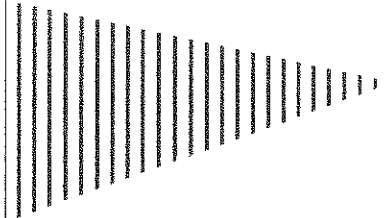


CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

Saint Francis Care, Inc. and Subsidiaries  
Years Ended September 30, 2014 and 2013  
With Report of Independent Auditors

Ernst & Young LLP



Building a better  
working world

Saint Francis Care, Inc. and Subsidiaries

Consolidating Balance Sheet  
(in Thousands)

September 30, 2014

	Saint Francis Care, Inc.	Saint Francis Hospital and Medical Center	Saint Francis Hospital and Medical Center Foundation, Inc.	Saint Francis Care Medical Group, P.C.	Saint Francis Medical Group and Subsidiary	Asylum Hill Family Medicine Center, Inc.	Total Prior to Elimination	Intercompany Elimination	Consolidated Saint Francis Care, Inc.
<b>Assets</b>									
Current assets:									
Cash and cash equivalents	\$ 84,700	\$ 3,857	\$ 197	\$ 3,116	\$ 1,285	\$ 93,155	\$ -	\$ -	\$ 93,155
Short-term investments	33,920	8,270	51	-	-	42,241	-	-	42,241
Assets whose use is limited for current liabilities	1,459	-	-	-	-	1,459	-	-	1,459
Current portion of pledges receivable	-	-	1,304	-	-	1,304	-	-	1,304
Accounts receivable - patients, less allowance for doubtful accounts	72,591	3,797	592	7,585	339	84,904	-	-	84,904
Accounts receivable - other	3,686	-	-	69	488	4,243	-	-	4,243
Inventories of supplies	8,855	-	-	-	-	8,855	-	-	8,855
Prepaid expenses and deposits	6,724	7	-	43	4	6,778	-	-	6,778
Due from affiliated entities	14,831	1,208	-	415	(15,000)	1,509	-	(163)	1,346
Total current assets	1,000	228,766	1,355	1,204	(4,187)	1,171	244,448	(163)	244,285
Assets whose use is limited:									
Board - designated	60,751	-	-	-	-	60,751	-	-	60,751
Donor restricted	4,286	-	-	-	-	4,286	-	-	4,286
Held under bond indenture	957	-	-	-	-	957	-	-	957
Held in trusts by others	53,033	-	-	-	-	53,033	-	-	53,033
Interest in SFHMC Foundation, Inc.	10,789	-	-	-	-	10,789	(10,789)	-	-
Assets whose use is limited for current liabilities	129,816	-	-	-	-	129,816	(10,789)	-	119,027
	(1,459)	-	-	-	-	(1,459)	-	-	(1,459)
	128,357	-	-	-	-	128,357	(10,789)	-	117,568
Long-term investments	14,847	15,998	158	-	-	31,003	(14,847)	-	16,156
Property, plant, and equipment, net	-	469,060	5,439	44	1,106	475,763	-	-	475,763
Other assets:									
Bond issuance costs, less amortization	-	1,346	-	-	-	1,346	-	-	1,346
Pledges receivable, less current portion	-	-	9,271	-	-	9,271	-	-	9,271
Other	-	11,116	2	-	1,252	12,370	-	-	12,370
Total assets	\$ 15,847	\$ 852,643	\$ 22,738	\$ 1,248	\$ (1,829)	\$ 1,274	\$ 902,558	\$ (25,799)	\$ 876,759

Saint Francis Care, Inc. and Subsidiaries

Consolidating Balance Sheet (continued)  
(In Thousands)

	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 and Subsidiary	Asylum Hill Family Medicine Center, Inc.	Total Prior to Elimination	Intercompany Elimination	Consolidated Saint Francis Care, Inc.
<b>Liabilities and net assets</b>										
Current liabilities:										
Accounts payable	\$ -	\$ 34,587	\$ 69	\$ 140	\$ 17	\$ 1,109	\$ 1,451	\$ 37,373	\$ (163)	\$ 37,210
Accrued payroll and other related expenses	-	35,966	1,700	-	463	11,445	149	49,723	-	49,723
Accrued expenses and interest payable	-	7,378	-	18	43	16	-	7,455	-	7,455
Due to third-party reimbursement agencies	-	14,939	841	-	-	-	-	15,780	-	15,780
Current portion of long-term debt	-	8,760	-	-	-	-	-	8,760	-	8,760
Total current liabilities	-	101,630	2,610	158	523	12,570	1,600	119,091	(163)	118,928
Pension and other accrued expenses	-	284,381	-	-	-	1,253	-	285,634	-	285,634
Long-term debt, less portion classified as a current liability	-	251,476	-	-	-	-	-	251,476	-	251,476
Total liabilities	-	637,487	2,610	158	523	13,823	1,600	656,201	(163)	656,038
Net assets:	15,847	133,482	18,392	(310)	725	(13,652)	(326)	152,158	(14,847)	137,311
Unrestricted	-	24,355	1,736	10,576	-	-	-	36,667	(10,576)	26,091
Temporarily restricted	-	57,319	-	213	-	-	-	57,532	(213)	57,319
Permanently restricted	15,847	215,136	20,128	(10,479)	725	(13,652)	(326)	246,357	(25,636)	220,721
Total liabilities and net assets	\$ 15,847	\$ 852,643	\$ 22,738	\$ 10,637	\$ 1,248	\$ (1,829)	\$ 1,274	\$ 902,558	\$ (25,799)	\$ 876,759

Saint Francis Care, Inc. and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets  
(In Thousands)

Year Ended September 30, 2014

	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 and Subsidiary	Asylum Hill Family Medicine Center, Inc.	Total Prior to Elimination	Intercompany Elimination	Consolidated Saint Francis Care, Inc.
Net patient service revenue	\$ 350	\$ 687,135	\$ 39,026	\$ -	\$ 4,692	\$ 48,775	\$ 3,699	\$ 783,327	\$ -	\$ 783,327
Less: provision for bad debts	-	(22,553)	(629)	-	(237)	(2,919)	(208)	(26,546)	-	(26,546)
Net patient service revenue less provision for bad debts	-	664,582	38,397	-	4,455	45,856	3,491	756,781	-	756,781
Other operating revenues	-	34,500	114	1,251	842	42,211	968	80,236	(41,439)	38,797
Net assets released from restrictions for operations	-	3,927	326	5,391	-	-	-	9,644	-	9,644
	350	703,009	38,837	6,642	5,297	88,067	4,459	846,661	(41,439)	805,222
Operating expenses:										
Salaries	-	265,515	11,794	1,191	3,737	78,212	3,150	363,599	-	363,599
Supplies and other	-	369,639	16,347	898	1,267	32,391	1,490	422,032	(41,439)	380,593
Interest	-	11,620	-	-	-	-	-	11,620	-	11,620
Depreciation and amortization	-	36,822	713	3	64	226	59	37,887	-	37,887
	350	683,596	28,854	2,092	5,068	110,829	4,699	835,138	(41,439)	793,699
	-	19,413	9,983	4,550	229	(22,762)	(240)	11,523	-	11,523
Net gain on investment activity	-	3,623	-	2	-	-	-	3,625	-	3,625
Operating income (loss)	350	23,036	9,983	4,552	229	(22,762)	(240)	15,148	-	15,148
Non-operating gains and losses:										
Loss on refunding and refinancing of debt	-	(1,719)	-	-	-	-	-	(1,719)	-	(1,719)
Interest cost on interest rate swaps	-	(102)	-	-	-	-	-	(102)	-	(102)
Change in fair value of interest rate swaps	-	(603)	-	-	-	-	-	(603)	-	(603)
	-	(2,424)	-	-	-	-	-	(2,424)	-	(2,424)
Excess (deficiency) of revenues and gains and losses over expenses	350	20,612	9,983	4,552	229	(22,762)	(240)	12,724	-	12,724

Saint Francis Care, Inc. and Subsidiaries

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

	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 Hospital and Medical Center, Inc.	Saint Francis Care Medical Group, P.C.	Saint Francis Medical Group and Subsidiary	Asylum Hill Family Medicine Center, Inc.	Total Prior to Elimination	Intercompany Elimination	Consolidated Saint Francis Care, Inc.
Unrestricted net assets:											
Excess of revenues and gains and losses over expenses (continued)	\$ 350	\$ 20,612	\$ 9,983	\$ 4,552	\$ 229	\$ (22,762)	\$ (240)	\$ 12,724	\$ (4,015)	\$ -	\$ 12,724
Net asset transfer	-	532	(10,000)	(4,547)	-	10,000	-	-	-	-	(4,015)
Net assets released from restrictions used for property, plant, and equipment	-	3,313	-	-	-	-	-	3,313	-	-	3,313
Change in pension funding and postretirement obligations	-	(53,442)	-	-	-	-	-	(53,442)	-	-	(53,442)
Change in minority interest in subsidiary	-	264	-	-	-	-	-	264	-	-	264
(Decrease) increase in unrestricted net assets	350	(28,721)	(17)	\$ -	229	(12,762)	(240)	(41,156)	-	-	(41,156)
Temporarily restricted net assets:											
Income from investments	-	109	-	-	-	-	-	109	-	-	109
Gifts, contributions, and donations	-	3,068	295	5,228	-	-	-	8,591	-	-	8,591
Net unrealized gain on investments	-	44	-	-	-	-	-	44	-	-	44
Net assets released from restrictions for operations	-	(3,927)	(326)	(5,391)	-	-	-	(9,644)	-	-	(9,644)
Net assets released from restrictions used for property, plant, and equipment	-	(3,680)	-	-	-	-	-	(3,680)	-	-	(3,680)
Net asset transfer	-	3,290	725	-	-	-	-	4,015	-	-	4,015
Increase in interest SFHMC Foundation, Inc.	-	(163)	-	-	-	-	-	(163)	-	-	(163)
(Decrease) increase in temporarily restricted net assets	-	(1,259)	694	(163)	-	-	-	(728)	-	163	(565)
Permanently restricted net assets:											
Increase in assets held in trusts by others	-	1,869	-	-	-	-	-	1,869	-	-	1,869
Increase in permanently restricted net assets (Decrease) increase in net assets	350	(28,111)	677	(158)	229	(12,762)	(240)	(40,015)	163	-	(39,852)
Net assets at beginning of year	15,497	243,267	19,451	10,637	496	(2,850)	(86)	286,372	(25,799)	(25,799)	260,573
Net assets at end of year	\$ 15,847	\$ 215,156	\$ 20,128	\$ 10,479	\$ 725	\$ (15,652)	\$ (326)	\$ 246,357	\$ (25,636)	\$ (25,636)	\$ 220,721