



Ernst & Young LLP
Goodwin Square
225 Asylum Street
Hartford, CT 06103-1506
Tel: +1 860 247 3100
Fax: +1 860 725 6040
www.ey.com

Report of Independent Auditors on Other Financial Information

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

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the consolidated financial position, results of operations and changes in net assets of the individual entities. The consolidating information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Ernst & Young LLP

December 6, 2011

Saint Francis Care, Inc. and Subsidiaries

Consolidating Balance Sheet

September 30, 2011

	Saint Francis Care, Inc.	Saint Francis Hospital and Medical Center	Saint Francis Hospital, Inc.	Mount Sinai Rehabilitation Hospital, Inc.	Saint Francis Hospital and Medical Center Foundation, Inc.	Saint Francis Care Medical Group, P.C.	Saint Francis Medical Group, Inc.	Asylum Hill Family Medicine Center, Inc.	Total Prior to Elimination	Intercompany Elimination	Consolidated Saint Francis Care, Inc.
Assets											
Current assets:											
Cash and cash equivalents	\$ 111,077,278	\$ 1,143,931	\$ 335	\$ 596,416	\$ 1,175,354	\$ 684,613	\$ 114,677,927	\$ 114,677,927	\$ 114,677,927		\$ 114,677,927
Short-term investments	7,859,561	5,932,971	51,566				13,844,098	13,844,098	13,844,098		13,844,098
Assets whose use is limited for current liabilities	4,502,581						4,502,581	4,502,581	4,502,581		4,502,581
Current portion of pledges receivable			5,160,619				5,160,619	5,160,619	5,160,619		5,160,619
Accounts receivable—patients, less allowance	61,141,880	3,381,365		439,731	3,033,183	383,416	68,381,575	68,381,575	68,381,575		68,381,575
Accounts receivable—other	8,418,309				239,877	17,353	8,675,539	8,675,539	8,675,539		8,675,539
Inventories of supplies	5,919,231						5,919,231	5,919,231	5,919,231		5,919,231
Prepaid expenses	7,020,860	263,769			136,667	5,647	7,426,943	7,426,943	7,426,943		7,426,943
Due from affiliated entities		4,473,607			52,277	33,456	4,559,340	4,559,340	(3,689,834)	869,506	869,506
Total current assets	205,939,700	15,193,643	5,212,320	1,036,147	4,639,358	1,124,485	233,147,853	233,147,853	(3,689,834)	229,458,019	229,458,019
Assets whose use is limited:											
Board-designated	49,904,573						49,904,573	49,904,573			49,904,573
Donor restricted	4,097,530						4,097,530	4,097,530			4,097,530
Held under bond indenture	6,157,072						6,157,072	6,157,072			6,157,072
Held in trusts by others	43,233,016						43,233,016	43,233,016			43,233,016
Investment in Foundation	5,559,134						5,559,134	5,559,134	(5,559,134)		
	108,951,325						108,951,325	108,951,325	(5,559,134)		103,392,191
	(4,502,581)						(4,502,581)	(4,502,581)			(4,502,581)
	104,448,744						104,448,744	104,448,744	(5,559,134)		98,889,610
Long-term investments	\$ 15,847,219						15,847,219	15,847,219	(15,847,219)		13,306,723
Property, plant, and equipment, net	461,944,623	6,077,349	19,765	29,916	189,801	127,954	468,389,408	468,389,408			468,389,408
Other assets:											
Bond issuance costs, less amortization	2,731,498						2,731,498	2,731,498			2,731,498
Goodwill and intangible assets, net				66,666			66,666	66,666			66,666
Due from affiliated entities, net	148,885						148,885	148,885			148,885
Pledges receivable, less current portion	2,503,200		26,445,648				26,445,648	26,445,648			26,445,648
Other				13,754			13,754	13,754			13,754
	\$ 15,847,219	\$ 791,023,373	\$ 21,272,992	\$ 31,677,933	\$ 1,146,483	\$ 4,829,159	\$ 867,049,598	\$ 867,049,598	\$ (25,096,187)	\$ (25,096,187)	\$ 841,953,411

Saint Francis Care, Inc. and Subsidiaries
Consolidating Balance Sheet (continued)

September 30, 2011

	Saint Francis Care, Inc.	Saint Francis Hospital and Medical Center	Mount Sinai Rehabilitation Hospital, Inc.	Saint Francis Hospital and Medical Center Foundation, Inc.	Saint Francis Care Medical Group, P.C.	Saint Francis Medical Group, Inc.	Asylum Hill Family Medicine Center, Inc.	Total Prior to Elimination	Intercompany Elimination	Consolidated Saint Francis Care, Inc.
Liabilities and net assets										
Current liabilities:										
Accounts payable	\$ 33,255,562	\$ 77,966	\$ 77,966	\$ 79,588	\$ 142,250	\$ 601,651	\$ 934,716	\$35,091,733	\$ (8,174)	\$35,083,559
Salaries and wages, payroll taxes and amounts withheld from employees	32,411,403	1,500,741	1,500,741	356,205	6,668,197	84,693	165,655	41,102,201		41,102,201
Accrued expenses and interest payable	5,860,822	11,074	11,074	97,086	84,693			6,053,675		6,053,675
Due to third-party reimbursement agencies	5,106,086	380,852	380,852					5,486,938		5,486,938
Due to affiliated entities	2,534,927				1,146,733			3,681,660	(3,681,660)	-
Current portion of long-term debt:	6,140,523							6,140,523		6,140,523
Total current liabilities	85,309,323	1,970,633	1,970,633	79,588	1,742,274	7,354,541	1,100,371	97,556,730	(3,689,834)	93,866,896
Pension and other accrued expenses	298,028,691			31,203				298,059,894		298,059,894
Long-term debt, less portion classified as a current liability	266,003,820							266,003,820		266,003,820
Net assets:										
Unrestricted	\$ 15,847,219	56,534,260	17,040,837	26,008,008	(595,791)	(2,525,382)	152,068	112,461,219	(15,847,219)	96,614,000
Temporarily restricted	37,628,750	2,261,522	2,261,522	5,345,682				45,255,954	(5,345,682)	39,890,272
Permanently restricted	47,518,529			213,452				47,731,981	(213,452)	47,518,529
	15,847,219	141,681,539	19,302,359	31,567,142	(595,791)	(2,525,382)	152,068	205,429,154	(21,406,353)	184,022,801
	\$ 15,847,219	\$ 791,023,373	\$ 21,272,992	\$ 31,677,933	\$ 1,146,483	\$ 4,829,159	\$ 1,252,439	\$ 867,049,598	\$ (25,096,187)	\$ 841,953,411

Saint Francis Care, Inc. and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets

Year Ended September 30, 2011

	Saint Francis Care, Inc.	Saint Francis Hospital and Medical Center	Mount Sinai Rehabilitation Hospital, Inc.	Saint Francis Hospital and Medical Center Foundation, Inc.	Saint Francis Care Medical Group, P.C.	Saint Francis Medical Group, Inc.	Asylum Hill Family Medicine Center, Inc.	Total Prior to Elimination	Intercompany Elimination	Consolidated Saint Francis Care, Inc.
Net patient service revenue	\$ 629,120,661	\$ 21,692,651	\$ 270,959	\$ 10,186,506	\$ 4,631,314	\$ 30,968,518	\$ 3,193,842	\$ 689,606,986	\$ (29,170,792)	\$ 689,606,986
Other operating revenues	39,070,117	270,959		10,186,506	703,056	29,365,193	1,093,458	80,689,289		51,518,497
Net assets released from restrictions for operations	6,351,672	52,956	22,016,566	3,612,578	5,334,370	60,333,711	4,287,300	10,017,206	(29,170,792)	10,017,206
Operating expenses:										
Salaries	254,309,824	10,665,042	10,665,042	1,233,445	3,389,375	42,298,325	2,608,304	314,784,315		314,784,315
Supplies and other	368,550,595	9,087,164	9,087,164	1,572,720	1,526,586	18,479,087	1,436,251	400,652,323		371,481,531
Bad debts	16,027,018	355,538	355,538	1,217,474	260,924	1,285,704	115,099	19,261,757	(29,170,792)	19,261,757
Interest	9,560,860							9,560,860		9,560,860
Depreciation and amortization	29,989,988	573,320	2,094	2,094	80,381	44,763	26,079	30,716,625		30,716,625
	678,438,245	20,681,064	1,335,502	4,045,723	5,657,266	62,107,799	4,245,733	774,975,880	(29,170,792)	745,805,088
	(3,835,835)			9,753,351	(122,896)	(1,774,088)	41,567	5,337,601		5,337,601
Net loss on investment activity	(1,057,957)			(1,190)				(1,059,147)		(1,059,147)
Operating (loss) income	(4,953,792)		1,335,502	9,752,161	(122,896)	(1,774,088)	41,567	4,278,454		4,278,454
Interest rate swap activity:										
Interest cost on interest rate swaps	(970,730)							(970,730)		(970,730)
Change in fair market value of swaps	(10,674,433)							(10,674,433)		(10,674,433)
	(11,645,163)							(11,645,163)		(11,645,163)
(Deficiency) excess of revenues over expenses	(10,398,955)		1,335,502	9,752,161	(122,896)	(1,774,088)	41,567	(7,366,709)		(7,366,709)

Saint Francis Care, Inc. and Subsidiaries

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

Year Ended September 30, 2011

	Saint Francis Care, Inc.	Saint Francis Hospital and Medical Center	Mount Sinai Rehabilitation Hospital, Inc.	Saint Francis Hospital and Medical Center Foundation, Inc.	Saint Francis Care Medical Group, P.C.	Saint Francis Medical Group, Inc.	Asylum Hill Family Medicine Center, Inc.	Total Prior to Elimination	Intercompany Elimination	Consolidated Saint Francis Care, Inc.
Unrestricted net assets:										
(Deficiency) excess of revenues over expenses (continued)										
Net asset transfer	\$	(16,598,955)	\$ 1,335,502	\$ 9,752,161	\$ (122,896)	\$ (1,774,088)	\$ -	\$ (7,366,709)	\$	\$ (7,366,709)
Net assets released from restrictions used for capital purchases		(1,531,864)	(104,131)	(1,436,616)				(3,072,611)		(3,072,611)
Change in pension funding and postretirement obligations		863,420						863,420		863,420
Purchase of minority interest in subsidiary		(36,343,854)						(36,343,854)		(36,343,854)
Other		187,907						187,907		187,907
(Decrease) increase in unrestricted net assets		(53,424,020)	1,231,371	8,315,545	(122,896)	(1,774,088)	41,567	(45,753,821)		(45,753,821)
Temporarily restricted net assets:										
Income from investments		206,090						206,090		206,090
Gifts, contributions, and donations		5,252,182	136,649	4,776,107				10,164,938		10,164,938
Net unrealized loss on investments		(133,499)						(133,499)		(133,499)
Net assets released from restriction		(7,215,092)	(32,956)	(3,612,578)				(10,880,626)		(10,880,626)
Net asset transfer		1,960,580	1,112,031					3,072,611		3,072,611
Increase in interest in Saint Francis Hospital and Medical Center Foundation		1,163,529						1,163,529		1,163,529
Increase (decrease) in temporarily restricted net assets		1,233,790	1,195,724	1,163,529				3,593,043	(1,163,529)	2,429,514
Permanently restricted net assets:										
Decrease in assets held in trusts by others		(1,362,417)						(1,362,417)		(1,362,417)
Decrease in permanently restricted net assets (Decrease) increase in net assets		(53,553,547)	2,427,095	9,475,074	(122,896)	(1,774,088)	41,567	(43,502,795)	(1,163,529)	(44,666,324)
Net assets at beginning of year	\$	15,847,219	\$ 105,235,086	\$ 16,875,264	\$ 22,088,068	\$ (751,294)	\$ 110,501	\$ 248,951,949	\$ (20,242,024)	\$ 228,689,125
Net assets at end of year	\$	15,847,219	\$ 141,681,539	\$ 19,302,559	\$ 31,567,142	\$ (2,524,382)	\$ 152,068	\$ 205,429,154	\$ (21,406,353)	\$ 184,022,801

Ernst & Young LLP

Assurance | Tax | Transactions | Advisory

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 152,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

For more information, please visit www.ey.com.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. This Report has been prepared by Ernst & Young LLP, a client serving member firm located in the United States.