

Trinitas Regional Medical Center Obligated Group
Consolidated Balance Sheet
At June 30, 2017 and December 31, 2016
(Unaudited)

	June 2017	December 2016
Assets		
Current Assets:		
Cash and cash equivalents (includes certificates of deposit)	\$ 121,910,414	\$ 130,023,301
Assets whose use is limited	8,798,771	8,436,557
Patient accounts receivable (less allowance for doubtful collections of \$29,640,000 in 2017 and \$32,631,000 in 2016)	24,083,089	26,770,713
Other receivables	3,315,843	3,384,131
Other current assets	6,090,916	5,641,062
Total current assets	164,199,033	174,255,764
Assets Whose Use is Limited and Investments		
Assets whose use is limited:		
Internally designated	98,563,814	95,474,057
Other internally designated	7,457,896	6,711,884
Held by trustee under bond indentures	-	13,068,545
Donor restricted	3,137,775	3,084,982
Investments	29,092,976	28,597,341
Total assets whose use is limited and investments	138,252,461	146,936,809
Beneficial Interest in Net Assets of Trinitas Health Foundation		
	9,652,428	7,062,702
Property and Equipment (net of accumulated depreciation of \$248,345,000 in 2017 and \$242,451,000 in 2016)		
	86,326,672	87,230,946
Other Assets		
	5,467,327	5,484,628
Total	\$ 403,897,921	\$ 420,970,849
Liabilities and Net Assets		
Current Liabilities:		
Current portion of long-term debt	\$ 7,140,000	\$ 6,055,000
Accounts payable, construction payable and accrued expenses	23,786,727	26,308,168
Deferred revenue	2,191,945	5,542,064
Accrued bond interest payable	1,234,182	3,026,454
Accrued salaries and wages	6,564,040	5,992,441
Estimated settlements with third-party payors	11,986,811	16,501,567
Total current liabilities	52,903,705	63,425,694
Estimated Settlements with Third-party Payors	47,225,100	46,892,222
Long-Term Debt	101,056,923	118,532,642
Other Long-Term Liabilities	16,948,840	16,223,842
Total liabilities	218,134,568	245,074,400
Net Assets		
Unrestricted	172,973,142	165,748,761
Temporarily restricted	9,586,964	7,006,894
Permanently restricted	3,203,247	3,140,794
Total net assets	185,763,353	175,896,449
Total	\$ 403,897,921	\$ 420,970,849

Trinitas Regional Medical Center Obligated Group
Consolidated Statement of Operations
For the Six Months Ended June 30, 2017 and 2016
(Unaudited)

	June 2017	June 2016
Revenues		
Net patient service revenue (net of contractual allowances, charity care and discounts)	\$ 121,738,749	\$ 119,166,767
Provision for bad debts	(7,788,713)	(7,881,561)
Net patient service revenue less provision for bad debts	113,950,036	111,285,206
Other revenue	33,077,017	35,395,045
Net assets released from restrictions used for operations	362,683	504,479
Total revenues	147,389,736	147,184,730
Expenses		
Salaries and wages	68,831,890	67,719,749
Employee benefits	13,895,408	13,177,497
Supplies and other	55,467,620	55,229,737
Depreciation	5,893,803	5,943,403
Interest	2,711,259	3,295,901
Total expenses	146,799,980	145,366,287
Operating Income	589,756	1,818,443
Nonoperating Gains and Losses		
Interest, dividends and other	1,795,679	1,963,063
Net realized gains and losses on investments	464,800	224,227
Loss on bond refinancing	(1,439,368)	-
Change in fair value of interest rate swaps	-	(549,508)
Total nonoperating gains and losses	821,111	1,637,782
Medicare / Medicaid meaningful use funds	-	645,094
Revenues in Excess of Expenses	1,410,867	4,101,319
Change in Net Unrealized Gains and (Losses) on Investments Other Than Trading Securities	1,660,671	3,433,600
Net Assets Released From Restrictions Used for Purchase of Property and Equipment	4,152,843	2,287,287
Increase in Unrestricted Net Assets	\$ 7,224,381	\$ 9,822,206

Trinitas Regional Medical Center Obligated Group
Consolidated Statement of Changes in Net Assets
For the Six Months Ended June 30, 2017 and 2016
(Unaudited)

	June 2017	June 2016
Unrestricted Net Assets		
Revenues in excess of expenses	\$ 1,410,867	\$ 4,101,319
Change in net unrealized gains and losses on investments other than trading securities	1,660,671	3,433,600
Net assets released from restrictions used for purchase of property and equipment	4,152,843	2,287,287
Increase (decrease) in unrestricted net assets	7,224,381	9,822,206
Temporarily Restricted Net Assets		
Contributions	4,551,009	2,583,973
Net assets released from restrictions	(4,515,526)	(2,791,766)
Change in beneficial interest in net assets of Trinitas Health Foundation	2,544,587	(446,625)
Increase (decrease) in temporarily restricted net assets	2,580,070	(654,418)
Permanently Restricted Net Assets		
Change in beneficial interest in net assets of Trinitas Health Foundation	45,139	45,469
Change in net unrealized gains and losses on investments other than trading securities	17,314	46,530
Increase (decrease) in permanently restricted net assets	62,453	91,999
Increase (Decrease) in Net Assets	9,866,904	9,259,787
Net Assets		
Beginning of year	175,896,449	159,209,083
End of year	\$ 185,763,353	\$ 168,468,870

Trinitas Regional Medical Center Obligated Group
Consolidated Statement of Cash Flows
For the Six Months Ended June 30, 2017 and 2016
(Unaudited)

	June 2017	June 2016
Cash Flows from Operating Activities		
Increase in net assets	\$ 9,866,904	\$ 9,259,787
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Provision for bad debts	7,788,713	7,881,561
Depreciation	5,893,803	5,943,403
Loss from bond refinancing	1,439,368	-
Amortization of deferred financing costs	85,969	83,970
Amortization of deferred bond premium	(345,408)	(33,660)
Restricted contributions for capital additions	(4,152,843)	(2,287,287)
Change in beneficial interest in unrestricted net assets of		
Change in fair value of interest rate swaps	-	549,508
Change in net unrealized gains and losses on other than trading securities	(1,660,671)	(3,433,600)
Net realized gains and losses on investments	(464,800)	(224,227)
Change in beneficial interest in net assets of Trinitas Health Foundation	(2,589,726)	401,156
Change in assets and liabilities:		
Patient accounts receivable	(5,101,089)	(6,400,556)
Other receivables	68,288	(696,387)
Other current assets and other assets	(861,017)	(1,406,931)
Accounts payable, construction payable and accrued expenses	(2,092,978)	(647,478)
Deferred revenue	(3,350,119)	91,258
Accrued bond interest payable	(2,744,830)	(67,994)
Accrued salaries and wages	571,599	1,120,335
Estimated settlements with third-party payors	(4,181,878)	1,324,029
Other long-term liabilities	724,998	133,141
Net cash provided by (used in) operating activities	(1,105,717)	11,590,028
Cash Flows from Investing Activities		
Acquisition of property and equipment and construction	(4,989,528)	(4,598,849)
Purchases of investments and assets whose use is limited, net	10,447,605	(4,688,638)
Net cash provided by (used in) investing activities	5,458,077	(9,287,487)
Cash Flows from Financing Activities		
Restricted contributions for capital additions	4,152,843	2,287,287
Repayment of long-term debt	-	(953,132)
Payment of debt issuance costs	(160,293)	-
Proceeds from refunding and revenue bonds	93,217,203	-
Repayment of Series 2007 bonds	(109,675,000)	-
Net cash Provided by (used in) financing activities	(12,465,247)	1,334,155
Net Increase (Decrease) in Cash and Cash Equivalents	(8,112,887)	3,636,696
Cash and Cash Equivalents, Beginning	130,023,301	125,157,730
Cash and Cash Equivalents, Ending	\$ 121,910,414	\$ 128,794,426
Supplemental Disclosure of Cash Flow Information,		
Interest paid	\$ 2,857,822	\$ 3,293,518

Trinitas Regional Medical Center Obligated Group

Notes to Consolidated Financial Statements

June 30, 2017

(Unaudited)

1. Reporting Organizations

The consolidated financial statements include the accounts of Trinitas Regional Medical Center (the "Medical Center"), Marillac Corporation ("Marillac"), a wholly owned subsidiary of the Medical Center and Trinitas Physicians Practice, LLC. In 2000, Elizabeth General Medical Center and St. Elizabeth Hospital merged to form Trinitas Hospital, a not-for-profit, tax-exempt, voluntary, acute health care provider located in Elizabeth, New Jersey. Trinitas Hospital officially changed its name to Trinitas Regional Medical Center as of October 2008. The Medical Center provides inpatient, outpatient, and emergency care services for local residents. Admitting physicians are primarily practitioners from the local area.

Marillac, a not-for-profit, tax-exempt corporation pursuant to Section 501(c)(3) of the Internal Revenue Code, owns and operates a medical office building in Elizabeth, New Jersey.

Trinitas Physicians Practice, LLC, (TPP, LLC) a New Jersey professional limited liability company (LLC), a for-profit taxable entity.

The sole member of the Medical Center is Trinitas Health (the "Parent"), a tax-exempt holding company. Both the Parent and the Medical Center are tax-exempt organizations, pursuant to Section 501(c)(3) of the Internal Revenue Code.

The Medical Center is an affiliated member of the Parent, the controlling entity. Other affiliates of Trinitas Health include: Trinitas Healthcare Corporation and subsidiary, Trinitas Health Services Corporation, and Trinitas Health Foundation and Affiliate (the "Foundation"). Only the Medical Center's financial statements and its subsidiaries and TPP, LLC are presented herein. The Parent's affiliates, with the exception of Trinitas Health Services Corporation, are not-for-profit, tax-exempt organizations. Trinitas Health Services Corporation is a for-profit, taxable entity.

2. Presentation

The consolidated financial statements are unaudited and include all adjustments which are, in the opinion of Management, necessary for a fair presentation of the Obligated Group's financial position as of June 30, 2017 and December 31, 2016, its result of operations and its changes in net assets and cash flows for the six months ended June 30, 2017 and 2016 in conformity with accounting principles generally accepted in the United States of America. Certain information and footnote disclosures normally included in financial statements prepared in accordance with such accounting principles have been omitted.

These consolidated financial statements should be read in conjunction with Trinitas Regional Medical Center's audited consolidated financial statements and notes thereto for the years ended December 31, 2016.

3. Patient Accounts Receivable

Patient accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. In evaluating the collectability of patient accounts receivable, the Medical Center analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful collections and provision for doubtful collections. For receivables associated with services provided to patients with third party insurance coverage (partial or complete) and patients with no coverage (partial or none), the Medical Center analyzes contractually due amounts and provides an allowance for doubtful collections and a provision for doubtful collections, if necessary. For receivables associated with patients with no insurance (partial or complete) (which includes both patients without insurance and patients with deductible and copayment balances due), the Medical Center records a significant provision for doubtful collections in the period of service on the basis of its past experience, which indicates that many patients are unable to pay the portion of their bill for which they are financially responsible. The

Trinitas Regional Medical Center Obligated Group

Notes to Consolidated Financial Statements

June 30, 2017

(Unaudited)

difference between billed rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful collections.

The Medical Center's allowance for doubtful collections for self-pay patients increased to 95.0% of self-pay accounts receivable at June 30, 2017 from 92.5% of self-pay accounts receivable at December 31, 2016. The Medical Center had not changed its financial assistance policy in 2017.

4. Net Patient Service Revenue

The Medical Center reports net patient service revenue at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including an estimate for retroactive adjustments that may occur as a result of future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, review and investigations. Net patient service revenue as reported in the consolidated statements of operations is reduced both by (1) estimated allowances for the excess of charges over anticipated patient or third party payor payments and (2) a provision for doubtful collections. Certain of the health care services provided by the Medical Center are reimbursed by third party payors on the basis of the lower of cost or charges, with costs subject to certain imposed limitations.

Patient accounts receivable are reported at net realizable value and include charges for accounts due from Medicare, Medicaid, other commercial and managed care insurers, and self-paying patients (Note 3). Patient accounts receivable also includes management's estimate of the impact of certain undercharges to be recouped or overcharges to be paid back for inpatient and outpatient services in subsequent years rates as discussed above. Deducted from patient accounts receivable are estimates of doubtful collections related to patients and allowances for the excess of charges over the payments to be received from third party payors.

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. The Medical Center recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of these established rates for the services rendered. For uninsured patients that do not qualify for charity care, the Medical Center recognizes revenues on the basis of its standard rates, discounted in accordance with the Medical Center's policy. On the basis of historical experience, a significant portion of the Medical Center's uninsured patients will be unable to pay for the services provided. Thus, the Medical Center records a significant provision for doubtful collections related to uninsured patients in the period the services are provided. Patient service revenues, net of contractual allowances and discounts (but before the provision for doubtful collections), recognized in June 30, 2017 and 2016 from these major payor sources, are as follows:

	Patient Service Revenues (Net of Contractual Allowances and Discounts)				
	Medicare	Medicaid	Other Third Party Payors	Self Pay and Other	Total
June 30, 2017	<u>\$ 36,245,509</u>	<u>\$ 43,439,272</u>	<u>\$ 32,871,288</u>	<u>\$ 9,182,680</u>	<u>\$ 121,738,749</u>
June 30, 2016	<u>\$ 35,675,149</u>	<u>\$ 41,964,026</u>	<u>\$ 31,477,184</u>	<u>\$ 10,050,408</u>	<u>\$ 119,166,767</u>

5. Healthcare Payment Proposals

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. In 2017, the

Trinitas Regional Medical Center Obligated Group

Notes to Consolidated Financial Statements

June 30, 2017

(Unaudited)

President of the United States signed an executive order stating the administration's intention to repeal the Affordable Care Act. The executive order also gives federal and state agencies the authority to grant waivers, exemptions and delays of provisions in the Affordable Care Act. The significance of the impact of the executive order and any potential future changes to the Affordable Care Act on the Medical Center's operations, specifically revenue for Medicaid and Charity Care patients, if any, is not presently determinable.

Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statues and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance that have not been provided for in the accompanying financial statements; however, the possible future financial effects of this matter on the Medical Center, if any, are not presently determinable.

6. Subsequent Events

The Medical Center evaluated subsequent events for recognition or disclosure through August 11, 2017, the date the financial statements were available to be issued.

7. New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. Under the requirements of ASU No. 2014-09, the core principle is that entities should recognize revenue to depict the transfer of promised goods or services to customers (residents) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Medical Center will be required to retrospectively adopt the guidance in ASU No. 2014-09 for the years beginning after December 15, 2017. The Medical Center has not yet determined the impact of adoption of ASU No. 2014-09 on its financial statements.

In February 2016, the FASB issued Accounting Standards Update ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Medical Center's leasing activities. The Medical Center will be required to retrospectively adopt the guidance in ASU No. 2016-02 for years beginning after December 15, 2018. The Medical Center has not yet determined the impact of adoption of ASU No. 2016-02 on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for the fiscal year beginning July 1, 2018, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The Medical Center has not yet determined the impact of adoption of ASU No. 2016-14 on its financial statements.

Trinitas Regional Medical Center Obligated Group
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June 30, 2017
(Unaudited)

8. Net Patient Service Revenues

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. A significant portion of the Medical Center's net patient service revenue is derived from these third-party payor programs. A summary of the principal payment arrangements with major third-party payors follows:

- Medicare: Inpatient acute care and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Certain items, such as Medicare bad debts, are paid based on a cost reimbursement methodology. Reimbursements for cost reimbursable items are received at tentative interim rates, with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary. The Medical Center's Medicare cost reports have been settled by the Medicare fiscal intermediary through December 31, 2009.
- Medicaid: Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are paid based on a cost reimbursement methodology. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through December 31, 2014.

Revenue received under third-party arrangements is subject to audit and retroactive adjustments. Net patient service revenues include no adjustments for the six months ended June 30, 2017 and 2016, respectively, related to tentative and final settlements of prior year cost reports and other settlements.

The Medical Center also has entered into payment agreements with certain managed care organizations, commercial insurance carriers, and preferred provider organizations. The basis for payment to the Medical Center under these agreements includes daily rates, rates per discharge, and discounts from established charges.

9. Charity Care and Subsidy Payments

The Medical Center receives subsidy payments from the State of New Jersey to partially fund charity care and certain other program costs. Subsidy payments included in other revenue for the six months ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Charity care	\$ 16,172,334	\$ 16,752,786
Delivery System Reform Incentive Payment	2,230,979	3,417,986
Mental health	<u>905,756</u>	<u>875,834</u>
Total	<u>\$ 19,309,069</u>	<u>\$ 21,046,606</u>

In August 2017, the Medical Center learned that the Delivery System Reform Incentive Payment and bonus incentive program which had expired June 30, 2017 were granted a renewal by the State and Centers for Medicare and Medicaid Services through June 30, 2020; however, the details of the program were not available.

Trinitas Regional Medical Center Obligated Group
Notes to Consolidated Financial Statements
June 30, 2017
(Unaudited)

In July 2016, the Medical Center received \$2,602,760 as the bonus incentive for the Delivery System Reform Incentive Payment. Management has reviewed the data used in the calculation and has filed an appeal in March 2017. The outcome of the appeal is not known.

The Medical Center, as part of its mission, provides medical care without charge or at reduced charges to residents of its community through the provision of charity care. The Medical Center's definition of charity care is in accordance with state regulations and includes services provided at no charge to the uninsured or underinsured.

10. Long-term Debt

On April 3, 2017, the Authority issued, on behalf of the Medical Center, Series 2017A Bonds in the amount of \$82,970,000. The 2017A Bonds refinanced and extinguished the 2007 Bonds resulting in a loss on bond refinancing in the amount of \$1,439,368 reflected in the consolidated statement of operations.

In October 2016, the Medical Center entered into a Forward Delivery Agreement. In the agreement, the Authority issued, on behalf of the Medical Center, \$82,970,000 in Refunding Bonds, Series 2017A (the "Series 2017A Bonds"), on April 3, 2017, at an interest rate of 5% percent. The proceeds from the sale of the Series 2017A Bonds combined with the debt service reserve funds were released by the trustee relating to the Series 2007A Bonds and Series 2007B Bonds, and used to refund Series 2007A Bonds and Series 2007B Bonds and pay debt issuance costs. The Medical Center will be required to fund the principal and interest payments on the bonds. The principal amounts are payable annually on July 1, and interest is payable semiannually on January 1 and July 1 through 2030. The Series 2017A Bonds are collateralized by substantially all of the Obligated Group's property and equipment and gross receipts.

In October 2016, the Authority issued, on behalf of the Medical Center, \$13,810,000 of tax-exempt Refunding and Revenue Bonds, Series 2016A (the "Series 2016A Bonds"), bearing interest rates between 4% (for July 2017 only) and 5% (for all other maturities). The proceeds from the sale of the Series 2017A Bonds were used to refund the Series 2006 Bonds and pay for debt issuance costs. The Medical Center will be required to fund the principal and interest payments on the bonds. The principal amounts are payable annually on July 1, and interest is payable semiannually on January 1 and July 1 through 2030. The Series 2016A Bonds are collateralized by substantially all of the Obligated Group's property and equipment and gross receipts.

11. Meaningful Use

Under certain provisions of the American Recovery and Reinvestment Act of 2009, federal incentive payments are available to hospitals, physicians and certain other professionals ("providers") when they adopt certified electronic health record ("EHR") technology or become "meaningful users" of EHRs in ways that demonstrate improved quality, safety and effectiveness of care. Medicare and Medicaid providers can receive their initial incentive payment by adopting implementing or upgrading certified EHR technology, but must demonstrate meaningful use of EHRs in subsequent years in order to qualify for additional payments. Hospitals may be eligible for both Medicare and Medicaid EHR incentive payments. The Medical Center accounts for EHR payments using the contingency method, whereby, revenue is recognized when all contingencies are satisfied. At June 30, 2017 and 2016, the EHR incentive payments received from the Medicare and Medicaid programs is reflected in estimated settlements with third party payors on the balance sheet in the amount of \$3.4 million and \$2.7 million, respectively, which will be recognized as non-operating revenue when the Medical Center has satisfied the statutory and regulatory requirements. For the six months ended June 30, 2017 and 2016, no amounts were recognized as non-operating revenue, respectively, in the consolidated statement of operations.

Trinitas Regional Medical Center Obligated Group
Notes to Consolidated Financial Statements
June 30, 2017
(Unaudited)

12. Emergency Room Department

In 2014 the Medical Center's Board approved the updating and renovating of the Medical Center's emergency room department and adding additional intensive care unit beds. The project involved architectural, engineering, mechanical studies, relocation of various departments, demolition, purchasing a new computerized tomography scan, renovation and new construction. Estimated costs for the project are approximately \$18 million. For the six months ended June 30, 2017 and 2016, the Medical Center incurred costs for the project in the amount of \$3,436,014 and \$3,050,609, respectively. The project began in the summer of 2015 and is expected to be completed, other than elevators, in mid-2017.

13. Real Estate Taxes

As a not-for-profit corporation in New Jersey, the Medical Center is an organization which has historically qualified for an exemption from real property taxes; however, a number of cities and municipalities in New Jersey have challenged and continue to challenge such exemption. The City of Elizabeth has advised the Medical Center of its intentions to remove all of the Medical Center's properties from the current tax exempt status and will place the properties on the real estate property tax rolls. The Medical Center signed an agreement with the City of Elizabeth, whereby, the Medical Center will pay a community service contribution in the amount of \$250,000 per year for each of the next four years, effective January 2016. However, if applicable State legislation is approved, the Medical Center will be required to pay the higher amount of the legislation or agreement.

14. Cogeneration Energy Project

The Medical Center has submitted an application and has received preliminary approval from the Energy Resilience Bank ("ERB"), for a plant electrical and steam generation project. The project would provide additional energy production which will be powered by natural gas during prolonged electrical outages. The project has an estimated cost of \$10.1 million. The financing of the project would consist of a combination of grants for \$6.6 million and a loan from the Department of Housing and Urban Development ("HUD") for approximately \$3 million. A portion of the grants, approximately \$520,000, which will have to be repaid over ten years, interest free. Final construction and engineering costs have not yet been obtained as well as final approval, from ERB and HUD, which is expected in the third quarter of 2017.

**TRINITAS REGIONAL MEDICAL CENTER
2017 BUDGET COMPARATIVE
INPATIENT STATISTICS**

	2017 ACTUAL TOTAL	2016 ACTUAL TOTAL
ADMISSIONS		
MEDICAL	3,641	3,997
SURGICAL	795	900
OBSTETRICS	874	1,105
NEWBORN	852	1,058
ADULT & ED PSYCH	850	817
ADOLESCENT PSYCH	278	260
DEVELOP DISABLED	150	163
	<u>7,440</u>	<u>8,300</u>
SAME DAY SURGERY	2,524	2,772
	<u>9,964</u>	<u>11,072</u>
INTERMEDIATE PSYCH	94	102
RESIDENTIAL UNIT	5	3
LONG TERM CARE	178	189
	<u>277</u>	<u>294</u>
PATIENT DAYS		
MEDICAL	18,296	18,620
SURGICAL	5,786	6,162
OBSTETRICS	2,438	3,086
NEWBORN	2,736	3,098
ADULT & ED PSYCH	8,150	7,605
ADOLESCENT PSYCH	2,411	2,231
DEVELOP DISABLED	1,584	1,547
	<u>41,401</u>	<u>42,349</u>
SAME DAY SURGERY	2,524	2,772
	<u>43,925</u>	<u>45,121</u>
INTERMEDIATE PSYCH	4,042	3,753
RESIDENTIAL UNIT	2,656	2,691
LONG TERM CARE	21,042	21,786
	<u>27,740</u>	<u>28,230</u>
ALOS		
MEDICAL	5.0	4.7
SURGICAL	7.3	6.8
OBSTETRICS	2.8	2.8
NEWBORN	3.2	2.9
ADULT & ED PSYCH	9.6	9.3
ADOLESCENT PSYCH	8.7	8.6
DEVELOP DISABLED	10.6	9.5
TOTAL W/O SDS	<u>5.6</u>	<u>5.1</u>
INTERMEDIATE PSYCH	43.0	36.8
RESIDENTIAL UNIT	531.2	897.0
LONG TERM CARE	118.2	115.3
	<u>100.1</u>	<u>96.0</u>
CARDIAC CATH LAB I/P		
CARDIAC CATHS	187	
EMERGENCY ANGIO	25	
ELECTIVE ANGIO	65	
VASCULAR	26	
TOTAL	<u>303</u>	

**TRINITAS REGIONAL MEDICAL CENTER
2017 BUDGET COMPARATIVE
OUTPATIENT STATISTICS**

	2017 ACTUAL YTD	2016 ACTUAL YTD
EMERGENCY ROOM		
NEWPOINT-PSYCH O/P VISITS	1,024	909
WILLIAMSON O/P VISITS	27,359	30,148
TOTAL O/P	<u>28,383</u>	<u>31,057</u>
NEWPOINT ADMISSIONS	894	923
WILLIAMSON ADMISSIONS	3,731	4,073
TOTAL ADMISSIONS	<u>4,625</u>	<u>4,996</u>
% Total ADMISSIONS FROM ER	62.16%	60.19%
TOTAL EMERGENCY ROOM VISITS	<u>33,008</u>	<u>36,053</u>
OBSERVATION		
WSC OBSERVATION CASES	753	777
NPC OBSERVATION CASES	139	161
TOTAL OBSERVATION	<u>892</u>	<u>938</u>
CLINICS		
ADULT OP SERVICES	39,007	42,721
PC (PARTIAL HOSP) SERVICES	4,089	3,643
CHILD/ADOL OP SERVICES	16,570	16,473
YIP (AFTER SCHOOL)	3,841	2,754
CO-OCCURRING SVCS	1,942	1,850
IOP SERVICES	1,043	1,834
OTHER SVCS. (NON ANNEX B)	39,953	42,236
TOTAL PSYCH CLINICS (1)	<u>106,445</u>	<u>111,511</u>
D.B.HERSH CLINIC	4,477	4,507
PEDIATRIC HEALTH CENTER	3,263	4,432
WOMENS HEALTH CENTER	10,312	11,161
WOUND HEALING CENTER	2,200	2,230
MEDICAL CLINIC (EID)	785	746
TOTAL MEDICAL CLINICS	<u>21,037</u>	<u>23,076</u>
TOTAL CLINICS	<u>127,482</u>	<u>134,587</u>
CANCER CENTER		
OFFICE VISITS	3,707	3,884
INFUSION TREATMENTS	4,171	4,324
RADIATION TREATMENTS	2,350	2,329
CANCER CENTER TOTAL	10,228	10,537
PRIVATE AMBULATORY		
SLEEP CENTER	672	654
OTHER PRIVATE REFFERRED (2)	28,762	29,860
TOTAL PRIVATE AMBULATORY	29,434	30,514
O/P RENAL TREATMENTS		
O/P HEMODIALYSIS	10,364	9,941
HOME DIALYSIS	680	30
LINDEN SATELLITE	6,238	6,360
TOTAL RENAL TREATMENTS	<u>17,282</u>	<u>16,331</u>
AMBULANCE RUNS	3,168	2,991
SCTU RUNS	119	0
MICU RUNS	1,878	1,899
SDS (FROM IP SCHEDULE)	2,524	2,772
TOTAL O/P VISITS (INCLUDING SDS)	<u>221,390</u>	<u>231,626</u>
CARDIAC CATH LAB O/P		
CARDIAC CATHS	226	
ELECTIVE ANGIOPLASTY	59	
VASCULAR CASES	11	
TOTAL	<u>296</u>	

Trinitas Regional Medical Center Obligated Group
Debt Service Calculation Certificate
 (Twelve Month Rolling Average)
 (Unaudited)

		June 2017
Funds Available for Debt Service		
Net increase in unrestricted net assets	\$	14,864,820
Reconciling items:		
Depreciation and amortization		10,780,687
Interest		5,955,928
Net assets released from restrictions used for purchase of property and equipment		(8,137,160)
Loss on bond refinancing		2,094,521
Change in fair value of interest rate swaps		(549,508)
Change in net unrealized gains and losses on investments other than trading securities		(791,625)
Total	\$	24,217,663
Maximum annual debt service	\$	9,549,000
Actual ratio		2.54
Required ratio		1.25

Trinitas Regional Medical Center Obligated Group

Cushion Ratio Calculation Certificate

(Twelve Month Rolling Average)

(Unaudited)

	June 2017
Cushion Ratio	
Cash and investments	\$ 152,652,742
Internally designated funds	96,380,770
Total	\$ 249,033,512
Maximum annual debt service	
Series 2016A and 2017A bonds payable	\$ 9,549,000
Total maximum annual debt service	\$ 9,549,000
Cushion ratio	26.08
Required ratio	1.25