

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

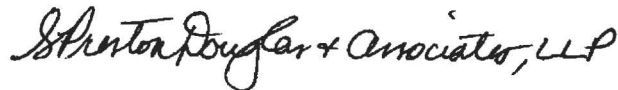
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Related Organizations
Lumberton, North Carolina

We have audited the combined financial statements of Southeastern Regional Medical Center and Related Organizations (Hospital) for the years ended September 30, 2016 and 2015, and have issued separate reports thereon. As a part of our audits, we performed a general review of the Hospital's compliance with the provisions of the loan agreement, the trust agreement, and the master trust indenture. Although we did not perform a detailed review, no instance of noncompliance with the provisions mentioned above were noted during the course of our examination.

The long-term debt service coverage ratios for the years ended September 30, 2016 and 2015 were 5.66 and 5.38, respectively. The master trust indenture requires that the long-term debt coverage ratio, calculated at the end of each fiscal year, will not be less than 1.20.



Lumberton, North Carolina
December 28, 2016

Southeastern Regional Medical Center and Related Organizations
Schedules of Debt Service Coverage Ratio
For the Years Ended September 30, 2016 and 2015

Computation of debt service coverage ratio:

	<u>2016</u>	<u>2015</u>
Assets available for debt service		
Increase (decrease) in unrestricted net assets	\$ 10,246,861	\$ (4,858,946)
Pension adjustment	1,486,440	11,142,472
Unrealized (gains) losses	(2,481,080)	6,291,453
Depreciation	19,040,204	17,760,367
Interest expense (includes loan cost)	1,791,493	2,016,162
Totals	<u>30,083,918</u>	<u>32,351,508</u>
Annual debt service		
Series 2005	676,701	623,000
Series 2012	3,007,163	3,006,713
Capital lease obligation - GE Capital	-	536,768
Capital lease obligation - Winthrop Resource	1,628,714	1,845,582
Totals	<u>5,312,578</u>	<u>6,012,063</u>
 Debt service coverage ratio	 <u>5.66</u>	 <u>5.38</u>