

**CATHOLIC HEALTH SYSTEM**  
**Obligated Group**  
**Balance Sheet - As of June 30, 2017 (000s)**

	June 2017	May 2017	Audit 2016	% Change June - 2016	Audit 2015
<b><u>ASSETS</u></b>					
Current Assets:					
1 Cash and Investments.....	\$ 189,316	\$ 193,667	\$ 182,572	3.7%	\$ 305,166
2 A/R less Contractual Allowances.....	107,941	106,398	101,553	6.3%	120,591
3 Third Party/Other Receivables.....	8,189	8,669	7,921	3.4%	11,436
4 Inventory.....	22,775	23,157	21,109	7.9%	23,695
5 Other Current Assets.....	20,726	21,138	14,094	47.1%	12,019
6 Total Current Assets.....	348,947	353,029	327,249	6.6%	472,907
7 Property, Plant & Equipment.....	628,962	626,998	616,106	2.1%	562,508
8 Less: Accumulated Depreciation.....	(317,523)	(314,160)	(297,129)	-6.9%	(265,987)
9 Construction in Progress.....	9,115	8,766	7,471	22.0%	18,466
10 Property, Plant & Equipment, Net.....	320,554	321,604	326,448	-1.8%	314,987
Other Assets:					
11 Assets whose use is Limited.....	30,187	30,291	24,528	23.1%	76,127
12 Investments.....	145,478	144,380	138,997	4.7%	-
13 Other Assets.....	110,606	111,245	111,713	-1.0%	109,674
14 <b>TOTAL ASSETS.....</b>	<b>\$ 955,772</b>	<b>\$ 960,549</b>	<b>\$ 928,935</b>	<b>2.9%</b>	<b>\$ 973,695</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
Current Liabilities:					
15 Current Maturity./LT D & Capital Leases.....	\$ 13,868	\$ 13,858	\$ 13,648	1.6%	\$ 11,160
16 LT Obligations Subject to ST Remarketing Arrangement	-	-	-		-
17 Notes Payable.....	4,310	4,310	4,310		13,496
18 Accounts Payable.....	49,285	43,138	39,816	23.8%	49,089
19 Accrued Expenses/Liabilities.....	65,626	78,119	56,035	17.1%	61,011
20 Due to Third-Party Payors.....	28,384	32,955	35,906	-20.9%	36,496
21 Other Current Liabilities.....	618	615	(1,152)	153.6%	790
22 Total Current Liabilities.....	162,091	172,995	148,563	9.1%	172,042
23 Capital Leases, net.....	13,759	14,026	16,014	-14.1%	55,166
24 Long-Term Debt less Current Maturity.....	168,418	169,765	166,557	1.1%	175,896
25 Other Long Term Liabilities.....	457,717	456,929	453,604	0.9%	441,948
26 Net Assets.....	153,787	146,834	144,197	6.7%	128,643
27 <b>TOTAL LIABILITIES &amp; NET ASSETS.....</b>	<b>\$ 955,772</b>	<b>\$ 960,549</b>	<b>\$ 928,935</b>	<b>2.9%</b>	<b>\$ 973,695</b>

**CATHOLIC HEALTH SYSTEM**  
**Obligated Group**  
**Statement of Operations - June 2017 YTD (000s)**

Monthly				Year-to-Date					
Current	Budget	% Change	Prior			Current	Budget	% Change	Prior
REVENUES									
\$ 82,166	\$ 81,828	0.4%	\$ 78,516	1	Patient Service Revenue (Net Contractuals) .....	\$ 471,165	\$ 482,122	-2.3%	\$ 457,428
(1,609)	(1,802)	10.7%	(1,702)	2	Provision For Bad Debt .....	(9,540)	(10,629)	10.2%	(8,515)
80,557	80,026	0.7%	76,814	3	Net Patient Revenue Less Bad Debt .....	461,625	471,493	-2.1%	448,913
3,031	2,643	14.7%	2,462	4	Plus: Other Operating Revenues.....	17,286	15,757	9.7%	13,632
83,588	82,669	1.1%	79,276	5	TOTAL OPERATING REVENUES.....	478,911	487,249	-1.7%	462,545
EXPENSES									
33,509	34,182	-2.0%	31,613	6	Salaries and Wages.....	202,206	201,281	0.5%	188,723
10,602	11,871	-10.7%	10,812	7	Employee Benefits.....	71,221	72,932	-2.3%	63,879
3,584	3,182	12.6%	2,849	8	Medical and Professional Fees.....	21,662	19,208	12.8%	18,793
7,407	7,432	-0.3%	8,073	9	Purchased Services.....	44,626	45,520	-2.0%	46,047
16,223	16,674	-2.7%	17,148	10	Supplies.....	91,396	98,061	-6.8%	93,449
3,424	3,507	-2.4%	3,329	11	Depreciation.....	20,616	21,261	-3.0%	20,029
781	767	1.8%	726	12	Interest Expense.....	4,633	4,757	-2.6%	4,530
991	1,051	-5.7%	1,000	13	Insurance Expense.....	5,887	6,306	-6.6%	5,971
2,309	2,337	-1.2%	2,406	14	Other Expenses.....	14,660	14,232	3.0%	15,230
-	-		-	15	CHS Allocation .....	-	-		-
-	-		-	16	Loss From Discontinued Operations.....	-	-		-
78,830	81,003	-2.7%	77,956	17	TOTAL OPERATING EXPENSES.....	476,908	483,557	-1.4%	456,651
4,758	1,666	185.5%	1,320	18	OPERATING INCOME(LOSS).....	2,003	3,692	-45.7%	5,894
1,145	493	132.3%	221	19	Plus: Non-Operating Income.....	6,963	2,951	136.0%	3,763
\$ 5,903	\$ 2,159	173.4%	\$ 1,541	20	NET INCOME(LOSS).....	\$ 8,966	\$ 6,643	35.0%	\$ 9,657
-				21	Contributions to Foundations	-			
172				22	Contributions for Purchase of P,P & E	800			
-				23	Grant Revenues	8			
-				24	Change in Pension PBO - FAS 158	-			
(132)				25	Interest Rate Swap Valuation	353			
(53)				26	Equity Transfer to Affiliates	(340)			
-				27	Change in Interest in Net Assets of Foundations	-			
1,060				28	Change in Valuation Allowance	(296)			
3				29	Other Changes in Net Assets	99			
6,953				INCREASE (DECREASE) IN					
146,834				31	UNRESTRICTED NET ASSETS	9,590			
\$ 153,787				32	Net Assets, Beg. of Period	144,197			
				33	Net Assets, End of Period	153,787			

**CATHOLIC HEALTH SYSTEM**  
**Obligated Group**  
**Statement of Cash Flows (000s)**  
**As of June 30, 2017**

	<u>June 30, 2017</u>	<u>Dec 31, 2016</u>
<b>Operating Activities</b>		
1 Changes in Net Assets.....	\$ 9,590	\$ 2,286
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
2 Depreciation and Amortization.....	\$ 20,616	39,937
3 Impact of Change in Accum. Depreciation.....	\$ (222)	(8,795)
4 Accelerated Amort. of Deferred Financing Costs/Goodwill	\$ -	-
5 Provision for Bad Debt on Amounts Due From Affiliates.....	\$ -	-
6 Change in Equity of Foundations.....	\$ -	-
7 Equity Transfers to Affiliates.....	\$ (340)	(19)
8 Gain on Disposal of Assets.....	\$ -	-
9 Provision for Bad Debts.....	\$ 9,540	15,648
10 Restricted Contributions Received.....	\$ (800)	(1,090)
11 Net Realized and Unrealized Gains on Investments.....	\$ 353	125
(Increase) Decrease in Assets:		
12 Patients Accounts Receivable.....	\$ (15,928)	3,390
13 Other Receivables.....	\$ (268)	3,515
14 Inventories.....	\$ (1,666)	2,586
15 Other Current Assets.....	\$ (6,292)	(1,551)
Increase (Decrease) in Payables:		
16 Accounts Payable.....	\$ 9,469	(9,278)
17 Third-Party Payor Payables.....	\$ (7,522)	(590)
18 Accrued Expenses.....	\$ 9,591	(4,976)
19 Other Liabilities.....	\$ 1,770	(5,849)
20 <b>Net Cash Provided by (Used in) Operating Activities.....</b>	<b>\$ 27,891</b>	<b>35,339</b>
<b>Investing Activities</b>		
21 Capital Expenditures, Net.....	\$ (14,500)	(42,603)
22 Net Change in Other Long Term Assets.....	\$ (5,374)	(130,877)
23 Changes in Assets Whose Use is Limited.....	\$ (6,012)	51,474
24 Cash Transferred to Affiliate.....	\$ -	-
25 <b>Net Cash Provided by (Used in) Investing Activities.....</b>	<b>\$ (25,886)</b>	<b>(122,006)</b>
<b>Financing Activities</b>		
26 Proceeds from LT Debt (Retirement of LT Debt).....	\$ (174)	(39,951)
27 Proceeds from Restricted Contributions.....	\$ 800	1,090
28 Notes Payable.....	\$ -	(9,186)
29 Net Change in Other Long Term Liabilities.....	\$ 4,113	12,120
30 <b>Net Cash Provided by (Used in) Financing Activities.....</b>	<b>\$ 4,739</b>	<b>(35,927)</b>
31 <b>Total (Decrease) Increase in Cash and Cash Equivalents.....</b>	<b>\$ 6,744</b>	<b>(122,594)</b>
32 <b>Cash and Cash Equivalents, Beginning of the Year.....</b>	<b>\$ 182,572</b>	<b>305,166</b>
33 <b>Cash and Cash Equivalents, End of the Year.....</b>	<b>\$ 189,316</b>	<b>\$ 182,572</b>
34 <b>Cash on Balance Sheet.....</b>	<b>\$ 189,316</b>	<b>\$ 182,572</b>

**CATHOLIC HEALTH SYSTEM**  
**Obligated Group**  
**Selected Statistics - June 2017 YTD**

Monthly				Year-to-Date			
Current	Budget	% Change	Prior	Current	Budget	% Change	Prior
<b>Inpatient</b>							
891	891		891	1 Certified Beds (Excl NB, Rehab & SNF).....	891		891
798	825	-3.3%	799	2 Operating Beds (Excl NB, Rehab & SNF).....	798	-3.3%	799
2,192	2,169	1.1%	2,111	3 Discharges-Medical (Excl NB, SNF, Rehab, & ALC)...	13,143	0.8%	12,864
1,382	1,558	-11.3%	1,464	4 Discharges-Surgical (Excl NB, SNF, Rehab, & ALC)...	8,133	-6.0%	8,352
<b>3,574</b>	<b>3,727</b>	<b>-4.1%</b>	<b>3,575</b>	<b>5 Total Discharges Med/Surg .....</b>	<b>21,276</b>	<b>-1.9%</b>	<b>21,216</b>
69	59	16.9%	54	6 Discharges - Rehab .....	370	-3.1%	367
525	524	0.2%	520	7 Discharges - Newborns.....	2,849	-2.4%	2,921
14,661	15,589	-6.0%	15,427	8 Patient Days(Excl NB, SNF, Rehab, & ALC).....	92,829	-0.1%	93,808
868	943	-8.0%	1,005	9 Patient Days-Rehab.....	5,298	-8.7%	5,724
171	552	-69.0%	320	10 Patient Days -ALC .....	1,799	-51.1%	2,252
4.10	4.18	-1.9%	4.32	11 ALOS * (Excl NB, SNF, Rehab, & ALC) .....	4.36	1.8%	4.32
59.3%	61.5%	-3.6%	61.9%	12 Occup. Cert Beds.....	61.8%	2.0%	62.2%
66.2%	66.4%	-0.3%	69.0%	13 Occup. Oper Beds.....	69.0%	5.3%	69.4%
<b>Outpatient Visits:</b>							
12,954	13,811	-6.2%	13,516	14 Emergency Room (Net of Admits).....	77,421	3.6%	81,601
528	568	-7.0%	517	15 Observation Cases.....	3,032	-6.3%	3,130
122	149	-18.1%	146	16 Clinic Visits.....	871	2.6%	1,030
8,298	9,779	-15.1%	7,703	17 Primary Care Visits.....	50,984	-14.6%	49,163
3,486	3,829	-9.0%	4,074	18 Ambulatory Surgery Visits.....	20,900	-3.4%	23,227
37,908	41,841	-9.4%	40,691	19 Referred Ambulatory Visits.....	236,725	-3.3%	241,867
-	-		-	20 Home Care Visits.....	-		-
<b>63,296</b>	<b>69,977</b>	<b>-9.5%</b>	<b>66,647</b>	<b>21 Total Outpatient Visits.....</b>	<b>389,933</b>	<b>-3.7%</b>	<b>400,018</b>
31,348	31,227	0.4%	29,181	22 Substance Abuse.....	186,903	-0.1%	170,188
28,276	28,097	0.6%	#DIV/0!	23 Equivalent Patient Days.....	174,377	7.5%	#DIV/0!
5,807	5,660	2.6%	#DIV/0!	24 Equivalent Patient Discharges.....	34,090	4.1%	#DIV/0!
<b>6,232.3</b>	<b>6,347.8</b>	<b>-1.8%</b>	<b>6,045.1</b>	<b>25 FTEs(based on 1950 Hrs)</b>	<b>6,179.8</b>	<b>-0.4%</b>	<b>6,048.4</b>
1.7539	1.7278	1.5%	1.7184	26 Case-Mix Index-Medicare.....	1.7262	1.2%	1.6652
1.1259	1.0962	2.7%	1.0762	27 Case-Mix Index-Non Medicare.....	1.1687	4.2%	1.1027
<b>SNF/RHCF:</b>							
324	324		324	28 Certified Beds.....	324		324
2,001	2,004	-0.1%	1,949	29 Subacute Days .....	11,198	14.7%	10,265
7,325	7,275	0.7%	7,203	30 Resident Days .....	43,560	6.2%	43,194

\* Based on calendar days

**CATHOLIC HEALTH SYSTEM**  
**Obligated Group**  
**Financial Ratios - June 2017 YTD**

Monthly				Year-to-Date					
Current	Budget	% Change	Prior		Current	Budget	% Change	12/31/16	
FINANCIAL INDICATORS									
Liquidity									
-	-		-	1	Days Cash on Hand(excl AUL).....	126.9	100.0%	139.5	
-	-		-	2	Days Cash on Hand(Incl AWUIL, less financing proceeds) .....	132.8	100.0%	149.5	
-	-		-	3	Days Revenue in A/R(Net).....	42.3	100.0%	43.5	
-	-		-	4	Current Ratio.....	2.20	100.0%	3.10	
-	-		-	5	Average Payment Period.....	64.3	100.0%	62.3	
Capital									
-	-		-	6	Debt to Capitalization.....	56.6%	100.0%	47.5%	
-	-		-	7	Capital Expense.....	5.6%	100.0%	5.4%	
-	-		-	8	Debt to Equity.....	130.3%	100.0%	90.4%	
-	-		-	9	Average age of Plant.....	8	100.0%	8	
Profitability									
5.7%	2.0%	185.0%	1.7%	10	Operating Margin.....	0.4%	0.8%	-50.0%	0.2%
-	-		-	11	Debt Service Coverage.....	3.0	100.0%	2.7	
-	-		-	12	Return on Assets.....	1.9%	100.0%	1.1%	
-	-		-	13	Return on Equity.....	11.7%	100.0%	5.1%	
Other									
7.03	7.21	-2.5%	6.65	14	FTEs per Adj. Occ. Bed.....	6.74	7.14	-5.6%	6.84
7.27	7.71	-5.7%	7.31	15	FTEs per 100 Adj. Discharges.....	7.46	7.79	-4.2%	7.69
11,945	12,329	-3.1%	11,737	16	Net Revenue/Adj Discharge.....	11,809	12,562	-6.0%	11,615
11,263	12,007	-6.2%	11,523	17	Expense/Adj Discharge.....	11,749	12,394	-5.2%	11,695
3,206	3,214	-0.2%	2,964	18	Net Revenue/Adj Patient Day.....	2,948	3,180	-7.3%	2,822
3,023	3,130	-3.4%	2,909	19	Expense/Adj Patient Day.....	2,933	3,137	-6.5%	2,842
84,933	87,060	-2.4%	84,217	20	Salary & Benefits/FTE.....	88,491	88,350	0.2%	84,302
40.09%	41.35%	-3.0%	39.88%	21	Salaries As % of Tot. Oper. Revenue.....	42.22%	41.31%	2.2%	44.14%
52.77%	55.71%	-5.3%	53.52%	22	Salaries & Benefits As % Of Tot. Oper. Revenue.....	57.09%	56.28%	1.4%	58.02%
19.41%	20.17%	-3.8%	21.63%	23	Supplies As % Of Tot. Oper. Revenue.....	19.08%	20.13%	-5.2%	18.94%

Catholic Health System, Inc. (The Obligated Group)  
Liquidity Calculations for the 6 months ended June 30, 2017

**Obligated Group's days cash on hand**

**Fiscal Year Ended December 31,**

	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b>For the 6 Months Ended June 30, 2017</b>
Unrestricted Cash and Cash Equivalents	286,699	305,166	321,570	332,573
Total Operating Expenses	845,375	891,671	920,887	476,908
Less: Depreciation and Amortization	38,668	40,929	39,995	20,616
Total Operating Expenses less Depreciation and Amortization	806,707	850,742	880,892	456,292
<b>Days Cash on Hand</b>	<b>130</b>	<b>131</b>	<b>134</b>	<b>132</b>

**Obligated Group's cash-to-debt ratios**

**Fiscal Year Ended December 31,**

	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b>For the 6 Months Ended June 30, 2017</b>
Unrestricted Cash and Cash Equivalents	286,699	305,166	321,570	332,573
Total Long-Term Debt	191,888	255,260	200,529	200,355
<b>Cash-to-Debt</b>	<b>1.49</b>	<b>1.20</b>	<b>1.60</b>	<b>1.66</b>

**Catholic Health System, Inc. (The Obligated Group)**  
**Net Patient Service Revenue Payor Mix**

[illegible]

**Catholic Health System, Inc. (The Obligated Group)**  
**Net Patient Service Revenue Payor Mix by Site as of 6/30/2017**

	<b>MHB</b>	<b>KMH</b>	<b>SOCH</b>	<b>SJC</b>	<b>Total Obligated Group</b>
Medicare	51.9%	48.2%	39.0%	48.8%	47.5%
Medicaid	8.8%	7.5%	15.6%	9.5%	10.4%
BlueCross	9.4%	11.7%	9.4%	9.6%	9.8%
HMO	28.0%	25.6%	33.4%	30.2%	29.2%
Commercial	0.3%	0.6%	0.5%	0.3%	0.4%
Workers Compensation	1.6%	6.3%	1.7%	1.1%	2.5%
Self Pay	0.0%	0.1%	0.4%	0.5%	0.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%



**Catholic Health System, Inc. (The Obligated Group)**  
**Utilization Statistics for the 6 months ended June 30, 2017**

	For the Years Ended December 31,			For the 6 Months Ended June 30,
	2014	2015	2016	2017
<b>Discharges</b>				
Medical	25,763	24,383	25,376	13,143
Surgical	15,365	15,179	16,535	8,133
Acute	41,128	39,562	41,911	21,276
Newborn	5,974	5,934	5,781	2,849
Rehab	737	750	717	370
<b>Total Discharges</b>	<b>47,839</b>	<b>46,246</b>	<b>48,409</b>	<b>24,495</b>
<b>Patient Days</b>				
Acute	191,663	180,129	183,090	92,829
Newborn	26,004	25,799	26,160	12,850
Rehab	12,167	11,831	11,130	5,298
SNF	109,875	109,243	107,839	54,758
<b>Total Patient Days</b>	<b>339,709</b>	<b>327,002</b>	<b>328,219</b>	<b>165,735</b>
<b>Average Length of Stay</b>				
Acute	4.48	4.55	4.37	4.37
Newborn	4.35	4.35	4.53	4.51
Rehab	16.51	15.78	15.52	14.32
<b>Average Daily Census</b>				
Acute	525.1	493.5	548.0	570.9
Newborn	71.3	70.8	71.5	71.20
Rehab	34.0	32.4	30.4	29.8
<b>Outpatient Services</b>				
Emergency	150,678	155,498	161,189	77,421
Observation	6,614	7,085	6,205	3,032
Ambulatory Surgery	47,092	47,674	43,052	20,900
Clinic Visits	119,388	106,958	97,980	51,855
Referred Ambulatory	520,085	501,342	470,493	236,725
<b>Total Outpatient Services</b>	<b>843,857</b>	<b>818,557</b>	<b>778,919</b>	<b>389,933</b>

**Catholic Health System, Inc. (The Obligated Group)**  
**Utilization Statistics for the 6 months ended June 30, 2017**

	MHB	SOC	KMH	Total Obligated Group
<b>Discharges</b>				
Medical	6,066	4,977	2,100	13,143
Surgical	3,547	2,829	1,757	8,133
Acute	9,613	7,806	3,857	21,276
Newborn	1,132	1,717	0	2,849
Rehab	204	0	166	370
<b>Total Discharges</b>	10,949	9,523	4,023	24,495
<b>Patient Days</b>				
Acute	43,797	33,922	15,110	92,829
Newborn	3,533	9,317	0	12,850
Rehab	2,955	0	2,343	5,298
SNF	15,063	14,032	25,663	54,758
<b>Total Patient Days</b>	65,348	57,271	43,116	165,735
<b>Average Length of Stay</b>				
Acute	4.69	4.47	3.99	4.37
Newborn	3.45	5.61	0.00	4.51
Rehab	14.17	0.00	14.01	14.32
<b>Average Daily Census</b>				
Acute	275.1	209.1	86.7	570.9
Newborn	20.1	51.1	0.0	71.2
Rehab	16.4	0.0	13.4	29.8
<b>Outpatient Services</b>				
Emergency	30,702	31,292	15,427	77,421
Observation	1,590	1,022	420	3,032
Ambulatory Surgery	7,975	9,810	3,115	20,900
Clinic Visits	28,377	13,607	9,871	51,855
Referred Ambulatory	74,754	130,826	31,145	236,725
<b>Total Outpatient Services</b>	143,398	186,557	59,978	389,933