Trinity Health

Consolidated Financial Statements as of and for the Years Ended June 30, 2015 and 2014, Supplemental Consolidating Schedules as of and for the Year Ended June 30, 2015, and Independent Auditors' Reports

TRINITY HEALTH

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Trinity Health Corporation
Livonia, Michigan

We have audited the accompanying consolidated financial statements of Trinity Health Corporation and its subsidiaries (the "Corporation"), formerly known as CHE Trinity, Inc., which comprise the consolidated balance sheets as of June 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 Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the consolidated financial statements of Baycare Health System, the Corporation's investment which is accounted for by the use of the equity method. The accompanying consolidated financial statements of the Corporation include its investment in the net assets of Baycare Health System of $1,929,923 and $1,770,927 as of June 30, 2015, and 2014, respectively, and its equity method income from Baycare Health System of $168,072 and $288,196 for the years ended June 30, 2015 and 2014, respectively. The consolidated financial statements of Baycare Health System for the years ended December 31, 2014 and 2013, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Baycare Health System, is based on the reports of the other auditors and the procedures that we considered necessary in the circumstances with respect to the inclusion of the Corporation's equity investment and equity method income in the accompanying consolidated financial statements taking into consideration the differences in fiscal years. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2015 and 2014, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

September 23, 2015

TRINITY HEALTH

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2015 AND 2014
(In thousands)

ASSETS	2015	2014
CURRENT ASSETS:		
Cash and cash equivalents	$ 843,210	$ 900,279
Investments	3,728,883	3,231,318
Security lending collateral	266,572	187,882
Assets limited or restricted as to use - current portion	271,567	274,202
Patient accounts receivable, net of allowance for doubtful accounts of $349.6 million and $543.4 million at June 30, 2015 and 2014, respectively	1,631,417	1,468,355
Estimated receivables from third-party payors	192,894	155,527
Other receivables	299,667	267,130
Inventories	222,976	204,494
Assets held for sale	189,660	247,405
Prepaid expenses and other current assets	179,966	140,206
Total current assets	7,826,812	7,076,798
ASSETS LIMITED OR RESTRICTED AS TO USE - noncurrent portion:		
Held by trustees under bond indenture agreements	1,622	53,652
Self-insurance, benefit plans and other	738,846	672,537
By Board	3,098,445	2,891,790
By donors	298,332	307,281
Total assets limited or restricted as to use - noncurrent portion	4,137,245	3,925,260
PROPERTY AND EQUIPMENT - Net	6,773,283	6,566,958
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	2,370,799	2,257,555
GOODWILL	293,696	153,773
OTHER ASSETS	406,083	452,845
TOTAL ASSETS	$ 21,807,918	$ 20,433,189

LIABILITIES AND NET ASSETS	2015	2014
CURRENT LIABILITIES:		
Commercial paper	$ 99,990	$ 239,961
Short-term borrowings	1,098,710	1,123,620
Current portion of long-term debt	106,226	95,870
Accounts payable	759,187	685,754
Accrued expenses	249,718	275,960
Salaries, wages and related liabilities	714,599	655,425
Current portion of self-insurance reserves	215,011	197,040
Payable under security lending agreements	266,572	187,882
Liabilities held for sale	256,088	259,944
Estimated payables to third-party payors	372,076	323,546
Total current liabilities	4,138,177	4,045,002
LONG-TERM DEBT - Net of current portion	4,415,055	3,618,904
SELF-INSURANCE RESERVES - Net of current portion	878,588	920,799
ACCRUED PENSION AND RETIREE HEALTH COSTS	971,153	727,873
OTHER LONG-TERM LIABILITIES	609,039	577,149
Total liabilities	11,012,012	9,889,727
NET ASSETS:		
Unrestricted net assets	10,274,277	10,125,003
Noncontrolling ownership interest in subsidiaries	150,994	38,090
Total unrestricted net assets	10,425,271	10,163,093
Temporarily restricted net assets	275,666	293,306
Permanently restricted net assets	94,969	87,063
Total net assets	10,795,906	10,543,462
TOTAL LIABILITIES AND NET ASSETS	$ 21,807,918	$ 20,433,189

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

TRINITY HEALTH

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2015 AND 2014
(In thousands)

	2015	2014
UNRESTRICTED REVENUE:		
Patient service revenue, net of contractual and other allowances	$ 12,843,346	$ 12,206,460
Provision for bad debts	(358,820)	(605,596)
Net patient service revenue less provision for bad debts	12,484,526	11,600,864
Capitation and premium revenue	790,948	687,581
Net assets released from restrictions	24,476	27,984
Other revenue	1,038,200	1,083,416
Total unrestricted revenue	14,338,150	13,399,845
EXPENSES:		
Salaries and wages	6,093,539	5,792,799
Employee benefits	1,211,902	1,182,036
Contract labor	117,471	101,384
Total labor expenses	7,422,912	7,076,219
Supplies	2,293,317	2,124,452
Purchased services	1,601,894	1,449,833
Depreciation and amortization	740,321	697,808
Occupancy	592,182	571,577
Medical claims	362,848	284,449
Interest	163,060	156,985
Other	691,576	638,249
Total expenses	13,868,110	12,999,572
OPERATING INCOME BEFORE OTHER ITEMS	470,040	400,273
Pension curtailment gain	11,054	149,734
Pension settlement loss	-	(195,987)
Asset impairment charges	(23,402)	(56,293)
Restructuring costs	-	(45,166)
Consolidation costs	-	(42,857)
Litigation accrual	-	(36,448)
OPERATING INCOME	457,692	173,256
NONOPERATING ITEMS:		
Investment income	106,553	606,309
Equity in earnings of unconsolidated affiliates	182,907	265,703
Change in market value and cash payments of interest rate swaps	(10,223)	(25,351)
Loss from early extinguishment of debt	(96,924)	(1,623)
Gain on controlling interest related to acquisition of Siouxland Surgery Center, LLP ("Siouxland")	40,317	-
Other, including income taxes	(8,692)	(15,865)
Total nonoperating items	213,938	829,173
EXCESS OF REVENUE OVER EXPENSES	671,630	1,002,429
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(34,836)	(14,032)
EXCESS OF REVENUE OVER EXPENSES, net of noncontrolling interest	$ 636,794	$ 988,397

	2015	2014
UNRESTRICTED NET ASSETS:		
Unrestricted net asset attributable to Trinity Health:		
Excess of revenue over expenses	$ 636,794	$ 988,397
Net assets released from restrictions for capital acquisitions	49,080	25,739
Net change in retirement plan related items - consolidated organizations	(440,493)	28,402
Net change in retirement plan related items - unconsolidated organizations	(40,463)	44,219
Other	(256)	13,934
Increase in unrestricted net assets before discontinued operations	204,662	1,100,691
Discontinued operations:		
Loss from operations	(47,638)	(90,326)
Loss on disposals and substitutions of membership interests	(7,750)	(85,883)
Increase in unrestricted net assets attributable to Trinity Health	149,274	924,482
Unrestricted net asset attributable to noncontrolling interests:		
Excess of revenue over expenses attributable to noncontrolling interests	34,836	14,032
Noncontrolling interest related to Siouxland acquisition	99,008	-
Other	(21,183)	(7,079)
Increase in unrestricted net assets attributable to noncontrolling interest before discontinued operations	112,661	6,953
Discontinued operations attributable to noncontrolling interests:		
Income from operations	243	103
Increase in unrestricted net assets attributable to noncontrolling interest	112,904	7,056
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	60,249	68,354
Net investment gain	2,072	15,757
Net assets released from restrictions	(73,556)	(54,105)
Other	(6,405)	(6,354)
(Decrease) increase in temporarily restricted net assets	(17,640)	23,652
PERMANENTLY RESTRICTED NET ASSETS:		
Contributions for endowment funds	3,215	3,621
Net investment gain	1,665	2,858
Other	3,026	(12,094)
Increase (decrease) in permanently restricted net assets	7,906	(5,615)
INCREASE IN NET ASSETS	252,444	949,575
NET ASSETS - BEGINNING OF YEAR	10,543,462	9,593,887
NET ASSETS - END OF YEAR	$ 10,795,906	$ 10,543,462

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

TRINITY HEALTH

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014
(In thousands)

	2015	2014
OPERATING ACTIVITIES:		
Increase in net assets	$ 252,444	$ 949,575
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	740,321	697,808
Provision for bad debts	358,820	605,596
Asset impairment charges	23,402	56,293
Asset impairment charge and other noncash items - discontinued operations	42,796	96,322
Restructuring costs	-	30,892
Litigation accrual	-	36,448
Losses on disposals and substitutions of membership interests	7,750	85,883
Increase in noncontrolling interest related to acquisition of Siouxland	(99,008)	-
Gain on acquisition of a controlling interest in Siouxland	(40,317)	-
Undistributed equity in earnings of unconsolidated affiliates	(154,177)	(320,433)
Deferred retirement items - consolidated organizations	440,493	(28,402)
Deferred retirement items - unconsolidated organizations	40,463	(44,219)
Change in net unrealized and realized gains on investments	(65,367)	(571,787)
Change in market values of interest rate swaps	(6,838)	13,359
Restricted contributions and investment income received	(29,372)	(26,510)
Loss on extinguishment of debt	96,924	1,623
Other adjustments	3,371	9,074
Changes in:		
Patient accounts receivable	(510,294)	(691,299)
Other assets	(116,596)	(57,193)
Accounts payable and accrued expenses	83,043	(30,426)
Estimated receivables from third-party payors	(37,367)	13,258
Estimated payables to third-party payors	48,530	(69,534)
Self-insurance reserves and other liabilities	14,894	(28,990)
Accrued pension and retiree health costs	(189,317)	72,741
Net cash used in operating activities of discontinued operations	(21,121)	(26,530)
Total adjustments	631,033	(176,026)
Net cash provided by operating activities	883,477	773,549

	2015	2014
INVESTING ACTIVITIES:		
Purchases of investments	(15,035,339)	(3,107,406)
Proceeds from sales of investments	14,397,910	3,056,208
Purchases of property and equipment	(920,597)	(1,011,144)
Proceeds from the sale of Mercy Health Partners, North ("North") and other	51,692	-
Proceeds from disposal of property and equipment	4,607	13,828
Acquisitions, net of cash acquired	(17,583)	(3,768)
Purchases of investments in unconsolidated affiliates	(24,299)	(48,245)
Dividends and proceeds from sales of unconsolidated affiliates	29,560	39,473
Decrease in assets limited as to use	9,109	29,956
Net cash used in investing activities of discontinued operations	(537)	(14,993)
Net cash used in investing activities	(1,505,477)	(1,046,091)
FINANCING ACTIVITIES:		
Proceeds from issuance of debt	1,504,384	664,255
Repayments of debt	(819,672)	(379,332)
Net decrease in commercial paper	(139,971)	(128,961)
Increase in financing costs and other	(5,085)	(3,655)
Proceeds from restricted contributions and restricted investment income	29,372	26,510
Net cash used in financing activities of discontinued operations	(4,097)	(4,365)
Net cash provided by financing activities	564,931	174,452
NET DECREASE IN CASH AND CASH EQUIVALENTS	(57,069)	(98,090)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	900,279	998,369
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 843,210	$ 900,279
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest (net of amounts capitalized)	$ 165,386	$ 155,268
New capital lease obligations for buildings and equipment	6,098	4,388
Accruals for purchases of property and equipment and other long-term assets	112,598	92,001
Unsettled investment trades, purchases	71,745	120,562
Unsettled investment trades, sales	76,676	135,756
(Increase) decrease in security lending collateral	(78,689)	34,299
Increase (decrease) in payable under security lending agreements	78,689	(34,299)

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

1. ORGANIZATION AND MISSION

Trinity Health Corporation and its subsidiaries ("Trinity Health" or the "Corporation"), formerly known as CHE Trinity, Inc., an Indiana nonprofit corporation, controls one of the largest health care systems in the United States. It is the result of the consolidation of Catholic health systems over the last fifteen years, most recently with the merger of the Corporation and Catholic Health East ("CHE") effective May 1, 2013. The Corporation incurred approximately $42.9 million of expenses for the year ended June 30, 2014, as a result of the transaction, which are included in consolidation costs in the statements of operations and changes in net assets. The Corporation is headquartered in Livonia, Michigan.

The Corporation is sponsored by Catholic Health Ministries, a Public Juridic Person of the Holy Roman Catholic Church. The Corporation operates a comprehensive integrated network of health services including inpatient and outpatient services, physician services, managed care coverage, home health care, long-term care, assisted living care, and rehabilitation services located in 21 states. The operations are organized into Regional Health Ministries, National Health Ministries and Mission Health Ministries ("Health Ministries"). The mission statement for the Corporation is as follows:

We, Trinity Health, serve together in the spirit of the Gospel as a compassionate and transforming healing presence within our communities.

Community Benefit Ministry – Consistent with its mission, the Corporation provides medical care to all patients regardless of their ability to pay. In addition, the Corporation provides services intended to benefit the poor and underserved, including those persons who cannot afford health insurance or other payments such as copays and deductibles because of inadequate resources and/or are uninsured or underinsured, and to improve the health status of the communities in which it operates. The following summary has been prepared in accordance with the Catholic Health Association of the United States', *A Guide for Planning and Reporting Community Benefit*, 2013 Edition.

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

	2015	2014
Ministry for the poor and underserved:		
Charity care at cost	$ 190,723	$ 239,403
Unpaid cost of Medicaid and other public programs	380,673	313,351
Programs for the poor and the underserved:		
Community health services	27,596	21,251
Subsidized health services	48,767	46,631
Financial contributions	12,409	9,676
Community building activities	1,886	1,221
Community benefit operations	2,827	2,738
Total programs for the poor and underserved	93,485	81,517
Ministry for the poor and underserved	664,881	634,271
Ministry for the broader community:		
Community health services	12,928	13,510
Health professions education	101,048	102,059
Subsidized health services	42,040	41,890
Research	3,672	4,407
Financial contributions	29,403	27,984
Community building activities	1,615	2,287
Community benefit operations	3,199	2,491
Ministry for the broader community	193,905	194,628
Community benefit ministry	$ 858,786	$ 828,899

The Corporation provides a significant amount of uncompensated care to its uninsured and underinsured patients, which is reported as bad debt at cost and not included in the amounts reported above. During the years ended June 30, 2015 and 2014, the Corporation reported bad debt at cost (determined using a cost-to-charge ratio applied to the provision for bad debts) of $116.4 million and $192.5 million, respectively.

Ministry for the poor and underserved represents the financial commitment to seek out and serve those who need help the most, especially the poor, the uninsured and the indigent. This is done with the conviction that healthcare is a basic human right.

Ministry for the broader community represents the cost of services provided for the general benefit of the communities in which the Corporation operates. Many programs are targeted toward populations that may be poor, but also include those areas that may need special health services and support. These programs are not intended to be financially self-supporting.

Charity care at cost represents the cost of services provided to patients who cannot afford health care services due to inadequate resources and/or are uninsured or underinsured. A patient is classified as a charity patient in accordance with the Corporation's established policies as further described in Note 4. The cost of charity care is calculated using a cost-to-charge ratio methodology.

Unpaid cost of Medicaid and other public programs represents the cost (determined using a cost-to-charge ratio) of providing services to beneficiaries of public programs, including state Medicaid and indigent care programs, in excess of governmental and managed care contract payments.

Community health services are activities and services for which no patient bill exists. These services are not expected to be financially self-supporting, although some may be supported by outside grants or funding. Some examples include community health education, free immunization services, free or low cost prescription medications, and rural and urban outreach programs. The Corporation actively collaborates with community groups and agencies to assist those in need in providing such services.

Health professions education includes the unreimbursed cost of training health professionals such as medical residents, nursing students, technicians and students in allied health professions.

Subsidized health services are net costs for billed services that are subsidized by the Corporation. These include services offered despite a financial loss because they are needed in the community and either other providers are unwilling to provide the services or the services would otherwise not be available in sufficient amount. Examples of services include free-standing community clinics, hospice care, mobile units and behavioral health services.

Research includes unreimbursed clinical and community health research and studies on health care delivery.

Financial contributions are made by the Corporation on behalf of the poor and underserved to community agencies. These amounts include special system-wide funds used for charitable activities as well as resources contributed directly to programs, organizations, and foundations for efforts on behalf of the poor and underserved. Amounts included here also represent certain in-kind donations.

Community building activities include the costs of programs that improve the physical environment, promote economic development, enhance other community support systems, develop leadership skills training, and build community coalitions.

Community benefit operations include costs associated with dedicated staff, community health needs and/or asset assessments, and other costs associated with community benefit strategy and operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation – The consolidated financial statements include the accounts of the Corporation, and all wholly-owned, majority-owned and controlled organizations. Investments where the Corporation holds less than 20% of the ownership interest are accounted for using the cost method. All other investments that are not controlled by the Corporation are accounted for using the equity method of accounting. The equity share of income or losses from investments in unconsolidated affiliates is recorded in other revenue if the unconsolidated affiliate is operational and projected to make routine and regular cash distributions; otherwise, the equity share of income or losses from investments in unconsolidated affiliates is recorded in nonoperating items in the consolidated statements of operations and changes in net assets. All material intercompany transactions and account balances have been eliminated in consolidation.

The consolidated financial statements for the years ended June 30, 2015 and 2014 have been reclassified to present the operations of Saint James Mercy Hospital ("SJMH"); Saint Michael's Medical Center ("St. Michael's"); Mercy Health Partners, North ("North"); Mercy Health System of Maine ("Mercy Maine"); Mercy Suburban Hospital and East Norriton Physician Services ("Mercy Suburban"); and St. Joseph Mercy Port Huron ("Port Huron") as discontinued operations. The consolidated statements of cash flows include impacts of cash flows related to these entities. Notes to these consolidated financial statements exclude these entities.

Use of Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Corporation to make assumptions, estimates and judgments that affect the amounts reported in the consolidated financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. The Corporation considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following: recognition of net patient service revenue, which includes contractual allowances, provisions for bad debts and charity care; recorded values of investments, derivatives, and goodwill; reserves for losses and expenses related to health care professional and general liabilities; and risks and assumptions for measurement of pension and retiree medical liabilities. Management relies on historical experience and other assumptions believed to be reasonable in making its judgments and estimates. Actual results could differ materially from those estimates.

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

Investments – Investments, inclusive of assets limited or restricted as to use, include marketable debt and equity securities. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value and are classified as trading securities. Investments also include investments in commingled funds, hedge funds and other investments structured as limited liability corporations or partnerships. Commingled funds and hedge funds that hold securities directly are stated at the fair value of the underlying securities, as determined by the administrator, based on readily determinable market values or based on net asset value, which is calculated using the most recent fund financial statements. Limited liability corporations and partnerships are accounted for under the equity method.

Investment Earnings – Investment earnings include interest, dividends, realized gains and losses, unrealized gains and losses, and equity earnings. Investment earnings on assets held by trustees under bond indenture agreements, assets designated by the Corporation's Board of Directors ("Board") for debt redemption, assets held for borrowings under the intercompany loan program, assets held by grant-making foundations and assets deposited in trust funds by a captive insurance company for self-insurance purposes in accordance with industry practices are included in other revenue in the consolidated statements of operations and changes in net assets. Investment earnings from all other investments and board designated funds are included in nonoperating investment income unless the income or loss is restricted by donor or law.

Derivative Financial Instruments – The Corporation periodically utilizes various financial instruments (e.g., options and swaps) to hedge interest rates, equity downside risk and other exposures. The Corporation's policies prohibit trading in derivative financial instruments on a speculative basis. The Corporation recognizes all derivative instruments in the consolidated balance sheets at fair value.

Securities Lending – The Corporation participates in securities lending transactions whereby a portion of its investments are loaned, through its agent, to various parties in return for cash and securities from the parties as collateral for the securities loaned. Each business day, the Corporation, through its agent, and the borrower determine the market value of the collateral and the borrowed securities. If on any business day the market value of the collateral is less than the required value, additional collateral is obtained as appropriate. The amount of cash collateral received under securities lending is reported as an asset and a corresponding payable in the consolidated balance sheets and is up to 105% of the market value of securities loaned. As of June 30, 2015 and 2014, the Corporation had securities loaned of $280.1 million and $207.1 million, respectively, and received collateral (cash and noncash) totaling $286.4 million and $212.7 million, respectively, relating to the securities loaned. The fees received for these transactions are recorded in investment income in the consolidated statements of operations and changes in net assets. In addition, certain pension plans participate in securities lending programs with the Northern Trust Company, the plans' agent.

Assets Limited as to Use – Assets set aside by the Board for future capital improvements, future funding of retirement programs and insurance claims, retirement of debt, held for borrowings under the intercompany loan program, and other purposes over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under bond indenture and certain other agreements, and self-insurance trust and benefit plan arrangements are included in assets limited as to use.

Donor-Restricted Gifts – Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as 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 accomplished, temporarily restricted net assets are reclassified to 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 reported as unrestricted contributions in the consolidated statements of operations and changes in net assets.

Inventories – Inventories are stated at the lower of cost or market. The cost of inventories is determined principally by the weighted average cost method.

Assets and Liabilities Held for Sale – The Corporation has classified certain assets as assets held for sale in the consolidated balance sheets when the assets have met applicable criteria for this classification. The Corporation has also classified as held for sale those liabilities related to assets held for sale.

Property and Equipment – Property and equipment, including internal-use software, are recorded at cost, if purchased, or at fair value at the date of donation, if donated. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using either the straight-line or an accelerated method and includes capital lease and internal-use software amortization. The useful lives of these assets range from 2 to 50 years. Interest costs incurred during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from the excess of revenue over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Goodwill – Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized.

Asset Impairments –

Property and Equipment – The Corporation evaluates long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future undiscounted cash flows. If the estimated future undiscounted cash flows are less than the carrying value of the assets, the impairment recognized is calculated as the carrying value of the long-lived assets in excess of the fair value of the assets. The fair value of the assets is estimated based on appraisals, established market values of comparable assets or internal estimates of future net cash flows expected to result from the use and ultimate disposition of the assets.

Goodwill – Goodwill is tested for impairment on an annual basis or when an event or change in circumstance indicates the value of a reporting unit may have changed. Testing is conducted at the reporting unit level. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. Estimates of fair value are based on appraisals, established market prices for comparable assets or internal estimates of future net cash flows.

The following table provides information on changes in the carrying amount of goodwill, which is included in the accompanying consolidated financial statements of the Corporation as of June 30 (in thousands):

	2015	2014
As of July 1:		
Goodwill	$ 161,651	$ 159,469
Accumulated impairment loss	(7,878)	(7,875)
Total	153,773	151,594
Goodwill acquired during the year	142,270	2,182
Impairment loss	(2,347)	(3)
Total	$ 293,696	$ 153,773
As of June 30:		
Goodwill	$ 303,921	$ 161,651
Accumulated impairment loss	(10,225)	(7,878)
Total	$ 293,696	$ 153,773

Other Assets **–** Other assets includes long-term notes receivable, reinsurance recovery receivables, definite and indefinite-lived intangible assets other than goodwill, deferred financing costs, and prepaid pension and retiree health costs. The net balances of definite-lived intangible assets include noncompete agreements, physician guarantees and other definite-lived intangible assets with finite lives amortized using the straight-line method over their estimated useful lives, which generally range from 2 to 10 years. Indefinite-lived intangible assets primarily include trade names.

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

Other Long-Term Liabilities – Other long-term liabilities include deferred compensation, asset retirement obligations, interest rate swaps and deferred revenue from entrance fees. Deferred revenue from entrance fees are fees paid by residents of facilities for the elderly upon entering into continuing care contracts (net of the portion that is refundable to the resident), which are recorded as deferred revenue and amortized to income using the straight-line method over the estimated remaining life expectancy of the resident.

Temporarily and Permanently Restricted Net Assets – Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity.

Patient Accounts Receivable, Estimated Receivables from and Payables to Third-Party Payors and Net Patient Service Revenue – The Corporation has agreements with third-party payors that provide for payments to the Corporation's Health Ministries at amounts different from established rates. Patient accounts receivable and net patient service revenue are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Estimated retroactive adjustments under reimbursement agreements with third-party payors and other changes in estimates are included in net patient service revenue and estimated receivables from and payables to third-party payors. 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. Estimated receivables from third-party payors include amounts receivable from Medicare and state Medicaid meaningful use programs.

Self-Insured Employee Health Benefits – The Corporation administers self-insured employee health benefit plans for employees. The majority of the Corporation's employees participate in the programs. The provisions of the plans permit employees and their dependents to elect to receive medical care at either the Corporation's Health Ministries or other health care providers. Gross patient service revenue has been reduced by an allowance for self-insured employee health benefits, which represents revenue attributable to medical services provided by the Corporation to its employees and dependents in such years.

Allowance for Doubtful Accounts – The Corporation recognizes a significant amount of patient service revenue at the time the services are rendered even though the Corporation does not assess the patient's ability to pay at that time. As a result, the provision for bad debts is presented as a deduction from patient service revenue (net of contractual provisions and discounts). For uninsured and underinsured patients that do not qualify for charity care, the Corporation establishes an allowance to reduce the carrying value of such receivables to their estimated net realizable value. This allowance is established based on the aging of accounts receivable and the historical collection experience by the Health Ministries and for each type of payor. A significant portion of the Corporation's provision for doubtful accounts relates to self-pay patients, as well as co-payments and deductibles owed to the Corporation by patients with insurance.

Premium and Capitation Revenue – The Corporation has certain Health Ministries that arrange for the delivery of health care services to enrollees through various contracts with providers and common provider entities. Enrollee contracts are negotiated on a yearly basis. Premiums are due monthly and are recognized as revenue during the period in which the Corporation is obligated to provide services to enrollees. Premiums received prior to the period of coverage are recorded as deferred revenue and included in accrued expenses in the consolidated balance sheets.

Certain of the Corporation's Health Ministries have entered into capitation arrangements whereby they accept the risk for the provision of certain health care services to health plan members. Under these agreements, the Corporation's Health Ministries are financially responsible for services provided to the health plan members by other institutional health care providers. Capitation revenue is recognized during the period for which the Health Ministry is obligated to provide services to health plan enrollees under capitation contracts. Capitation receivables are included in other receivables in the consolidated balance sheets.

Reserves for incurred but not reported claims have been established to cover the unpaid costs of health care services covered under the premium and capitation arrangements. The premium and capitation arrangement reserves are classified with accrued expenses in the consolidated balance sheets. The liability is estimated based on actuarial studies, historical reporting, and payment trends. Subsequent actual claim experience will differ from the estimated liability due to variances in estimated and actual utilization of health care services, the amount of charges, and other factors. As settlements are made and estimates are revised, the differences are reflected in current operations.

Income Taxes – The Corporation and substantially all of its subsidiaries have been recognized as tax-exempt pursuant to Section 501(a) of the Internal Revenue Code. The Corporation also has taxable subsidiaries, which are included in the consolidated financial statements. Certain of the taxable subsidiaries have entered into tax sharing agreements and file consolidated federal income tax returns with other corporate taxable subsidiaries. The Corporation includes penalties and interest, if any, with its provision for income taxes in other nonoperating items in the consolidated statements of operations and changes in net assets.

Excess of Revenue Over Expenses – The consolidated statements of operations and changes in net assets includes excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over expenses, consistent with industry practice, include the effective portion of the change in market value of derivatives that meet hedge accounting requirements, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets received or gifted (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets), net change in retirement plan related items, discontinued operations, extraordinary items and cumulative effects of changes in accounting principles.

Adopted Accounting Pronouncements –

On June 30, 2015, the Corporation adopted Accounting Standard Update ("ASU") 2015-07, *"Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)."* This guidance removes the requirement to categorize within the fair value hierarchy all investments for which the fair value is measured using the net asset value per share practical expedient. This guidance also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The adoption of this guidance resulted in a restatement of the June 30, 2014 fair value disclosures as presented in Notes 8 and 10.

On July 1, 2014, the Corporation adopted ASU 2013-11, *"Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists."* This guidance requires entities to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit, with some exceptions. The adoption of this guidance had no impact on the Corporation's consolidated financial statements.

On July 1, 2014, the Corporation adopted ASU 2013-04, "*Obligations Resulting From Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date*." This guidance requires entities to measure obligations resulting from the joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date. The adoption of this guidance had no impact on the Corporation's consolidated financial statements.

Forthcoming Accounting Pronouncements –

In July 2015, the Financial Accounting Standards Board ("FASB") issued ASU 2015-14, *"Revenue From Contracts With Customers (Topic 606): Deferral of the Effective Date,"* which defers the effective date of the FASB's revenue standard, ASU 2014-09, *"Revenue From Contracts with Customers,"* by one year for all entities and permits early adoption on a limited basis. In May 2014, the FASB issued ASU 2014-09, *"Revenue From Contracts With Customers."* This guidance outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. After the deferral this guidance is now effective for the Corporation beginning July 1, 2018. The Corporation is still evaluating the impact this guidance may have on its consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, *"Simplifying the Measurement of Inventory."* This guidance requires entities to measure most inventories at the lower of cost or net realizable value. This guidance is effective for the Corporation beginning July 1, 2017. The Corporation does not expect this guidance to have a material impact on its consolidated financial statements.

In May 2015, the FASB issued ASU 2015-09, *"Disclosures About Short-Duration Contracts."* This guidance expands the disclosures that an insurance entity must provide about its short-duration insurance contracts. This guidance is effective for the Corporation beginning July 1, 2017. The Corporation has not yet evaluated the impact this guidance may have on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, *"Simplifying the Presentation of Debt Issuance Costs."* This guidance requires debt issuance costs to be presented as a direct deduction from the related debt rather than as an asset. This guidance is effective for the Corporation beginning July 1, 2016. As of June 30, 2015, the Corporation expects that the adoption of this guidance will result in a reduction to total assets and total liabilities in the consolidated balance sheets by approximately $32.6 million.

In February 2015, the FASB issued ASU 2015-02, *"Amendments to the Consolidation Analysis."* This guidance significantly changes the consolidation analysis required under accounting principles generally accepted in the Unites States of America. This guidance is effective for the Corporation beginning July 1, 2016. The Corporation has not yet evaluated the impact this guidance may have on its consolidated financial statements.

In January 2015, the FASB issued ASU 2015-01, *"Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items."* This guidance eliminates the concept of an extraordinary item. This guidance is effective for the Corporation beginning July 1, 2016. The Corporation does not expect this guidance to have an impact on its consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *"Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern,"* which provides guidance on determining when and how reporting entities must disclose going-concern uncertainties in their financial statements. This guidance is effective for the Corporation beginning July 1, 2017. The Corporation does not expect this guidance to have an impact on its consolidated financial statements.

In June 2014, the FASB issued ASU 2014-11, *"Transfers and Servicing: Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures."* This guidance requires entities to account for repurchase-to-maturity transactions as secured borrowings (rather than sales with forward repurchase agreements), eliminates accounting guidance on linked repurchase financing transactions, and expands disclosure requirements related to certain transfers (specifically repurchase agreements, securities lending transactions, and repurchase-to-maturity transactions) accounted for as secured borrowings. This guidance is effective for the Corporation beginning July 1, 2015. This guidance will not have an impact on its consolidated financial statements but will increase disclosures related to security lending transactions.

In April 2014, the FASB issued ASU 2014-08, *"Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity."* This guidance amends the definition of a discontinued operation and requires additional disclosures about discontinued operations as well as disposal transactions that do not meet the discontinued operations criteria. This guidance is effective for the Corporation for all disposal transactions that occur after July 1, 2015. The Corporation expects that the adoption of this guidance will have an impact on classification and disclosures related to prospective disposals.

3. INVESTMENTS IN UNCONSOLIDATED AFFILIATES, BUSINESS ACQUISITIONS, DIVESTITURES AND DISCONTINUED OPERATIONS

Investments in Unconsolidated Affiliates – The Corporation and certain of its Health Ministries have investments in entities that are recorded under the cost and equity methods of accounting. As of June 30, 2015 and 2014, the Corporation maintained investments in unconsolidated affiliates with ownership interests ranging from 3.0% to 51.0% and 0.7% to 51.0%, respectively. The Corporation's share of equity earnings from entities accounted for under the equity method was $179.8 million and $320.4 million for the years ended June 30, 2015 and 2014, respectively, of which ($3.1) million and $54.7 million, respectively, is included in other revenue and $182.9 million and $265.7 million, respectively, is included in nonoperating items in the consolidated statements of operations and changes in net assets. The most significant of these investments include the following:

BayCare Health System – The Corporation has a 50.4% interest in BayCare Health System Inc. and Affiliates ("BayCare"), a Florida not-for-profit corporation exempt from state and federal income taxes. BayCare was formed in 1997 pursuant to a Joint Operating Agreement ("JOA") among the not-for-profit, tax-exempt members of the CHE BayCare Participants, Morton Plant Mease Health Care, Inc., and South Florida Baptist Hospital, Inc. (collectively, the "Members"). BayCare consists of three community health alliances located in the Tampa Bay area of Florida including St. Joseph's-Baptist Healthcare Hospital, St. Anthony's Health Care, and Morton Plant Mease Health Care. The Corporation has the right to appoint nine of the 21 voting members of the Board of Directors of BayCare, therefore the Corporation accounts for BayCare under the equity method of accounting. As of June 30, 2015 and 2014, the Corporation's investment in BayCare totaled $1,934.2 million and $1,770.9 million, respectively.

Gateway Health Plan – The Corporation has a 50% interest in Gateway Health Plan, L.P. and subsidiaries ("GHP"), a Pennsylvania limited partnership. GHP has two general partners, Highmark Ventures Inc., formerly known as Alliance Ventures, Inc., and Mercy Health Plan (a wholly owned subsidiary of the Corporation), each owning 1%. In addition to the general partners, there are two limited partners, Highmark Inc. and Mercy Health Plan, each owning 49%. As of June 30, 2015 and 2014, the Corporation's investment in GHP totaled $135.7 million and $178.9 million, respectively.

Catholic Health System, Inc. – The Corporation has a one-third interest in Catholic Health System, Inc. and subsidiaries ("CHS"). CHS, formed in 1998, is a not-for-profit integrated delivery healthcare system in western New York jointly sponsored by the Sisters of Mercy, Ascension Health System, the Franciscan Sisters of St. Joseph, and the Diocese of Buffalo. The Corporation, Ascension Health System, and the Diocese of Buffalo are the corporate members of CHS. CHS operates several organizations, the largest of which are four acute care hospitals located in Buffalo, New York: Mercy Hospital of Buffalo; Kenmore Mercy Hospital; Sisters of Charity Hospital; and St. Joseph Hospital. As of June 30, 2015 and 2014, the Corporation's investment in CHS totaled $51.7 million and $68.0 million, respectively.

Emory Healthcare/St. Joseph's Health System – The Corporation has a 49% interest in Emory Healthcare/St. Joseph's Health System ("EH/SJHS"). EH/SJHS operates several organizations, including two acute care hospitals, St. Joseph's Hospital of Atlanta and John's Creek Hospital. As of June 30, 2015 and 2014, the Corporation's investment in EH/SJHS totaled $72.5 million and $60.3 million, respectively.

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

	2015			
	Baycare	**GHP**	**CHS**	**EH/SJHS**
Total assets	$ 5,810,907	$ 832,004	$ 1,084,263	$ 448,082
Total liabilities	$ 1,781,550	$ 560,609	$ 923,740	$ 292,955

	2014			
	Baycare	**GHP**	**CHS**	**EH/SJHS**
Total assets	$ 5,390,589	$ 643,593	$ 872,106	$ 430,434
Total liabilities	$ 1,676,157	$ 285,835	$ 662,733	$ 289,101

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

	2015			
	Baycare	GHP	CHS	EH/SJHS
Revenue, net	$ 2,898,550	$ 2,005,540	$ 977,555	$ 478,177
Excess (deficiency) of revenue over expenses	$ 336,011	$ (76,960)	$ 30,833	$ 1,165

	2014			
	Baycare	GHP	CHS	EH/SJHS
Revenue, net	$ 2,591,325	$ 1,849,055	$ 939,581	$ 368,190
Excess (deficiency) of revenue over expenses	$ 576,392	$ 32,377	$ 42,821	$ (33,832)

The following amounts have been recognized in the accompanying consolidated statements of operations and changes in net assets related to the investments in BayCare, GHP, CHS and EH/SJHS for the years ended June 30 (in thousands):

	2015			
	Baycare	GHP	CHS	EH/SJHS
Other revenue	$ -	$ (38,480)	$ -	$ -
Equity in earnings of unconsolidated organizations	172,361	-	9,635	377
Other changes in unrestricted net assets	(9,654)	(8,492)	(25,982)	36,130
Total	$ 162,707	$ (46,972)	$ (16,347)	$ 36,507

	2014			
	Baycare	GHP	CHS	EH/SJHS
Other revenue	$ -	$ 15,996	$ -	$ -
Equity in earnings of unconsolidated organizations	288,196	-	14,260	(26,446)
Other changes in unrestricted net assets	9,282	(3,948)	36,781	(7,382)
Total	$ 297,478	$ 12,048	$ 51,041	$ (33,828)

The unaudited summarized financial position and results of operations for the entities accounted for under the equity method excluding BayCare, GHP, CHS and EH/SJHS as of and for the years ended June 30 are as follows (in thousands):

	2015					
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Hospital Organizations	Other Investees	Total
Total assets	$ 88,670	$ 145,832	$ 41,681	$ 33,589	$ 492,431	$ 802,203
Total liabilities	$ 68,634	$ 56,137	$ 22,633	$ 27,053	$ 234,938	$ 409,395
Net assets	$ 20,036	$ 89,694	$ 19,047	$ 6,537	$ 257,493	$ 392,807
Revenue, net	$ 17,956	$ 179,947	$ 77,285	$ 39,119	$ 1,149,781	$ 1,464,088
Excess (deficiency) of revenue over expenses	$ 4,120	$ 23,850	$ 21,480	$ (455)	$ 39,008	$ 88,003

	2014					
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Hospital Organizations	Other Investees	Total
Total assets	$ 87,931	$ 106,813	$ 72,113	$ 26,845	$ 512,647	$ 806,349
Total liabilities	$ 69,872	$ 38,732	$ 42,502	$ 21,609	$ 280,263	$ 452,978
Net assets	$ 18,059	$ 68,081	$ 29,611	$ 5,236	$ 232,384	$ 353,371
Revenue, net	$ 18,103	$ 145,907	$ 134,207	$ 35,474	$ 682,900	$ 1,016,591
Excess (deficiency) of revenue over expenses	$ 3,454	$ 16,245	$ 40,508	$ (421)	$ 20,080	$ 79,866

Acquisitions:

Saint Joseph's Hospital Health Center ("SJHHC") – On July 1, 2015, the Corporation became the sole corporate member of SJHHC. See Note 14 for further information.

Consolidation of Siouxland Surgery Center, LLP ("Siouxland") – Effective July 1, 2014, a venture was created between Mercy Health Services – Iowa, Corp. ("Mercy") and USP Health Ventures, LLC ("USP"), (collectively, "Mercy/USP"). Mercy owns a controlling interest of 55.71% and USP owns the remaining 44.29% interest of the venture. Mercy/USP then entered into a Securities Purchase Agreement with SSC Physician Investors, LLC ("Physician Investors"), whereby Mercy contributed 30.9% of their preexisting ownership of Siouxland and USP contributed their newly acquired 24.6% ownership of Siouxland, resulting in Mercy/USP owning a controlling interest of 55.54% of Siouxland with the remaining 44.46% interest owned by Physician Investors. As a result of the transaction, Mercy reported a gain of $40.3 million on its preexisting ownership interest in other nonoperating items in the consolidated statements of operations and changes in net assets in July 2014 and recognized goodwill of $136.3 million in the consolidated balance sheet. Siouxland operates a surgical specialty hospital and medical facility in Dakota Dunes, South Dakota.

Summarized consolidated opening balance sheet information for Mercy/USP is shown below and includes the acquisition of $13.2 million of long-term debt including the current portion (in thousands):

Cash	$ 1,778		Current portion of long-term debt	$ 1,031
Patient accounts receivable	9,949		Accounts payable and accrued expenses	7,180
Other current assets	3,301		Salary, wages, and related liabilities	2,154
Property and equipment	24,313		Long-term debt, net of current portion	12,154
Goodwill	136,251		Total liabilities acquired	$ 22,519
Other assets	318			
Total assets acquired	$ 175,910		Unrestricted net assets	$ 54,383
			Unrestricted noncontrolling interest	99,008
			Total net assets	$ 153,391

The operating results for Siouxland for the year ended June 30, 2015 include revenue of $74.0 million and excess of revenue over expenses, prior to the adjustment for noncontrolling interest, of $29.2 million.

Pending Acquisitions:

Saint Francis Care ("SFC") – On December 17, 2014, the Corporation entered into a definitive agreement to become the sole corporate member of SFC, an integrated healthcare delivery system located in Hartford, Connecticut and the largest Catholic healthcare provider in New England with $805.2 million of revenue reported for the fiscal year ended September 30, 2014 and total assets of $876.8 million as of September 30, 2014. As part of the transaction, an investment of $275 million in capital will be committed over a five year period by the Corporation. The transaction is subject to approval by the State of Connecticut.

Divestitures:

SJMH – Effective May 1, 2015, the Corporation spun off substantially all of the operations of SJMH to form an independent entity. Certain assets of SJMH were classified as held for sale in the consolidated balance sheets as of June 30, 2014. As a result of the spin-off, a loss on disposal of $4.9 million and an asset impairment charge of $12.7 million was recorded in unrestricted net assets. The consolidated financial statements for all periods present the operations of SJMH as a discontinued operation. For the years ended June 30, 2015 and 2014, SJMH reported revenue of $40.1 million and $40.3 million, respectively, and deficiency of revenue over expenses of $13.1 million and $6.2 million, respectively, in discontinued operations in the consolidated statements of changes in net assets. As of June 30, 2014, assets held for sale were $12.1 million. The majority of assets held for sale consisted of property and equipment.

North – Effective February 1, 2015, the Corporation sold substantially all of the Corporation's healthcare operations located in Cadillac, Michigan and Grayling, Michigan to Munson Healthcare. As a result of the sale, a loss on disposal of $5.1 million was recorded in unrestricted net assets. Certain assets and liabilities of North were classified as held for sale in the consolidated balance sheets as of June 30, 2014. The consolidated financial statements present the hospital operations of North as a discontinued operation. For the years ended June 30, 2015 and 2014, North reported revenue of $112.8 million and $150.2 million, respectively, and deficiency of revenue over expenses of $3.9 million and $13.4 million in discontinued operations in the consolidated statements of changes in net assets.

As of June 30, 2014, assets held for sale for North of $44.7 million consisted of (in thousands):

Inventories	$ 3,369
Assets limited or restricted as to use	2,313
Property and equipment	36,710
Investments in unconsolidated affiliates	2,314
Total assets	$ 44,706

Mercy Maine – Effective October 1, 2013, membership of Mercy Maine was assumed by Eastern Maine Health System ("EMHS") via a membership substitution. Substantially all assets and liabilities transferred to EMHS on that date. As a result of the transfer, a loss on disposal of $80.7 million was recorded in unrestricted net assets. The consolidated financial statements for the year ended June 30, 2014 present the operations of Mercy Maine as a discontinued operation. For the year ended June 30, 2014, the Corporation reported revenue of $55.5 million and excess of revenue over expenses of $0.4 million in discontinued operations in the consolidated statements of operations and changes in net assets.

Discontinued Operations:

Mercy Suburban – On February 26, 2015, the Corporation entered into a definitive agreement with Prime Healthcare Services ("Prime"), a hospital system based in Ontario, California, under which substantially all of the healthcare operations and certain assets of Mercy Suburban would be acquired by Prime. Certain assets and liabilities of Mercy Suburban have been classified as held for sale in the consolidated balance sheets. The consolidated financial statements for all periods present the operations of Mercy Suburban as a discontinued operation. Mercy Suburban reported revenue of $104.2 million and $98.7 million and deficiency of revenue over expenses of $2.6 million and $40.2 million, which includes a $32.7 impairment charge, for the years ended June 30, 2015 and 2014, respectively, in discontinued operations in the consolidated statements of changes in net assets. As of June 30, 2015, assets held for sale were $17.7 million and consisted of (in thousands):

Inventories	$ 2,196
Property and equipment	15,501
Total assets	$ 17,697

Port Huron – On November 19, 2014, the Corporation entered into a definitive agreement with Prime under which substantially all of the healthcare operations and certain assets located in Port Huron, Michigan would be acquired by Prime. The effective date of this transaction was September 1, 2015 (see Note 14 for further information). Certain assets and liabilities of Port Huron have been classified as held for sale in the consolidated balance sheets. The consolidated financial statements for all periods present the operations of Port Huron as a discontinued operation. Port Huron reported revenue of $76.1 million and $77.2 million and deficiency of revenue over expenses of $2.5 million and $4.4 million for the years ended June 30, 2015 and 2014, respectively, in discontinued operations in the consolidated statements of changes in net assets. As of June 30, 2015 and 2014, assets held for sale were $38.6 million and $39.4 million, respectively, and liabilities held for sale were $2.4 million and $2.0 million, respectively.

The assets and liabilities held for sale for Port Huron as of June 30 consisted of (in thousands):

	2015	2014		2015	2014
Cash and investments	$ 1,375	$ 1,003	Current portion of long-term debt	$ 204	$ 167
Patient accounts receivable - net	7,406	7,224	Salaries, wages and related liabilities	1,051	1,036
Inventories	1,866	1,732	Long-term debt, net of current portion	664	333
Other current assets	759	2,133	Other long-term liabilities	437	417
Assets limited or restricted as to use	1,321	1,291	Total liabilities	$ 2,356	$ 1,953
Property and equipment	25,801	25,955			
Other long-term assets	94	78			
Total assets	$ 38,622	$ 39,416			

St. Michael's – On February 8, 2013, St. Michael's entered into an asset purchase agreement under which the hospital would be acquired by Prime. The majority of assets and liabilities of St. Michael's have been classified as held for sale in the consolidated balance sheets. The transaction is pending subject to approval by the state of New Jersey. In August 2015, St. Michael's filed for bankruptcy (see Note 14 for further information). The consolidated financial statements for all periods present the operations of St. Michael's as a discontinued operation. For the year ended June 30, 2015 and 2014, St. Michael's reported revenue of $195.6 million and $194.2 million, respectively, and deficiency of revenue over expenses of $19.6 million and $15.0 million, respectively, in discontinued operations in the consolidated statements of changes in net assets. As of June 30, 2015 and 2014, assets held for sale were $120.2 million and $127.9 million, respectively, and liabilities held for sale were $256.4 million and $257.9 million, respectively. The assets and liabilities held for sale as of June 30 consisted of (in thousands):

	2015	2014		2015	2014
Patient accounts receivable	$ 23,503	$ 21,475	Current portion of long-term debt	$ 4,900	$ 4,490
Other current assets	10,444	9,418	Accounts payable & accrued expenses	21,318	17,085
Property and equipment	80,781	81,465	Other current liabilities	7,227	8,546
Other assets	5,441	15,559	Long-term debt, net of current portion	222,940	227,799
Total assets	$ 120,169	$ 127,917	Total liabilities	$ 256,385	$ 257,920

4. NET PATIENT SERVICE REVENUE

A summary of the payment arrangements with major third-party payors is as follows:

Medicare – Acute inpatient and outpatient services rendered to Medicare program beneficiaries are paid primarily at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain items are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediaries.

Medicaid – Reimbursement for services rendered to Medicaid program beneficiaries includes prospectively determined rates per discharge, per diem payments, discounts from established charges, fee schedules, and cost reimbursement methodologies with certain limitations. Cost reimbursable items are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid fiscal intermediaries.

Other – Reimbursement for services to certain patients is received from commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for reimbursement includes prospectively determined rates per discharge, per diem payments, and discounts from established charges.

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.

Charity Care – The Corporation provides services to all patients regardless of ability to pay. In accordance with the Corporation's policy, a patient is classified as a charity patient based on income eligibility criteria as established by the Federal Poverty Guidelines. Charges for services to patients who meet the Corporation's guidelines for charity care are not reflected in the accompanying consolidated financial statements.

Patient service revenues, net of contractual and other allowances (but before the provision for bad debts), recognized during the years ended June 30 are as follows (in thousands):

	2015	2014
Medicare	$ 4,924,529	$ 4,657,688
Blue Cross	2,623,777	2,522,197
Medicaid	1,859,985	1,602,615
Uninsured	366,871	485,688
Commercial and Other	3,068,184	2,938,272
Total	$ 12,843,346	$ 12,206,460

A summary of net patient service revenue before provision for bad debts for the years ended June 30 is as follows (in thousands):

	2015	2014
Gross charges:		
Acute inpatient	$ 17,563,491	$ 16,718,480
Outpatient, nonacute inpatient, and other	20,183,959	18,633,833
Gross patient service revenue	37,747,450	35,352,313
Less:		
Contractual and other allowances	(24,180,845)	(22,190,300)
Charity care charges	(723,259)	(955,553)
Net patient service revenue before provision for bad debts	$ 12,843,346	$ 12,206,460

The Affordable Care Act resulted in a reduction in the allowance for doubtful accounts and charity care charges during the year ended June 30, 2015 as well as an increase in contractual and other allowances as a result of self-pay patients obtaining insurance coverage under state insurance exchanges or Medicaid programs.

5. PROPERTY AND EQUIPMENT

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

	2015	2014
Land	$ 325,846	$ 311,311
Buildings and improvements	8,057,499	7,597,586
Equipment	5,486,909	5,143,382
Capital leased assets	177,290	192,387
Total	14,047,544	13,244,666
Accumulated depreciation	(7,764,610)	(7,237,761)
Construction in progress	490,349	560,053
Property and equipment, net	$ 6,773,283	$ 6,566,958

As of June 30, 2015, commitments to purchase property and equipment of approximately $320 million were outstanding. Significant commitments are primarily for facility expansion at existing campuses and related infrastructures at the following Health Ministries: St. Peter's Health Partners in Albany, New York – $77 million; Mercy Health System of Chicago ("MHSC") in Chicago, Illinois – $59 million; Holy Cross Hospital in Silver Spring, Maryland – $35 million; Loyola University Health System ("LUHS") in Chicago, Illinois – $29 million; and Mount Carmel Health System in Columbus, Ohio – $25 million with the remaining amount due to several smaller projects across the Corporation.

As part of the acquisition of LUHS that occurred during the year ended June 30, 2012, the Corporation has committed to spend at least $300 million on capital projects for LUHS through the year ended June 30, 2018. This amount may be increased to $400 million if certain operating thresholds are met. Through June 30, 2015, approximately $216 million of capital expenditures have been incurred on capital projects for LUHS. In addition, as part of the acquisition of MHSC that occurred during the year ended June 30, 2012, the Corporation has committed to spend at least $140 million for capital, information systems and equipment needs to support the operations of MHSC through the year ended June 30, 2017. This amount may be increased to $150 million if certain operating thresholds are met. Through June 30, 2015, approximately $81 million of capital expenditures have been incurred on such MHSC projects.

During the year ended June 30, 2015, the Corporation recorded total impairment charges of $36.1 million, of which $12.7 million is included in discontinued operations, loss from operations, in the consolidated statements of operations and changes in net assets. These impairments relate primarily to facilities that the Corporation significantly underutilized. Impairments were recorded at the following locations as fair value estimates were lower than carrying value: St. Francis, Trenton, New Jersey – $19.1 million; SJMH, Hornell, New York – $12.7 million; and Saint Joseph Mercy Health System, in southeast Michigan – $4.3 million.

During the year ended June 30, 2014, the Corporation recorded total impairment charges of $91.3 million, of which $35 million was reclassed to discontinued operations, loss from operations, in the consolidated statements of operations and changes in net assets. Material adverse trends in the most recent estimates of future undiscounted cash flows of certain hospitals indicated that the carrying value of the long-lived assets was not recoverable from the estimated future cash flows. The Corporation believes the most significant factors contributing to the continuing adverse financial trends include reductions in volumes of insured patients and shifts in payor mix. Fair value was determined using a third-party valuation. Impairments were recorded at the following locations as fair value estimates were lower than carrying value: Mercy Suburban Hospital, Pennsylvania – $31.3 million (included in discontinued operations); Mount Carmel West, Columbus, Ohio – $19.2 million; St. Francis, Wilmington, Delaware – $15.5 million; St. Francis, Trenton, New Jersey – $5.9 million; and other Southeast Michigan locations – $13.5 million.

6. LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

A summary of short-term borrowings and long-term debt as of June 30 is as follows (in thousands):

	2015	2014
Short-term borrowings:		
Variable rate demand bonds with contractual maturities through 2048. Interest payable monthly at rates ranging from 0.01% to 0.67% during 2015 and 0.02% to 0.19% during 2014	$ 1,098,710	$ 1,123,620
Long-term debt:		
Tax-exempt revenue bonds and refunding bonds:		
Fixed rate term and serial bonds, payable at various dates through 2048. Interest rate ranges from 2.0% to 7.62% during 2015 and 2.0% to 7.62% during 2014	$ 3,163,765	$ 2,922,513
Variable rate term bonds, payable at various dates through 2048. Interest rate ranges from 0.22% to 1.01% during 2015 and 0.48% to 4.1% during 2014	560,466	465,410
Taxable fixed rate revenue bonds, payable in 2046. Interest rate of 4.13% during 2015	350,000	-
Notes payable to banks. Interest payable at rates ranging from 1.0% to 6.17%, fixed and variable, payable in varying monthly installments through 2035	39,976	11,675
Capital lease obligations (excluding imputed interest of $44.6 million at June 30, 2015 and $64.6 million at June 30, 2014)	126,975	132,666
Mortgage obligations. Interest payable at rates ranging from 4.1% to 11.0% during 2015 and 1.0% to 11.0% during 2014	97,427	111,161
Other	32,680	35,299
Total long-term debt	4,371,289	3,678,724
Less current portion, net of current discounts	(106,226)	(95,952)
Unamortized premiums, net	149,992	36,232
Long-term debt, net of current portion	$ 4,415,055	$ 3,619,004

Contractually obligated principal repayments on short-term borrowings and long-term debt are as follows (in thousands):

	Short-Term Borrowings	Long-Term Debt
Years ending June 30:		
2016	$ 26,215	$ 107,942
2017	27,890	97,728
2018	30,200	96,378
2019	29,400	103,798
2020	38,665	99,309
Thereafter	946,340	3,866,134
Total	$ 1,098,710	$ 4,371,289

A summary of interest costs on borrowed funds primarily under the revenue bond indentures during the year ended June 30 is as follows (in thousands):

	2015	2014
Interest costs incurred	$ 171,222	$ 171,960
Less capitalized interest	(8,162)	(14,975)
Interest expense included in operations	$ 163,060	$ 156,985

Obligated Group and Other Requirements – The Corporation has debt outstanding under a Master Trust Indenture dated October 3, 2013, as amended and supplemented, the Amended and Restated Master Indenture ("ARMI"). The ARMI permits the Corporation to issue obligations to finance certain activities. Obligations issued under the ARMI are joint and several obligations of the obligated group established thereunder (the "Obligated Group," which currently consists of the Corporation). Proceeds from tax-exempt bonds and refunding bonds are to be used to finance the construction, acquisition and equipping of capital improvements. Proceeds from taxable bonds are to be used to finance corporate purposes. Certain Health Ministries of the Corporation constitute designated affiliates and the Corporation covenants to cause each designated affiliate to pay, loan or otherwise transfer to the Obligated Group such amounts necessary to pay the amounts due on all obligations issued under the ARMI. The Obligated Group and the designated affiliates are referred to as the Credit Group.

The Credit Group does not include certain Affiliates that borrow on their own or are (or may become) members of a separate New York obligated group, but which are included in the Corporation's consolidated financial statements. St. Peter's Hospital of the City of Albany ("St. Peter's") currently is the Obligated Group Agent of an obligated group created under that certain Master Trust Indenture dated as of January 1, 2008, among St. Peter's; St Peter's Health Partners; Memorial Hospital, Albany, N.Y.; Samaritan Hospital of Troy, New York; Seton Health System, Inc.; Sunnyview Hospital and Rehabilitation Center; the Capital Region Geriatric Center, Inc.; and Manufacturers and Traders Trust Company, as Master Trustee.

Pursuant to the ARMI, the Obligated Group Agent has caused the Designated Affiliates representing, when combined with the Obligated Group Members, at least 85% of the consolidated net revenues of the Credit Group to grant to the Master Trustee security interests in their Pledged Property which security interests secure all Obligations issued under the Master Indenture. There are several conditions and covenants required by the ARMI with which the Corporation must comply, including covenants that require the Corporation to maintain a minimum historical debt service coverage and limitations on liens or security interests in property, except for certain permitted encumbrances, affecting the property of the Corporation or any material designated affiliate (a designated affiliate whose total revenues for the most recent fiscal year exceed 5% of the combined total revenues of the Corporation for the most recent fiscal year). Long-term debt outstanding as of June 30, 2015 and 2014 that has not been secured under the ARMI is generally collateralized by certain property and equipment.

On March 25, 2011, MHSC received a commitment from the U.S. Department of Housing and Urban Development (HUD) to insure an approximately $66 million mortgage loan, under the Federal Housing Administration's (FHA) Section 242 Hospital Mortgage Insurance Program. Final closing of this HUD-insured loan occurred on June 30, 2014, at which time the remaining proceeds of this loan were disbursed to MHSC. MHSC's payment obligations under the two mortgage notes evidencing this loan are guaranteed by the Corporation. The mortgage loan agreements with HUD contain various covenants including those relating to limitations on incurring additional debt, transactions with affiliates, transferring or disposing of designated property, use of funds and other assets of the mortgaged property, financial performance, required reserves, insurance coverage, timely submission of specified financial reports and restrictions on prepayment of the mortgage loan. MHSC and the Corporation provided covenants to HUD not to interfere in the performance of MHSC's obligations under the HUD-insured loan documents.

During February and March 2015, the Credit Group issued $896.5 million par value in tax-exempt fixed rate hospital revenue bonds at a premium of $116.4 million as well as $100 million in tax-exempt variable rate hospital revenue bonds under the ARMI. Proceeds were used to retire $548 million of then outstanding fixed rate hospital revenue bonds and $260 million of then outstanding taxable commercial paper obligations. Bonds of $4 million were immediately refunded while bonds of $544 million were advance refunded through net defeasance. The Corporation advance refunded the bonds by depositing funds in trustee-held escrow accounts exclusively for the payment of principal and interest. The trustees/escrow agents are solely responsible for the subsequent extinguishment of the bonds. The trustee held escrow accounts are invested in U.S. government securities. The remaining proceeds will be used to finance, refinance and reimburse a portion of the costs of acquisition, construction, renovation and equipping of health facilities, and to pay related costs of issuance. These transactions resulted in a loss from extinguishment of debt of $95.5 million. During February 2015, the Credit Group issued $350 million par value in taxable fixed rate hospital revenue bonds with a discount of $0.3 million under the ARMI. Proceeds will be used to finance corporate purposes of the Corporation and its affiliates.

In October 2014, the Corporation remarketed $50 million in tax-exempt, variable rate hospital revenue bonds under the ARMI.

Commercial Paper – The Corporation's commercial paper program is authorized for borrowings up to $600 million. As of June 30, 2015 and 2014, the total amount of commercial paper outstanding was $100 million and $240 million, respectively. Proceeds from this program are to be used for general purposes of the Corporation. The notes are payable from the proceeds of subsequently issued notes and from other funds available to the Corporation, including funds derived from the liquidation of securities held by the Corporation in its investment portfolio. The interest rate charged on borrowings outstanding during the year ended June 30, 2015 and 2014 ranged from 0.07% to 0.16% and 0.06% to 0.17%, respectively. During the year ended June 30, 2015, the Corporation issued $120 million of commercial paper. In February 2015, the Corporation paid down $260 million of then outstanding commercial paper obligations.

Liquidity Facilities – In July 2014, the Corporation amended and restated the Trinity Health credit agreements (collectively, the "Credit Agreements") previously entered into between the Corporation and U.S. Bank National Association, which acts as an administrative agent for a group of lenders thereunder. The Credit Agreements establish a revolving credit facility for the Corporation, under which that group of lenders agree to lend to the Corporation amounts that may fluctuate from time to time and totaled $931 million as of June 30, 2015. Amounts drawn under the Credit Agreements can only be used to support the Corporation's obligation to pay the purchase price of bonds that are subject to tender and that have not been successfully remarketed, and the maturing principal of and interest on commercial paper notes. Of the $931 million available balance, $150 million expires in July 2015, $175 million expires in July 2016, $321 million expires in July 2017 and $285 million expires in July 2018. The Credit Agreements are secured by obligations under the Master Indenture. As of June 30, 2015 and 2014, there were no amounts outstanding on these credit agreements. In July 2015, the Corporation renewed and extended the Credit Agreements as follows: $325 million expires in July 2017, $321 million expires in July 2018 and $285 million expires in July 2019.

In addition, in July 2014, the Corporation renewed a three year general purpose credit facility of $200 million. As of June 30, 2015 and 2014, there were no amounts outstanding under this credit facility. In July 2015, the Corporation renewed and extended this credit facility for an additional year.

Standby Letters of Credit **–** The Corporation entered into various standby letters of credit totaling approximately $8.2 million and $17.3 million, as of June 30, 2015 and 2014, respectively. These standby letters of credit are renewed annually and are available to the Corporation as necessary under its insurance programs and for unemployment liabilities. The Corporation also maintained a general purpose facility of $45 million, of which $42 million is related to letters of credit. In July 2015, this general purpose facility was terminated and all letters of credit were merged into the same program. There were no draws on the general purpose facility or letters of credit during the years ended June 30, 2015 and 2014.

7. PROFESSIONAL AND GENERAL LIABILITY PROGRAMS

The Corporation operates a wholly owned insurance company, Venzke Insurance Company, Ltd. (“Venzke”) that qualifies as a captive insurance company and provides certain insurance coverage to the Corporation's Health Ministries under a centralized program. The Corporation is self-insured for certain levels of general and professional liability, workers’ compensation and certain other claims. The Corporation has limited its liability by purchasing reinsurance and commercial coverage from unrelated third-party insurers. Effective July 1, 2015, Venzke changed its name to Trinity Assurance, Ltd.

Effective January 1, 2014, all assets and liabilities of Stella Maris Insurance Company, Ltd. (“Stella Maris”), which qualified as a captive insurance company, merged into Venzke. Policies issued and reinsurance purchased by Stella Maris prior to January 1, 2014 and all losses prior to January 1, 2014 have been assumed by Venzke.

The Corporation’s current self-insurance program includes $20 million per occurrence for the first layers of professional liability, as well as $10 million per occurrence for hospital government liability, $5 million per occurrence for errors and omission liability, and $1 million per occurrence for directors’ and officers’ liability. Additional layers of liability insurance are available with coverage provided through other insurance carriers and various reinsurance arrangements. The total amount available for these subsequent layers is $100 million in aggregate for the period of July 1, 2014 through July 1, 2017. The Corporation self-insures $750,000 per occurrence for workers' compensation in most states, with commercial insurance providing coverage up to the statutory limits, and self-insures up to $500,000 in property values per occurrence with commercial insurance providing coverage up to $1 billion.

The liability for self-insurance reserves represents estimates of the ultimate net cost of all losses and loss adjustment expenses, which are incurred but unpaid at the consolidated balance sheet date. The reserves are based on the loss and loss adjustment expense factors inherent in the Corporation’s premium structure. Independent consulting actuaries determined these factors from estimates of the Corporation’s expenses and available industry-wide data. The Corporation discounts the reserves to their present value using a discount rate of 3.0%. The reserves include estimates of future trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the liability for unpaid claims and related adjustment expenses is adequate based on the loss experience of the Corporation. The estimates are continually reviewed and adjusted as necessary. The changes to the estimated self-insurance reserves were determined based upon the annual independent actuarial analyses.

Claims in excess of certain insurance coverage and the recorded self-insurance liability have been asserted against the Corporation by various claimants. The claims are in various stages of processing, and some may ultimately be brought to trial. There are known incidents occurring through June 30, 2015 that may result in the assertion of additional claims, and other claims may be asserted arising from services provided in the past.

While it is possible that settlement of asserted claims and claims that may be asserted in the future could result in liabilities in excess of amounts for which the Corporation has provided, management, based upon the advice of Counsel, believes that the excess liability, if any, should not materially affect the consolidated financial position, operations or cash flows of the Corporation.

8. PENSION AND OTHER BENEFIT PLANS

Deferred Compensation – The Corporation has nonqualified deferred compensation plans at certain Health Ministries that permit eligible employees to defer a portion of their compensation. The deferred amounts are distributable in cash after retirement or termination of employment. As of June 30, 2015 and 2014, the assets under these plans totaled $160.5 million and $137.8 million and liabilities totaled $170.0 million and $145.1 million, respectively, which are included in self insurance, benefit plans and other assets and other long-term liabilities in the consolidated balance sheets.

Defined Contribution Benefits – The Corporation sponsors defined contribution pension plans covering substantially all of its employees. These programs are funded by employee voluntary contributions, subject to legal limitations. Effective January 1, 2015, employer contributions to these plans include nonelective contributions of 3% of eligible compensation, and varying levels of matching contributions based on employee service. The employees direct their voluntary contributions and employer contributions among a variety of investment options. The Corporation suspended the majority of employer matching contributions for the Trinity Health 403(b) Retirement Savings Plan for the year ended June 30, 2014 and for the six months ended December 2014. Contribution expense under the plans totaled $172.3 million and $68.8 million for the years ended June 30, 2015 and 2014, respectively.

Noncontributory Defined Benefit Pension Plans ("Pension Plans") – The Corporation maintains qualified, Pension Plans under which benefit accruals are frozen for the majority of employees. Certain nonqualified, supplemental plan arrangements also provide retirement benefits to specified groups of participants.

Certain plans are subject to the provisions of the Employee Retirement Security Act of 1974 ("ERISA"). The remaining plans have church plan status as determined by the Internal Revenue Service and are not governed by ERISA. Effective June 2014, the Trinity Health Pension Plan was amended to freeze all future benefit accruals as of December 31, 2014. As a result of this amendment, the Trinity Health Pension Plan projected benefit obligation decreased $49.5 million as of June 30, 2014, and the Corporation recognized a curtailment gain of $149.7 million in the consolidated statements of operations and changes in net assets for the year ended June 30, 2014. The Corporation's adopted funding policy for its qualified church plans, which is reviewed annually, is to fund the current normal cost or service cost based on the accumulated benefit obligations and amortization of any under or over funding. Effective December 2013, the majority of the Plans were amended to implement a voluntary lump sum distribution window. The amendments provided the opportunity for certain eligible participants to elect to receive a full distribution of their pension benefits as a lump sum during the program window period from March 24, 2014 to May 2, 2014. To be eligible a participant must have terminated employment on or before December 31, 2013. As a result of this program, the Plans' projected benefit obligations decreased $698.4 million as of June 30, 2014 for benefits paid, and the Corporation recognized a settlement loss of $196 million for the year ended June 30, 2014 in the consolidated statements of operations and changes in net assets.

Postretirement Health Care and Life Insurance Benefits ("Postretirement Plans") – The Corporation sponsors both funded and unfunded contributory plans to provide health care benefits to certain of its retirees. All of the Postretirement Plans are closed to new participants. The plans cover certain hourly and salaried employees who retire from certain Health Ministries. Medical benefits for these retirees are subject to deductibles and co-payment provisions. Effective January 1, 2011, the funded plans provide benefits to certain retirees at fixed dollar amounts in Health Reimbursement Account arrangements for Medicare eligible participants.

The following table sets forth the changes in projected benefit obligations, accumulated postretirement obligations, and changes in plan assets and funded status of the plans for both the Pension and Postretirement Plans for the years ended June 30 (in thousands):

	2015	2014	2015	2014
	Pension Plans		Postretirement Plans	
Change in Benefit Obligation:				
Benefit obligation, beginning of year	$ 6,228,019	$ 6,244,763	$ 108,518	$ 107,865
Service cost	71,182	149,138	478	628
Interest cost	297,711	331,554	4,879	5,297
Amendments / plan change	1,327	-	-	-
Actuarial loss (gain)	238,729	448,872	1,099	(302)
Benefits paid	(277,849)	(198,505)	(5,073)	(5,081)
Medicare Part D reimbursement	-	-	103	111
Curtailments	(6,075)	(49,449)	-	-
Settlements	-	(698,354)	-	-
Benefit obligation, end of year	6,553,044	6,228,019	110,004	108,518
Change in Plan Assets:				
Fair value of plan assets, beginning of year	5,524,841	5,491,447	96,109	84,523
Actual return on plan assets	166,464	699,893	4,916	15,338
Employer contributions	185,736	230,360	1,140	1,329
Benefits paid	(277,849)	(198,505)	(5,073)	(5,081)
Settlements	-	(698,354)	-	-
Fair value of plan assets, end of year	5,599,192	5,524,841	97,092	96,109
Unfunded amount recognized June 30	$ (953,852)	$ (703,178)	$ (12,912)	$ (12,409)
Recognized in other long-term assets	$ -	$ 8,258	$ 4,389	$ 4,028
Recognized in accrued pension and retiree health costs	$ (953,852)	$ (711,436)	$ (17,301)	$ (16,437)

Mortality assumptions for participants in the Corporation's pension and postretirement plans incorporate future mortality improvements from tables published by the Society of Actuaries (“SOA”). During 2014, the SOA issued new mortality and mortality improvement tables that raise life expectancies and thereby indicate the amount of estimated aggregate benefit payments to participants of the plans is increasing. The Corporation has incorporated a modified version of the SOA mortality and mortality improvement tables into the measurement of the plans' benefit obligations. This change resulted in an increase in the pension plan's benefit obligations of $257.1 million, and an increase in the postretirement plans' benefit obligations of $7.5 million, as of June 30, 2015. These losses were partially offset by actuarial gains related to changes in the discount rates used to measure the plans' liabilities as of June 30, 2015. Actuarial losses incurred in the pension plans during the year ended June 30, 2014 are primarily related to changes in discount rates.

The accumulated benefit obligation and fair value of plan assets for the qualified defined benefit pension plans for the years ended June 30 are as follows (in thousands):

	2015	2014
	Pension Plans	
Accumulated benefit obligation	$ 6,537,321	$ 6,182,463
Fair value of plan assets	5,599,192	5,524,841
Funded status	$ (938,129)	$ (657,622)

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

	2015	2014	2015	2014
	Pension Plans		Postretirement Plans	
Service cost	$ 71,182	$ 149,138	$ 478	$ 627
Interest cost	297,711	331,554	4,879	5,297
Expected return on assets	(382,930)	(398,683)	(6,984)	(6,008)
Amortization of prior service credit	(5,877)	(27,345)	(564)	(5,763)
Recognized net actuarial loss (gain)	31,319	104,089	(261)	(167)
Net periodic benefit cost (income) before curtailments/settlements	$ 11,405	$ 158,753	$ (2,452)	$ (6,014)
Curtailment gain	(11,054)	(149,734)	-	-
Settlement loss	-	195,987	-	-
Net periodic benefit cost (income)	$ 351	$ 205,006	$ (2,452)	$ (6,014)

The amounts in unrestricted net assets, including amounts arising during the year and amounts reclassified into net periodic benefit cost, are as follows (in thousands):

	Pension Plans		
	Net Loss (Gain)	Prior Service Credit	Total
Balance at July 1, 2013	$ 1,813,218	$ (221,844)	$ 1,591,374
Curtailments	100,285	-	100,285
Settlements	(195,987)	-	(195,987)
Reclassified into net periodic benefit cost	(104,089)	27,345	(76,744)
Arising during the year	147,643	-	147,643
Balance at June 30, 2014	$ 1,761,070	$ (194,499)	$ 1,566,571
Curtailments	(155,811)	160,788	4,977
Reclassified into net periodic benefit cost	(31,319)	5,877	(25,442)
Arising during the year	455,643	1,328	456,971
Balance at June 30, 2015	$ 2,029,583	$ (26,506)	$ 2,003,077

	Postretirement Plans			All Plans
	Net Loss (Gain)	Prior Service Credit	Total	Grand Total
Balance at July 1, 2013	$ 3,287	$ (10,159)	$ (6,872)	$ 1,584,502
Curtailments	-	-	-	100,285
Settlements	-	-	-	(195,987)
Reclassified into net periodic benefit cost	167	5,763	5,930	(70,814)
Arising during the year	(9,529)	-	(9,529)	138,114
Balance at June 30, 2014	$ (6,075)	$ (4,396)	$ (10,471)	$ 1,556,100
Curtailments	-	-	-	4,977
Reclassified into net periodic benefit cost	261	564	825	(24,617)
Arising during the year	3,162	-	3,162	460,133
Balance at June 30, 2015	$ (2,652)	$ (3,832)	$ (6,484)	$ 1,996,593

The following are estimated amounts to be amortized from unrestricted net assets into net periodic benefit cost during year ended June 30, 2016 (in thousands):

	Pension Plans	Postretirement Plans
Amortization of prior service credit	$ (4,568)	$ (564)
Recognized net actuarial loss (gain)	42,791	(159)
Total	$ 38,223	$ (723)

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

	2015	2014	2015	2014
	Pension Plans		Postretirement Plans	
Benefit Obligations:				
Discount rate	4.50% - 5.15%	4.60% - 5.20%	4.10% - 4.80%	4.00% - 4.75%
Rate of compensation increase graduated to 4% by 2017	3.00%	2.50%	N/A	N/A
Net Periodic Benefit Cost:				
Discount rate	4.60% - 5.20%	4.95% - 5.70%	4.00% - 4.75%	4.40% - 5.20%
Expected long-term return on plan assets	7.00%	7.00% - 7.50%	7.50%	7.50%
Rate of compensation increase	3.00%	3.00%	N/A	N/A

Approximately 93% of the Corporation's pension plan liabilities are measured using a 4.95% discount rate as of June 30, 2015.

The Corporation utilizes a pension liability driven investment strategy in determining its asset allocation and long-term rate of return for plan assets. This risk management strategy uses a glide path methodology based on funded status to initiate asset allocation changes across the efficient frontier. Efficient frontier analysis models the risk and return trade-offs among asset classes while taking into consideration the correlation among the asset classes. Historical market returns and risks are examined as part of this process, but risk-based adjustments are made to correspond with modern portfolio theory. Long-term historical correlations between asset classes are used, consistent with widely accepted capital markets principles. Current market factors, such as inflation and interest rates, are evaluated before long-term capital market assumptions are determined. The long-term rate of return is established using the efficient frontier analysis approach with proper consideration of asset class diversification and rebalancing. Peer data and historical returns are reviewed to check for reasonableness and appropriateness.

Health Care Cost Trend Rates – Assumed health care cost trend rates have a significant effect on the amounts reported for the postretirement plans. The postretirement benefit obligation includes assumed health care cost trend rates as of June 30 as follows:

	2015	2014
Medical and drugs, pre-age 65	7.2%	7.5%
Medical and drugs, post-age 65	7.2%	7.5%
Ultimate trend rate	5.0%	5.0%
Year rate reaches the ultimate rate	2023	2023

A one-percentage point change in assumed health care cost trend rates would have the following effects as of June 30 (in thousands):

	One-Percentage-Point Increase	One-Percentage-Point Decrease
Effect on postretirement benefit obligation	$ 3,357	$ (2,840)
Effect on total of service cost and interest cost components	$ 195	$ (166)

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

	Pension Plans		Postretirement Plans	
	2015	2014	2015	2014
Investment Category:				
Cash and cash equivalents	3%	5%	1%	1%
Marketable securities:				
U.S. and non-U.S equity securities	7%	10%	-	-
Equity mutual funds	7%	7%	-	-
Debt securities	34%	33%	29%	32%
Other investments:				
Commingled funds	19%	14%	70%	67%
Hedge funds	24%	24%	-	-
Private equity funds	6%	6%	-	-
Other	0%	1%	-	-
Total	100%	100%	100%	100%

The Corporation employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value, and small and large capitalizations. Other investments, such as hedge funds, interest rate swaps, and private equity are used judiciously to enhance long-term returns while improving portfolio diversification. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies. For the majority of the Corporation's pension plan investments, the combined target investment allocation as of June 30, 2015 was global and traditional equity securities 30%; long/short equity 10%; fixed income obligations 38%; hedge funds 15%; alternative debt 5%; and cash 2%.

The following table summarizes the Pension Plans' and Postretirement Plans' assets measured at fair value as of June 30 (in thousands). See Note 10 for definitions of levels 1, 2 and 3 of the fair value hierarchy.

	2015			
Pension Plans:	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value**
Cash and cash equivalents	$ 183,877	$ 1,774	$ -	$ 185,651
Equity securities	395,812	245	-	396,057
Debt securities				
Government and government agency obligations	-	592,587	-	592,587
Corporate bonds	-	1,215,556	-	1,215,556
Asset backed securities	-	81,561	-	81,561
Exchange traded/mutual funds				
Equity funds	404,082	338	-	404,420
Fixed income funds	15,625	-	-	15,625
Private equity	-	-	7,568	7,568
Other	(42,400)	-	-	(42,400)
Subtotal	956,996	1,892,061	7,568	2,856,625
Investments measured at net asset value:				
Commingled funds				
Equity funds				970,386
Fixed income funds				56,508
Hedge funds				1,410,511
Private equity				305,142
Other				20
Total assets				$ 5,599,192
Postretirement Plans:				
Exchange traded/mutual funds				
Short term investment funds	$ 915	$ -	$ -	$ 915
Fixed income funds	27,560	-	-	27,560
Other	1,968	-	-	1,968
Subtotal	30,443	-	-	30,443
Investment measured at net asset value:				
Equity commingled fund				66,649
Total assets				$ 97,092

	2014			
Pension Plans:	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value**
Cash and cash equivalents	$ 294,057	$ 602	$ -	$ 294,659
Equity securities	551,831	1,897	-	553,728
Debt securities				
Government and government agency obligations	-	538,138	-	538,138
Corporate bonds	-	1,132,025	-	1,132,025
Asset backed securities	-	69,621	2,467	72,088
Exchange traded/mutual funds				
Equity funds	369,515	6,954	-	376,469
Fixed income funds	107,318	-	-	107,318
Commingled funds				
Fixed income funds	-	116	-	116
Private equity	-	-	9,683	9,683
Other	13,803	26	-	13,829
Subtotal	1,336,524	1,749,379	12,150	3,098,053
Investments measured at net asset value:				
Commingled funds				
Equity funds				716,472
Fixed income funds				66,834
Hedge funds				1,344,002
Private equity				299,480
Total assets				$ 5,524,841
Postretirement Plans:				
Exchange traded/mutual funds				
Short term investment funds	$ 1,188	$ -	$ -	$ 1,188
Fixed income funds	30,862	-	-	30,862
Other	240	-	-	240
Subtotal	32,290	-	-	32,290
Investment measured at net asset value:				
Equity commingled fund				63,819
Total assets				$ 96,109

Unfunded capital commitments related to private equity investments totaled $95.5 million and $119.5 million as of June 30, 2015 and 2014, respectively.

The Corporation's policy is to recognize transfers between all levels as of the beginning of the reporting period. There were no significant transfers to or from Levels 1 and 2 during the years ended June 30, 2015 and 2014.

See Note 10 for the Corporation’s methods and assumptions to estimate the fair value of equity and debt securities, mutual funds, commingled funds, and hedge funds.

Private Equity – These assets include two private equity funds that invest primarily in Europe, both directly and on the secondary market. These funds are valued based on competitive bid evaluation.

Other – Represents unsettled transactions relating primarily to purchases and sales of plan assets, accrued income, and derivatives. Due to the short maturity of these assets and liabilities, the fair value approximates the carrying amounts. The fair value of the derivatives is estimated utilizing the terms of the derivative instruments and publicly available market yield curves. The Pension Plans' investment policies specifically prohibit the use of derivatives for speculative purposes.

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

	Asset Backed Securities	Private Equity	Total
Balance at July 1, 2013	$ -	$ 12,090	$ 12,090
Realized gain	-	1,626	1,626
Unrealized gain (loss)	5	(1,207)	(1,202)
Purchases	2,462	305	2,767
Sales	-	(978)	(978)
Settlements	-	(2,153)	(2,153)
Balance at June 30, 2014	$ 2,467	$ 9,683	$ 12,150
Realized gain	-	751	751
Unrealized loss	-	(870)	(870)
Settlements	-	(1,996)	(1,996)
Transfers out to Level 2	(2,467)	-	(2,467)
Balance at June 30, 2015	$ -	$ 7,568	$ 7,568

Transfers out of Level 3 into Level 2 in 2015 for asset backed securities were made as a result of the availability of observable market pricing data for those securities as of June 30, 3015.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Expected Contributions – The Corporation expects to contribute $127.5 million to its Pension Plans and $1.3 million to its Postretirement Plans during the year ended June 30, 2016 under the Corporation's stated funding policies.

Expected Benefit Payments – The Corporation expects to pay the following for pension benefits for the year ending June 30, which reflect expected future service as appropriate, and expected postretirement benefits, before deducting the Medicare Part D subsidy (in thousands):

	Pension Plans	Postretirement Plans	Postretirement Medicare Part D Subsidy
Years ending June 30:			
2016	$ 314,381	$ 7,457	$ 75
2017	316,842	7,344	72
2018	334,831	7,483	68
2019	353,079	7,609	65
2020	369,559	7,693	62
Years 2021 - 2025	2,031,920	37,887	243

9. COMMITMENTS AND CONTINGENCIES

Operating Leases – The Corporation leases various land, equipment and facilities under operating leases. Total rental expense, which includes provisions for maintenance in some cases, was $207 million and $199 million for the years ended June 30, 2015 and 2014, respectively.

The following is a schedule of future minimum lease payments under operating leases as of June 30, 2015, that have initial or remaining lease terms in excess of one year (in thousands):

Years ending June 30:	
2016	$ 147,358
2017	125,426
2018	105,822
2019	87,438
2020	72,322
Thereafter	190,178
Total	$ 728,544

Litigation and Settlements –

The Corporation as successor to CHE is the defendant in a purposed class action lawsuit in New York state court brought by Emmet & Co, Inc., and First Manhattan Co, with respect to a series of certificates (the "Bonds") issued for the benefit of a hospital acquired by CHE. The Bonds were defeased in 1998 at the time of CHE's acquisition of the hospital. The Corporation does not currently control the hospital. Plaintiffs alleged that CHE breached the Indenture relating to the Bonds and violated the covenant of good faith and fair dealing in the exercise of its optional redemption rights for the Bonds in connection with the CHE's tender offer for the Bonds. The Corporation filed a motion to dismiss the complaint and the plaintiffs filed a cross motion for summary judgment. On August 28, 2015, the court issued a decision and order denying the Corporation's Motion to Dismiss, except as to the allegation of breach of the duty of good faith. The court granted the Plaintiffs' Cross Motion for Summary Judgment on the issue of liability for breach of contract, but denied the Plaintiff's request for punitive damages. The court's decision addresses issues of liability in favor of the Plaintiffs, but does not reach the issue of damages. The Corporation intends to file an appeal of the court's decision as discovery on the issues of damages and class certification will proceed. The Corporation does not believe that damages, if ultimately assessed, would have a material adverse effect on the financial condition of the Corporation.

In June 2013, the Corporation received notices from the IRS that the three series were under audit, asking for information. The Corporation has responded to the IRS information requests in detailed responses, most recently in May 2014, and is cooperating in the ongoing examinations.

On March 29, 2013, CHE was notified that it is a defendant in a lawsuit filed in the United States District Court for the Eastern District of Pennsylvania that challenges the church plan status of the CHE Employee Pension Plan. This is similar to other purported class action cases that have been brought against religiously affiliated health care systems or providers, including one described below making similar allegations with respect to the Trinity Health Employee Pension Plan. In response, the Corporation (as successor to CHE) filed a motion to dismiss the complaint, and the court ordered limited discovery before ruling on the motion. The case has now been stayed pending the outcome of an appeal on a similar case before the United States Court of Appeals for the Third Circuit.

On July 17, 2014, Trinity Health Corporation was notified that it is a defendant in a lawsuit filed in the United States District Court for the District of Maryland that challenges the church plan status of the Trinity Health Employee Pension Plan. In response thereto, the Corporation filed a partial motion to dismiss the complaint, which was granted on February 23, 2015. A second motion to dismiss on the remaining issues is currently pending. In the meantime, the parties have agreed to mediation. At this point, it is not possible to assess the exposure, if any, related to these claims and the Corporation has not reserved any amounts at this time related to either of the pending lawsuits related to church plan status.

During 2010, the United States Department of Justice (“DOJ”) sent inquiries to many health care providers across the country as part of a nationwide review of Medicare coverage of implantable cardioverter defibrillators (“ICDs”). Those inquiries indicated that an investigation was being conducted to determine whether hospitals improperly submitted claims for the implantation of ICDs outside of national coverage guidelines. Both CHE and Trinity Health received letters from the DOJ in connection with the investigation. The Corporation settled this matter with the DOJ in August of 2015. The settlement did not have a material impact on the Corporation's consolidated financial statements or results of operations.

The Corporation is involved in other litigation and regulatory investigations arising in the course of doing business. After consultation with legal Counsel, management estimates that these matters will be resolved without material adverse effect on the Corporation’s future consolidated financial position or results of operations.

Health Care Regulatory Environment

The health care industry is subject to numerous and complex laws and regulations of federal, state and local governments. These laws and regulations include, but are not limited to matters such as licensure, accreditation, privacy, government health care program participation requirements, government reimbursement for patient services, and fraud and abuse. Compliance with such laws and regulations is complex and can be subject to future government interpretation as well as regulatory enforcement actions, including fines, penalties and exclusion from government health care programs such as Medicare and Medicaid. The Corporation and its Ministries periodically receive notices from governmental agencies requesting information regarding billing, payment or other reimbursement matters or notices of the initiation of government investigations. The healthcare industry in general is experiencing an increase in these activities as federal and state governments increase their enforcement activities and institute new programs designed to identify potential irregularities in reimbursement or quality of patient care. Based on the information received to date, management does not believe the ultimate resolution of these matters will have a material adverse effect on the Corporation's future consolidated financial position or results of operations.

10. FAIR VALUE MEASUREMENTS

The Corporation's consolidated financial statements reflect certain assets and liabilities recorded at fair value. Assets and liabilities measured at fair value on a recurring basis in the Corporation's consolidated balance sheets include cash, cash equivalents, security lending collateral, equity securities, debt securities, mutual funds, commingled funds, hedge funds and derivatives. Defined benefit retirement plan assets are measured at fair value on an annual basis, see Note 8 for further details. Liabilities measured at fair value on a recurring basis for disclosure only include debt.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value should be based on assumptions that market participants would use, including a consideration of nonperformance risk.

To determine fair value, the Corporation uses various valuation methodologies based on market inputs. For many instruments, pricing inputs are readily observable in the market; the valuation methodology is widely accepted by market participants and involves little to no judgment. For other instruments, pricing inputs are less observable in the marketplace. These inputs can be subjective in nature and involve uncertainties and matters of considerable judgment. The use of different assumptions, judgments and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The Corporation assesses the inputs used to measure fair value using a three level hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. The fair value hierarchy is as follows:

Level 1 – Quoted (unadjusted) prices for identical instruments in active markets

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar instruments in active markets
- Quoted prices for identical or similar instruments in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.)
- Inputs other than quoted prices that are observable for the instrument (interest rates, yield curves, volatilities, default rates, etc.)
- Inputs that are derived principally from or corroborated by other observable market data

Level 3 – Unobservable inputs that cannot be corroborated by observable market data

Valuation Methodologies – Exchange-traded securities whose fair value is derived using quoted prices in active markets are classified as Level 1. In instances where quoted market prices are not readily available, fair value is estimated using quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models and other pricing models. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve as well as other relevant economic measures. The inputs to these models depend on the type of security being priced, but are typically benchmark yields, credit spreads, prepayment speeds, reported trades and broker-dealer quotes, all with reasonable levels of transparency. Generally, significant changes in any of those inputs in isolation would result in a significantly different fair value measurement. The Corporation classifies these securities as Level 2 within the fair value hierarchy. The Corporation also has certain investments that are classified as Level 3. These investments are primarily valued using competitive bid evaluations or cost, if it approximates fair value.

The Corporation maintains policies and procedures to value instruments using the best and most relevant data available. The Corporation has not adjusted the prices obtained. Third-party administrators do not provide access to their proprietary valuation models, inputs, and assumptions. Accordingly, the Corporation reviews the independent reports of internal controls for these service providers. In addition, on a quarterly basis, the Corporation performs reviews of investment consultant industry peer group benchmarking and supporting relevant market data. Finally, all of the fund managers have an annual independent audit performed by an accredited accounting firm. The Corporation reviews these audited financials for ongoing validation of pricing used. Based on the information available, we believe that the fair values provided by the third-party administrators and investment fund managers are representative of prices that would be received to sell the assets.

In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Corporation's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset.

Following is a description of the valuation methodologies the Corporation used for instruments recorded at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy:

***Cash and Cash Equivalents* –** The carrying amounts reported in the consolidated balance sheets approximate their fair value. Certain cash and cash equivalents are included in investments and assets limited or restricted as to use in the consolidated balance sheet. Included in this category is commercial paper. The fair value of commercial paper is based on amortized cost. Commercial paper is designated as Level 2 investments with significant observable inputs including security cost, maturity and credit rating.

Security Lending Collateral – The security lending collateral is invested in a Northern Trust sponsored commingled collateral fund, which is composed primarily of short-term securities. The fair value amounts of the commingled collateral fund are determined using the calculated net asset value per share (or its equivalent) for the fund with the underlying investments valued using techniques similar to those used for instruments noted below.

***Equity Securities* –** Equity securities are valued at the closing price reported on the applicable exchange on which the security is traded, or are estimated using quoted market prices for similar securities.

***Debt Securities* –** Debt securities are valued using quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models and other pricing models. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve as well as other relevant economic measures.

***Exchange Traded/Mutual Funds* –** Exchange traded funds are valued at the closing price reported on the applicable exchange on which the fund is traded, or estimated using quoted market prices for similar securities. Mutual funds are valued using the net asset value based on the value of the underlying assets owned by the fund, minus liabilities, divided by the number of shares outstanding, and multiplied by the number of shares owned.

Commingled Funds – Commingled funds are developed for investment by institutional investors only and therefore do not require registration with the Securities and Exchange Commission. Commingled funds are recorded at fair value based on either the underlying investments that have a readily determinable market value or based on net asset value, which is calculated using the most recent fund financial statements.

***Hedge Funds* –** Hedge funds utilize either a direct or a "fund-of-funds" approach resulting in diversified multistrategy, multimanager investments. Underlying investments in these funds may include equity securities, debt securities, commodities, currencies and derivatives. These funds are valued at net asset value, which is calculated using the most recent fund financial statements.

The Corporation classifies its equity and debt securities, mutual funds, commingled funds and hedge funds as trading securities. The amount of holding gains included in the excess of revenue over expenses related to securities still held as of June 30, 2015 and 2014 were $222.0 million and $471.6 million, respectively.

Equity Method Investments – Certain other investments are accounted for using the equity method. These investments are structured as limited liability corporations and partnerships and are designed to produce stable investment returns regardless of market activity. These investments utilize a combination of "fund-of-funds" and direct fund investment strategies resulting in a diversified multistrategy, multimanager investments approach. Some of these funds are developed by investment managers specifically for the Corporation's use and are similar to mutual funds, but are not traded on a public exchange. Underlying investments in these funds may include other funds, equity securities, debt securities, commodities, currencies and derivatives. Audited information is only available annually based on the limited liability corporations, partnerships or funds' year-end. Management's estimates of the fair values of these investments are based on information provided by the third-party administrators and fund managers or the general partners. Management obtains and considers the audited financial statements of these investments when evaluating the overall reasonableness of the recorded value. In addition to a review of external information provided, management's internal procedures include such things as review of returns against benchmarks and discussions with fund managers on performance, changes in personnel or process, along with evaluations of current market conditions for these investments. Because of the inherent uncertainty of valuations, values may differ materially from the values that would have been used had a ready market existed. Unfunded capital commitments related to equity method investments totaled $232.1 million and $75.9 million as of June 30, 2015 and 2014, respectively.

Interest Rate Swaps – The fair value of the Corporation's derivatives, which are mainly interest rate swaps, are estimated utilizing the terms of the swaps and publicly available market yield curves along with the Corporation's nonperformance risk as observed through the credit default swap market and bond market and based on prices for recent trades. These swap agreements are classified as Level 2 within the fair value hierarchy.

As a result of the adoption of ASU 2015-07 as discussed in Note 2, investments for which the fair value is measured using the net asset value per share practical expedient are not categorized within the fair value hierarchy.

The following tables present information about the fair value of the Corporation's financial instruments measured at fair value on a recurring basis and recorded as of June 30 (in thousands):

	2015			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Cash and cash equivalents	$ 1,373,372	$ 52,477	$ -	$ 1,425,849
Security lending collateral		266,571		266,571
Equity securities	1,320,679	1,700	5,997	1,328,376
Debt securities:				
Government and government agency obligations	-	557,472	2,555	560,027
Corporate bonds	-	573,002	1,318	574,320
Asset backed securities	-	210,534	-	210,534
Bank loans	-	64,370	-	64,370
Other	-	14,091	-	14,091
Exchange traded/mutual funds:				-
Equity funds	623,628	-	-	623,628
Fixed income funds	442,865	-	-	442,865
Real estate investment funds	27,235	-	-	27,235
Other	57,319	-	-	57,319
Interest rate swaps	-	52,977	-	52,977
Subtotal	$ 3,845,098	$ 1,793,194	$ 9,870	$ 5,648,162
Investments measured at net asset value:				
Commingled funds				994,584
Hedge funds				1,243,483
Equity method investments				1,323,988
Total assets				$ 9,210,217
Liabilities:				
Interest rate swaps	$ -	$ 163,553	$ -	$ 163,553

	2014			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Cash and cash equivalents	$ 1,585,907	$ 38,630	$ -	$ 1,624,537
Security lending collateral	-	187,882	-	187,882
Equity securities	988,848	5,674	972	995,494
Debt securities:				
Government and government agency obligations	-	445,517	1,529	447,046
Corporate bonds	-	350,744	583	351,327
Asset backed securities	-	81,376	100	81,476
Bank loans	-	64,126	-	64,126
Other	-	10,599	-	10,599
Exchange traded/mutual funds:				-
Equity funds	847,924	-	-	847,924
Fixed income funds	596,739	-	-	596,739
Real estate investment funds	10,682	-	-	10,682
Other	16,384	-	-	16,384
Interest rate swaps	-	32,258	-	32,258
Subtotal	$ 4,046,484	$ 1,216,806	$ 3,184	$ 5,266,474
Investments measured at net asset value:				
Commingled funds				774,926
Hedge funds				1,002,325
Equity method investments				1,415,798
Total assets				$ 8,459,523
Liabilities:				
Interest rate swaps	$ -	$ 148,885	$ -	$ 148,885

The following table reconciles the information about the fair value of the Corporation's financial instruments measured at fair value on a recurring basis presented in the table above to amounts presented in the consolidated balance sheets as of June 30 (in thousands):

	2015	2014
Assets:		
Cash and cash equivalents	$ 843,210	$ 900,279
Investments	3,728,883	3,231,318
Security lending collateral	266,572	187,882
Assets limited or restricted as to use - current portion	271,567	274,202
Assets limited or restricted as to use - noncurrent portion:		
Held by trustees under bond indenture agreements	1,622	53,652
Self-insurance, benefit plans and other	738,846	672,537
By Board	3,098,445	2,891,790
By donor	298,332	307,281
Interest rate swaps in other long-term assets	47,870	26,403
Less items not recorded at fair value:		
Total unconditional promises to give, net	(48,287)	(56,111)
Reinsurance recovery receivable and other	(36,843)	(29,710)
Total assets	$ 9,210,217	$ 8,459,523

The Corporation's policy is to recognize transfers between all levels as of the beginning of the reporting period. There were no significant transfers to or from Levels 1 and 2 during the years ended June 30, 2015 and 2014.

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

	Equity Securities	Government and Government Agency Obligations	Corporate Bonds	Asset Backed Securities	Total
Balance at July 1, 2013	$ 1,449	$ -	$ 2,886	$ -	$ 4,335
Realized gain	-	(2)	(99)	-	(101)
Unrealized loss	-	(609)	(96)	-	(705)
Purchases	-	2,140	1,230	100	3,470
Settlements	(3)	-	(4,638)	-	(4,641)
Transfers (to) from Level 2	(474)	-	1,300	-	826
Balance at June 30, 2014	$ 972	$ 1,529	$ 583	$ 100	$ 3,184
Realized gain	-	-	5		5
Unrealized loss	(9)	(128)	(56)		(193)
Purchases	5,034	1,732	1,085		7,851
Settlements	-	-	(299)		(299)
Transfers to Level 2	-	(578)	-	(100)	(678)
Balance at June 30, 2015	$ 5,997	$ 2,555	$ 1,318	$ -	$ 9,870

Investments in Entities that Calculate Net Asset Value per Share – The Corporation holds shares or interests in investment companies at year-end, included in commingled funds and hedge funds, where the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company. There were no unfunded commitments as of June 30, 2015 and 2014. The fair value and redemption rules of these investments are as follows as of June 30 (in thousands):

	2015			
		Fair Value	Redemption Frequency	Redemption Notice Period
Commingled funds	$	994,584	Daily, semi-monthly, monthly	0 - 60 days
Hedge funds		1,243,483	Monthly, quarterly, semi-annually	15 - 95 days
Total	$	2,238,067		

	2014			
		Fair Value	Redemption Frequency	Redemption Notice Period
Commingled funds	$	774,926	Daily - monthly	0 - 60 days
Hedge funds		1,002,325	Monthly, quarterly, semi-annually	30 - 95 days
Total	$	1,777,251		

The hedge fund category includes equity long/short hedge funds, multistrategy hedge funds and relative value hedge funds. Equity long/short hedge funds invest both long and short, primarily in U.S. common stocks. Management of the fund has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. Multistrategy hedge funds pursue multiple strategies to diversify risks and reduce volatility. Relative value hedge fund's strategy is to exploit structural and technical inefficiencies in the market by investing in financial instruments that are perceived to be inefficiently priced as a result of business, financial or legal uncertainties. Investments representing approximately 3.4% and 6.1% of the value of the investments in this category as of June 30, 2015 and 2014, respectively, can only be redeemed bi-annually subsequent to the initial investment date. Investments representing 17.0% and 18.4% of the investments in this category as of June 30, 2015 and 2014, respectively, can only be redeemed at the rate of 25% per quarter. Investments representing 4.7% of the investments in this category as of June 30, 2015 cannot be redeemed for six months.

The commingled fund category primarily includes investments in funds that invest in financial instruments of U.S. and non-U.S. entities, primarily bonds, notes, bills, debentures, currencies, and interest rate and derivative products.

The composition of investment returns included in the consolidated statements of operations and changes in net assets for the years ended June 30 is as follows (in thousands):

	2015	2014
Dividend, interest income and other	$ 111,691	$ 130,683
Realized gain, net	226,065	195,810
Realized equity earnings, other investments	60,178	24,419
Change in net unrealized gain on investments	(238,451)	349,135
Total investment return	$ 159,483	$ 700,047
Included in:		
Operating income	$ 49,193	$ 75,123
Nonoperating items	106,553	606,309
Changes in restricted net assets	3,737	18,615
Total investment return	$ 159,483	$ 700,047

In addition to investments, assets restricted as to use include receivables for unconditional promises to give cash and other assets net of allowances for uncollectible promises to give. Unconditional promises to give consist of the following as of June 30 (in thousands):

	2015	2014
Amounts expected to be collected in:		
Less than one year	$ 25,452	$ 24,359
One to five years	24,454	34,761
More than five years	4,694	5,840
	54,600	64,960
Discount to present value of future cash flows	(2,517)	(2,819)
Allowance for uncollectible amounts	(3,796)	(6,030)
Total unconditional promises to give, net	$ 48,287	$ 56,111

Patient Accounts Receivable, Estimated Receivables from Third-Party Payors and Current Liabilities – The carrying amounts reported in the consolidated balance sheets approximate their fair value.

Long-Term Debt – The carrying amounts of the Corporation's variable rate debt approximate their fair values. The fair value of the Corporation's fixed rate long-term debt is estimated using discounted cash flow analyses, based on current incremental borrowing rates for similar types of borrowing arrangements. Under the fair value hierarchy, these financial instruments are valued primarily using Level 2 inputs. The fair value of the tax-exempt fixed rate long-term revenue and refunding bonds was $3,467 million and $3,195 million as of June 30, 2015 and 2014, respectively. The related carrying value of the tax-exempt fixed rate long-term revenue and refunding bonds was $3,164 million and $2,923 million as of June 30, 2015 and 2014, respectively. The fair value and carrying value of the taxable fixed rate long-term revenue bonds was $320 million and $350 million, respectively, as of June 30, 2015 and 2014. The fair values of the remaining fixed rate capital leases, notes payable to banks, and mortgage loans are not materially different from their carrying values.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Financial Instruments – In the normal course of business, the Corporation is exposed to market risks, including the effect of changes in interest rates and equity market volatility. To manage these risks the Corporation enters into various derivative contracts, primarily interest rate swaps. Interest rate swaps are used to manage the effect of interest rate fluctuations.

Management reviews the Corporation's hedging program, derivative position, and overall risk management on a regular basis. The Corporation only enters into transactions it believes will be highly effective at offsetting the underlying risk.

Interest Rate Swaps – The Corporation utilizes interest rate swaps to manage interest rate risk related to the Corporation's variable interest rate debt and a fixed income investment portfolio. Cash payments on interest rate swaps totaled $17.4 million and $15.6 million for the years ended June 30, 2015 and 2014, respectively, and are included in nonoperating income.

Certain of the Corporation's interest rate swaps contain provisions that give certain counterparties the right to terminate the interest rate swap if a rating is downgraded below specified thresholds. If a ratings downgrade threshold is breached, the counterparties to the derivative instruments could demand immediate termination of the swaps. Such termination could result in a payment from the Corporation or a payment to the Corporation depending on the market value of the interest rate swap.

Effect of Derivative Instruments on Excess of Revenue over Expenses – The following table represents the effect derivative instruments had on the Corporation's financial performance for the years ended June 30 (in thousands):

Derivatives Not Designated as Hedging Instruments	Location of Net Loss Recognized in Excess of Revenue over Expenses or Unrestricted net Assets	Amount of Net Loss Recognized in Excess of Revenue over Expenses 2015	2014
Excess of Revenue over Expenses:			
Interest rate swaps	Change in market value and cash payment on interest rate swaps	$ (10,223)	$ (25,351)
Interest rate swaps	Investment income	(749)	(593)
		$ (10,972)	$ (25,944)

***Balance Sheet Effect of Derivative Instruments* -** The following table summarizes the estimated fair value of the Corporation's derivative financial instruments as of June 30 (in thousands):

Derivative Not Designated as Hedging Instruments	Consolidated Balance Sheet Location	Fair Value 2015	Fair Value 2014
Asset Derivatives:			
Interest rate swaps	Investments	$ 5,107	$ 5,855
Interest rate swaps	Other long-term assets	47,870	26,403
	Total asset derivatives	$ 52,977	$ 32,258
Liability Derivatives:			
Interest rate swaps	Other long-term liabilities	$ 163,553	$ 148,885

The counterparties to the interest rate swaps expose the Corporation to credit loss in the event of nonperformance. As of June 30, 2015 and 2014, an adjustment for nonperformance risk reduced derivative assets by $1.6 million and $1.0 million and derivatives liabilities by $5.3 million and $11.2 million, respectively.

12. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Temporarily restricted net assets and permanently restricted net assets as of June 30 are available for the following purposes (in thousands):

	2015	2014
Temporarily Restricted Net Assets:		
Education and research	$ 19,495	$ 20,252
Building and equipment	91,266	103,683
Patient care	48,390	47,712
Cancer center/research	15,351	14,753
Services for elderly care	32,234	33,767
Other	68,930	73,139
Total	$ 275,666	$ 293,306
Permanently Restricted Net Assets:		
Hospital operations	$ 27,030	$ 25,844
Medical programs	10,302	7,465
Scholarship funds	4,574	5,033
Research funds	9,916	9,787
Community service funds	14,924	14,211
Other	28,223	24,723
Total	$ 94,969	$ 87,063

The Corporation's endowments consist of funds established for a variety of purposes. Endowments include both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Corporation considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

The Corporation employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of endowment funds for a prudent level of risk. The Corporation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. The Corporation can appropriate each year all available earnings in accordance with donor restrictions. The endowment corpus is to be maintained in perpetuity. Certain donor-restricted endowments require a portion of annual earnings to be maintained in perpetuity along with the corpus. Only amounts exceeding the amounts required to be maintained in perpetuity are expended.

The following table summarizes net asset composition by type of fund as of June 30 (in thousands):

	2015			
	Unrestricted Net Assets	**Temporarily Restricted Net Assets**	**Permanently Restricted Net Assets**	**Total**
Donor-restricted endowment funds	$ -	$ 35,313	$ 94,969	$ 130,282
Board-designated endowment funds	81,674	-	-	81,674
Total endowment funds	$ 81,674	$ 35,313	$ 94,969	$ 211,956

	2014			
	Unrestricted Net Assets	**Temporarily Restricted Net Assets**	**Permanently Restricted Net Assets**	**Total**
Donor-restricted endowment funds	$ -	$ 36,340	$ 87,063	$ 123,403
Board-designated endowment funds	90,942	-	-	90,942
Total endowment funds	$ 90,942	$ 36,340	$ 87,063	$ 214,345

Changes in endowment net assets for the years ended June 30 include (in thousands):

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Endowment net assets, July 1, 2013	$ 78,848	$ 31,598	$ 92,678	$ 203,124
Investment return:				
Investment income	5,522	4,235	1,238	10,995
Change in net realized and unrealized gains	5,200	1,557	1,620	8,377
Total investment return	10,722	5,792	2,858	19,372
Contributions	38	131	3,621	3,790
Transfer to create a board designated endowment	1,161	-	-	1,161
Appropriation of endowment assets for expenditures	(5,601)	(1,606)	-	(7,207)
Other	5,774	425	(12,094)	(5,895)
Endowment net assets, June 30, 2014	90,942	36,340	87,063	214,345
Investment return:				
Investment income	4,697	954	2,353	8,004
Change in net realized and unrealized losses	(3,638)	(1,025)	(688)	(5,351)
Total investment return	1,059	(71)	1,665	2,653
Contributions	1,242	3,849	3,215	8,306
Appropriation of endowment assets for expenditures	(407)	(4,897)	-	(5,304)
Termination of board designated endowments	(11,361)	-	-	(11,361)
Transfer to create a board designated endowment	500	-	-	500
Other	(301)	92	3,026	2,817
Endowment net assets, June 30, 2015	$ 81,674	$ 35,313	$ 94,969	$ 211,956

The table below describes the restrictions for endowment amounts classified as temporarily restricted net assets and permanently restricted net assets as of June 30 (in thousands):

	2015	2014
Temporarily Restricted Net Assets:		
Term endowment funds	$ 4,313	$ 4,783
The portion of perpetual endowment funds subject to a purpose restriction	31,000	31,557
Total endowment funds classified as temporarily restricted net assets	$ 35,313	$ 36,340
Permanently Restricted Net Assets:		
Investments for which income is unrestricted	$ 84,868	$ 62,912
Investments for which income is temporarily restricted	4,261	10,212
Endowments requiring income to be added to the original gift	5,840	13,939
Total	$ 94,969	$ 87,063

Funds with Deficiencies – Periodically the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor requires the Corporation to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. These deficiencies result from unfavorable market fluctuations and/or continued appropriation for certain programs that was deemed prudent by the Corporation.

13. RESTRUCTURING CHARGES

During the year ended June 30, 2014, management authorized and committed the Corporation to undertake a comprehensive performance improvement plan to realign its cost structure. The Corporation had a workforce reduction as part of the plan. As a result of these actions, restructuring charges of $45.2 million were recorded in the consolidated statements of operations and changes in net assets. The restructuring charges are primarily for severance and termination benefits. As of June 30, 2015 and 2014, $17.5 million and $14.8 million, respectively, in benefits have been paid. There were no restructuring charges during the year ended June 30, 2015.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 23, 2015, the date the consolidated financial statements were issued. The following subsequent events were noted:

Acquisition of St. Joseph's Hospital Health Center ("SJHHC") – On July 1, 2015, the Corporation became the sole corporate member of SJHHC, a regional health care system located in Syracuse, New York as part of a member substitution. The fair value of identifiable assets acquired and liabilities assumed have not yet been determined as the Corporation is still in the process of obtaining third-party valuations of certain tangible and intangible assets and is still assessing the economic characteristics of certain assets acquired and liabilities assumed. Thus the opening balance sheet of SJHHC at the date of the acquisition is not yet available. The Corporation expects to substantially complete this assessment during the six months ended December 31, 2015. Transaction costs accrued as of June 30, 2015 totaled $1.5 million and were incurred primarily for legal and consulting services, which are included in purchased services on the consolidated statements of operation and changes in net assets. SJHHC had $641.7 million of revenue reported for their fiscal year ended December 31, 2014. Proforma financial data is not disclosed as SJHHC financial data is not readily available.

St. Michael's Bankruptcy Filing – On August 10, 2015, St. Michael's and certain of its affiliates voluntarily filed for reorganization under Chapter 11 of the Bankruptcy Code. Refer to Note 3 for St. Michael's summarized financial results. The Corporation has provided a debtor-in-possession revolving loan facility to St. Michael's of up to $15.0 million with availability restricted to achievement of certain milestones in the bankruptcy process. St. Michael's will continue to operate its businesses as debtors-in-possession under the jurisdiction of the Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Court.

All other legal entities of the Corporation have capital structures that are independent of St. Michael's and have not filed for bankruptcy relief. In addition, all the Corporation operations are continuing to operate in the ordinary course.

St. Michael's entered into an asset purchase agreement with Prime in February 2013, which was recently amended to facilitate a possible sale to Prime in the Chapter 11 proceedings; any such sale remains subject to appropriate regulatory approvals.

Divestiture of Port Huron – The Port Huron divestiture discussed in Note 3 was completed effective September 1, 2015. The loss on sale is expected to be immaterial to the Corporation and is to be recorded in discontinued operations in the consolidated statements of changes in net assets.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL CONSOLIDATING SCHEDULES

To the Board of Directors of
Trinity Health Corporation
Livonia, Michigan

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating schedules (the “Schedules”) listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. These Schedules are the responsibility of Trinity Health’s management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such Schedules have been subjected to the auditing procedures applied in our audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such Schedules directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion such Schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Deloitte & Touche LLP

September 23, 2015

TRINITY HEALTH

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

	Saint Agnes Medical Center, Fresno	Saint Alphonsus Health System, Oregon-Idaho	Mercy Health Systems, Iowa-Nebraska	Loyola University Health System, Chicago	Mercy Hospital and Medical Center, Chicago	Saint Joseph Regional Medical Center, South Bend	Mercy Health, West Michigan	Saint Joseph Mercy Health System, Southeast Michigan	Mount Carmel Health System, Columbus
ASSETS									
CURRENT ASSETS:									
Cash, cash equivalents and investments	$ 100,255	$ 319,166	$ 200,276	$ 289,459	$ 33,185	$ 90,944	$ 252,341	$ 690,533	$ 755,323
Assets limited as to use - current portion	187	305	589	4,914	6,141	367	452	3,498	621
Patient and other receivables, net	118,111	112,795	133,075	262,414	58,982	59,142	157,628	231,415	220,732
Other current assets	9,748	14,874	29,164	29,797	5,564	9,859	26,457	34,438	29,567
Total current assets	228,301	447,140	363,104	586,584	103,872	160,312	436,878	959,884	1,006,243
ASSETS LIMITED OR RESTRICTED AS TO USE -									
Noncurrent portion:									
Held in trust	-	6,144	17,616	17,951	-	5,177	14,673	15,330	18,804
By Board	260,182	77,077	215,501	11,205	-	-	316,375	125,391	393,203
By donors	6,058	5,353	8,693	21,893	-	11,462	12,709	36,207	8,332
Total assets limited or restricted as to use - noncurrent portion	266,240	88,574	241,810	51,049	-	16,639	343,757	176,928	420,339
PROPERTY AND EQUIPMENT, Net	199,898	420,342	289,468	535,829	206,099	366,236	395,478	970,804	594,649
OTHER ASSETS	28,198	64,893	199,678	103,502	12,423	21,603	64,944	205,655	134,411
TOTAL ASSETS	$ 722,637	$ 1,020,949	$ 1,094,060	$ 1,276,964	$ 322,394	$ 564,790	$ 1,241,057	$ 2,313,271	$ 2,155,642
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES	$ 75,381	$ 136,979	$ 115,784	$ 233,851	$ 56,843	$ 46,992	$ 135,828	$ 211,472	$ 203,183
LONG-TERM DEBT, Noncurrent portion	100,401	235,633	221,949	476,174	58,419	316,466	295,942	667,347	519,727
OTHER LIABILITIES	1,951	7,732	26,603	185,368	7,882	5,992	19,255	29,736	17,956
NET ASSETS:									
Unrestricted	538,658	634,947	720,601	355,086	193,426	183,512	776,871	1,366,493	1,405,817
Restricted	6,246	5,658	9,123	26,485	5,824	11,828	13,161	38,223	8,959
TOTAL LIABILITIES AND NET ASSETS	$ 722,637	$ 1,020,949	$ 1,094,060	$ 1,276,964	$ 322,394	$ 564,790	$ 1,241,057	$ 2,313,271	$ 2,155,642

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

	Holy Cross Hospital, Silver Spring	St. Peter's Health Partners, Albany	Sisters of Providence Health System, Inc., Springfield	Mercy Health System of SEPA, Philadelphia	St. Mary Medical Center, Langhorne	Lourdes Health System, Camden	St. Francis Medical Center, Trenton	Saint Francis Healthcare, Wilmington
ASSETS								
CURRENT ASSETS:								
Cash, cash equivalents and investments	$ 236,717	$ 313,605	$ 24,928	$ 153,953	$ 296,169	$ 46,119	$ 20,264	$ 27,329
Assets limited as to use - current portion	4,205	11,163	908	-	2,413	26	315	-
Patient and other receivables, net	84,666	153,131	62,084	86,599	80,761	79,694	11,290	16,543
Other current assets	11,350	20,347	6,914	30,612	13,468	11,660	6,889	4,176
Total current assets	336,938	498,246	94,834	271,164	392,811	137,499	38,758	48,048
ASSETS LIMITED OR RESTRICTED AS TO USE -								
Noncurrent portion:								
Held in trust	41	17,059	1,409	-	1,611	2,978	-	-
By Board	-	139,163	3,983	10,000	-	-	1,738	-
By donors	2,429	77,043	6,627	4,533	16,929	1,991	1,735	261
Total assets limited or restricted as to use - noncurrent portion	2,470	233,265	12,019	14,533	18,540	4,969	3,473	261
PROPERTY AND EQUIPMENT, Net	472,950	648,621	105,418	101,648	237,036	142,149	33,520	29,410
OTHER ASSETS	57,310	31,009	13,101	161,926	4,011	45,820	1,521	888
TOTAL ASSETS	$ 869,668	$ 1,411,141	$ 225,372	$ 549,271	$ 652,398	$ 330,437	$ 77,272	$ 78,607
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES	$ 90,558	$ 184,693	$ 55,259	$ 119,024	$ 70,156	$ 71,841	$ 33,685	$ 28,237
LONG-TERM DEBT, Noncurrent portion	416,098	282,919	62,911	149,142	130,080	189,477	75,786	111,265
OTHER LIABILITIES	4,125	91,850	3,226	17,334	5,482	18,014	2,247	1,340
NET ASSETS:								
Unrestricted	352,252	763,543	96,687	257,455	428,564	49,154	(36,181)	(62,496)
Restricted	6,635	88,136	7,289	6,316	18,116	1,951	1,735	261
TOTAL LIABILITIES AND NET ASSETS	$ 869,668	$ 1,411,141	$ 225,372	$ 549,271	$ 652,398	$ 330,437	$ 77,272	$ 78,607

TRINITY HEALTH

Supplemental Condensed Consolidating Balance Sheets - Information

June 30, 2015

(In thousands)

	St. Mary's Health Care System, Inc., Athens	Holy Cross Hospital, Inc., Ft. Lauderdale	Trinity Continuing Care Services	Trinity Home Health Services	Trinity Health PACE	Mercy Medical Corporation, Daphne	Pittsburgh Mercy Health System Inc., Pittsburgh	Mercy Primary Care Center, Detroit	Trinity Health Consolidated Labs
ASSETS									
CURRENT ASSETS:									
Cash, cash equivalents and investments	$ 58,430	$ 20,936	$ 67,394	$ 22,050	$ 955	$ 5,494	$ 29,592	$ 5,021	$ 4,007
Assets limited as to use - current portion	1,008	971	288	82	-	304	-	-	-
Patient and other receivables, net	33,687	67,078	34,784	20,522	2	1,170	14,800	185	4,714
Other current assets	6,030	25,403	2,267	418	-	867	951	-	2,793
Total current assets	99,155	114,388	104,733	43,072	957	7,835	45,343	5,206	11,514
ASSETS LIMITED OR RESTRICTED AS TO USE -									
Noncurrent portion:									
Held in trust	874	14,549	13,220	-	-	-	230	-	-
By Board	15,417	59,249	570	-	-	7,040	101,908	-	-
By donors	3,468	18,421	809	338	-	-	10,500	466	-
Total assets limited or restricted as to use - noncurrent portion	19,759	92,219	14,599	338	-	7,040	112,638	466	-
PROPERTY AND EQUIPMENT, Net	127,432	238,919	217,770	2,258	412	2,379	10,005	497	2,180
OTHER ASSETS	2,599	34,662	10,496	3,920	-	114	-	-	1,122
TOTAL ASSETS	$ 248,945	$ 480,188	$ 347,598	$ 49,588	$ 1,369	$ 17,368	$ 167,986	$ 6,169	$ 14,816
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES	$ 34,959	$ 62,397	$ 37,436	$ 12,469	$ 466	$ 3,756	$ 20,289	$ 995	$ 6,983
LONG-TERM DEBT, Noncurrent portion	68,541	130,528	197,167	552	-	11,831	2,732	-	2,324
OTHER LIABILITIES	1,316	53,694	54,666	-	-	2,562	1,478	-	77
NET ASSETS:									
Unrestricted	140,161	215,407	57,231	36,146	903	(1,085)	132,987	4,708	5,432
Restricted	3,968	18,162	1,098	421	-	304	10,500	466	-
TOTAL LIABILITIES AND NET ASSETS	$ 248,945	$ 480,188	$ 347,598	$ 49,588	$ 1,369	$ 17,368	$ 167,986	$ 6,169	$ 14,816

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

	Trinity Health Warde Lab LLC	Global Health Ministry	St. Joseph's Health System, Inc., Atlanta	Trinity Health Partners	Allegany Franciscan Ministries	SJSA Foundation	Cadillac Foundation	Intracoastal	Venzke Insurance Company
ASSETS									
CURRENT ASSETS:									
Cash, cash equivalents and investments	$ 512	$ 2,637	$ 169,200	$ 30,521	$ 126,226	$ 11,072	$ 386	$ 353	$ 33
Assets limited as to use - current portion	-	62	675	-	-	855	-	-	98,050
Patient and other receivables, net	-	2	1,827	335	-	-	-	-	15,843
Other current assets	15	1	235	-	12	39	-	-	42
Total current assets	527	2,702	171,937	30,856	126,238	11,966	386	353	113,968
ASSETS LIMITED OR RESTRICTED AS TO USE -									
Noncurrent portion:									
Held in trust	-	-	-	-	-	-	-	-	504,582
By Board	-	-	27,206	-	-	948	14,156	-	-
By donors	-	-	20,078	-	-	20,567	211	-	-
Total assets limited or restricted as to use - noncurrent portion	-	-	47,284	-	-	21,515	14,367	-	504,582
PROPERTY AND EQUIPMENT, Net	7,868	-	15,019	-	25	33	-	-	-
OTHER ASSETS	-	-	72,531	-	8	1	-	-	50
TOTAL ASSETS	$ 8,395	$ 2,702	$ 306,771	$ 30,856	$ 126,271	$ 33,515	$ 14,753	$ 353	$ 618,600
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES	$ 7,015	$ 1,019	$ 3,473	$ 1,043	$ 4,961	$ -	$ 163	$ 237	$ 148,858
LONG-TERM DEBT, Noncurrent portion	-	-	2,222	-	-	-	-	-	-
OTHER LIABILITIES	-	-	1,028	-	-	1,730	-	116	451,902
NET ASSETS:									
Unrestricted	1,380	1,621	274,112	29,813	121,310	10,362	14,390	-	17,840
Restricted	-	62	25,936	-	-	21,423	200	-	-
TOTAL LIABILITIES AND NET ASSETS	$ 8,395	$ 2,702	$ 306,771	$ 30,856	$ 126,271	$ 33,515	$ 14,753	$ 353	$ 618,600

TRINITY HEALTH

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

	Investment in Baycare Health System	Investment in Catholic Health System, Inc.	St. Joseph Mercy, Port Huron	Mercy Health System of Maine, Portland	Saint Michael's Medical Center and Related Entities, Newark	St. James Mercy Health System, Inc., Hornell	Mercy Hospital, Inc., Miami	Maxis Health System	Mercy Uihlein Health Corp.
ASSETS									
CURRENT ASSETS:									
Cash, cash equivalents and investments	$ -	$ -	$ 13,640	$ -	$ 24,081	$ 4,853	$ 220	$ 574	$ -
Assets limited as to use - current portion	-	-	-	-	10,635	-	-	-	-
Patient and other receivables, net	-	-	(1,001)	-	-	947	3	-	-
Other current assets	-	-	38,622	-	120,170	154	-	-	-
Total current assets	-	-	51,261	-	154,886	5,954	223	574	-
ASSETS LIMITED OR RESTRICTED AS TO USE -									
Noncurrent portion:									
Held in trust	-	-	537	-	-	-	4,207	-	-
By Board	-	-	14,174	-	-	-	-	4,464	-
By donors	-	-	-	-	-	-	-	664	-
Total assets limited or restricted as to use - noncurrent portion	-	-	14,711	-	-	-	4,207	5,128	-
PROPERTY AND EQUIPMENT, Net	-	-	-	-	-	752	-	-	-
OTHER ASSETS	1,934,212	51,662	8,240	-	1,232	331	3,942	-	-
TOTAL ASSETS	$ 1,934,212	$ 51,662	$ 74,212	$ -	$ 156,118	$ 7,037	$ 8,372	$ 5,702	$ -
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES	$ -	$ -	$ 14,628	$ 3,353	$ 395,952	$ 12,708	$ 26,497	$ 42,019	$ 1,216
LONG-TERM DEBT, Noncurrent portion	-	-	29,354	-	9,107	376	-	6,215	-
OTHER LIABILITIES	-	-	391	-	7,062	2,130	230	119	1,400
NET ASSETS:									
Unrestricted	1,909,769	49,509	28,506	(3,353)	(259,417)	(8,177)	(18,355)	(43,316)	(2,616)
Restricted	24,443	2,153	1,333	-	3,414	-	-	665	-
TOTAL LIABILITIES AND NET ASSETS	$ 1,934,212	$ 51,662	$ 74,212	$ -	$ 156,118	$ 7,037	$ 8,372	$ 5,702	$ -

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

	System Office	Eliminations and Other	**TRINITY HEALTH**
ASSETS			
CURRENT ASSETS:			
Cash, cash equivalents and investments	$ 607,326	$ (217,415)	**$ 4,838,664**
Assets limited as to use - current portion	122,533	-	**271,567**
Patient and other receivables, net	296,355	(296,337)	**2,123,978**
Other current assets	99,542	158	**592,603**
Total current assets	1,125,756	(513,594)	**7,826,812**
ASSETS LIMITED OR RESTRICTED AS TO USE -			
Noncurrent portion:			
Held in trust	83,476	-	**740,468**
By Board	1,299,495	-	**3,098,445**
By donors	555	-	**298,332**
Total assets limited or restricted as to use - noncurrent portion	1,383,526	-	**4,137,245**
PROPERTY AND EQUIPMENT, Net	398,179	-	**6,773,283**
OTHER ASSETS	4,910,368	(5,115,805)	**3,070,578**
TOTAL ASSETS	$ 7,817,829	$ (5,629,399)	**$ 21,807,918**
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES	$ 1,938,063	$ (512,544)	**$ 4,138,177**
LONG-TERM DEBT, Noncurrent portion	4,164,414	(4,520,044)	**4,415,055**
OTHER LIABILITIES	2,022,371	(589,585)	**2,458,780**
NET ASSETS:			
Unrestricted	(307,581)	(6,805)	**10,425,271**
Restricted	562	(421)	**370,635**
TOTAL LIABILITIES AND NET ASSETS	$ 7,817,829	$ (5,629,399)	**$ 21,807,918**

TRINITY HEALTH

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2015
(In thousands)

	Saint Agnes Medical Center, Fresno	Saint Alphonsus Health System, Oregon-Idaho	Mercy Health Systems, Iowa-Nebraska	Loyola University Health System, Chicago	Mercy Hospital and Medical Center, Chicago	Saint Joseph Regional Medical Center, South Bend	Mercy Health, West Michigan	Saint Joseph Mercy Health System, Southeast Michigan	Mount Carmel Health System, Columbus
Unrestricted revenue:									
Net patient service revenue less provision for bad debts	$ 478,566	$ 749,271	$ 816,936	$ 1,167,456	$ 242,361	$ 371,940	$ 998,113	$ 1,766,828	$ 1,106,182
Other	8,579	42,337	107,544	116,096	13,434	13,217	154,923	135,946	589,913
Total unrestricted revenue	487,145	791,608	924,480	1,283,552	255,795	385,157	1,153,036	1,902,774	1,696,095
Expenses:							-		
Labor costs	203,984	372,644	425,616	722,023	130,839	176,055	541,371	941,688	645,003
Purchased services	57,874	127,497	143,731	87,721	42,568	65,950	174,230	231,777	190,466
Depreciation, amortization and interest	32,695	53,021	54,659	70,309	18,543	38,996	64,702	139,604	104,553
Other	173,333	185,740	239,745	392,721	70,064	99,972	304,051	451,045	694,196
Total expenses	467,886	738,902	863,751	1,272,774	262,014	380,973	1,084,354	1,764,114	1,634,218
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	19,259	52,706	60,729	10,778	(6,219)	4,184	68,682	138,660	61,877
Other	-	-	-	-	-	-	-	(4,144)	-
OPERATING INCOME (LOSS)	19,259	52,706	60,729	10,778	(6,219)	4,184	68,682	134,516	61,877
NONOPERATING ITEMS:									
Investment income and interest rate swaps	5,738	5,473	6,124	3,829	85	452	7,389	9,975	13,170
Loss from early extinguishment of debt	-	-	-	-	-	-	-	-	-
Other	(164)	(1,807)	41,410	-	-	(191)	(139)	(605)	(445)
Total nonoperating items	5,574	3,666	47,534	3,829	85	261	7,250	9,370	12,725
							-		
EXCESS OF REVENUE OVER EXPENSES	24,833	56,372	108,263	14,607	(6,134)	4,445	75,932	143,886	74,602
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	(113)	(25,038)	-	(561)	-	(485)	(1,210)	(3,134)
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 24,833	$ 56,259	$ 83,225	$ 14,607	$ (6,695)	$ 4,445	$ 75,447	$ 142,676	$ 71,468
CHANGES IN NET ASSETS									
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 17,246	$ 43,792	$ 170,331	$ (23,268)	$ (6,945)	$ (1,729)	$ 35,548	$ 116,329	$ 43,952
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	(1,498)	(200)	35	(6,647)	(910)	(1,002)	(3,999)	(9,169)	609
INCREASE (DECREASE) IN NET ASSETS	15,748	43,592	170,366	(29,915)	(7,855)	(2,731)	31,549	107,160	44,561
NET ASSETS, Beginning of year	529,156	597,013	559,358	411,486	207,105	198,071	758,483	1,297,556	1,370,215
NET ASSETS, End of year	$ 544,904	$ 640,605	$ 729,724	$ 381,571	$ 199,250	$ 195,340	$ 790,032	$ 1,404,716	$ 1,414,776

TRINITY HEALTH

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

June 30, 2015

(In thousands)

	Holy Cross Hospital, Silver Spring	St. Peter's Health Partners, Albany	Sisters of Providence Health System, Inc., Springfield	Mercy Health System of SEPA, Philadelphia	St. Mary Medical Center, Langhorne	Lourdes Health System, Camden	St. Francis Medical Center, Trenton	Saint Francis Healthcare, Wilmington
Unrestricted revenue:								
Net patient service revenue less provision for bad debts	$ 450,873	$ 1,169,170	$ 345,692	$ 553,043	$ 514,345	$ 476,938	$ 125,233	$ 127,926
Other	20,660	94,162	45,453	43,582	31,730	54,283	33,565	16,192
Total unrestricted revenue	471,533	1,263,332	391,145	596,625	546,075	531,221	158,798	144,118
Expenses:								
Labor costs	246,772	714,363	211,277	366,104	239,780	270,368	66,855	72,709
Purchased services	74,168	142,208	68,229	110,038	100,356	107,480	42,927	31,120
Depreciation, amortization and interest	38,211	82,059	15,609	25,790	30,403	26,601	9,678	9,925
Other	101,417	292,893	82,518	124,436	134,613	119,038	40,171	30,707
Total expenses	460,568	1,231,523	377,633	626,368	505,152	523,487	159,631	144,461
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	10,965	31,809	13,512	(29,743)	40,923	7,734	(833)	(343)
Other	-	(113)	-	-	-	-	(19,146)	-
OPERATING INCOME (LOSS)	10,965	31,696	13,512	(29,743)	40,923	7,734	(19,979)	(343)
NONOPERATING ITEMS:								
Investment income and interest rate swaps	1,407	3,695	1,199	3,076	4,782	221	202	(175)
Loss from early extinguishment of debt	-	(6,269)	-	-	-	-	-	-
Other	-	(420)	(29)	-	(37)	(33)	(364)	-
Total nonoperating items	1,407	(2,994)	1,170	3,076	4,745	188	(162)	(175)
EXCESS OF REVENUE OVER EXPENSES	12,372	28,702	14,682	(26,667)	45,668	7,922	(20,141)	(518)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	(1,748)	(781)	(1,481)	-
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 12,372	$ 28,702	$ 14,682	$ (26,667)	$ 43,920	$ 7,141	$ (21,622)	$ (518)
CHANGES IN NET ASSETS								
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 6,822	$ 13,831	$ 13,432	$ (51,723)	$ 44,492	$ 3,188	$ (23,160)	$ 753
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	(2,734)	3,226	1,174	(535)	6,072	269	(21)	(61)
INCREASE (DECREASE) IN NET ASSETS	4,088	17,057	14,606	(52,258)	50,564	3,457	(23,181)	692
NET ASSETS, Beginning of year	354,799	834,622	89,370	316,029	396,116	47,648	(11,265)	(62,927)
NET ASSETS, End of year	$ 358,887	$ 851,679	$ 103,976	$ 263,771	$ 446,680	$ 51,105	$ (34,446)	$ (62,235)

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2015
(In thousands)

	St. Mary's Health Care System, Inc., Athens	Holy Cross Hospital, Inc., Ft. Lauderdale	Trinity Continuing Care Services	Trinity Home Health Services	Trinity Health PACE	Mercy Medical Corporation, Daphne	Pittsburgh Mercy Health System Inc., Pittsburgh	Mercy Primary Care Center, Detroit	Trinity Health Consolidated Labs
Unrestricted revenue:									
Net patient service revenue less provision for bad debts	$ 215,700	$ 441,228	$ 198,400	$ 125,382	$ -	$ 5,876	$ 36,233	$ 22	$ -
Other	4,906	20,577	95,007	(5,069)	-	14,895	57,462	398	46,805
Total unrestricted revenue	220,606	461,805	293,407	120,313	-	20,771	93,695	420	46,805
Expenses:									
Labor costs	105,478	237,590	155,303	95,014	32	8,640	63,829	1,292	10,573
Purchased services	33,965	62,386	46,565	12,244	151	5,002	4,709	196	16,518
Depreciation, amortization and interest	16,776	28,685	25,040	1,208	-	1,022	1,886	11	1,327
Other	58,893	129,967	57,179	7,237	12	4,253	20,707	553	18,395
Total expenses	215,112	458,628	284,087	115,703	195	18,917	91,131	2,052	46,813
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	5,494	3,177	9,320	4,610	(195)	1,854	2,564	(1,632)	(8)
Other	-	-	-	-	-	-	-	-	-
OPERATING INCOME (LOSS)	5,494	3,177	9,320	4,610	(195)	1,854	2,564	(1,632)	(8)
NONOPERATING ITEMS:									
Investment income and interest rate swaps	571	315	229	388	(2)	157	(1,110)	67	30
Loss from early extinguishment of debt	-	-	(258)	-	-	-	-	-	-
Other	-	(160)	-	-	-	-	-	-	-
Total nonoperating items	571	155	(29)	388	(2)	157	(1,110)	67	30
EXCESS OF REVENUE OVER EXPENSES	6,065	3,332	9,291	4,998	(197)	2,011	1,454	(1,565)	22
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	(326)	-	(501)	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 6,065	$ 3,006	$ 9,291	$ 4,497	$ (197)	$ 2,011	$ 1,454	$ (1,565)	$ 22
CHANGES IN NET ASSETS									
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 4,358	$ (1,405)	$ 6,457	$ 1,611	$ 903	$ 1,935	$ (427)	$ 702	$ (446)
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	359	1,235	(70)	111	-	(71)	1,890	8	-
INCREASE (DECREASE) IN NET ASSETS	4,717	(170)	6,387	1,722	903	1,864	1,463	710	(446)
NET ASSETS, Beginning of year	139,412	233,739	51,942	34,845	-	(2,645)	142,024	4,464	5,878
NET ASSETS, End of year	$ 144,129	$ 233,569	$ 58,329	$ 36,567	$ 903	$ (781)	$ 143,487	$ 5,174	$ 5,432

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2015
(In thousands)

	Trinity Health Warde Lab LLC	Global Health Ministry	St. Joseph's Health System, Inc., Atlanta	Trinity Health Partners	Allegany Franciscan Ministries	SJSA Foundation	Cadillac Foundation	Intracoastal	Venzke Insurance Company
Unrestricted revenue:									
Net patient service revenue less provision for bad debts	$ -	$ -	$ 812	$ -	$ -	$ -	$ -	$ -	$ -
Other	1,065	1,967	17,853	-	8,544	3,719	136	-	98,494
Total unrestricted revenue	1,065	1,967	18,665	-	8,544	3,719	136	-	98,494
Expenses:									
Labor costs	1	876	13,504	515	942	1,281	60	-	-
Purchased services	108	196	2,873	94	160	628	14	-	804
Depreciation, amortization and interest	723	-	529	-	7	10	-	-	-
Other	197	451	2,172	100	7,435	774	187	-	97,690
Total expenses	1,029	1,523	19,078	709	8,544	2,693	261	-	98,494
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	36	444	(413)	(709)	-	1,026	(125)	-	-
Other	-	-	-	-	-	-	-	-	-
OPERATING INCOME (LOSS)	36	444	(413)	(709)	-	1,026	(125)	-	-
NONOPERATING ITEMS:									
Investment income and interest rate swaps	8	37	(3,403)	522	(6,576)	99	165	-	-
Loss from early extinguishment of debt	-	-	-	-	-	-	-	-	-
Other	-	-	(114)	-	-	-	-	-	-
Total nonoperating items	8	37	(3,517)	522	(6,576)	99	165	-	-
EXCESS OF REVENUE OVER EXPENSES	44	481	(3,930)	(187)	(6,576)	1,125	40	-	-
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 44	$ 481	$ (3,930)	$ (187)	$ (6,576)	$ 1,125	$ 40	$ -	$ -
CHANGES IN NET ASSETS									
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 44	$ 472	$ (193)	$ 29,813	$ (6,576)	$ 925	$ 14,390	$ -	$ -
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	-	(11)	377	-	-	287	200	-	-
INCREASE (DECREASE) IN NET ASSETS	44	461	184	29,813	(6,576)	1,212	14,590	-	-
NET ASSETS, Beginning of year	1,336	1,222	299,864	-	127,886	30,573	-	-	17,840
NET ASSETS, End of year	$ 1,380	$ 1,683	$ 300,048	$ 29,813	$ 121,310	$ 31,785	$ 14,590	$ -	$ 17,840

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2015
(In thousands)

	Investment in Baycare Health System	Investment in Catholic Health System, Inc.	St. Joseph Mercy, Port Huron	Mercy Health System of Maine, Portland	Saint Michael's Medical Center and Related Entities, Newark	St. James Mercy Health System, Inc., Hornell	Mercy Hospital, Inc., Miami	Maxis Health System	Mercy Uihlein Health Corp.
Unrestricted revenue:									
Net patient service revenue less provision for bad debts	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other	-	-	-	-	-	193	-	-	-
Total unrestricted revenue	-	-	-	-	-	193	-	-	-
Expenses:									
Labor costs	-	-	-	-	-	198	-	-	62
Purchased services	-	-	-	-	-	43	-	-	-
Depreciation, amortization and interest	-	-	-	-	-	115	-	-	-
Other	-	-	-	-	-	(78)	-	-	-
Total expenses	-	-	-	-	-	278	-	-	62
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	-	-	-	-	-	(85)	-	-	(62)
Other	-	-	-	-	-	-	-	-	-
OPERATING INCOME (LOSS)	-	-	-	-	-	(85)	-	-	(62)
NONOPERATING ITEMS:									
Investment income and interest rate swaps	172,361	9,635	-	-	-	(6)	609	(714)	(19)
Loss from early extinguishment of debt	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total nonoperating items	172,361	9,635	-	-	-	(6)	609	(714)	(19)
EXCESS OF REVENUE OVER EXPENSES	172,361	9,635	-	-	-	(91)	609	(714)	(81)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 172,361	$ 9,635	$ -	$ -	$ -	$ (91)	$ 609	$ (714)	$ (81)
CHANGES IN NET ASSETS									
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 162,707	$ (16,347)	$ (4,003)	$ -	$ (20,421)	$ (9,191)	$ 5,032	$ (4,960)	$ (533)
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	578	-	43	-	602	(523)	(1)	665	-
INCREASE (DECREASE) IN NET ASSETS	163,285	(16,347)	(3,960)	-	(19,819)	(9,714)	5,031	(4,295)	(533)
NET ASSETS, Beginning of year	1,770,927	68,009	33,799	(3,353)	(236,184)	1,537	(23,386)	(38,356)	(2,083)
NET ASSETS, End of year	$ 1,934,212	$ 51,662	$ 29,839	$ (3,353)	$ (256,003)	$ (8,177)	$ (18,355)	$ (42,651)	$ (2,616)

TRINITY HEALTH

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

June 30, 2015 **(In thousands)**	System Office	Eliminations and Other	**TRINITY HEALTH**
Unrestricted revenue:			
Net patient service revenue less provision for bad debts	$ -	$ -	**$ 12,484,526**
Other	1,289,435	(1,324,379)	**1,853,624**
Total unrestricted revenue	1,289,435	(1,324,379)	**14,338,150**
Expenses:			
Labor costs	504,502	(124,232)	**7,422,911**
Purchased services	249,954	(633,056)	**1,601,894**
Depreciation, amortization and interest	249,205	(238,521)	**903,381**
Other	317,864	(320,724)	**3,939,924**
Total expenses	1,321,525	(1,316,533)	**13,868,110**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(32,090)	(7,846)	**470,040**
Other	11,055	-	**(12,348)**
OPERATING INCOME (LOSS)	(21,035)	(7,846)	**457,692**
NONOPERATING ITEMS:			
Investment income and interest rate swaps	32,575	6,657	**279,237**
Loss from early extinguishment of debt	(90,397)	-	**(96,924)**
Other	(5,277)	-	**31,625**
Total nonoperating items	(63,099)	6,657	**213,938**
EXCESS OF REVENUE OVER EXPENSES	(84,134)	(1,189)	**671,630**
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	542	**(34,836)**
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ (84,134)	$ (647)	**$ 636,794**
CHANGES IN NET ASSETS			
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ (304,535)	$ (1,028)	**$ 262,175**
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	6	(27)	**(9,733)**
INCREASE (DECREASE) IN NET ASSETS	(304,529)	(1,055)	**252,442**
NET ASSETS, Beginning of year	(2,490)	(6,171)	**10,543,464**
NET ASSETS, End of year	$ (307,019)	$ (7,226)	**$ 10,795,906**

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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors of
Trinity Health Corporation
Livonia, Michigan

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. This additional information is the responsibility of the Corporation's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion such information is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

September 23, 2015

TRINITY HEALTH

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

Mercy Health Systems, Iowa-Nebraska

	Mercy Medical Center, Clinton	Mercy Medical Center, Dubuque	North Iowa Mercy Medical Center, Mason City	Mercy Medical Center, Sioux City	Eliminations and Other	**Mercy Health Systems, Iowa-Nebraska**
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	$ 46,408	$ 57,267	$ 80,806	$ 15,795	$ -	**$ 200,276**
Assets limited as to use - current portion	4	169	372	44	-	**589**
Patient and other receivables, net	13,643	21,766	52,035	45,707	(76)	**133,075**
Other current assets	4,142	7,318	9,255	8,438	11	**29,164**
Total current assets	64,197	86,520	142,468	69,984	(65)	**363,104**
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Held in trust	385	-	8,070	9,161	-	**17,616**
By Board	50,113	30,895	116,677	17,816	-	**215,501**
By donors	755	4,417	2,468	1,053	-	**8,693**
Total assets limited or restricted as to use - noncurrent portion	51,253	35,312	127,215	28,030	-	**241,810**
PROPERTY AND EQUIPMENT, Net	31,986	57,017	123,360	77,105	-	**289,468**
OTHER ASSETS	5,501	10,834	24,727	158,616	-	**199,678**
TOTAL ASSETS	$ 152,937	$ 189,683	$ 417,770	$ 333,735	$ (65)	**$ 1,094,060**
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	$ 15,723	$ 19,210	$ 51,992	$ 28,924	$ (65)	**$ 115,784**
LONG-TERM DEBT, Noncurrent portion	17,778	31,020	87,406	85,745	-	**221,949**
OTHER LIABILITIES	1,620	1,178	10,684	13,121	-	**26,603**
NET ASSETS:						
Unrestricted	117,056	133,690	264,984	204,871	-	**720,601**
Restricted	760	4,585	2,704	1,074	-	**9,123**
TOTAL LIABILITIES AND NET ASSETS	$ 152,937	$ 189,683	$ 417,770	$ 333,735	$ (65)	**$ 1,094,060**

TRINITY HEALTH

Mercy Health, West Michigan

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

	Saint Mary's Health Care, Grand Rapids	Mercy Health Partners, Muskegon	Mercy Health Services, North	Eliminations and Other	**Mercy Health, West Michigan**
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	$ 59,550	$ 144,606	$ 48,185	$ -	**$ 252,341**
Assets limited as to use - current portion	29	423	-	-	**452**
Patient and other receivables, net	83,782	68,621	8,075	(2,850)	**157,628**
Other current assets	13,102	13,316	31	8	**26,457**
Total current assets	156,463	226,966	56,291	(2,842)	**436,878**
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	4,218	8,237	2,218	-	**14,673**
By Board	304,141	12,234	-	-	**316,375**
By donors	7,811	4,898	-	-	**12,709**
Total assets limited or restricted as to use - noncurrent portion	316,170	25,369	2,218	-	**343,757**
PROPERTY AND EQUIPMENT, Net	292,508	102,970	-	-	**395,478**
OTHER ASSETS	28,872	36,069	3	-	**64,944**
TOTAL ASSETS	$ 794,013	$ 391,374	$ 58,512	$ (2,842)	**$ 1,241,057**
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	$ 57,402	$ 68,510	$ 12,758	$ (2,842)	**$ 135,828**
LONG-TERM DEBT, Noncurrent portion	171,153	124,789	-	-	**295,942**
OTHER LIABILITIES	4,583	12,454	2,218	-	**19,255**
NET ASSETS:					
Unrestricted	553,034	180,301	43,536	-	**776,871**
Restricted	7,841	5,320	-	-	**13,161**
TOTAL LIABILITIES AND NET ASSETS	$ 794,013	$ 391,374	$ 58,512	$ (2,842)	**$ 1,241,057**

TRINITY HEALTH

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

Saint Joseph Mercy Health System, Southeast Michigan

	Saint Joseph Mercy Health System, Ann Arbor	St. Joseph Mercy, Chelsea	St. Joseph Mercy, Livonia	St. Joseph Mercy, Oakland	Eliminations and Other	**Saint Joseph Mercy Health System, Southeast Michigan**
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	$ 430,120	$ 25,899	$ 111,051	$ 123,463	$ -	**$ 690,533**
Assets limited as to use - current portion	2,226	-	-	1,272	-	**3,498**
Patient and other receivables, net	165,417	59,342	44,318	43,074	(80,736)	**231,415**
Other current assets	17,345	2,240	3,230	11,034	589	**34,438**
Total current assets	615,108	87,481	158,599	178,843	(80,147)	**959,884**
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Held in trust	11,710	1,032	622	1,966	-	**15,330**
By Board	124,757	634	-	-	-	**125,391**
By donors	28,007	-	-	8,200	-	**36,207**
Total assets limited or restricted as to use - noncurrent portion	164,474	1,666	622	10,166	-	**176,928**
PROPERTY AND EQUIPMENT, Net	462,920	96,014	134,779	277,091	-	**970,804**
OTHER ASSETS	151,084	48	28,119	26,404	-	**205,655**
TOTAL ASSETS	$ 1,393,586	$ 185,209	$ 322,119	$ 492,504	$ (80,147)	**$ 2,313,271**
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	$ 171,035	$ 29,082	$ 47,472	$ 44,030	$ (80,147)	**$ 211,472**
LONG-TERM DEBT, Noncurrent portion	318,976	83,708	139,874	124,789	-	**667,347**
OTHER LIABILITIES	18,566	2,137	3,338	5,695	-	**29,736**
NET ASSETS:						
Unrestricted	856,191	70,282	131,435	308,585	-	**1,366,493**
Restricted	28,818	-	-	9,405	-	**38,223**
TOTAL LIABILITIES AND NET ASSETS	$ 1,393,586	$ 185,209	$ 322,119	$ 492,504	$ (80,147)	**$ 2,313,271**

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

Sisters of Providence Health System, Inc., Springfield

	Mercy Medical Center	MercyCare Alliance, LLC	Providence Behavioral Hospital	Brightside, Inc.	Continuing Care Network	Farren Care Center, Inc.	Mercy Life Inc.	System Coordinated Services
ASSETS								
CURRENT ASSETS:								
Cash, cash equivalents and investments	$ 177,992	$ (904)	$ (58,346)	$ (20,747)	$ 3,813	$ (453)	$ (1,194)	$ (32,723)
Assets limited as to use - current portion	886	-	-	-	-	-	-	8
Patient and other receivables, net	29,819	1,056	4,315	293	1,611	2,112	327	3,857
Other current assets	5,238	-	299	-	27	21	-	581
Total current assets	213,935	152	(53,732)	(20,454)	5,451	1,680	(867)	(28,277)
ASSETS LIMITED OR RESTRICTED AS TO USE -								
Noncurrent portion:								
Held in trust	-	-	-	-	-	-	-	-
By Board	-	-	-	3,983	-	-	-	-
By donors	3,291	-	324	694	88	1,910	3	-
Total assets limited or restricted as to use - noncurrent portion	3,291	-	324	4,677	88	1,910	3	-
PROPERTY AND EQUIPMENT, Net	79,397	-	7,237	-	1,443	1,122	3,376	4,367
OTHER ASSETS	408	-	-	162	-	-	(1)	544
TOTAL ASSETS	$ 297,031	$ 152	$ (46,171)	$ (15,615)	$ 6,982	$ 4,712	$ 2,511	$ (23,366)
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES	$ 32,116	$ 250	$ 4,945	$ 344	$ 2,358	$ 1,448	$ 1,030	$ 2,455
LONG-TERM DEBT, Noncurrent portion	34,367	-	20,955	1,444	2,412	3,584	-	-
OTHER LIABILITIES	305	-	1,141	115	53	68	1	34
NET ASSETS:								
Unrestricted	226,146	(98)	(73,536)	(18,205)	2,071	(2,298)	1,477	(25,855)
Restricted	4,097	-	324	687	88	1,910	3	-
TOTAL LIABILITIES AND NET ASSETS	$ 297,031	$ 152	$ (46,171)	$ (15,615)	$ 6,982	$ 4,712	$ 2,511	$ (23,366)

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

Sisters of Providence Health System, Inc., Springfield

	Mercy Specialist Physicians	Pioneer Valley Cardiology Associates	Mercy Oncology Service Inc.	Accountable Care Organization of New England, LLC	Sisters of Providence Health System, Inc.	Eliminations and Other	**Sisters of Providence Health System, Inc., Springfield**
ASSETS							
CURRENT ASSETS:							
Cash, cash equivalents and investments	$ (8,438)	$ (9,792)	$ (10,032)	$ -	$ (14,248)	$ -	**$ 24,928**
Assets limited as to use - current portion	-	-	-	-	14	-	**908**
Patient and other receivables, net	957	525	1,140	-	16,054	18	**62,084**
Other current assets	53	278	70	-	347	-	**6,914**
Total current assets	(7,428)	(8,989)	(8,822)	-	2,167	18	**94,834**
ASSETS LIMITED OR RESTRICTED AS TO USE -							
Noncurrent portion:							
Held in trust	-	-	-	-	1,409	-	**1,409**
By Board	-	-	-	-	-	-	**3,983**
By donors	-	-	-	-	317	-	**6,627**
Total assets limited or restricted as to use - noncurrent portion	-	-	-	-	1,726	-	**12,019**
PROPERTY AND EQUIPMENT, Net	142	64	1,073	-	7,087	110	**105,418**
OTHER ASSETS	-	-	319	-	11,768	(99)	**13,101**
TOTAL ASSETS	$ (7,286)	$ (8,925)	$ (7,430)	$ -	$ 22,748	$ 29	**$ 225,372**
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES	$ 1,658	$ 436	$ 1,000	$ -	$ 7,200	$ 19	**$ 55,259**
LONG-TERM DEBT, Noncurrent portion	-	-	-	-	149	-	**62,911**
OTHER LIABILITIES	-	-	-	-	1,509	-	**3,226**
NET ASSETS:							
Unrestricted	(8,944)	(9,361)	(8,430)	-	13,710	10	**96,687**
Restricted	-	-	-	-	180	-	**7,289**
TOTAL LIABILITIES AND NET ASSETS	$ (7,286)	$ (8,925)	$ (7,430)	$ -	$ 22,748	$ 29	**$ 225,372**

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

Mercy Health System of SEPA, Philadelphia

	Mercy Catholic Medical Center	Mercy Suburban Hospital	Nazareth Hospital	St. Agnes Continuing Care Corp	MHS Combined Physicians	Lourdes Health Network, Philadelphia	Mercy Home Health Services
ASSETS							
CURRENT ASSETS:							
Cash, cash equivalents and investments	$ (24,092)	$ (26,858)	$ 25,464	$ 5,799	$ (100,578)	$ -	$ 36,094
Assets limited as to use - current portion	-	-	-	-	-	-	-
Patient and other receivables, net	33,929	12,174	16,233	1,374	3,938	-	14,005
Other current assets	5,894	19,322	3,263	271	1,012	-	370
Total current assets	15,731	4,638	44,960	7,444	(95,628)	-	50,469
ASSETS LIMITED OR RESTRICTED AS TO USE -							
Noncurrent portion:							
Held in trust	-	-	-	-	-	-	-
By Board	-	-	-	-	-	-	-
By donors	3,330	-	1,077	12	-	-	-
Total assets limited or restricted as to use - noncurrent portion	3,330	-	1,077	12	-	-	-
PROPERTY AND EQUIPMENT, Net	60,347	-	29,692	517	822	-	630
OTHER ASSETS	289	-	686	1,783	2,374	-	-
TOTAL ASSETS	$ 79,697	$ 4,638	$ 76,415	$ 9,756	$ (92,432)	$ -	$ 51,099
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES	$ 21,435	$ 3,744	$ 13,747	$ 9,447	$ 80,877	$ 186	$ 6,643
LONG-TERM DEBT, Noncurrent portion	63,718	32,012	25,222	-	-	-	-
OTHER LIABILITIES	7,241	4,166	2,121	1,107	388	-	176
NET ASSETS:							
Unrestricted	(16,027)	(35,284)	34,248	(2,593)	(173,697)	(186)	44,280
Restricted	3,330	-	1,077	1,795	-	-	-
TOTAL LIABILITIES AND NET ASSETS	$ 79,697	$ 4,638	$ 76,415	$ 9,756	$ (92,432)	$ -	$ 51,099

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

Mercy Health System of SEPA, Philadelphia

	Mercy Eastwick, Inc.	Mercy Health Plan	Mercy Health System Foundation	Mercy Home Office	Mercy Accountable Care, LLC	Eliminations and Other	**Mercy Health System of SEPA, Philadelphia**
ASSETS							
CURRENT ASSETS:							
Cash, cash equivalents and investments	$ (21,942)	$ -	$ 16,854	$ 243,162	$ 50	$ -	**$ 153,953**
Assets limited as to use - current portion	-	-	-	-	-	-	**-**
Patient and other receivables, net	35	4,170	915	-	(11)	(163)	**86,599**
Other current assets	264	-	-	1,655	-	(1,439)	**30,612**
Total current assets	(21,643)	4,170	17,769	244,817	39	(1,602)	**271,164**
ASSETS LIMITED OR RESTRICTED AS TO USE -							
Noncurrent portion:							
Held in trust	-	-	-	-	-	-	**-**
By Board	-	-	-	10,000	-	-	**10,000**
By donors	-	-	114	-	-	-	**4,533**
Total assets limited or restricted as to use - noncurrent portion	-	-	114	10,000	-	-	**14,533**
PROPERTY AND EQUIPMENT, Net	5,023	-	-	4,617	-	-	**101,648**
OTHER ASSETS	-	149,830	-	6,964	-	-	**161,926**
TOTAL ASSETS	$ (16,620)	$ 154,000	$ 17,883	$ 266,398	$ 39	$ (1,602)	**$ 549,271**
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES	$ 15,435	$ -	$ -	$ (27,183)	$ 74	$ (5,381)	**$ 119,024**
LONG-TERM DEBT, Noncurrent portion	-	-	-	28,190	-	-	**149,142**
OTHER LIABILITIES	1,414	-	-	721	-	-	**17,334**
NET ASSETS:							
Unrestricted	(33,469)	154,000	17,767	264,670	(35)	3,781	**257,455**
Restricted	-	-	116	-	-	(2)	**6,316**
TOTAL LIABILITIES AND NET ASSETS	$ (16,620)	$ 154,000	$ 17,883	$ 266,398	$ 39	$ (1,602)	**$ 549,271**

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

Lourdes Health System, Camden

	Our LOL Medical Center	Lourdes Med Center of Burlington	Lourdes Medical Associates, PA	Lourdes Urgent Care, PC	Lourdes Cardiology Services, P.C.	Health Management Services Organization, Inc.	LHS Health Network, LLC	Life at Lourdes
ASSETS								
CURRENT ASSETS:								
Cash, cash equivalents and investments	$ 35,428	$ 52,209	$ 25,323	$ (318)	$ (35,066)	$ (38,909)	$ (538)	$ 5,364
Assets limited as to use - current portion	-	-	-	-	-	-	-	-
Patient and other receivables, net	243,408	32,727	4,373	88	2,963	42,317	-	1,668
Other current assets	7,996	1,873	86	-	489	-	-	102
Total current assets	286,832	86,809	29,782	(230)	(31,614)	3,408	(538)	7,134
ASSETS LIMITED OR RESTRICTED AS TO USE -								
Noncurrent portion:								
Held in trust	-	-	-	-	-	-	-	-
By Board	-	-	-	-	-	-	-	-
By donors	959	29	-	-	-	-	-	-
Total assets limited or restricted as to use - noncurrent portion	959	29	-	-	-	-	-	-
PROPERTY AND EQUIPMENT, Net	95,586	38,978	617	265	212	1,812	-	1,534
OTHER ASSETS	13,144	127	1,814	-	-	10,792	-	-
TOTAL ASSETS	$ 396,521	$ 125,943	$ 32,213	$ 35	$ (31,402)	$ 16,012	$ (538)	$ 8,668
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES	$ 49,287	$ 102,743	$ 90,661	$ 652	$ 29,509	$ 31,986	$ 1,839	$ 4,069
LONG-TERM DEBT, Noncurrent portion	128,588	66,875	-	-	-	-	-	12
OTHER LIABILITIES	13,678	1,358	-	-	-	-	-	-
NET ASSETS:								
Unrestricted	203,468	(45,304)	(58,448)	(617)	(60,911)	(15,974)	(2,377)	4,587
Restricted	1,500	271	-	-	-	-	-	-
TOTAL LIABILITIES AND NET ASSETS	$ 396,521	$ 125,943	$ 32,213	$ 35	$ (31,402)	$ 16,012	$ (538)	$ 8,668

TRINITY HEALTH

Supplemental Condensed Consolidating Balance Sheets - Information

June 30, 2015

(In thousands)

Lourdes Health System, Camden

	Our LOL Assoc. Foundation, Inc.	Lourdes Ancillary Services, Inc.	Centennial Surgical Unit, LLC	Health Care Services	Lourdes Dialysis at Innova Inc	Eliminations and Other	**Lourdes Health System, Camden**
ASSETS							
CURRENT ASSETS:							
Cash, cash equivalents and investments	$ 1,814	$ 70	$ 193	$ -	$ 549	$ -	**$ 46,119**
Assets limited as to use - current portion	26	-	-	-	-	-	**26**
Patient and other receivables, net	935	29,182	27	100,161	4,158	(382,313)	**79,694**
Other current assets	-	-	378	736	-	-	**11,660**
Total current assets	2,775	29,252	598	100,897	4,707	(382,313)	**137,499**
ASSETS LIMITED OR RESTRICTED AS TO USE -							
Noncurrent portion:							
Held in trust	-	-	-	2,978	-	-	**2,978**
By Board	-	-	-	-	-	-	**-**
By donors	1,003	-	-	-	-	-	**1,991**
Total assets limited or restricted as to use - noncurrent portion	1,003	-	-	2,978	-	-	**4,969**
PROPERTY AND EQUIPMENT, Net	13	822	921	1,389	-	-	**142,149**
OTHER ASSETS	-	-	19,211	732	-	-	**45,820**
TOTAL ASSETS	$ 3,791	$ 30,074	$ 20,730	$ 105,996	$ 4,707	$ (382,313)	**$ 330,437**
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES	$ 1,853	$ 29,599	$ 191	$ 103,820	$ 462	$ (374,830)	**$ 71,841**
LONG-TERM DEBT, Noncurrent portion	-	-	71	-	631	(6,700)	**189,477**
OTHER LIABILITIES	-	-	-	2,978	-	-	**18,014**
NET ASSETS:							
Unrestricted	975	475	20,468	(802)	3,614	-	**49,154**
Restricted	963	-	-	-	-	(783)	**1,951**
TOTAL LIABILITIES AND NET ASSETS	$ 3,791	$ 30,074	$ 20,730	$ 105,996	$ 4,707	$ (382,313)	**$ 330,437**

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

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

	St. Mary's Hospital Combined	Good Samaritan Hospital	St. Mary's Sacred Heart Hospital	St. Mary's Foundation, Inc.	St. Mary's Highland Hills Inc.	St. Mary's Medical Group	Western Care Alliance, LLC
ASSETS							
CURRENT ASSETS:							
Cash, cash equivalents and investments	$ 42,608	$ 45	$ 1,790	$ 13,133	$ 817	$ 37	$ -
Assets limited as to use - current portion	185	-	-	813	10	-	-
Patient and other receivables, net	60,081	11,142	1,020	(3,276)	(4,227)	(31,010)	(43)
Other current assets	4,477	448	884	9	15	197	-
Total current assets	107,351	11,635	3,694	10,679	(3,385)	(30,776)	(43)
ASSETS LIMITED OR RESTRICTED AS TO USE -							
Noncurrent portion:							
Held in trust	874	-	-	-	-	-	-
By Board	15,417	-	-	-	-	-	-
By donors	-	-	-	3,468	-	-	-
Total assets limited or restricted as to use - noncurrent portion	16,291	-	-	3,468	-	-	-
PROPERTY AND EQUIPMENT, Net	64,128	37,423	12,772	8	10,163	2,938	-
OTHER ASSETS	8,539	-	75	-	-	154	-
TOTAL ASSETS	$ 196,309	$ 49,058	$ 16,541	$ 14,155	$ 6,778	$ (27,684)	$ (43)
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES	$ 25,451	$ 3,836	$ 3,844	$ 39	$ 502	$ 1,287	$ -
LONG-TERM DEBT, Noncurrent portion	15,040	37,460	12,931	-	3,110	-	-
OTHER LIABILITIES	1,316	-	-	-	-	-	-
NET ASSETS:							
Unrestricted	155,877	7,762	(234)	8,774	3,166	(28,971)	(43)
Restricted	(1,375)	-	-	5,342	-	-	-
TOTAL LIABILITIES AND NET ASSETS	$ 196,309	$ 49,058	$ 16,541	$ 14,155	$ 6,778	$ (27,684)	$ (43)

TRINITY HEALTH

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

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

	Georgia Health Enterprise, LLC	GHE Physicians, P.C.	Eliminations and Other	**St. Mary's Health Care System, Inc., Athens**
ASSETS				
CURRENT ASSETS:				
Cash, cash equivalents and investments	$ -	$ -	$ -	**$ 58,430**
Assets limited as to use - current portion	-	-	-	**1,008**
Patient and other receivables, net	-	-	-	**33,687**
Other current assets	-	-	-	**6,030**
Total current assets	-	-	-	**99,155**
ASSETS LIMITED OR RESTRICTED AS TO USE -				
Noncurrent portion:				
Held in trust	-	-	-	**874**
By Board	-	-	-	**15,417**
By donors	-	-	-	**3,468**
Total assets limited or restricted as to use - noncurrent portion	-	-	-	**19,759**
PROPERTY AND EQUIPMENT, Net	-	-	-	**127,432**
OTHER ASSETS	6,198	(6,196)	(6,171)	**2,599**
TOTAL ASSETS	$ 6,198	$ (6,196)	$ (6,171)	**$ 248,945**
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES	$ -	$ -	$ -	**$ 34,959**
LONG-TERM DEBT, Noncurrent portion	-	-	-	**68,541**
OTHER LIABILITIES	-	-	-	**1,316**
NET ASSETS:				
Unrestricted	6,198	(6,196)	(6,172)	**140,161**
Restricted	-	-	1	**3,968**
TOTAL LIABILITIES AND NET ASSETS	$ 6,198	$ (6,196)	$ (6,171)	**$ 248,945**

TRINITY HEALTH

Pittsburgh Mercy Health System Inc., Pittsburgh

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

	Pittsburgh Mercy Health System	McAuley Ministries	Mercy Jeannette Hospital	Mercy Life Center Corp (Behav)	Eliminations and Other	**Pittsburgh Mercy Health System Inc., Pittsburgh**
ASSETS						
CURRENT ASSETS:						
Cash, cash equivalents and investments	$ 1,960	$ 3,717	$ -	$ 23,915	$ -	**$ 29,592**
Assets limited as to use - current portion	-	-	-	-	-	-
Patient and other receivables, net	101	-	-	14,699	-	**14,800**
Other current assets	-	-	-	951	-	**951**
Total current assets	2,061	3,717	-	39,565	-	**45,343**
ASSETS LIMITED OR RESTRICTED AS TO USE -						
Noncurrent portion:						
Held in trust	230	-	-	-	-	**230**
By Board	24,143	77,765	-	-	-	**101,908**
By donors	8,191	2,042	-	267	-	**10,500**
Total assets limited or restricted as to use - noncurrent portion	32,564	79,807	-	267	-	**112,638**
PROPERTY AND EQUIPMENT, Net	-	-	-	10,005	-	**10,005**
OTHER ASSETS	-	-	-	-	-	-
TOTAL ASSETS	$ 34,625	$ 83,524	$ -	$ 49,837	$ -	**$ 167,986**
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES	$ 12,152	$ 161	$ -	$ 7,976	$ -	**$ 20,289**
LONG-TERM DEBT, Noncurrent portion	-	-	-	2,732	-	**2,732**
OTHER LIABILITIES	202	-	-	1,276	-	**1,478**
NET ASSETS:						
Unrestricted	14,080	81,321	-	37,586	-	**132,987**
Restricted	8,191	2,042	-	267	-	**10,500**
TOTAL LIABILITIES AND NET ASSETS	$ 34,625	$ 83,524	$ -	$ 49,837	$ -	**$ 167,986**

TRINITY HEALTH

Mercy Community Health, Inc., West Hartford

Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

	MCH - Corporate Office	The McAuley Center	Saint Mary Home, Inc.	Eliminations and Other	**Mercy Community Health, Inc., West Hartford**
ASSETS					
CURRENT ASSETS:					
Cash, cash equivalents and investments	$ (8,174)	$ 5,531	$ 6,896	$ -	**$ 4,253**
Assets limited as to use - current portion	-	2	286	-	**288**
Patient and other receivables, net	100	50	3,808	-	**3,958**
Other current assets	29	183	403	-	**615**
Total current assets	(8,045)	5,766	11,393	-	**9,114**
ASSETS LIMITED OR RESTRICTED AS TO USE -					
Noncurrent portion:					
Held in trust	-	-	-	-	**-**
By Board	29	-	-	-	**29**
By donors	-	12	265	-	**277**
Total assets limited or restricted as to use - noncurrent portion	29	12	265	-	**306**
PROPERTY AND EQUIPMENT, Net	789	15,829	9,630	-	**26,248**
OTHER ASSETS	6,574	(1,612)	(4,672)	-	**290**
TOTAL ASSETS	$ (653)	$ 19,995	$ 16,616	$ -	**$ 35,958**
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES	$ 524	$ 2,867	$ 2,750	$ -	**$ 6,141**
LONG-TERM DEBT, Noncurrent portion	4,238	12,299	10,564	-	**27,101**
OTHER LIABILITIES	117	17,748	289	-	**18,154**
NET ASSETS:					
Unrestricted	(5,795)	(12,874)	2,666	-	**(16,003)**
Restricted	263	(45)	347	-	**565**
TOTAL LIABILITIES AND NET ASSETS	$ (653)	$ 19,995	$ 16,616	$ -	**$ 35,958**

TRINITY HEALTH
Supplemental Condensed Consolidating Balance Sheets - Information
June 30, 2015
(In thousands)

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

	Belle Meade	Pine Knoll	Neese Clinic	Coventry	Family Care Homes	Health Center	Home Care at St. Joseph of the Pines
ASSETS							
CURRENT ASSETS:							
Cash, cash equivalents and investments	$ 307	$ 947	$ 2,387	$ -	$ -	$ 44	$ -
Assets limited as to use - current portion	-	-	-	-	-	-	-
Patient and other receivables, net	3,454	929	485	(22)	(19)	1,432	373
Other current assets	66	17	70	3	(1)	51	2
Total current assets	3,827	1,893	2,942	(19)	(20)	1,527	375
ASSETS LIMITED OR RESTRICTED AS TO USE -							
Noncurrent portion:							
Held in trust	13,220	-	-	-	-	-	-
By Board	-	-	-	-	-	-	-
By donors	80	2	254	11	-	47	-
Total assets limited or restricted as to use - noncurrent portion	13,300	2	254	11	-	47	-
PROPERTY AND EQUIPMENT, Net	34,506	10,646	2,430	2,817	619	10,905	7
OTHER ASSETS	16	-	751	2	-	-	-
TOTAL ASSETS	$ 51,649	$ 12,541	$ 6,377	$ 2,811	$ 599	$ 12,479	$ 382
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES	$ 764	$ 212	$ 1,747	$ 240	$ 25	$ 795	$ 137
LONG-TERM DEBT, Noncurrent portion	26,970	5,750	1,364	8,181	-	7,265	-
OTHER LIABILITIES	27,836	5,360	(7,182)	(3,261)	475	11,809	100
NET ASSETS:							
Unrestricted	(4,001)	1,216	10,197	(2,360)	99	(7,439)	145
Restricted	80	3	251	11	-	49	-
TOTAL LIABILITIES AND NET ASSETS	$ 51,649	$ 12,541	$ 6,377	$ 2,811	$ 599	$ 12,479	$ 382

(In thousands)

	HUD Housing Management	PACE Program	Generations Center	**St. Joseph's of the Pines, Inc., Southern Pines**
ASSETS				
CURRENT ASSETS:				
Cash, cash equivalents and investments	$ -	$ 2,087	$ (2)	**$ 5,770**
Assets limited as to use - current portion	-	-	-	**-**
Patient and other receivables, net	163	1,651	-	**8,446**
Other current assets	-	40	-	**248**
Total current assets	163	3,778	(2)	**14,464**
ASSETS LIMITED OR RESTRICTED AS TO USE -				
Noncurrent portion:				
Held in trust	-	-	-	**13,220**
By Board	-	-	541	**541**
By donors	-	-	-	**394**
Total assets limited or restricted as to use - noncurrent portion	-	-	541	**14,155**
PROPERTY AND EQUIPMENT, Net	8	2,883	-	**64,822**
OTHER ASSETS	-	19	-	**787**
TOTAL ASSETS	$ 171	$ 6,680	$ 539	**$ 94,228**
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES	$ 19	$ 2,861	$ -	**$ 6,800**
LONG-TERM DEBT, Noncurrent portion	-	-	-	**49,530**
OTHER LIABILITIES	152	1,223	-	**36,512**
NET ASSETS:				
Unrestricted	-	2,596	539	**992**
Restricted	-	-	-	**394**
TOTAL LIABILITIES AND NET ASSETS	$ 171	$ 6,680	$ 539	**$ 94,228**

TRINITY HEALTH **Mercy Health Systems, Iowa-Nebraska**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2015
(In thousands)

	Mercy Medical Center, Clinton	Mercy Medical Center, Dubuque	North Iowa Mercy Medical Center, Mason City	Mercy Medical Center, Sioux City	Eliminations and Other	**Mercy Health Systems, Iowa-Nebraska**
Unrestricted revenue:						
Net patient service revenue less provision for bad debts	$ 95,790	$ 134,946	$ 332,590	$ 253,610	$ -	**$ 816,936**
Other	3,024	35,575	57,144	11,870	(69)	**107,544**
Total unrestricted revenue	98,814	170,521	389,734	265,480	(69)	**924,480**
Expenses:						
Labor costs	50,451	69,431	188,900	116,834	-	**425,616**
Purchased services	14,639	25,758	61,587	41,816	(69)	**143,731**
Depreciation, amortization and interest	8,200	10,359	21,328	14,772	-	**54,659**
Other	20,830	52,685	99,236	66,994	-	**239,745**
Total expenses	94,120	158,233	371,051	240,416	(69)	**863,751**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	4,694	12,288	18,683	25,064	-	**60,729**
Other	-	-	-	-	-	**-**
OPERATING INCOME (LOSS)	4,694	12,288	18,683	25,064	-	**60,729**
NONOPERATING ITEMS:						
Investment income and interest rate swaps	1,505	1,396	3,084	139	-	**6,124**
Loss from early extinguishment of debt	-	-	-	-	-	**-**
Other	(15)	501	(2)	40,926	-	**41,410**
Total nonoperating items	1,490	1,897	3,082	41,065	-	**47,534**
EXCESS OF REVENUE OVER EXPENSES	6,184	14,185	21,765	66,129	-	**108,263**
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	17	-	(4,867)	(20,188)	-	**(25,038)**
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 6,201	$ 14,185	$ 16,898	$ 45,941	$ -	**$ 83,225**
CHANGES IN NET ASSETS						
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 4,377	$ 11,244	$ 9,763	$ 144,947	$ -	**$ 170,331**
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	(205)	(39)	1,152	(873)	-	**35**
INCREASE (DECREASE) IN NET ASSETS	4,172	11,205	10,915	144,074	-	**170,366**
NET ASSETS, Beginning of year	113,644	127,070	256,773	61,871	-	**559,358**
NET ASSETS, End of year	$ 117,816	$ 138,275	$ 267,688	$ 205,945	$ -	**$ 729,724**

TRINITY HEALTH **Mercy Health, West Michigan**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2015
(In thousands)

	Saint Mary's Health Care, Grand Rapids	Mercy Health Partners, Muskegon	Mercy Health Services, North	Eliminations and Other	**Mercy Health, West Michigan**
Unrestricted revenue:					
Net patient service revenue less provision for bad debts	$ 496,532	$ 501,581	$ -	$ -	**$ 998,113**
Other	99,353	55,682	-	(112)	**154,923**
Total unrestricted revenue	595,885	557,263	-	(112)	**1,153,036**
Expenses:					
Labor costs	264,216	277,155	-	-	**541,371**
Purchased services	97,064	77,250	-	(84)	**174,230**
Depreciation, amortization and interest	36,301	28,401	-	-	**64,702**
Other	159,290	144,789	-	(28)	**304,051**
Total expenses	556,871	527,595	-	(112)	**1,084,354**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	39,014	29,668	-	-	**68,682**
Other	-	-	-	-	**-**
OPERATING INCOME (LOSS)	39,014	29,668	-	-	**68,682**
NONOPERATING ITEMS:					
Investment income and interest rate swaps	5,315	2,074	-	-	**7,389**
Loss from early extinguishment of debt	-	-	-	-	**-**
Other	2	(141)	-	-	**(139)**
Total nonoperating items	5,317	1,933	-	-	**7,250**
EXCESS OF REVENUE OVER EXPENSES	44,331	31,601	-	-	**75,932**
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(460)	(25)	-	-	**(485)**
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 43,871	$ 31,576	$ -	$ -	**$ 75,447**
CHANGES IN NET ASSETS					
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 36,391	$ 21,633	$ (22,476)	$ -	**$ 35,548**
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	(1,509)	(168)	(2,322)	-	**(3,999)**
INCREASE (DECREASE) IN NET ASSETS	34,882	21,465	(24,798)	-	**31,549**
NET ASSETS, Beginning of year	525,993	164,156	68,334	-	**758,483**
NET ASSETS, End of year	$ 560,875	$ 185,621	$ 43,536	$ -	**$ 790,032**

TRINITY HEALTH

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

June 30, 2015

(In thousands)

Saint Joseph Mercy Health System, Southeast Michigan

	Saint Joseph Mercy Health System, Ann Arbor	St. Joseph Mercy, Chelsea	St. Joseph Mercy, Livonia	St. Joseph Mercy, Oakland	Eliminations and Other	**Saint Joseph Mercy Health System, Southeast Michigan**
Unrestricted revenue:						
Net patient service revenue less provision for bad debts	$ 993,633	$ 127,171	$ 266,442	$ 379,582	$ -	**$ 1,766,828**
Other	106,478	5,659	6,260	24,499	(6,950)	**135,946**
Total unrestricted revenue	1,100,111	132,830	272,702	404,081	(6,950)	**1,902,774**
Expenses:						
Labor costs	558,451	64,614	134,824	183,808	(9)	**941,688**
Purchased services	125,165	13,796	39,074	61,103	(7,361)	**231,777**
Depreciation, amortization and interest	72,905	10,771	23,114	32,814	-	**139,604**
Other	248,510	34,556	60,212	107,347	420	**451,045**
Total expenses	1,005,031	123,737	257,224	385,072	(6,950)	**1,764,114**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	95,080	9,093	15,478	19,009	-	**138,660**
Other	(3,824)	-	-	(320)	-	**(4,144)**
OPERATING INCOME (LOSS)	91,256	9,093	15,478	18,689	-	**134,516**
NONOPERATING ITEMS:						
Investment income and interest rate swaps	6,123	617	1,757	1,478	-	**9,975**
Loss from early extinguishment of debt	-	-	-	-	-	**-**
Other	(605)	-	-	-	-	**(605)**
Total nonoperating items	5,518	617	1,757	1,478	-	**9,370**
EXCESS OF REVENUE OVER EXPENSES	96,774	9,710	17,235	20,167	-	**143,886**
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(1,210)	-	-	-	-	**(1,210)**
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 95,564	$ 9,710	$ 17,235	$ 20,167	$ -	**$ 142,676**
CHANGES IN NET ASSETS						
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 73,722	$ 14,619	$ 15,305	$ 12,683	$ -	**$ 116,329**
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	(9,739)	-	-	570	-	**(9,169)**
INCREASE (DECREASE) IN NET ASSETS	63,983	14,619	15,305	13,253	-	**107,160**
NET ASSETS, Beginning of year	821,026	55,663	116,130	304,737	-	**1,297,556**
NET ASSETS, End of year	$ 885,009	$ 70,282	$ 131,435	$ 317,990	$ -	**$ 1,404,716**

TRINITY HEALTH

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

June 30, 2015

(In thousands)

Sisters of Providence Health System, Inc., Springfield

	Mercy Medical Center	MercyCare Alliance, LLC	Providence Behavioral Hospital	Brightside, Inc.	Continuing Care Network	Farren Care Center, Inc.	Mercy Life Inc.	System Coordinated Services
Unrestricted revenue:								
Net patient service revenue less provision for bad debts	$ 227,613	$ -	$ 33,162	$ 1,997	$ 13,626	$ 13,309	$ -	$ 43,186
Other	8,075	1,121	4,232	476	4,097	275	4,995	2,237
Total unrestricted revenue	235,688	1,121	37,394	2,473	17,723	13,584	4,995	45,423
Expenses:								
Labor costs	93,999	602	28,211	2,022	10,545	9,375	2,139	33,434
Purchased services	58,689	589	5,875	414	2,903	1,507	2,180	9,874
Depreciation, amortization and interest	9,851	-	1,394	50	339	216	464	593
Other	54,461	28	3,562	302	3,384	2,505	1,815	9,031
Total expenses	217,000	1,219	39,042	2,788	17,171	13,603	6,598	52,932
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	18,688	(98)	(1,648)	(315)	552	(19)	(1,603)	(7,509)
Other	-	-	-	-	-	-	-	-
OPERATING INCOME (LOSS)	18,688	(98)	(1,648)	(315)	552	(19)	(1,603)	(7,509)
NONOPERATING ITEMS:								
Investment income and interest rate swaps	(158)	-	142	67	20	56	-	307
Loss from early extinguishment of debt	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	65
Total nonoperating items	(158)	-	142	67	20	56	-	372
EXCESS OF REVENUE OVER EXPENSES	18,530	(98)	(1,506)	(248)	572	37	(1,603)	(7,137)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 18,530	$ (98)	$ (1,506)	$ (248)	$ 572	$ 37	$ (1,603)	$ (7,137)
CHANGES IN NET ASSETS								
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 19,677	$ (98)	$ (1,680)	$ (248)	$ 594	$ 37	$ (1,603)	$ (7,272)
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	1,391	-	4	10	14	(18)	-	-
INCREASE (DECREASE) IN NET ASSETS	21,068	(98)	(1,676)	(238)	608	19	(1,603)	(7,272)
NET ASSETS, Beginning of year	209,175	-	(71,536)	(17,280)	1,551	(407)	3,083	(18,583)
NET ASSETS, End of year	$ 230,243	$ (98)	$ (73,212)	$ (17,518)	$ 2,159	$ (388)	$ 1,480	$ (25,855)

TRINITY HEALTH

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

June 30, 2015

(In thousands)

Sisters of Providence Health System, Inc., Springfield

	Mercy Specialist Physicians	Pioneer Valley Cardiology Associates	Mercy Oncology Service Inc.	Accountable Care Organization of New England, LLC	Sisters of Providence Health System, Inc.	Eliminations and Other	**Sisters of Providence Health System, Inc., Springfield**
Unrestricted revenue:							
Net patient service revenue less provision for bad debts	$ 6,600	$ 5,619	$ 10,166	$ -	$ -	$ (9,586)	**$ 345,692**
Other	328	775	1,741	-	50,834	(33,733)	**45,453**
Total unrestricted revenue	6,928	6,394	11,907	-	50,834	(43,319)	**391,145**
Expenses:							
Labor costs	6,454	1,202	6,938	-	16,356	-	**211,277**
Purchased services	2,305	7,901	6,889	-	12,422	(43,319)	**68,229**
Depreciation, amortization and interest	23	8	179	-	2,492	-	**15,609**
Other	996	772	2,606	-	3,056	-	**82,518**
Total expenses	9,778	9,883	16,612	-	34,326	(43,319)	**377,633**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(2,850)	(3,489)	(4,705)	-	16,508	-	**13,512**
Other	-	-	-	-	-	-	**-**
OPERATING INCOME (LOSS)	(2,850)	(3,489)	(4,705)	-	16,508	-	**13,512**
NONOPERATING ITEMS:							
Investment income and interest rate swaps	2	-	-	-	763	-	**1,199**
Loss from early extinguishment of debt	-	-	-	-	-	-	**-**
Other	-	-	-	-	(94)	-	**(29)**
Total nonoperating items	2	-	-	-	669	-	**1,170**
EXCESS OF REVENUE OVER EXPENSES	(2,848)	(3,489)	(4,705)	-	17,177	-	**14,682**
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ (2,848)	$ (3,489)	$ (4,705)	$ -	$ 17,177	$ -	**$ 14,682**
CHANGES IN NET ASSETS							
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ (2,848)	$ (3,489)	$ (4,705)	$ -	$ 14,956	$ 111	**$ 13,432**
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	-	-	-	-	(25)	(202)	**1,174**
INCREASE (DECREASE) IN NET ASSETS	(2,848)	(3,489)	(4,705)	-	14,931	(91)	**14,606**
NET ASSETS, Beginning of year	(6,096)	(5,872)	(3,725)	-	(1,041)	101	**89,370**
NET ASSETS, End of year	$ (8,944)	$ (9,361)	$ (8,430)	$ -	$ 13,890	$ 10	**$ 103,976**

TRINITY HEALTH

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

June 30, 2015

(In thousands)

Mercy Health System of SEPA, Philadelphia

	Mercy Catholic Medical Center	Mercy Suburban Hospital	Nazareth Hospital	St. Agnes Continuing Care Corp	MHS Combined Physicians	Lourdes Health Network, Philadelphia	Mercy Home Health Services
Unrestricted revenue:							
Net patient service revenue less provision for bad debts	$ 299,883	$ -	$ 142,772	$ -	$ 39,944	$ -	$ 70,444
Other	20,082	-	3,994	45,735	18,661	-	305
Total unrestricted revenue	319,965	-	146,766	45,735	58,605	-	70,749
Expenses:							
Labor costs	147,597	-	71,216	16,295	50,728	-	52,288
Purchased services	65,922	-	28,521	21,212	18,367	186	3,967
Depreciation, amortization and interest	15,023	-	6,350	120	201	-	137
Other	81,728	-	37,084	6,514	7,084	-	5,485
Total expenses	310,270	-	143,171	44,141	76,380	186	61,877
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	9,695	-	3,595	1,594	(17,775)	(186)	8,872
Other	-	-	-	-	-	-	-
OPERATING INCOME (LOSS)	9,695	-	3,595	1,594	(17,775)	(186)	8,872
NONOPERATING ITEMS:							
Investment income and interest rate swaps	(886)	-	330	106	(1,467)	-	632
Loss from early extinguishment of debt	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total nonoperating items	(886)	-	330	106	(1,467)	-	632
EXCESS OF REVENUE OVER EXPENSES	8,809	-	3,925	1,700	(19,242)	(186)	9,504
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 8,809	$ -	$ 3,925	$ 1,700	$ (19,242)	$ (186)	$ 9,504
CHANGES IN NET ASSETS							
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 2,867	$ (5,603)	$ 2,844	$ 1,259	$ (26,142)	$ (186)	$ 9,068
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	(125)	(450)	16	19	-	-	-
INCREASE (DECREASE) IN NET ASSETS	2,742	(6,053)	2,860	1,278	(26,142)	(186)	9,068
NET ASSETS, Beginning of year	(15,439)	(29,231)	32,465	(2,076)	(147,555)	-	35,212
NET ASSETS, End of year	$ (12,697)	$ (35,284)	$ 35,325	$ (798)	$ (173,697)	$ (186)	$ 44,280

TRINITY HEALTH

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

June 30, 2015

(In thousands)

Mercy Health System of SEPA, Philadelphia

	Mercy Eastwick, Inc.	Mercy Health Plan	Mercy Health System Foundation	Mercy Home Office	Mercy Accountable Care, LLC	Eliminations and Other	**Mercy Health System of SEPA, Philadelphia**
Unrestricted revenue:							
Net patient service revenue less provision for bad debts	$ -	$ -	$ -	$ -	$ -	$ -	**$ 553,043**
Other	2,960	(38,480)	2,020	133,021	692	(145,408)	**43,582**
Total unrestricted revenue	2,960	(38,480)	2,020	133,021	692	(145,408)	**596,625**
Expenses:							
Labor costs	2	-	-	82,323	480	(54,825)	**366,104**
Purchased services	1,038	-	-	42,103	234	(71,512)	**110,038**
Depreciation, amortization and interest	323	-	-	3,636	-	-	**25,790**
Other	534	-	-	3,630	9	(17,632)	**124,436**
Total expenses	1,897	-	-	131,692	723	(143,969)	**626,368**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	1,063	(38,480)	2,020	1,329	(31)	(1,439)	**(29,743)**
Other	-	-	-	-	-	-	**-**
OPERATING INCOME (LOSS)	1,063	(38,480)	2,020	1,329	(31)	(1,439)	**(29,743)**
NONOPERATING ITEMS:							
Investment income and interest rate swaps	(393)	-	325	4,335	(4)	98	**3,076**
Loss from early extinguishment of debt	-	-	-	-	-	-	**-**
Other	-	-	-	-	-	-	**-**
Total nonoperating items	(393)	-	325	4,335	(4)	98	**3,076**
EXCESS OF REVENUE OVER EXPENSES	670	(38,480)	2,345	5,664	(35)	(1,341)	**(26,667)**
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 670	$ (38,480)	$ 2,345	$ 5,664	$ (35)	$ (1,341)	**$ (26,667)**
CHANGES IN NET ASSETS							
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 670	$ (46,972)	$ 2,345	$ 9,503	$ (35)	$ (1,341)	**$ (51,723)**
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	-	-	5	-	-	-	**(535)**
INCREASE (DECREASE) IN NET ASSETS	670	(46,972)	2,350	9,503	(35)	(1,341)	**(52,258)**
NET ASSETS, Beginning of year	(34,139)	200,972	15,533	255,167	-	5,120	**316,029**
NET ASSETS, End of year	$ (33,469)	$ 154,000	$ 17,883	$ 264,670	$ (35)	$ 3,779	**$ 263,771**

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2015
(In thousands)

Lourdes Health System, Camden

	Our LOL Medical Center	Lourdes Med Center of Burlington	Lourdes Medical Associates, PA	Lourdes Urgent Care, PC	Lourdes Cardiology Services, P.C.	Health Management Services Organization, Inc.	LHS Health Network, LLC	Life at Lourdes
Unrestricted revenue:								
Net patient service revenue less provision for bad debts	$ 298,179	$ 120,828	$ 32,452	$ 846	$ 24,834	$ -	$ -	$ (201)
Other	8,094	2,300	15,677	-	2,052	18,008	1,396	20,974
Total unrestricted revenue	306,273	123,128	48,129	846	26,886	18,008	1,396	20,773
Expenses:								
Labor costs	120,649	53,970	44,130	-	25,173	16,006	1,457	6,150
Purchased services	65,507	29,313	6,526	1,163	13,401	929	1,796	9,245
Depreciation, amortization and interest	18,572	6,586	411	33	24	1,705	-	259
Other	75,445	23,901	7,966	190	4,267	735	22	3,950
Total expenses	280,173	113,770	59,033	1,386	42,865	19,375	3,275	19,604
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	26,100	9,358	(10,904)	(540)	(15,979)	(1,367)	(1,879)	1,169
Other	-	-	-	-	-	-	-	-
OPERATING INCOME (LOSS)	26,100	9,358	(10,904)	(540)	(15,979)	(1,367)	(1,879)	1,169
NONOPERATING ITEMS:								
Investment income and interest rate swaps	747	(220)	-	-	-	-	-	-
Loss from early extinguishment of debt	-	-	-	-	-	-	-	-
Other	-	-	(12)	(2)	(16)	(3)	-	-
Total nonoperating items	747	(220)	(12)	(2)	(16)	(3)	-	-
EXCESS OF REVENUE OVER EXPENSES	26,847	9,138	(10,916)	(542)	(15,995)	(1,370)	(1,879)	1,169
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 26,847	$ 9,138	$ (10,916)	$ (542)	$ (15,995)	$ (1,370)	$ (1,879)	$ 1,169
CHANGES IN NET ASSETS								
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 25,652	$ 8,152	$ (10,916)	$ (542)	$ (15,995)	$ (1,370)	$ (1,879)	$ 1,167
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	40	44	-	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	25,692	8,196	(10,916)	(542)	(15,995)	(1,370)	(1,879)	1,167
NET ASSETS, Beginning of year	179,276	(53,229)	(47,532)	(75)	(44,916)	(14,604)	(498)	3,420
NET ASSETS, End of year	$ 204,968	$ (45,033)	$ (58,448)	$ (617)	$ (60,911)	$ (15,974)	$ (2,377)	$ 4,587

TRINITY HEALTH

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

June 30, 2015

(In thousands)

Lourdes Health System, Camden

	Our LOL Assoc. Foundation, Inc.	Lourdes Ancillary Services, Inc.	Centennial Surgical Unit, LLC	Health Care Services	Lourdes Dialysis at Innova Inc	Eliminations and Other	**Lourdes Health System, Camden**
Unrestricted revenue:							
Net patient service revenue less provision for bad debts	$ -	$ -	$ -	$ -	$ -	$ -	**$ 476,938**
Other	3,396	796	9,889	-	5	(28,304)	**54,283**
Total unrestricted revenue	3,396	796	9,889	-	5	(28,304)	**531,221**
Expenses:							
Labor costs	2,407	2	426	-	2	(4)	**270,368**
Purchased services	208	-	4,224	-	39	(24,871)	**107,480**
Depreciation, amortization and interest	2	770	219	-	-	(1,980)	**26,601**
Other	990	-	3,434	-	(104)	(1,758)	**119,038**
Total expenses	3,607	772	8,303	-	(63)	(28,613)	**523,487**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(211)	24	1,586	-	68	309	**7,734**
Other	-	-	-	-	-	-	**-**
OPERATING INCOME (LOSS)	(211)	24	1,586	-	68	309	**7,734**
NONOPERATING ITEMS:							
Investment income and interest rate swaps	-	-	-	-	1	(307)	**221**
Loss from early extinguishment of debt	-	-	-	-	-	-	**-**
Other	-	-	-	-	-	-	**(33)**
Total nonoperating items	-	-	-	-	1	(307)	**188**
EXCESS OF REVENUE OVER EXPENSES	(211)	24	1,586	-	69	2	**7,922**
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	(781)	**(781)**
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ (211)	$ 24	$ 1,586	$ -	$ 69	$ (779)	**$ 7,141**
CHANGES IN NET ASSETS							
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ (211)	$ 24	$ (166)	$ (801)	$ 69	$ 4	**$ 3,188**
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	268	-	-	-	-	(83)	**269**
INCREASE (DECREASE) IN NET ASSETS	57	24	(166)	(801)	69	(79)	**3,457**
NET ASSETS, Beginning of year	1,881	451	20,634	(1)	3,545	(704)	**47,648**
NET ASSETS, End of year	$ 1,938	$ 475	$ 20,468	$ (802)	$ 3,614	$ (783)	**$ 51,105**

TRINITY HEALTH **St. Mary's Health Care System, Inc., Athens**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2015
(In thousands)

	St. Mary's Hospital Combined	Good Samaritan Hospital	St. Mary's Sacred Heart Hospital	St. Mary's Foundation, Inc.	St. Mary's Highland Hills Inc.	St. Mary's Medical Group	Western Care Alliance, LLC
Unrestricted revenue:							
Net patient service revenue less provision for bad debts	$ 174,686	$ 22,375	$ 2,294	$ -	$ 4,644	$ 11,701	$ -
Other	3,534	581	19	521	25	226	-
Total unrestricted revenue	178,220	22,956	2,313	521	4,669	11,927	-
Expenses:							
Labor costs	78,816	9,076	1,073	267	2,005	14,241	-
Purchased services	28,972	2,738	903	166	309	834	43
Depreciation, amortization and interest	11,799	3,779	78	1	841	278	-
Other	51,412	3,767	782	135	674	2,123	-
Total expenses	170,999	19,360	2,836	569	3,829	17,476	43
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	7,221	3,596	(523)	(48)	840	(5,549)	(43)
Other	-	-	-	-	-	-	-
OPERATING INCOME (LOSS)	7,221	3,596	(523)	(48)	840	(5,549)	(43)
NONOPERATING ITEMS:							
Investment income and interest rate swaps	1,064	(145)	(7)	(347)	6	-	-
Loss from early extinguishment of debt	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total nonoperating items	1,064	(145)	(7)	(347)	6	-	-
EXCESS OF REVENUE OVER EXPENSES	8,285	3,451	(530)	(395)	846	(5,549)	(43)
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 8,285	$ 3,451	$ (530)	$ (395)	$ 846	$ (5,549)	$ (43)
CHANGES IN NET ASSETS							
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 6,240	$ 3,451	$ (234)	$ (395)	$ 846	$ (5,507)	$ (43)
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	-	-	-	360	-	-	-
INCREASE (DECREASE) IN NET ASSETS	6,240	3,451	(234)	(35)	846	(5,507)	(43)
NET ASSETS, Beginning of year	148,262	4,311	-	14,151	2,320	(23,464)	-
NET ASSETS, End of year	$ 154,502	$ 7,762	$ (234)	$ 14,116	$ 3,166	$ (28,971)	$ (43)

TRINITY HEALTH

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

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2015
(In thousands)

	Georgia Health Enterprise, LLC	GHE Physicians, P.C.	Eliminations and Other	**St. Mary's Health Care System, Inc., Athens**
Unrestricted revenue:				
Net patient service revenue less provision for bad debts	$ -	$ -	$ -	**$ 215,700**
Other	-	-	-	**4,906**
Total unrestricted revenue	-	-	-	**220,606**
Expenses:				
Labor costs	-	-	-	**105,478**
Purchased services	-	-	-	**33,965**
Depreciation, amortization and interest	-	-	-	**16,776**
Other	-	-	-	**58,893**
Total expenses	-	-	-	**215,112**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	-	-	-	**5,494**
Other	-	-	-	**-**
OPERATING INCOME (LOSS)	-	-	-	**5,494**
NONOPERATING ITEMS:				
Investment income and interest rate swaps	-	-	-	**571**
Loss from early extinguishment of debt	-	-	-	**-**
Other	-	-	-	**-**
Total nonoperating items	-	-	-	**571**
EXCESS OF REVENUE OVER EXPENSES	-	-	-	**6,065**
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ -	$ -	$ -	**$ 6,065**
CHANGES IN NET ASSETS				
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ -	$ -	$ -	**$ 4,358**
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	-	-	(1)	**359**
INCREASE (DECREASE) IN NET ASSETS	-	-	(1)	**4,717**
NET ASSETS, Beginning of year	6,198	(6,196)	(6,170)	**139,412**
NET ASSETS, End of year	$ 6,198	$ (6,196)	$ (6,171)	**$ 144,129**

TRINITY HEALTH | **Pittsburgh Mercy Health System Inc., Pittsburgh**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2015
(In thousands)

	Pittsburgh Mercy Health System	McAuley Ministries	Mercy Jeannette Hospital	Mercy Life Center Corp (Behav)	Eliminations and Other	**Pittsburgh Mercy Health System Inc., Pittsburgh**
Unrestricted revenue:						
Net patient service revenue less provision for bad debts	$ -	$ -	$ -	$ 36,233	$ -	**$ 36,233**
Other	528	3,180	-	53,754	-	**57,462**
Total unrestricted revenue	528	3,180	-	89,987	-	**93,695**
Expenses:						
Labor costs	4,155	272	-	59,402	-	**63,829**
Purchased services	(4,680)	63	-	9,326	-	**4,709**
Depreciation, amortization and interest	-	-	-	1,886	-	**1,886**
Other	1,165	2,845	-	16,697	-	**20,707**
Total expenses	640	3,180	-	87,311	-	**91,131**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(112)	-	-	2,676	-	**2,564**
Other	-	-	-	-	-	**-**
OPERATING INCOME (LOSS)	(112)	-	-	2,676	-	**2,564**
NONOPERATING ITEMS:						
Investment income and interest rate swaps	516	(1,801)	-	175	-	**(1,110)**
Loss from early extinguishment of debt	-	-	-	-	-	**-**
Other	-	-	-	-	-	**-**
Total nonoperating items	516	(1,801)	-	175	-	**(1,110)**
EXCESS OF REVENUE OVER EXPENSES	404	(1,801)	-	2,851	-	**1,454**
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 404	$ (1,801)	$ -	$ 2,851	$ -	**$ 1,454**
CHANGES IN NET ASSETS						
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ (10,702)	$ (2,827)	$ 10,472	$ 2,630	$ -	**$ (427)**
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	2,705	979	(1,965)	171	-	**1,890**
INCREASE (DECREASE) IN NET ASSETS	(7,997)	(1,848)	8,507	2,801	-	**1,463**
NET ASSETS, Beginning of year	30,268	85,211	(8,507)	35,052	-	**142,024**
NET ASSETS, End of year	$ 22,271	$ 83,363	$ -	$ 37,853	$ -	**$ 143,487**

TRINITY HEALTH
Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2015
(In thousands)

Mercy Community Health, Inc., West Hartford

	Corporate Office	The McAuley Center	Saint Mary Home, Inc.	Eliminations and Other	**Mercy Community Health, Inc., West Hartford**
Unrestricted revenue:					
Net patient service revenue less provision for bad debts	$ -	$ -	$ 31,710	$ (2,169)	**$ 29,541**
Other	6,272	12,237	337	(3,884)	**14,962**
Total unrestricted revenue	6,272	12,237	32,047	(6,053)	**44,503**
Expenses:					
Labor costs	2,510	3,643	19,929	-	**26,082**
Purchased services	977	3,464	6,627	(6,053)	**5,015**
Depreciation, amortization and interest	311	1,806	1,284	-	**3,401**
Other	342	2,676	4,618	-	**7,636**
Total expenses	4,140	11,589	32,458	(6,053)	**42,134**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	2,132	648	(411)	-	**2,369**
Other	-	-	-	-	**-**
OPERATING INCOME (LOSS)	2,132	648	(411)	-	**2,369**
NONOPERATING ITEMS:					
Investment income and interest rate swaps	2	(41)	(39)	-	**(78)**
Loss from early extinguishment of debt	-	-	(258)	-	**(258)**
Other	-	-	-	-	**-**
Total nonoperating items	2	(41)	(297)	-	**(336)**
EXCESS OF REVENUE OVER EXPENSES	2,134	607	(708)	-	**2,033**
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ 2,134	$ 607	$ (708)	$ -	**$ 2,033**
CHANGES IN NET ASSETS					
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 1,859	$ 607	$ (628)	$ -	**$ 1,838**
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	36	(91)	(19)	-	**(74)**
INCREASE (DECREASE) IN NET ASSETS	1,895	516	(647)	-	**1,764**
NET ASSETS, Beginning of year	(7,427)	(13,435)	3,660	-	**(17,202)**
NET ASSETS, End of year	$ (5,532)	$ (12,919)	$ 3,013	$ -	**$ (15,438)**

TRINITY HEALTH

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

June 30, 2015

(In thousands)

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

	Belle Meade	Pine Knoll	Neese Clinic	Coventry	Family Care Homes	Health Center	Home Care at St. Joseph of the Pines
Unrestricted revenue:							
Net patient service revenue less provision for bad debts	$ (41)	$ (28)	$ -	$ 1	$ (5)	$ 15,069	$ 2,913
Other	13,638	3,203	195	2,879	918	132	-
Total unrestricted revenue	13,597	3,175	195	2,880	913	15,201	2,913
Expenses:							
Labor costs	2,376	1,057	4,417	757	484	7,421	2,369
Purchased services	7,025	1,350	(6,184)	781	188	4,395	347
Depreciation, amortization and interest	3,095	928	470	434	73	1,082	6
Other	2,117	773	1,493	129	68	1,911	47
Total expenses	14,613	4,108	196	2,101	813	14,809	2,769
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(1,016)	(933)	(1)	779	100	392	144
Other	-	-	-	-	-	-	-
OPERATING INCOME (LOSS)	(1,016)	(933)	(1)	779	100	392	144
NONOPERATING ITEMS:							
Investment income and interest rate swaps	153	-	2	(32)	-	(25)	-
Loss from early extinguishment of debt	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total nonoperating items	153	-	2	(32)	-	(25)	-
EXCESS OF REVENUE OVER EXPENSES	(863)	(933)	1	747	100	367	144
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ (863)	$ (933)	$ 1	$ 747	$ 100	$ 367	$ 144
CHANGES IN NET ASSETS							
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ (863)	$ (933)	$ (283)	$ 747	$ 100	$ 380	$ 144
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	4	2	(10)	-	(1)	2	1
INCREASE (DECREASE) IN NET ASSETS	(859)	(931)	(293)	747	99	382	145
NET ASSETS, Beginning of year	(3,062)	2,150	10,741	(3,096)	-	(7,772)	-
NET ASSETS, End of year	$ (3,921)	$ 1,219	$ 10,448	$ (2,349)	$ 99	$ (7,390)	$ 145

TRINITY HEALTH **St. Joseph's of the Pines, Inc., Southern Pines**

Supplemental Condensed Consolidating Statements of Operations and Changes in Net Assets - Information
June 30, 2015
(In thousands)

	HUD Housing Management	PACE Program	Generations Center	Eliminations and Other	**St. Joseph's of the Pines, Inc., Southern Pines**
Unrestricted revenue:					
Net patient service revenue less provision for bad debts	$ -	$ (15)	$ -	$ (3,337)	**$ 14,557**
Other	142	18,514	530	(2,765)	**37,386**
Total unrestricted revenue	142	18,499	530	(6,102)	**51,943**
Expenses:					
Labor costs	121	4,133	-	-	**23,135**
Purchased services	3	8,260	1	(6,102)	**10,064**
Depreciation, amortization and interest	14	367	-	-	**6,469**
Other	6	4,341	1	-	**10,886**
Total expenses	144	17,101	2	(6,102)	**50,554**
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	(2)	1,398	528	-	**1,389**
Other	-	-	-	-	**-**
OPERATING INCOME (LOSS)	(2)	1,398	528	-	**1,389**
NONOPERATING ITEMS:					
Investment income and interest rate swaps	-	33	11	-	**142**
Loss from early extinguishment of debt	-	-	-	-	**-**
Other	-	-	-	-	**-**
Total nonoperating items	-	33	11	-	**142**
EXCESS OF REVENUE OVER EXPENSES	(2)	1,431	539	-	**1,531**
LESS EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	**-**
EXCESS OF REVENUE OVER EXPENSES - Net of noncontrolling interest	$ (2)	$ 1,431	$ 539	$ -	**$ 1,531**
CHANGES IN NET ASSETS					
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ (2)	$ 1,431	$ 539	$ -	**$ 1,260**
INCREASE (DECREASE) IN RESTRICTED NET ASSETS	2	2	-	-	**2**
INCREASE (DECREASE) IN NET ASSETS	-	1,433	539	-	**1,262**
NET ASSETS, Beginning of year	-	1,163	-	-	**124**
NET ASSETS, End of year	$ -	$ 2,596	$ 539	$ -	**$ 1,386**