or law.

Changes in fair value of the Hospital's beneficial interests in perpetual trusts are recorded as changes in permanently restricted net assets.

INVESTMENT IN JOINT VENTURES

The Hospital has joint ventures that it accounts for using the equity method. The change in the Hospital's share in the equity of these joint ventures is recorded as a component of nonoperating revenue in the consolidated statement of operations. The Hospital has a 25% interest in Northeast Regional Radiation Oncology Network, Inc. (NRRON) ($3,282,112 as of December 31, 2015) and has a 15% ownership interest in Tolland Imaging Center, LLC ($172,239 as of December 31, 2015). At December 31, 2015, the Hospital also had a $17,686 investment in Connecticut Hospital Laboratory Network, LLC.

INVENTORIES

Inventories of drugs and supplies are stated at the lower of cost or market, determined using the first-in, first-out method.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

IMPAIRMENT OF LONG-LIVED ASSETS

The Hospital records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. No impairment losses were recorded during the three months ended December 31, 2015.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. The Hospital provides for depreciation of property, plant and equipment and amortization of assets recorded under capital leases using the straight-line method over the estimated useful lives of the assets as follows:

	Useful Lives
Buildings and improvements	5 – 40 years
Land improvements	5 – 20 years
Equipment	3 – 20 years

Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures for renewals and betterments are capitalized.

Financial Accounting Standards Board ASC 410-20, *Accounting for Asset Retirement Obligations,* provides guidance on accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Asset retirement obligations include, but are not limited to, certain types of environmental issues which are legally required to be remediated upon an asset's retirement as well as contractually required asset retirement obligations. ASC 410-20 provides clarifying guidance on conditional asset retirement obligations. Conditional asset retirement obligations are obligations whose settlement may be uncertain. ASC 410-20's guidance requires such conditional asset retirement obligations to be estimated and recognized. Application of these pronouncements affects the Hospital with respect to required future asbestos remediation.

Conditional asset retirement obligations of $346,001 as of December 31, 2015 were recorded in other liabilities on the balance sheet and have been fully accreted to their estimated settlement values. There were no retirement obligations incurred or settled during the three month period ended December 31, 2015. Reference is made to Note 15 regarding other environmental exposures.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

RISKS AND UNCERTAINTIES

The Hospital invests in a variety of investment securities which are exposed to various risks, such as interest rate risk, financial market risk and credit risk. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Hospital's financial statements.

NONOPERATING REVENUE

Activities, other than in connection with providing health care services, are considered to be nonoperating. Nonoperating revenue consists primarily of income on invested funds and the changes in the Hospital's share of equity in the joint ventures accounted for under the equity method.

DEFICIENCY OF REVENUE OVER EXPENSES

The consolidated statement of operations includes the deficiency of revenue over expenses as the performance indicator. Changes in unrestricted net assets which are excluded from the deficiency of revenue over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

INCOME TAXES

The Hospital is generally exempt from income taxes under Internal Revenue Code, Section 501(a), as an organization described in Section 501(c)(3). JPA is a professional corporation that has experienced losses since inception and accordingly, no provisions for federal or state income taxes have been recorded.

The Hospital accounts for uncertainty in income tax positions in the consolidated financial statements by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

INCOME TAXES (CONTINUED)

Management has analyzed the tax positions taken and has concluded that as of December 31, 2015, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Hospital and JPA are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

ADVERTISING

The Hospital expenses advertising costs as incurred. Advertising expense for the three month period ended December 31, 2015 was $21,070.

RECOGNITION OF GRANT REVENUE

Grants are generally considered to be exchange transactions in which the grantor requires the performance of specified activities. Entitlement to cost reimbursement grants is conditioned on the expenditure of funds in accordance with grant restrictions and, therefore, revenue is recognized to the extent of grant expenditures. Entitlement to performance based grants is conditioned on the attainment of specific performance.

CHARITY CARE

The Hospital provides care to patients who meet certain criteria under its charity care policies without charge, or at amounts less than its established rates. The Hospital does not pursue collection of amounts determined to be charity care and these amounts are not reported as net patient service revenue.

ESTIMATED MEDICAL MALPRACTICE AND WORKERS' COMPENSATION COSTS

The provision for estimated medical malpractice and workers' compensation claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

The Hospital accounts for its insurance claims and related insurance recoveries in accordance with the provisions of ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, which indicates that health care entities should not net insurance recoveries against the related claim liabilities.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

BAD DEBTS

ASU 2011-07, *Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts*, requires certain health care entities to present the provision for bad debts associated with patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) rather than as an operating expense. Refer to Note 3 for the additional disclosures required by ASU 2011-07.

SUBSEQUENT EVENTS

The Hospital evaluates the impact of subsequent events, events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date or for disclosure in the notes to the financial statements. The Hospital evaluated events occurring subsequent to December 31, 2015 through March 30, 2017, the date on which the accompanying financial statements were available to be issued. Reference is made to Note 1 regarding the sale of the Hospital's unrestricted assets and transfer of certain liabilities in transactions that occurred subsequent to December 31, 2015. The consolidated financial statements do not include any adjustments that resulted from these transactions.

NOTE 2 – CONSOLIDATED ENTITIES

JPA is a medical practice that is controlled by the Hospital. Although the Hospital does not have direct ownership interests in JPA, the Hospital has a controlling voting interest in the Board of JPA, thus enabling the Hospital to control the economic activities of JPA. Also, the Hospital provides funding to JPA to fund its operating losses. The Hospital is affiliated with other subsidiaries of its parent JMMC as described in Note 1. These affiliated entities do not meet the criteria to be included in the Hospital's consolidated financial statements.

NOTE 3 – NET REVENUE FROM SERVICES TO PATIENTS AND CHARITY CARE

The following table summarizes net revenue from services to patients during the three month period ended December 31, 2015:

Gross patient service revenue	$ 44,006,385
Contractual and other allowances	27,208,348
Net patient service revenue	16,798,037
Provision for bad debts	736,278
Net patient service revenue less provision for bad debts	$ 16,061,759

Patient accounts receivable and revenue are recorded when patient services are performed. Amounts received from most payers are different from the established billing rates of the Hospital, and these differences are accounted for as allowances.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The following table represents the percentages of net revenue received from payers during the three month period ended December 31, 2015:

Medicare	37%
Medicaid	11%
Third-parties	48%
Other	4%

Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Hospital.

NOTE 3 – NET REVENUE FROM SERVICES TO PATIENTS AND CHARITY CARE (CONTINUED)

The significant concentrations of net accounts receivable for services to patients by payer at December 31, 2015 follow:

Medicare	29%
Medicaid	18%
Third-parties	47%
Other	6%

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. 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. The Hospital believes that it is in compliance with all applicable laws and regulations. Cost reports for the Hospital, which serve as a basis for final settlement with government payers, have been settled by final settlement through 2012 for Medicare and 2007 for Medicaid. Other years remain open for settlement.

The Hospital has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants. Under these agreements, the HMOs make fee-for-service payments for certain covered services based upon discounted fee schedules.

MEASURING CHARITY CARE

The Hospital accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to the established policies of the Hospital. Essentially, these policies define charity services as those services for which no payment is possible. In assessing a patient's inability to pay, the Hospital utilizes the generally recognized poverty income levels for the state, but also includes certain cases where incurred charges are significant when compared to incomes. These charges are not included in net patient service revenue for financial reporting purposes.

Self-pay revenues are derived primarily from patients who do not have any form of health care coverage. The revenues associated with self-pay patients are generally reported at the Hospital's gross charges.

NOTE 3 – NET REVENUE FROM SERVICES TO PATIENTS AND CHARITY CARE (CONTINUED)

MEASURING CHARITY CARE (CONTINUED)

The Hospital evaluates these patients, after the patient's medical condition is determined to be stable, for their ability to pay based upon federal and state poverty guidelines, qualifications for Medicaid or other governmental assistance programs, as well as the Hospital's policy for charity care. The Hospital provides care without charge to certain patients that qualify under its charity care policy. For the three month period ended December 31, 2015, the Hospital estimates that its cost of care provided under its charity care programs approximated $22,000, related to gross charges of $54,036.

The Hospital's management estimates its costs of care provided under its charity care programs utilizing a calculated ratio of costs to gross charges multiplied by the Hospital's gross charity care charges provided. The Hospital's gross charity care charges include only services provided to patients who are unable to pay and qualify under the Hospital's charity care policies. To the extent the Hospital receives reimbursement through the various governmental assistance programs in which it participates to subsidize its care of indigent patients, the Hospital does not include these patients' charges in its cost of care provided under its charity care program. Additionally, the Hospital does not report a charity care patient's charges in revenues or in the provision for bad debts as it is the Hospital's policy not to pursue collection of amounts related to these patients.

BAD DEBTS

The Hospital's estimation of the allowance for uncollectible accounts is based primarily upon the type and age of the patient accounts receivable and the effectiveness of the Hospital's collection efforts. The Hospital's policy is to reserve a portion of all self-pay receivables, including amounts due from the uninsured and amounts related to co-payments and deductibles, as these charges are recorded. On a monthly basis, the Hospital reviews its accounts receivable balances, the effectiveness of the Hospital's reserve policies and various analytics to support the basis for its estimates. These efforts primarily consist of reviewing the following:

- Revenue and volume trends by payer, particularly the self-pay components;
- Changes in the aging and payer mix of accounts receivable, including increased focus on accounts due from the uninsured and accounts that represent co-payments and deductibles due from patients; and
- Various allowance coverage statistics.

NOTE 3 – NET REVENUE FROM SERVICES TO PATIENTS AND CHARITY CARE (CONTINUED)

BAD DEBTS (CONTINUED)

The Hospital regularly performs hindsight procedures to evaluate historical write-off and collection experience throughout the year to assist in determining the reasonableness of its process for estimating the allowance for uncollectible accounts.

A summary of the Hospital's allowance for uncollectible accounts activity for the three month period ended December 31, 2015 is as follows:

	Balance at October 1, 2015	Additions Recorded in the Provision for Bad Debts	Accounts Written off, Net of Recoveries	Balance at December 31, 2015
Allowance for uncollectible accounts	$ (5,797,000)	$ (736,278)	$ 468,278	$ (6,065,000)

NOTE 4 – REGULATORY ENVIRONMENT

The health care industry is subject to numerous laws and regulations of federal, state and local government. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

NOTE 5 – ASSETS WHOSE USE IS LIMITED

The composition of assets whose use is limited, which include beneficial interests in perpetual trusts, cash restricted for payment of workers' compensation claims, and investments permanently restricted by donors, are set forth in the following table. Investments are recorded on the consolidated balance sheet at fair value.

	December 31, 2015	
	Cost	Fair Value
Cash and cash equivalents	$ 1,159,439	$ 1,159,439
Money market funds	8,134	8,134
Mutual funds - equity	60,399	58,460
Mutual funds - fixed	42,873	38,582
Collective funds - equity	544,859	501,208
Collective funds - fixed	59,092	54,224
Investment grade taxable bonds	293,975	285,213
Equities		
U.S. large cap	931,929	987,199
U.S. mid cap	247,420	272,119
U.S. small cap	221,132	241,123
International developed	478,200	477,596
Emerging markets	190,581	179,374
Real estate	189,072	209,018
Tangible assets - commodities	144,029	93,770
	$ 4,571,134	$ 4,565,459

Investment income recorded in the consolidated statement of operations for the three month period ended December 31 is below:

Investment income	
Dividends and interest	$ 39,523
Less investment management fees	(5,997)
Net investment income	$ 33,526

NOTE 6 – FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the financial statements are categorized, for disclosure purposes, based upon whether the inputs used to determine their fair values are observable or unobservable utilizing a three-level fair value hierarchy that prioritizes the inputs used to measure assets and liabilities at fair value. Level inputs are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Hospital has the ability to access on the reporting date.

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specific (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable for the asset or liability.

The fair values of Level 1 securities were determined through quoted market prices, while fair values of Level 2 securities were determined primarily through prices obtained from third party pricing sources, where quoted market prices for such securities were not available. The fair values of Level 3 securities were determined primarily through information obtained from the relevant counterparties for such investments, as information on which these securities' fair values are based is generally not readily available in the market.

NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes fair value measurements, by level, at December 31, 2015 for all assets and liabilities which are measured at fair value on a recurring basis in the financial statements:

	Level 1	Level 2	Level 3	Total
Beneficial interests in perpetual trusts:				
Cash and cash equivalents	$ 90,730	$ --	$ --	$ 90,730
Money market funds	8,134	--	--	8,134
Mutual funds - equity	58,460	--	--	58,460
Mutual funds - fixed	38,582	--	--	38,582
Collective funds - equity	--	--	501,208	501,208
Collective funds - fixed	--	--	54,224	54,224
Investment grade taxable bonds	285,213	--	--	285,213
Equities				
U.S. large cap	987,199	--	--	987,199
U.S. mid cap	272,119	--	--	272,119
U.S. small cap	241,123	--	--	241,123
International developed	477,596	--	--	477,596
Emerging markets	179,374	--	--	179,374
Real estate	209,018	--	--	209,018
Tangible assets - commodities	--	--	93,770	93,770
Total beneficial interests in perpetual trusts	2,847,548	--	649,202	3,496,750
Restricted cash and board designated investments	225,122	--	--	225,122
Cash and investments permanently restricted by donor	843,587	--	--	843,587
	$3,916,257	$ --	$ 649,202	$4,565,459

NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)

The changes in fair value of assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	Beneficial Interests in Perpetual Trusts
Balance at October 1, 2015	$ 665,016
Purchases of investments	--
Sales of investments	(4,134)
Changes in fair value	(11,680)
Balance at December 31, 2015	$ 649,202

NOTE 7 – RESTRICTED ENDOWMENTS

The Hospital's endowments consist of donor-restricted endowment funds and beneficial interests in perpetual trusts. Net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

The Hospital's Board of Directors has interpreted the Connecticut 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. This does not apply to beneficial interests in perpetual trusts where the fair value of the investments is the basis for the amount recorded as permanently restricted net assets.

As a result of the interpretation of UPMIFA, the Hospital 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, if applicable, (c) accumulations to the permanent endowment made in accordance with the related gift's donor instructions. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted or unrestricted net assets based on the donors' stipulations and those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard for expenditures as proscribed by UPMIFA.

NOTE 7 – RESTRICTED ENDOWMENTS (CONTINUED)

In accordance with UPMIFA, the Hospital considers the following factors in making determinations to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Hospital 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 the Hospital
(7) The investment policies of the Hospital

RETURN OBJECTIVES AND RISK PARAMETERS

For the permanently restricted endowment funds, the bank, acting in its capacity as trustee, determines and directs the investment policy and asset allocation. The Hospital expects these endowment funds, over time, to provide an average rate of return that exceeds the rate of inflation annually. Actual returns in any given year may vary from this amount.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO THE SPENDING POLICY

The Hospital has a policy of evaluating the spending decisions for each endowment fund based upon the intentions of the donors and specific contractual agreements. In determining the annual amount to be spent, the Hospital considers the long-term expected return on its endowment. The spending policy is designed to limit spending to the expected long-term real rate of return. The annual distribution from the endowment funds is expected to be contained within a range of the trusts' market value that is consistent with the Hospital’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 7 – RESTRICTED ENDOWMENTS (CONTINUED)

ENDOWMENT NET ASSET (DEFICIT) COMPOSITION BY TYPE OF FUND AS OF DECEMBER 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ --	$ --	$ 843,587	$ 843,587
Beneficial interests in perpetual trusts	--	--	3,496,750	3,496,750
	$ --	$ --	$ 4,340,337	$ 4,340,337

CHANGES IN ENDOWMENT NET ASSETS FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, as of October 1, 2015	$ --	$ --	$ 4,269,508	$ 4,269,508
Investment return:				
Net unrealized gains	--	--	70,829	70,829
Endowment net assets, as of December 31, 2015	$ --	$ --	$ 4,340,337	$ 4,340,337

NOTE 8 – TEMPORARILY RESTRICTED AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2015 are as follows:

Grant proceeds subject to use restrictions	$ 445,480

Permanently restricted net assets as of December 31, 2015 are restricted in perpetuity, the income from which is expendable to support the following:

Health care services and operations	$ 4,340,337

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT

The components of cost and the related accumulated depreciation comprising property, plant and equipment as of December 31, 2015 is as follows:

Land	$ 406,775
Land improvements	1,568,864
Building and improvements	24,586,857
Fixed and movable equipment	40,409,822
	66,972,318
Less accumulated depreciation	(46,368,100)
	$ 20,604,218

Depreciation and amortization expense for property, plant and equipment amounted to approximately $630,000 for the three month period ended December 31, 2015. Included within depreciation and amortization expense on the statement of operations is amortization of capital leased assets of approximately $182,000 for the three month period ended December 31, 2015 (see Note 11).

NOTE 10 – DEBT

On August 1, 2006, the Hospital entered into a $13,700,000 commercial construction mortgage loan with a bank. The loan was used to finance the expansion and renovation of the emergency department, three nursing units, the psychiatric unit, and two medical and surgical units, and to refinance the Hospital's existing loans (collectively, the Project). In December 2007, the loan was converted to a term loan, which is guaranteed by the United States Department of Agriculture (USDA) through the USDA Rural Development Community Facilities Program. The term loan calls for equal quarterly principal payments of $85,625 over 40 years and was scheduled to mature on January 1, 2048. Fifty percent of the loan bears interest at the bank's five year cost of borrowing plus 1.50% and fifty percent of the loan bears interest at the three month LIBOR plus 1.25%. The interest rates in effect at December 31, 2015 were 6.63% and 1.575%, respectively.

As of December 31, 2015, there was a principal balance of $11,987,500 due on the Hospital’s mortgage.

NOTE 10 – DEBT (CONTINUED)

The Hospital is required to meet certain financial covenants under the mortgage. During the three month period ended December 31, 2015, the Hospital failed certain covenants and failed to make any mortgage principal payments. This loan was restructured and interest and principal was paid on January 4, 2016 as part the transaction with Trinity Health – New England, Inc.

The other long-term debt of $2,350,000 as of December 31, 2015, represented the amounts owed to Saint Francis under the terms of the affiliation agreement. Reference is made to Note 1. This debt was not subject to interest.

REVOLVING LOAN

In connection with the bankruptcy filing, on January 16, 2015, the Hospital, along with several affiliates (the Borrowers) entered into a debtor in possession loan agreement with a lender. The amount of the debtor in possession loan is not to exceed the lesser of $7 million or the maximum borrowing base (85% of the book value of all eligible receivables as defined). The amounts outstanding bear interest at the rate of the 3 month LIBOR rate plus 5.25% payable monthly in arrears. In the event of a default, the agreement provides for an increase in the interest rate. The interest rate as of December 31, 2015 was 9.00%. The Hospital has granted the lender a security interest in substantially all of its unrestricted assets.

As of December 31, 2015, there were outstanding borrowings of $5,585,318 under the debtor in possession loan.

The Borrowers are subject to a number of covenants and restrictions under the debtor in possession loan. These include the following affirmative and negative covenants: provision of monthly, quarterly and annual financial information, adequate insurance coverage, notice of certain events and changes, change in ownership or management, restrictions on indebtedness and lease agreements, sale of assets, protection of collateral and financial covenants prepared on a consolidated basis for the Borrowers including cash flow and debt service coverage ratio requirements.

During the period from October 1, 2015 to December 31, 2015, the Borrowers failed to comply with various covenants under the debtor in possession loan which resulted in the lender imposing an interest penalty.

With the sale transaction described in Note 1, this loan (including accrued interest) was paid in full at the time of closing on the transactions. On January 4, 2016, Trinity Health – New England, Inc. paid $4,473,434 which represented the balances owed on the debtor in possession loan on the closing date.

NOTE 11 – LEASE OBLIGATIONS

CAPITAL LEASES

The Hospital has entered into non-cancelable capital lease obligations for certain equipment. The cost of the assets is being amortized over the useful lives of the assets and is summarized as of December 31, 2015 is as follows:

Equipment	$ 5,690,500
Less accumulated amortization	(256,457)
	$ 5,434,043

The Hospital entered into a five year capital lease agreement to lease generators with a cost of $688,000 which commenced on March 1, 2014. The monthly lease payments, including interest, were $10,500 for the first year and will be $15,400 for the remainder of the lease term with total payments of $865,296. The Hospital made a security deposit of $206,000 to secure the lease that is returnable at the end of the lease period.

The Hospital entered into a three year capital lease agreement to lease a magnetic chiller with a cost of $277,000 which commenced on September 1, 2014. The monthly lease payments, including interest, will be $7,829 over the lease term with total payments of $281,844. The Hospital made a security deposit of $15,658 to secure the lease that is returnable at the end of the lease period.

The Hospital entered into a seven year lease agreement with Saint Francis Hospital and Medical Center on September 1, 2015 in the amount of $4,725,500 for equipment needed for the EPIC system implementation. The monthly lease payments including interest are $64,050 over the lease term with total payments of $5,380,163.

NOTE 11 – LEASE OBLIGATIONS (CONTINUED)

CAPITAL LEASES (CONTINUED)

Future minimum lease payments under the capital leases are as follows for each twelve month period ending December 31:

2016	$ 1,047,367
2017	1,016,051
2018	953,419
2019	799,399
2020	768,595
Thereafter	1,293,698
Total future minimum lease payments	5,878,529
Less amounts representing interest	674,754
Present value of future minimum lease payments	5,203,775
Less current portion	847,394
	$ 4,356,381

Subsequent to December 31, 2015, the future lease obligations were assumed by Trinity Health – New England, Inc. in the transaction described in Note 1.

OPERATING LEASES

The Hospital leases various computer equipment, medical equipment and office space under operating leases, which expire at various dates through 2016. Rent expense under the operating leases was $509,088 for the three month period ended December 31, 2015. These leases have various terms and conditions.

Minimum future rental commitments on non-cancelable operating leases with initial or remaining terms of more than one year as of December 31, 2015 are as follows:

2016	$ 315,080

NOTE 12 – EMPLOYEE BENEFIT PLANS

The Hospital had a defined benefit pension plan that covered certain employees. Pursuant to the plan of reorganization, the Pension Benefit Guaranty Corporation assumed control of the defined benefit plan effective September 1, 2011.

The Hospital has a defined contribution plan (the Plan) whereby all employees who have attained the age of 21 and completed one year of employment (1,000 hours of service) are eligible to participate and become fully vested after 5 years. Annually, the Hospital may contribute a defined amount of employees' salaries to the Plan. Effective January 1, 2011, the Hospital suspended the matching of non-union employee contributions; it continued to pay the match on union employees up until June 2012, at which time only those union employees that had been grandfathered in to the pension plan were matched. The Hospital did not incur any expenses for contributions to the Plan for the three month period ended December 31, 2015.

NOTE 13 – SELF-INSURANCE CLAIMS

There have been medical malpractice and workers' compensation claims that have been asserted against the Hospital. In addition, there are known incidents that have occurred through December 31, 2015 that may result in the assertion of claims. Management of the Hospital has accrued its best estimate of these contingent losses. Other claims may be asserted arising from services provided to patients or workers' compensation incidents in the past. Management of the Hospital has provided reserves for these contingent liabilities.

NOTE 14 – PROFESSIONAL, GENERAL LIABILITY AND WORKERS' COMPENSATION INSURANCE

For claims incurred through August 31, 2009, the Hospital was self-insured for professional liability and general liability claims. The Hospital has an excess umbrella claims made policy for claims in excess of the Hospital's self-insured limits on a claims made basis.

For claims incurred after August 31, 2009, the Hospital was covered under commercial claims made policies with no deductible and coverage of $1,000,000 per claim and an annual aggregate of $3,000,000 for all of the entities covered under the policy.

The Hospital's independent actuary estimated the expected costs to settle claims incurred during the self-insured period and claims that were incurred but not reported (IBNR) under its claims made insurance policy. Accrued losses have been discounted at 3%.

NOTE 14 – PROFESSIONAL, GENERAL LIABILITY AND WORKERS' COMPENSATION INSURANCE (CONTINUED)

The Hospital has recorded accrued liabilities of $602,291 for the estimated claims that have been incurred but not reported and cases incurred during the self-insured period for its professional liability and general liability insurance risks as of December 31, 2015.

The Hospital was also self-insured for workers compensation claims through March 16, 2009 at which time it obtained commercial insurance. The Hospital's workers' compensation policy had no deductible and policy limits of $1,000,000 per case with no aggregate limit for claims incurred after March 16, 2009 through May 30, 2014. Effective May 31, 2014, the Hospital obtained a new workers' compensation insurance policy that had a $250,000 deductible per claim and a $2,000,000 aggregate deductible. The policy provides for limits of $1,000,000 per case with no annual limit.

As of December 31, 2015, the Hospital recorded liabilities of $458,161, related to its estimated portion of the deductible for workers' compensation incidents.

In accordance with the provisions of ASU 2010-24, the Hospital recorded recoverables from insurance companies for the estimated costs to settle fully insured malpractice and workers' compensation claims in the amount of $1,216,509 as of December 31, 2015. The Hospital has recorded liabilities equal to these amounts as of December 31, 2015.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Hospital is a party to various lawsuits incidental to its business. The Hospital also has the following environmental exposures. The Connecticut Department of Environmental Protection (DEP) issued a consent order (Sewer Order) which requires the Hospital to perform repairs or replacements to the aging wastewater treatment system at the Hospital.

The Sewer Order requires a short-term and a long-term solution. The short-term work has been completed in accordance with the Sewer Order and the Hospital has been reporting to the DEP on the status of the short-term solution. Under the long-term solution, the Hospital was required to submit to the DEP for review and approval a schedule for: (i) the investigation of and remedial action alternatives to abate any pollution at the site arising from the operation of the on-site sewage treatment system or (ii) the construction of sanitary sewers to connect the Hospital to the Stafford Water Pollution Control Facility.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

The schedule originally provided for completion of the actions not later than December 31, 2014, but this deadline was extended until July 31, 2015. The Hospital signed a letter of intent with the Town of Stafford to participate in a project that will connect the Hospital to the Stafford Water Pollution Control Facility, as well as to connect it to services from Connecticut Water Company and Yankee Gas. As of December 31, 2015, funds to finance the project had not been secured.

The DEP filed a civil suit in 2007 in which the DEP sought civil penalties and temporary and permanent injunctions prohibiting the Hospital from violating the hazardous waste management regulations, preventing the Hospital from maintaining a discharge to the waters of the state and violating its air permit. Five of the six counts arose from allegations relating to the use of an underground storage tank for the storage of x-ray developer fixer and the release of the developer fixer from the tank. Use of that tank ended in April 2004 and the tank was removed. Part of the injunctive relief sought is an order requiring the investigation and remediation of the release of x-ray development fixer. The sixth count alleged that the Hospital violated its general air permit by submitting its annual compliance certification for 2005 ten months late. The Hospital has recorded a conditional retirement obligation related to the costs of an environmental investigation, but has not recorded a liability for any potential costs to remediate the site due to the fact that such costs, if any, cannot be reasonably estimated until the investigation is performed. Hospital management indicated that the Hospital previously remediated the site when the tank was originally removed.

By letter dated April 7, 2014, the DEP agreed with a recommendation made in the January 2014 report that the consultant cease monitoring for nitrate based on the testing results for that constituent. The DEP expressed a concern and made a request that the consultant establish background concentrations for sulfate in groundwater for the site that is unaffected by release such as the on-site septic system or from the former x-ray developer tank. In October 2014, the DEP staff concurred with the consultant's proposed plan to continue monitoring on a semiannual basis, ammonia and nitrate in the remaining monitoring wells.

The Hospital submitted a letter to DEP on August 3, 2015 again requesting an extension for the fourth time over the past year. To date, DEP has yet to provide an extension nor have they made any final conclusions with respect to the Consent Order. The only representation made by DEP is that the Hospital work with the Town of Stafford regarding the gas, water and sewer project. However, the Hospital had not received a final draft proposal from the Town of Stafford pertaining to the project.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Hospital has hired an environmental engineering firm and an engineering consulting company to review the Hospital's compliance with the Consent Order. Based on the report from the environmental engineering firm, the Hospital is in full compliance with the Consent Order. In addition, the Hospital hired an engineering consulting firm to work with the environmental engineering firm and the Hospital to facilitate the sewer project and the completion of the Consent Order. The report will be submitted to DEP once final.

NOTE 16 – CONCENTRATIONS OF CREDIT RISK

The Hospital's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, investments and accounts receivable.

The Hospital places its cash deposits with high credit-quality institutions, which, at times, may exceed the Federal Deposit Insurance Corporation limits of $250,000 per bank. The Hospital has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 17 – TRANSACTIONS WITH PARENT AND AFFILIATED CORPORATIONS

During the three months ended December 31, 2015, the Hospital billed affiliated organizations $559,958 for certain expenses and rental of space.

The amounts due (to) from parent and affiliated corporations represent amounts that do not eliminate in consolidation. These balances are comprised of the following at December 31, 2015:

Due to JMMC	$ (3,883,854)
Due to JHC	(254,731)
Due from HCHS	292,371
Due from Evergreen	345,071
	$ (3,501,143)

As of December 31, 2015, approximately $2.8 million of liabilities payable to Saint Francis were included with trade accounts payable and accrued expenses and pre-petition trade accounts payable in the consolidated balance sheet.

NOTE 18 – FUNCTIONAL EXPENSES

The Hospital provides patient care services to residents within its geographic location**.** Expenses related to providing these services are as follows for the three month period ended December 31, 2015:

Patient care services	$ 15,208,531
General and administrative (including depreciation and amortization, interest and reorganization items)	3,861,392
	$ 19,069,923

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Old JMH, Inc.

Our report on our review of the basic consolidated financial statements of Old JMH, Inc. (formerly known as Johnson Memorial Hospital) as of December 31, 2015 and for the period from October 1, 2015 to December 31, 2015 appears on page 1. The objective of that review was to perform procedures to obtain limited assurance as a basis for reporting whether we were aware of any material modifications that should be made to the basic financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying consolidating balance sheet and consolidating statement of operations is presented for purposes of additional analysis and is not a required part of the basic 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 financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Marcum LLP

Hartford, CT
March 30, 2017

MARCUMGROUP
MEMBER

Marcum LLP ■ City Place II ■ 185 Asylum Street ■ 17th Floor ■ Hartford, Connecticut 06103 ■ Phone 860.760.0600 ■ Fax 860.760.0601 ■ www.marcumllp.com

OLD JMH, INC.
(FKA JOHNSON MEMORIAL HOSPITAL)

CONSOLIDATING BALANCE SHEET

DECEMBER 31, 2015

	Hospital	JPA	Elimination	Consolidated Old JMH, Inc.
Assets				
Current Assets				
Cash and cash equivalents	$ 3,535,226	$ --	$ --	$ 3,535,226
Patients accounts receivable, net of allowance for uncollectible accounts	8,530,562	142,814	--	8,673,376
Insurance and other receivables	248,322	23,499	--	271,821
Inventories	1,576,871	--	--	1,576,871
Prepaid expenses and other current assets	1,370,970	63,910	--	1,434,880
Total Current Assets	15,261,951	230,223	--	15,492,174
Assets Whose Use is Limited				
Beneficial interests in perpetual trusts	3,496,750	--	--	3,496,750
Restricted cash and board designated investments	225,122	--	--	225,122
Cash and investments restricted by donor	843,587	--	--	843,587
Total Assets Whose Use is Limited	4,565,459	--	--	4,565,459
Other Assets				
Property, plant and equipment, net	20,534,704	69,514	--	20,604,218
Investment in joint ventures	3,472,037	--	--	3,472,037
Due from affiliated corporations	7,765,961	--	(7,765,961)	--
Deferred financing costs, net	156,557	--	--	156,557
Other noncurrent assets	1,200,413	--	--	1,200,413
Total Other Assets	33,129,672	69,514	(7,765,961)	25,433,225
	$ 52,957,082	$ 299,737	$ (7,765,961)	$ 45,490,858

See independent accountants' review report on supplementary information.

OLD JMH, INC.
(FKA JOHNSON MEMORIAL HOSPITAL)

CONSOLIDATING BALANCE SHEET (CONTINUED)

DECEMBER 31, 2015

	Hospital	JPA	Elimination	Consolidated Old JMH, Inc.
Liabilities and Net Assets (Deficit)				
Liabilities Not Subject to Compromise				
Current Liabilities				
Trade accounts payable and accrued expenses	$ 7,354,420	$ 95,779	$ --	$ 7,450,199
Accrued payroll and related costs	1,707,462	134,951	--	1,842,413
Senior debt under revolving line of credit	5,585,318	--	--	5,585,318
Current portion of capital lease obligations	847,394	--	--	847,394
Estimated amounts due to third-party reimbursement agencies	2,013,751	--	--	2,013,751
Other current liabilities	880,756	--	--	880,756
Total Current Liabilities	18,389,101	230,730	--	18,619,831
Long-Term Liabilities				
Due to parent and affiliated corporations	2,237,241	16,998,852	(15,734,950)	3,501,143
Self-insurance liabilities and IBNR	2,260,865	--	--	2,260,865
Other liabilities	346,001	--	--	346,001
Obligations under capital lease - less current portion	4,356,381	--	--	4,356,381
Total Long-Term Liabilities	9,200,488	16,998,852	(15,734,950)	10,464,390
Liabilities Subject to Compromise				
Payments due under 2010 plan of reorganization	6,461,107	--	--	6,461,107
Pre-petition trade accounts payable	2,663,117	48,944	--	2,712,061
Mortgage payable	11,987,500	--	--	11,987,500
Other debt	2,350,000	--	--	2,350,000
Total Liabilities Subject to Compromise	23,461,724	48,944	--	23,510,668
Total Liabilities	51,051,313	17,278,526	(15,734,950)	52,594,889

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OLD JMH, INC.
(FKA JOHNSON MEMORIAL HOSPITAL)

CONSOLIDATING BALANCE SHEET (CONTINUED)

DECEMBER 31, 2015

	Hospital	JPA	Elimination	Consolidated Old JMH, Inc.
Net Assets (Deficit)				
Unrestricted	$ (2,880,048)	$ (16,978,789)	$ 7,968,989	$ (11,889,848)
Temporarily restricted	445,480	--	--	445,480
Permanently restricted	4,340,337	--	--	4,340,337
Total Net Assets (Deficit)	1,905,769	(16,978,789)	7,968,989	(7,104,031)
	$ 52,957,082	$ 299,737	$ (7,765,961)	$ 45,490,858

See independent accountants' review report on supplementary information.

OLD JMH, INC.
(FKA JOHNSON MEMORIAL HOSPITAL)

CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE PERIOD FROM OCTOBER 1, 2015 TO DECEMBER 31, 2015

	Hospital	JPA	Elimination	Consolidated Old JMH, Inc.
Operating Revenue				
Net patient service revenue	$ 16,355,096	$ 442,941	$ --	$ 16,798,037
Provision for bad debts	715,449	20,829	--	736,278
Net patient service revenue less provision for bad debts	15,639,647	422,112	--	16,061,759
Grant and other income	293,640	8,959	--	302,599
Net assets released from restriction	9,000	--	--	9,000
Total Operating Revenue	15,942,287	431,071	--	16,373,358
Expenses				
Salaries	6,441,030	363,286	72,335	6,876,651
Employee benefits	1,652,019	33,072	13,408	1,698,499
Professional fees	1,368,924	80,100	--	1,449,024
Depreciation and amortization	627,031	5,204	--	632,235
Outsourced staffing and contracted services	1,630,713	--	--	1,630,713
Supplies, drugs and patient care	2,957,737	10,294	--	2,968,031
Leases and service contracts	318,072	1,105	--	319,177
Occupancy costs	844,206	32,430	--	876,636
Insurance	231,321	26,497	--	257,818
Other expenses	1,473,434	123,264	(85,743)	1,510,955
Interest	253,480	--	--	253,480
Total Expenses	17,797,967	675,252	--	18,473,219
Loss from Operations	(1,855,680)	(244,181)	--	(2,099,861)

See independent accountants' review report on supplementary information.

OLD JMH, INC.
(FKA JOHNSON MEMORIAL HOSPITAL)

CONSOLIDATING STATEMENT OF OPERATIONS (CONTINUED)

FOR THE PERIOD FROM OCTOBER 1, 2015 TO DECEMBER 31, 2015

	Hospital	JPA	Elimination	Consolidated Old JMH, Inc.
Nonoperating Revenue				
Investment income	$ 33,526	$ --	$ --	$ 33,526
Equity earnings in joint ventures	4,963	--	--	4,963
Total Nonoperating Revenue	38,489	--	--	38,489
Loss Before Reorganization Items	(1,817,191)	(244,181)	--	(2,061,372)
Reorganization Items				
Professional fees	591,829	4,875	--	596,704
Deficiency of Revenue over Expenses	$ (2,409,020)	$ (249,056)	$ --	$ (2,658,076)

See independent accountants' review report on supplementary information.