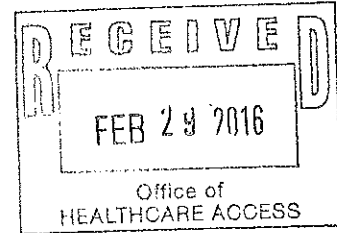
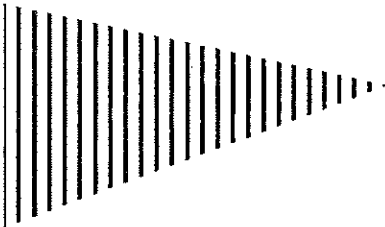


CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Saint Francis Care, Inc. and Subsidiaries
Years Ended September 30, 2015 and 2014
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, 2015

	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 Medical Group and Subsidiary	Asylum Hill Family Medicine Center, Inc.	Total Prior to Elimination	Intercompany Elimination	Consolidated Saint Francis Care, Inc.
Assets									
Current assets:									
Cash and cash equivalents	\$ -	\$ 95,016	\$ 4,626	\$ -	\$ 3,924	\$ 505	\$ 102,071	\$ -	\$ 102,071
Short-term investments	-	23,167	10,290	39	-	-	33,496	-	33,496
Assets whose use is limited for current liabilities	-	1,521	-	-	-	-	1,521	-	1,521
Current portion of pledges receivable	-	-	-	1,166	-	-	1,166	-	1,166
Accounts receivable — patients, less allowance for doubtful accounts	-	67,076	2,626	-	7,362	381	77,445	-	77,445
Accounts receivable — other	-	4,566	19	-	117	877	5,579	-	5,579
Inventories of supplies	-	9,701	-	-	-	-	9,701	-	9,701
Prepaid expenses and deposits	-	7,718	50	12	67	4	7,851	-	7,851
Due from affiliated entities	762	7,245	3,422	-	(7,747)	(249)	3,433	(33)	3,400
Total current assets	762	214,010	21,033	1,217	3,723	1,518	242,263	(33)	242,230
Assets whose use is limited:									
Board — designated	-	64,100	-	-	-	-	64,100	-	64,100
Donor restricted	-	4,286	-	1,173	-	-	5,459	-	5,459
Field under bond indenture	-	817	-	-	-	-	817	-	817
Field in trusts by others	-	48,893	-	-	-	-	48,893	-	48,893
Interest in SFHMC Foundation, Inc.	-	9,394	-	-	-	-	9,394	(9,394)	-
Assets whose use is limited for current liabilities	-	127,490	-	1,173	-	-	128,663	(9,394)	119,269
	-	(1,521)	-	-	-	-	(1,521)	-	(1,521)
	-	125,969	-	1,173	-	-	127,142	(9,394)	117,748
Long-term investments	15,800	24,057	87	-	-	-	39,944	(14,847)	25,097
Property, plant, and equipment, net	-	461,286	4,919	9	937	97	467,248	-	467,248
Other assets:									
Bond issuance costs, less amortization	-	1,261	-	-	-	-	1,261	-	1,261
Pledges receivable, less current portion	-	-	-	6,992	-	-	6,992	-	6,992
Other	-	5,858	-	-	1,753	-	7,611	-	7,611
Total assets	\$ 16,562	\$ 832,441	\$ 26,039	\$ 9,391	\$ 6,413	\$ 1,615	\$ 892,461	\$ (24,274)	\$ 868,187

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 Medical Group and Subsidiary	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	\$ -	\$ 37,798	\$ 83	\$ 21	\$ 1,543	\$ 2,272	\$ 41,719	\$ (33)	\$ 41,686
Accrued payroll and other related expenses	-	36,078	1,928	-	12,955	190	51,151	-	51,151
Accrued expenses and interest payable	-	7,380	-	319	959	-	8,658	-	8,658
Due to third-party reimbursement agencies	-	12,528	1,102	-	-	-	13,630	-	13,630
Current portion of long-term debt	-	7,298	-	-	-	-	7,298	-	7,298
Total current liabilities	-	101,082	3,115	340	15,457	2,462	122,456	(33)	122,423
Pension and other accrued expenses	-	319,203	-	-	1,753	-	320,956	-	320,956
Long-term debt, less portion classified as a current liability	-	244,154	-	-	-	-	244,154	-	244,154
Total liabilities	-	664,439	3,115	340	17,210	2,462	687,566	(33)	687,533
Net assets:									
Unrestricted	16,562	90,406	21,161	(343)	(10,797)	(847)	116,142	(14,847)	101,295
Temporarily restricted	-	24,417	1,763	9,181	-	-	35,361	(9,181)	26,180
Permanently restricted	-	53,179	-	213	-	-	53,392	(213)	53,179
Total liabilities and net assets	\$ 16,562	\$ 168,002	\$ 22,924	\$ 9,051	\$ (10,797)	\$ (847)	\$ 204,895	\$ (24,241)	\$ 180,654
	\$ 16,562	\$ 832,441	\$ 26,039	\$ 9,391	\$ 6,413	\$ 1,615	\$ 892,461	\$ (24,274)	\$ 868,187

Saint Francis Care, Inc. and Subsidiaries

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

Year Ended September 30, 2015

	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 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	\$ -	\$ 691,884	\$ 45,528	\$ -	\$ 57,644	\$ 3,296	\$ 798,352	\$ -	\$ 798,352
Less: provision for bad debts	-	(22,456)	(262)	-	(2,871)	(11)	(25,600)	-	(25,600)
Net patient service revenue less provision for bad debts	-	669,428	45,266	-	54,773	3,285	772,752	-	772,752
Other operating revenues	(52)	35,294	84	335	44,397	853	80,911	(42,608)	38,303
Net assets released from restrictions for operations	-	4,156	295	6,460	-	-	10,911	-	10,911
	(52)	708,878	45,645	6,795	99,170	4,138	864,574	(42,608)	821,966
Operating expenses:									
Salaries	-	273,953	13,049	907	87,757	2,929	378,595	-	378,595
Supplies and other	238	377,521	19,159	1,251	29,289	1,701	429,159	(42,608)	386,551
Interest	-	11,152	-	-	-	-	11,152	-	11,152
Depreciation and amortization	-	38,728	668	2	269	29	39,696	-	39,696
	238	701,354	32,876	2,160	117,315	4,659	838,602	(42,608)	815,994
	(290)	7,524	12,769	4,635	(18,145)	(521)	5,972	-	5,972
Net loss on investment activity	-	(2,528)	-	(2)	-	-	(2,530)	-	(2,530)
Operating (loss) income	(290)	4,996	12,769	4,633	(18,145)	(521)	3,442	-	3,442
Non-operating gains and losses:									
Net loss on termination of interest rate swaps	-	(2,739)	-	-	-	-	(2,739)	-	(2,739)
Interest savings on interest rate swaps	-	41	-	-	-	-	41	-	41
Change in fair value of interest rate swaps	-	(14,835)	-	-	-	-	(14,835)	-	(14,835)
	-	(17,533)	-	-	-	-	(17,533)	-	(17,533)
(Deficiency) excess of revenues and gains and losses over expenses	(290)	(12,537)	12,769	4,633	(18,145)	(521)	(14,091)	-	(14,091)

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 Medical Group and Subsidiary	Asylum Hill Family Medicine Center, Inc.	Total Prior to Elimination	Intercompany Elimination	Consolidated Saint Francis Care, Inc.
\$	(290)	(12,537)	12,769	4,633	(18,145)	(521)	(14,091)	\$	(14,091)
		(667)		(4,666)			(5,333)		(5,333)
Net asset transfer:									
Net assets released from restrictions used for property, plant, and equipment		1,539					1,539		1,539
Change in pension funding and postretirement obligations		(19,192)					(19,192)		(19,192)
Equity transfer to affiliated entity		(13,000)	(10,000)		23,000				
Transfer from (to) St. Francis Care, Inc.	1,005	(280)					725	(725)	
Donated property		857					857		857
Change in minority interest in subsidiary		204					204		204
Increase (decrease) in unrestricted net assets	715	(43,076)	2,769	(33)	4,855	(521)	(33,291)	(725)	(36,016)
Temporarily restricted net assets:									
Income from investments		125		11			136		136
Gifts, contributions, and donations		2,077	263	5,144			7,484		7,484
Net unrealized loss on investments		(178)		(90)			(268)		(268)
Net assets released from restrictions for operations property, plant, and equipment		(4,156)	(295)	(6,460)			(10,911)		(10,911)
Net asset transfer		(1,685)					(1,685)		(1,685)
Decrease in interest, SFHMC Foundation, Inc.		5,274	59				5,333		5,333
Increase (decrease) in temporarily restricted net assets		(1,395)	27	(1,395)			(1,395)	1,395	
		62					(1,306)	1,395	89
Permanently restricted net assets:									
Decrease in assets held in trusts by others		(4,140)					(4,140)		(4,140)
Increase (decrease) in net assets	715	(47,154)	2,796	(1,428)	4,855	(521)	(40,737)	670	(40,067)
Net assets at beginning of year	15,847	215,156	20,128	10,479	(15,652)	(326)	245,632	(24,911)	220,721
Net assets at end of year	\$ 16,562	\$ 168,002	\$ 22,924	\$ 9,051	\$ (10,797)	\$ (847)	\$ 204,895	\$ (24,241)	\$ 180,654