Trinitas Regional Medical Center Obligated Group
Consolidated Balance Sheet
At September 30, 2020 and December 31, 2019
(Unaudited)

	September 2020	December 2019
Assets		
Current Assets:		
Cash and cash equivalents (includes certificates of deposit)	$ 180,328,553	$ 126,723,117
Assets whose use is limited	2,335,643	4,870,024
Patient accounts receivable, net	24,533,988	31,733,480
Other receivables	7,532,183	3,220,611
Other current assets	7,332,187	8,000,940
Total current assets	222,062,554	174,548,172
Assets Whose Use is Limited and Investments		
Assets whose use is limited:		
Internally designated	117,707,708	115,276,041
Other internally designated	12,604,624	11,098,099
Donor restricted	5,030,135	5,200,026
Investments	34,919,392	33,638,018
Total assets whose use is limited and investments	170,261,859	165,212,184
Beneficial Interest in Net Assets of Trinitas Health Foundation	10,033,174	8,096,265
Property and Equipment (net of accumulated depreciation of $279,181,000 and $273,637,000 in 2020 and 2019, respectively)	87,777,711	85,804,833
Right-of-Use Assets	9,904,075	11,003,177
Other Assets	6,618,779	6,592,602
Total	$ 506,658,152	$ 451,257,233
Liabilities and Net Assets		
Current Liabilities:		
Current portion of long-term debt	$ 5,865,000	$ 5,580,000
Current portion of operating lease obligation	2,443,726	2,317,590
Accounts payable, construction payable and accrued expenses	34,074,847	33,740,944
Deferred revenue - CARES stimulus payments	29,156,967	-
Deferred revenue	4,493,394	7,599,914
Advances from Medicare	26,327,849	-
Estimated settlements with third-party payors	8,186,140	7,865,071
Total current liabilities	110,547,923	57,103,519
Estimated Settlements with Third-party Payors	54,473,386	55,674,298
Long-Term Debt	74,892,916	81,676,371
Operating Lease Obligations	7,460,349	8,685,587
Other Long-Term Liabilities	22,974,194	21,581,564
Total liabilities	270,348,768	224,721,339
Net Assets		
Without donor restrictions	221,246,075	213,239,598
With donor restrictions	15,063,309	13,296,296
Total net assets	236,309,384	226,535,894
Total	$ 506,658,152	$ 451,257,233

Trinitas Regional Medical Center Obligated Group
Consolidated Statement of Operations
For the Nine Months Ended September 30, 2020 and 2019
(Unaudited)

	September 2020	September 2019
Revenues		
Net patient service revenue	$ 154,614,441	$ 177,745,928
CARES Act stimulus payments - operating	26,372,855	-
Other revenue	49,106,879	48,349,534
Net assets released from restrictions used for operations	1,101,263	519,404
Total revenues	231,195,438	226,614,866
Expenses		
Salaries and wages	105,815,408	106,367,811
Employee benefits	25,873,706	22,026,041
Supplies and other	87,964,317	87,311,053
Depreciation	8,312,420	8,264,033
Interest and amortization	1,954,878	1,981,766
Total expenses	229,920,729	225,950,704
Operating Income	1,274,709	664,162
Nonoperating Gains and (Losses)		
Interest, dividends and other	2,641,457	3,009,677
Net realized gains and losses on investments	1,971,472	514,601
CARES Act stimulus payments - capital	1,461,378	-
Change in unrealized gains and (losses) on investments	(1,036,664)	12,156,942
Total nonoperating gains and (losses)	5,037,643	15,681,220
Revenues and Nonoperating Gains Over (Under) Expenses	$ 6,312,352	$ 16,345,382

Trinitas Regional Medical Center Obligated Group
Consolidated Statement of Changes in Net Assets
For the Nine Months Ended September 30, 2020 and 2019
(Unaudited)

	September 2020	September 2019
Without Donor Restrictions:		
Revenues and nonoperating gains over (under) expenses	$ 6,312,352	$ 16,345,382
Net assets released from restrictions used for purchase of property and equipment	1,694,120	2,074,777
Increase in without donor restrictions net assets	8,006,472	18,420,159
With Donor Restrictions:		
Contributions	2,548,825	4,254,616
Grants	-	870,000
Interest and dividends	8,494	9,636
Change in unrealized gains and (losses) on investments	68,172	89,815
Net assets released from restrictions	(2,795,382)	(2,595,643)
Change in beneficial interest in net assets of Trinitas Health Foundation	1,936,909	(808,300)
Increase in with donor restrictions net assets	1,767,018	1,820,124
Increase in Net Assets	9,773,490	20,240,283
Net Assets		
Beginning of year	226,535,894	201,886,710
End of year	$ 236,309,384	$ 222,126,993

Trinitas Regional Medical Center Obligated Group
Consolidated Statement of Cash Flows
For the Nine Months Ended September 30, 2020 and 2019
(Unaudited)

	September 2020	September 2019
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 9,773,490	$ 20,240,283
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	8,312,420	8,264,033
Lease expense	2,957,541	2,641,064
Change in right-of-use asset and lease obligation, net	(73,477)	(35,254)
Amortization of deferred financing costs	53,964	57,619
Amortization of deferred bond premium	(972,419)	(1,151,947)
Restricted contributions for capital additions	(1,694,120)	(2,074,777)
Change in net unrealized gains and losses on other than trading securities	1,036,664	(12,156,942)
Net realized gains and losses on investments	(1,971,472)	(514,601)
Change in beneficial interest in net assets of Trinitas Health Foundation	(1,936,909)	808,300
Change in assets and liabilities:		
Patient accounts receivable	7,118,384	(1,828,062)
Other receivables	(4,230,465)	(9,729,023)
Other current assets and other assets	845,634	(1,722,805)
Accounts payable, construction payable and accrued expenses	130,845	(4,288,562)
Deferred revenue - CARES stimulus payments	29,156,967	-
Deferred revenue	(2,882,837)	2,468,489
Estimated settlements with third-party payors	(879,843)	2,677,772
Advances from Medicare	26,104,166	-
Other long-term liabilities	1,392,630	1,623,319
Lease payments	(2,884,064)	(2,605,810)
Net cash provided by operating activities	69,357,099	2,673,096
Cash Flows from Investing Activities		
Acquisition of property and equipment and construction	(10,285,297)	(8,184,246)
Purchases of investments and assets whose use is limited, net	(4,329,123)	(4,445,152)
Net cash used in investing activities	(14,614,420)	(12,629,398)
Cash Flows from Financing Activities		
Restricted contributions for capital additions	1,694,120	2,074,777
Repayment of long-term debt	(5,580,000)	(5,315,000)
Net cash provided by financing activities	(3,885,880)	(3,240,223)
Net Increase in Cash and Cash Equivalents	50,856,799	(13,196,525)
Cash and Cash Equivalents, Beginning	135,274,979	137,141,823
Cash and Cash Equivalents, Ending	$ 186,131,778	$ 123,945,298
Supplemental Disclosure of Cash Flow Information,		
Interest paid	$ 3,968,708	$ 4,232,938
Reconciliation of Cash and Cash Equivalents and Restricted Cash and Cash Equivalents:		
Cash and cash equivalents	$ 180,328,553	$ 117,403,952
Current portion of assets whose use is limited, under trust indenture	2,335,643	2,457,067
Assets whose use is limited, included in donor restricted	3,467,582	4,084,279
Total cash, cash equivalents and restricted cash and cash equivalents	$ 186,131,778	$ 123,945,298

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.

Elizabeth General Medical Center and St. Elizabeth Hospital in 2000, 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, Trinitas Health Services Corporation and subsidiary, and Trinitas Health Foundation and Affiliate (the "Foundation"). Only the Medical Center's financial statements and its subsidiaries including Marillac and Trinitas Physicians Practice, 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 at September 30, 2020 and December 31, 2019, its result of operations and its changes in net assets and cash flows for the nine months ended September 30, 2020 and 2019 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, 2019.

3. Financial Assets and Liabilities

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Liabilities (Subtopic 825-10).* The new guidance requires equity investments (except equity method investments or those that result in consolidation) to be measured at fair value with changes in fair value recognized in net income. Finally, ASU 2016-01 requires other specific investment presentation and disclosures in the consolidated financial statements for certain financial instruments. In addition, the Medical Center changed its accounting policy for its debt securities from available for sale to trading securities, whereby, equity and debt securities are combined in unrealized gains and losses in the consolidated statement of operations.

4. Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topics 958): Presentation of Financial Statements of Not-for-Profit Entities and Liquidity and Availability of Resources. 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.

5. Net Patient Service Revenue

Patient care service revenues are recognized at the amount that reflects the consideration to which the Medical Center expects to be entitled to in exchange for providing patient care. These amounts are due from patients, third-party payors (including commercial and governmental programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Medical Center bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Medical Center. Revenue for performance obligations satisfied over time is recognized based on actual services incurred in relation to total expected (or actual) payments. The Medical Center believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the Medical Center receiving inpatient acute care services. The Medical Center measures the performance obligation from admission into the facility to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time are recognized when services are provided and the Medical Center does not believe it is required to provide additional services to the patient.

Generally, because all the Medical Center's performance obligations relate to contracts with a duration of less than one year, the Medical Center has elected to apply the optional exemption provided in Accounting Standard Codification ("ASC") 606-10-50-14(a) and, therefore, the Medical Center is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Medical Center determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Medical Center's policy, and /or implicit price concessions provided to uninsured patients. The Medical Center determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Medical Center determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

The composition of the Medical Center's patient care service revenue by payor (which excludes state subsidies) for the nine months ended September 30, 2020 and 2019 is as follows:

	2020	2019
Medicare	$ 58,003,219	$ 67,592,418
Medicaid	51,219,609	64,713,915
Other third party payors	41,254,376	43,612,048
Self-pay and other	4,137,237	1,827,547
Total	$ 154,614,441	$ 177,745,928

The composition of patient care service revenue based on the Medical Center's lines of business (which excludes state subsidies) for the nine months ended September 30, 2020 and 2019 is as follows:

	2020	2019
Medical Center	$ 144,968,525	$ 168,601,943
Long-term care	5,563,321	4,946,322
Physicians practice	4,082,595	4,197,663
Total	$ 154,514,441	$ 177,745,928

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors are as follows:

- Medicare: Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic and other factors. Certain services are paid based on cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates. 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, 2016.

- Medicaid: Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service or per covered member. Outpatient services are paid based on a cost reimbursement methodology. The Medical Center's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through December 31, 2017.

- Other: Payment agreements with certain commercial managed care, Medicare and Medicaid managed care insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates per discharge, or per diem, or discounts from established charges and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Medical Center's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Medical Center. In addition, the contracts the Medical Center has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Medical Center's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations. Revenue received under third-party arrangements is subject to audit and retroactive adjustments. For the nine months ended September 30, 2020 and 2019, respectively, $1,974,939 and $617,411 was recorded as a positive transaction price adjustment in net patient service revenue in the consolidated statement of operations related to final settlements of prior year cost reports and other settlements.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Medical Center also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Medical Center estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction prices including bad debts is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue including bad debts in the period of the change. For the nine months ended September 30, 2020 and 2019, revenue was increased by $469,682 and $687,368, respectively, due to changes in estimates of implicit price concessions for performance obligations satisfied in prior years.

Consistent with the Medical Center's mission, care is provided to patients regardless of their ability to pay. Therefore, the Medical Center has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Medical Center expects to collect based on its collection history with those patients.

The Medical Center disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors.

6. 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.

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.

7. Advances from Medicare and CARES Act Stimulus Payments

The COVID-19 pandemic evolved rapidly in the State of New Jersey. In response to the pandemic, the Governor of New Jersey declared a state of emergency and President Trump declared a national state of emergency. Although the number of diagnosed, active cases in the tri-state area has significantly decreased by the end of June, the impact will continue to be felt for an extended period of time as providers begin to work toward bringing operations back. Recently the number of diagnosed cases has begun to rise.

The COVID-19 outbreak disrupted business activity across a range of industries. The extent of the impact of COVID-19 on the Medical Center's operational and financial performance depends on certain developments, including the impact on the demand for the Medical Center's services, the availability of staff and needed supplies, adverse impact on the cost of employee health benefits and the potential second wave of the outbreak, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 will impact the Medical Center's future financial condition and the results of operations is uncertain.

The Medical Center received from Medicare advance payments in the amount of $26,327,849 relating to the COVID-19 outbreak for which payback is required within one year and is included in advances from Medicare on the consolidated balance sheet.

The Medical Center also received CARES Act Stimulus payments which are subject to certain reporting requirements concerning how the funds are spent and will be accounted for as a grant; the grant will be applied to operations and capital items separately and reflected in operations and non-operating revenue, respectively. These reporting regulations have not be finalized and are subject to change.

		For the nine months ended September 30, 2020
Total CARES stimulus payments received to date	$	56,991,200
Total payments applied to operating revenue		(26,372,855)
Total payments applied to capital expenditures		(1,461,378)
Deferred revenue - CARES stimulus payments	$	29,156,967

For the nine months ended September 30, 2020, CARES Act Stimulus payments in the amount totaling $26,372,855 have been recognized as operating revenue and $1,461,378 as non-operating revenue on the consolidated statement of operations, representing year to date expenses and loss of revenue qualifying to be applied against the CARES Act Stimulus payments.

Lastly, the Medical Center is evaluating and pursuing various grants and insurance recoveries including Business Interruption and Federal Emergency Management Agency (FEMA). The outcomes of these recoveries are not determinable at this time.

8. Subsequent Events

The Medical Center evaluated subsequent events for recognition or disclosure through November 10, 2020, the date the financial statements were available to be issued.

9. New Accounting Pronouncements

Revenue Recognition
In 2018, the Medical Center adopted the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the full retrospective approach. ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle under ASU No. 2014-09 is that revenues are recognized to depict the transfer of promised goods or services to customers (patients) in an amount that reflects the consideration at which the entity expects to be entitled in exchange for those goods or services. Additionally, ASU No. 2014-09 requires enhanced disclosures of revenue arrangements.

The most significant impact of adopting the new standard is within the consolidated statements of operations. Certain patient activity where collections was uncertain, previously included as net patient service revenue and separately recorded as the provision for bad debts, no longer meets the criteria for revenue recognition. Accordingly, net patient service revenue has been reduced by the amounts previously reported as the provision for bad debts and accordingly the provision for bad debts has been eliminated. Such patient activity, previously reported as the provision for bad debts (representing approximately $14.3 million and $13.7 million for the nine months ended September 30, 2020 and 2019, respectively) is now classified as an implicit price concession. In addition, the Medical Center eliminated the related presentation of the allowance for doubtful accounts on the consolidated balance sheet as a result of the adoption of the new standard.

10. Liquidity and Availability

As of September 30, 2020 and 2019, financial assets available for general expenditure within one year of the balance sheet date, consists of the following:

Financial assets available for general expenditures within one year of the balance sheet date, consists of the following:

	2020	2019
Cash and cash equivalents	$ 180,328,553	$ 117,403,952
Accounts receivable, net	24,533,988	29,287,136
Investments	34,919,392	33,013,834
Assets limited to use:		
Board-designated	117,707,708	112,276,858
Total	$ 357,489,641	$ 291,981,780

The Medical Center has certain board-designated assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. The Medical Center has other assets limited to use for donor-restricted purposes, debt service, and for other internally designated funds.

As part of the Medical Center's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and US Treasury money market funds. The board of trustees established a funded depreciation account for future capital needs of the Medical Center; these funds may be drawn upon, if necessary, to meet unexpected liquidity needs.

Additionally, the Medical Center maintains a $5 million line of credit that expires December 10, 2020. As of September 30, 2020, $5 million remained available on the Medical Center's line of credit.

11. Right-of-Use Operating Leases

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 has retrospectively adopted the guidance in ASU No. 2016-02 for years beginning after December 15, 2018.

The Medical Center has operating leases for equipment leases which are for medical equipment to provide medical services and for real estate leases which are for administrative office space and space to provide outpatient medical services. For the equipment leases, the equipment will be returned to the lessor at the end of the respective leases. The leases have remaining lease terms of 1 year to 10 years, some of which include options to extend the leases for up to 5 years.

For the nine months ended September 30, 2020, the components of the leases were as follows:

	Equipment Leases	Real Estate Leases	Total
Operating lease expense	$ 1,279,090	$ 1,678,451	$ 2,957,541

For the nine months ended September 30, 2020, supplemental cash flow information related to leases wa as follows:

	Equipment Leases	Real Estate Leases	Total
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 1,224,769	$ 1,659,295	$ 2,884,064

As of September 30, 2020, supplemental balance sheet information related to leases was as follows:

	Equipment Leases	Real Estate Leases	Total
Operating Leases			
Right-of-use assets	$ 4,064,767	$ 5,839,308	$ 9,904,075
Lease liabilities	$ 4,064,767	$ 5,839,308	$ 9,904,075
Weighted Average Remaining Lease Term			
Operating leases	2.93 years	3.39 years	3.20 years
Weighted Average Discount Rate			
Operating leases	5.99%	5.98%	5.98%

As of September 30, 2020, maturities of lease liabilities were as follows:

	Equipment Leases	Real Estate Leases	Total
Year Ending December 31,			
2020 (three months)	$ 408,256	$ 553,079	$ 961,335
2021	1,278,413	1,632,103	2,910,516
2022	1,236,718	1,252,733	2,489,451
2023	1,114,163	1,092,173	2,206,336
2024	1,033,951	940,427	1,974,378
Thereafter	130,787	2,395,241	2,526,028
Total lease payments	5,202,288	7,865,756	13,068,044
Less imputed interest	(1,137,521)	(2,026,448)	(3,163,969)
Total	$ 4,064,767	$ 5,839,308	$ 9,904,075

12. Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Medical Center. These expenses include depreciation, interest and amortization, administration, communications, media production, information technology, and facilities operations and maintenance. Depreciation is allocated based on square footage and interest is allocated based on usage of space. Costs of other categories were allocated on estimates of time and effort.

Functional expenses for the nine months ended September 30, 2020

	Healthcare Services	Medical Office Building	General and Administrative	Total
Salaries and wages	$ 92,127,906	$ -	$ 13,687,502	$ 105,815,408
Employee benefits	22,526,873	-	3,346,833	25,873,706
Supplies and other	68,596,369	654,197	18,713,751	87,964,317
Depreciation	7,079,847	280,667	951,906	8,312,420
Interest and amoritization	1,722,089	-	232,789	1,954,878
Total	$ 192,053,084	$ 934,864	$ 36,932,781	$ 229,920,729

Functional expenses for the nine months ended September 30, 2019

	Healthcare Services	Medical Office Building	General and Administrative	Total
Salaries and wages	$ 92,608,854	$ -	$ 13,758,957	$ 106,367,811
Employee benefits	19,176,914	-	2,849,127	22,026,041
Supplies and other	68,123,190	613,089	18,574,774	87,311,053
Depreciation	7,024,123	293,545	946,365	8,264,033
Interest and amoritization	1,745,775	-	235,991	1,981,766
Total	$ 188,678,857	$ 906,634	$ 36,365,213	$ 225,950,704

13. Charity Care and Subsidy Revenue

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 nine months ended September 30, 2020 and 2019 are as follows:

	2020	**2019**
Charity care	$ 22,021,355	$ 22,230,767
Delivery System Reform Incentive Payment (DSRIP)	5,359,575	3,502,425
Mental health	1,358,634	1,358,634
Total	$ 28,739,564	$ 27,091,826

The Medical Center is amortizing the DSRIP incentive payments over the program's respective fiscal years, which end on June 30. For the nine months ended September 30, 2020 and 2019, $5,359,575 and $3,502,425 of the incentive payments were recognized in other revenue in the consolidated statement of operations, respectively.

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 or partial charge to the uninsured or underinsured.

Patients who meet the State of New Jersey's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue. Charges for charity care rendered were $75,728,143 and $110,727,253 for the nine months ended September 30, 2020 and 2019, respectively.

14. Long-term Debt

The Medical Center has outstanding New Jersey Health Care Facilities Financing Authority (the "Authority") tax exempt Refunding and Revenue Bonds, Series 2016A (the "Series 2016A Bonds"), bearing interest at 5 percent per annum. The initial $13,810,000 in proceeds from the sale of the Series 2016A Bonds were used to refund Series 2006 Bonds and pay for debt issuance costs. 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.

The Medical Center has outstanding Authority Refunding Bonds, Series 2017A (the "Series 2017A Bonds"), bearing interest at 5 percent per annum. The initial $82,970,000 in proceeds from the sale of the Series 2017A Bonds combined with the debt service reserve funds released by the trustee relating to the Series 2007A Bonds and Series 2007B Bonds were used to refund Series 2007A Bonds and Series 2007B Bonds and pay debt issuance costs. 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.

15. Cogeneration Energy Project

The Medical Center has received approval from the Energy Resilience Bank ("ERB"), for a plant electrical and steam generation project. The project provides 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 consists of a combination of grants for $6.6 million and a loan from the Department of Housing and Urban Development ("HUD") for approximately $3.5 million at 2% payable over 20 years. A portion of the grants, approximately $745,000, has to be repaid over ten years, interest free. Final construction and engineering costs were finalized and approved by ERB and HUD and the transaction closed during the first quarter of 2019 and construction is expected to begin in the first quarter of 2020. The debt and grants will be drawn down as construction occurs and there is no interest charged during the construction period. At the completion of the project, the loan will be finalized and payment amortization will begin. At September 30, 2020 and 2019, project costs of $583,924 and $386,376, respectively, are reflected in property and equipment, net and in accounts payable on the consolidated balance sheet.

16. Administrative Services Building Project

In June of 2019, the Medical Center signed various agreements with a developer subject to various regulatory approvals and the developer being able to obtain financing. The project includes the demolishment of the existing Administration Services Building and construction of an approximately 46,000 rentable square feet (RSF) Medical Office building, to be owned by the developer or designee. Further the Medical Center entered into agreements with the developer for a ground lease, medical office space lease and the construction of a parking garage. The ground lease covers a term of 50 years, .6455 of an acre and annual rental income of $47,004, indexed by annual increases of 2.5% for the first ten years then adjusted to market value. The medical office space lease key terms are for a term of 15 years, for approximately 18,000 RSF, at $25.35 RSF indexed by annual increases of 2.5% plus operating expenses and fit out costs of approximately $4.3 million. In May of 2020, the Medical Center entered into additional agreements with the developer for medical office space lease. The additional medical office space lease key terms are for a term of 15 years, for approximately 14,000 RSF, at $20.25 RSF indexed by annual increases of 2.5% plus operating expenses and fit out costs not yet finalized. At the commencement date, (completion of construction) a final determination will be made to determine the accounting for the leases. The expected completion date is 12 to 18 months from the date of obtaining all necessary approvals. All necessary approvals have not presently been obtained.

Lastly, the project includes a parking garage construction contract for a four story, 300 spaces garage for $10,188,472 which will be owned by the Medical Center.

17. Discussions With RWJ Barnabas

The Medical Center is currently engaged in potential affiliation negotiations with RWJ Barnabas Health, Inc. (the "Corporation") located in West Orange, New Jersey. The Medical Center and the Corporation have entered into a Non-disclosure Agreement and a Letter of Intent. It is not currently possible to determine if, or when, a transaction with the Corporation will be completed.

TRINITAS REGIONAL MEDICAL CENTER
SEPTEMBER 30, 2020 AND 2019
INPATIENT STATISTICS

	2020 ACTUAL TOTAL	2019 ACTUAL TOTAL
ADMISSIONS		
MEDICAL	3,269	4,182
SURGICAL	756	1,110
OBSTETRICS	915	1,111
NEWBORN	894	1,047
ADULT & ED PSYCH	1,060	1,197
ADOLESCENT PSYCH	233	337
DEVELOP DISABLED	165	197
	7,292	9,181
SAME DAY SURGERY	1,930	3,099
	9,222	12,280
INTERMEDIATE PSYCH	92	117
RESIDENTIAL UNIT	9	8
LONG TERM CARE	111	142
	212	267
PATIENT DAYS		
MEDICAL	21,107	23,370
SURGICAL	7,358	8,484
OBSTETRICS	2,334	3,074
NEWBORN	2,435	3,023
ADULT & ED PSYCH	10,573	11,596
ADOLESCENT PSYCH	2,322	2,906
DEVELOP DISABLED	2,103	2,420
	48,232	54,873
SAME DAY SURGERY	1,930	3,099
	50,162	57,972
INTERMEDIATE PSYCH	5,274	4,797
RESIDENTIAL UNIT	3,874	3,931
LONG TERM CARE	28,066	30,791
	37,214	39,519
ALOS		
MEDICAL	6.5	5.6
SURGICAL	9.7	7.6
OBSTETRICS	2.6	2.8
NEWBORN	2.7	2.9
ADULT & ED PSYCH	10.0	9.7
ADOLESCENT PSYCH	10.0	8.6
DEVELOP DISABLED	12.7	12.3
TOTAL W/O SDS	6.6	6.0
INTERMEDIATE PSYCH	57.3	41.0
RESIDENTIAL UNIT	430.4	491.4
LONG TERM CARE	252.8	216.8
	175.5	148.0
CARDIAC CATH LAB I/P		
CARDIAC CATHS	166	275
EMERGENCY ANGIO	27	41
ELECTIVE ANGIO	67	69
OTHER	92	102
TOTAL	352	487

TRINITAS REGIONAL MEDICAL CENTER
SEPTEMBER 30, 2020 AND 2019
OUTPATIENT STATISTICS

	2020 ACTUAL YTD	2019 ACTUAL YTD
EMERGENCY ROOM		
NEWPOINT-PSYCH O/P VISITS	926	1,183
WILLIAMSON O/P VISITS	27,714	40,108
TOTAL O/P	28,640	41,291
NEWPOINT ADMISSIONS	1,099	1,203
WILLIAMSON ADMISSIONS	3,717	4,611
TOTAL ADMISSIONS	4,816	5,814
% Total ADMISSIONS FROM ER	66.04%	63.33%
TOTAL EMERGENCY ROOM VISITS	33,456	47,105
OBSERVATION		
WSC OBSERVATON CASES	2,107	2,760
NPC OBSERVATON CASES	95	98
TOTAL OBSERVATION	2,202	2,858
CLINICS		
ADULT OP SERVICES	38,753	54,814
PC (PARTIAL HOSP) SERVICES	2,480	4,955
CHILD/ADOL OP SERVICES	19,763	23,624
YIP (AFTER SCHOOL)	3,166	5,493
IOP SERVICES	1,483	1,834
OTHER CHILD/ADOL SERVICES	24,096	50,770
BAYONNE MH CLINIC	13,955	19,737
TOTAL PSYCH CLINICS	103,696	161,227
D.B.HERSH CLINIC	5,147	6,219
PEDIATRIC HEALTH CENTER	4,147	3,648
WOMENS HEALTH CENTER	11,969	15,178
WOUND HEALING CENTER	2,195	2,866
MEDICAL CLINIC (EID)	1,957	1,171
TOTAL MEDICAL CLINICS	25,415	29,082
TOTAL CLINICS	129,111	190,309
CANCER CENTER		
OFFICE VISITS	3,689	5,281
INFUSION TREATMENTS	4,520	5,063
RADIATION TREATMENTS	2,534	3,263
CANCER CENTER TOTAL	10,743	13,607
PRIVATE AMBULATORY		
SLEEP CENTER	542	1,023
OTHER PRIVATE REFFERRED (1)	30,103	40,943
TOTAL PRIVATE AMBULATORY	30,645	41,966
O/P RENAL TREATMENTS		
O/P HEMODIALYSIS	14,317	15,878
HOME DIALYSIS	2,138	1,381
CRANFORD RENAL	1,870	236
LINDEN SATELLITE	8,929	9,515
TOTAL RENAL TREATMENTS	27,254	27,010
AMBULANCE RUNS	3,296	4,413
SCTU RUNS	169	155
MICU RUNS	1,884	2,532
SDS (FROM IP SCHEDULE)	1,930	3,099
TOTAL O/P VISITS (INCLUDING SDS)	235,874	327,240
PAID PHYSICIAN ENCOUNTERS	93,842	
CARDIAC CATH LAB O/P		
CARDIAC CATHS	250	366
ELECTIVE ANGIOPLASTY	59	102
OTHER	90	155
TOTAL	399	623

Trinitas Regional Medical Center Obligated Group

Debt Service Calculation Certificate

(Twelve Month Rolling Average)

(Unaudited)

		September 2020
Funds Available for Debt Service		
Net increase in unrestricted net assets	$	11,510,682
Reconciling items:		
Depreciation		10,833,583
Interest and amortization		2,611,470
Net assets released from restrictions used for purchase of property and equipment		(2,049,016)
CARES Act stimulus payments - capital		(1,461,378)
Change in net unrealized gains and losses on investments		(1,115,517)
Total	$	20,329,824
Maximum annual debt service	$	9,617,217
Actual ratio		2.11
Required ratio		1.25

Trinitas Regional Medical Center Obligated Group

Cushion Ratio Calculation Certificate

(Twelve Month Rolling Average)

(Unaudited)

		September 2020
Cushion Ratio		
Cash and investments	$	186,951,909
Internally designated funds		113,584,948
Total	$	300,536,857
Maximum annual debt service		
Series 2016A and 2017A bonds payable	$	9,549,000
Loan payable		68,217
Total maximum annual debt service	$	9,617,217
Cushion ratio		31.25
Required ratio		1.25