



# Financial Report

As of June 30, 2017

# Adventist HealthCare

## Financial Highlights

For Period Ended June 30, 2017

### PROFITABILITY SUMMARY

June 30, 2017

(in thousands)

Month			Entities	Year-to-Date		
Prior Year	Budget	Actual		Actual	Budget	Prior Year
2016	2017	2017		2017	2017	2016
<u>Hospitals</u>						
1,610	1,128	1,641	Shady Grove Medical Center: Consolidated	10,524	7,383	9,320
791	547	888	Washington Adventist Hospital: Consolidated	6,787	2,925	6,140
(75)	114	(241)	Behavioral Health & Wellness: Consolidated	446	526	1,342
459	345	640	Physical Health & Rehabilitation: Consolidated	1,879	1,696	1,449
(1,803)	2,134	2,928	Total: Hospitals	19,636	12,530	13,698
<u>Home Care Services</u>						
32	116	79	Adventist Home Care Services	671	614	247
32	116	79	Total: Home Care Services	671	614	247
<u>Outpatient Services</u>						
(306)	(102)	(387)	Imaging Services	(1,177)	(669)	(1,624)
(190)	(174)	(342)	AHC Urgent Care Centers, Inc.	(1,691)	(1,163)	(1,005)
(496)	(276)	(729)	Total: Outpatient Services	(2,868)	(1,832)	(2,629)
<u>Clinical Integration Services</u>						
(255)	(334)	36	Clinical Integration Services Administration	(1,228)	(2,176)	(1,668)
(213)	(168)	(273)	Adventist Medical Group Primary Care	(1,218)	(1,153)	(1,350)
(822)	0	(1,155)	Adventist Medical Group Specialty Care	(6,658)	0	(5,320)
(22)	(13)	(15)	Clinical Integration Leasehold	(86)	(75)	(49)
(83)	0	(32)	One Health Quality Alliance	(233)	0	(621)
(31)	0	(8)	Mid Atlantic Primary Care ACO	(57)	0	(251)
(1,426)	(515)	(1,447)	Total: Clinical Integration Services	(9,480)	(3,404)	(9,259)
<u>Other Health Services</u>						
9	15	30	Capital Choice Pathology Lab	105	42	177
(14)	(5)	(6)	Lifework Strategies, Inc	0	(74)	70
(5)	10	24	Total: Other Health Services	105	(32)	247
<u>Support Center</u>						
245	130	245	Corporate Services	(26)	341	1,784
236	71	245	Shared Services	1,073	(74)	319
413	186	450	Investment Income	2,061	1,090	718
19	20	17	Adventist Home Assistance	43	84	4
913	407	957	Total: Support Center	3,151	1,441	2,825
(\$2,785)	\$1,876	\$1,812	Adventist HealthCare: Total	\$11,215	\$9,317	\$5,129

# Adventist HealthCare

## Financial Highlights

For Period Ended June 30, 2017

### OPERATING PROFITABILITY SUMMARY

June 30, 2017

(in thousands)

Month			Entities	Year-to-Date		
Prior Year	Budget	Actual		Actual	Budget	Prior Year
2016	2017	2017		2017	2017	2016
			<u>Hospitals</u>			
1,476	975	1,407	Shady Grove Medical Center: Consolidated	9,038	6,484	8,939
803	547	1,338	Washington Adventist Hospital: Consolidated	6,946	2,925	6,309
(74)	114	(242)	Behavioral Health & Wellness: Consolidated	450	524	1,354
446	333	616	Physical Health & Rehabilitation: Consolidated	1,740	1,624	1,408
2,651	1,969	3,119	Total: Hospitals	18,174	11,557	18,142
			<u>Home Health Services</u>			
27	112	72	Adventist Home Care Services	631	589	226
27	112	72	Total: Home Health Services	631	589	226
			<u>Outpatient Services</u>			
(306)	(102)	(387)	Imaging Services	(1,177)	(669)	(1,624)
(190)	(174)	(342)	AHC Urgent Care Centers, Inc.	(1,691)	(1,163)	(1,005)
(496)	(276)	(729)	Total: Outpatient Services	(2,868)	(1,832)	(2,629)
			<u>Clinical Integration Services</u>			
(255)	(334)	36	Clinical Integration Services Administration	(1,228)	(2,176)	(1,668)
(213)	(168)	(273)	Adventist Medical Group Primary Care	(1,218)	(1,153)	(1,350)
(822)	(1,192)	(1,155)	Adventist Medical Group Specialty Care	(6,658)	(7,722)	(5,320)
(22)	(13)	(15)	Clinical Integration Leasehold	(86)	(75)	(49)
(83)	0	(32)	One Health Quality Alliance	(233)	0	(621)
(31)	0	(8)	Mid Atlantic Primary Care ACO	(57)	0	(251)
(1,426)	(1,707)	(1,447)	Total: Clinical Integration Services	(9,480)	(11,126)	(9,259)
			<u>Other Health Services</u>			
9	15	28	Capital Choice Pathology Lab	103	42	177
(14)	(5)	(7)	Lifework Strategies, Inc	(1)	(74)	70
(5)	10	21	Total: Other Health Services	102	(32)	247
			<u>Support Center</u>			
245	130	245	Corporate Services	(26)	341	1,784
236	71	245	Shared Services	1,073	(74)	319
16	19	15	Adventist Home Assistance	26	74	(5)
497	220	505	Total: Support Center	1,073	341	2,098
\$1,248	\$328	\$1,541	Adventist HealthCare: Total	\$7,632	(\$503)	\$8,825

# ADVENTIST HEALTHCARE, INC.: ADVENTIST HEALTHCARE INC

## Balance Sheets

June 30, 2017 and December 31, 2016

	June 30, 2017	December 31, 2016	Increase (Decrease)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash, cash equivalents, and investments	\$ 213,721,798	\$ 216,886,567	\$ (3,164,769)
Patient accounts receivable, less allow. for doubtful accounts totaling \$27,495,327 for 2017 and \$27,415,236 for 2016	85,871,305	87,729,682	(1,858,377)
Rate control receivable	2,775,980	4,097,913	(1,321,934)
Estimated third-party receivables	(136,992)	(289,351)	152,360
Other receivables, net	24,689,510	14,355,849	10,333,661
Due from affiliates	180	180	0
Inventories	9,873,590	10,211,601	(338,012)
Current portion of trustee-held funds	1,729,487	1,720,039	9,448
Prepaid expenses and other current assets	4,927,367	7,366,321	(2,438,954)
Total current assets	343,452,225	342,078,802	1,373,423
<b>Property and equipment:</b>			
Property and equipment	832,222,589	817,151,965	15,070,624
Accumulated depreciation	(473,470,217)	(456,931,023)	(16,539,194)
	358,752,371	360,220,942	(1,468,570)
Construction in progress	88,691,410	60,370,615	28,320,794
Property and equipment, net	447,443,781	420,591,557	26,852,224
<b>Other assets:</b>			
Cash and cash equivalents held for capital acquisitions	832,623	1,215,316	(382,693)
Investments	7,660,800	6,595,929	1,064,871
Land held for healthcare development	62,519,566	60,076,654	2,442,912
Investments in unconsolidated subsidiaries	5,975,570	5,887,969	87,601
Interest rate swaps asset	-	-	-
Trustee-held funds, excluding current portion	249,349,557	269,595,206	(20,245,649)
Deferred financing costs	4,859,161	4,839,919	19,242
Unamortized intangible assets	8,866,394	8,966,167	(99,773)
Deferred compensation fund	1,535,241	1,466,040	69,200
Professional liability trust fund	14,265,533	13,383,526	882,007
Deposits and other noncurrent assets	3,219,595	3,357,772	(138,177)
Total other assets	359,084,040	375,384,499	(16,300,459)
<b>TOTAL ASSETS</b>	<b>\$ 1,149,980,046</b>	<b>\$ 1,138,054,858</b>	<b>\$ 11,925,188</b>

# ADVENTIST HEALTHCARE, INC.: ADVENTIST HEALTHCARE INC

## Balance Sheets

June 30, 2017 and December 31, 2016

	June 30, 2017	December 31, 2016	Increase (Decrease)
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	\$ 86,518,533	\$ 85,769,303	\$ 749,230
Accrued compensation and related items	32,649,293	34,851,441	(2,202,148)
Deferred revenue	1,748,733	1,085,923	662,811
Interest payable	10,316,076	2,021,390	8,294,686
Due to affiliates	-	-	-
Estimated third-party payables	18,808,872	18,375,676	433,196
Short term financing	-	32,922	(32,922)
Current portion of long-term obligations	12,716,963	12,716,963	-
Total current liabilities	162,758,471	154,853,619	7,904,852
<b>Long-term obligations, noncurrent portion:</b>			
Construction payable	-	-	-
Bonds payable	517,640,662	519,930,951	(2,290,289)
Internal debt	(2)	(2)	-
Interest rate swaps liability	1,612,148	2,073,079	(460,931)
Notes payable	22,505,445	26,381,525	(3,876,080)
Capital lease obligation	13,647,397	16,263,000	(2,615,603)
Deferred gain on sale of land	-	-	-
Deferred compensation	5,466,743	5,869,088	(402,345)
Estimated self-insured professional liabilities	12,808,558	12,865,503	(56,945)
Other non-current liabilities	8,366,195	8,936,616	(570,421)
Total long-term obligations, noncurrent portion	582,047,147	592,319,761	(10,272,614)
<b>TOTAL LIABILITIES</b>	<b>744,805,619</b>	<b>747,173,380</b>	<b>(2,367,762)</b>
<b>Net assets:</b>			
Unrestricted	392,376,578	388,138,531	4,238,047
Income (loss) summary	11,215,109	1,263,686	9,951,424
Temporarily restricted	1,241,319	1,137,840	103,479
Permanently restricted	341,421	341,421	-
<b>TOTAL NET ASSETS</b>	<b>405,174,428</b>	<b>390,881,478</b>	<b>14,292,950</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,149,980,046</b>	<b>\$ 1,138,054,858</b>	<b>\$ 11,925,188</b>

# ADVENTIST HEALTHCARE INC

## Statement of Revenue and Expense

For Period Ending: June 30, 2017

Month to Date					Year to Date					
Prior Year	%	Variance	Budget	Actuals		Actuals	Budget	Variance	%	Prior Year
Patient Revenue										
41,041,919	-2.9%	(1,200,152)	41,651,851	40,451,698	Inpatient Revenue	247,759,595	249,991,189	(2,231,594)	-0.9%	323,896,841
40,736,779	2.2%	943,662	42,564,643	43,508,305	Outpatient Revenue	255,980,656	253,517,858	2,462,798	1.0%	300,100,357
81,778,698	-0.3%	(256,490)	84,216,494	83,960,004	Patient Revenue	503,740,250	503,509,046	231,204	0.0%	623,997,198
Deductions From Revenue										
16,235,036	-9.6%	(1,601,269)	16,614,154	18,215,423	Contractual Adjustments	100,860,241	97,818,804	(3,041,437)	-3.1%	203,221,571
1,402,835	128.9%	1,784,520	1,384,801	(399,718)	Charity Allowance	5,967,783	8,338,686	2,370,903	28.4%	10,052,472
17,637,870	1.0%	183,250	17,998,955	17,815,705	Deductions from Revenue	106,828,024	106,157,490	(670,534)	-0.6%	213,274,043
64,140,828	-0.1%	(73,240)	66,217,539	66,144,299	Net Patient Revenue Before Bad Debts	396,912,227	397,351,557	(439,330)	-0.1%	410,723,155
3,039,682	-5.9%	(192,385)	3,251,739	3,444,123	Provision for Bad Debts	17,565,281	19,519,200	1,953,919	10.0%	19,767,210
61,101,146	-0.4%	(265,625)	62,965,800	62,700,176	Net Patient Revenue Less Bad Debts	379,346,946	377,832,357	1,514,589	0.4%	390,955,945
Other Operating Revenue										
0	0.0%	0	0	0	Interest On Trustee Held Funds	0	0	0	0.0%	0
3,888,122	-14.6%	(501,749)	3,436,403	2,934,654	Other Operating Income	17,421,412	20,591,075	(3,169,662)	-15.4%	23,327,166
3,888,122	-14.6%	(501,749)	3,436,403	2,934,654	Other Operating Revenue	17,421,412	20,591,075	(3,169,662)	-15.4%	23,327,166
64,989,268	-1.2%	(767,374)	66,402,204	65,634,830	Total Operating Revenue	396,768,358	398,423,432	(1,655,074)	-0.4%	414,283,110
Operating Expenses										
28,796,732	2.4%	715,475	29,768,698	29,053,223	Salaries and Wages	177,494,424	180,881,345	3,386,921	1.9%	183,456,564
5,447,654	1.0%	55,971	5,551,119	5,495,148	Employee Benefits	34,088,370	33,670,599	(417,771)	-1.2%	37,263,034
994,691	-127.1%	(919,074)	723,356	1,642,430	Contract Labor	8,499,928	4,392,357	(4,107,571)	-93.5%	6,029,880
1,852,359	-4.4%	(80,485)	1,824,824	1,905,308	Professional Fees	11,541,839	10,951,284	(590,555)	-5.4%	12,940,124
8,719,903	2.0%	175,110	8,767,459	8,592,349	Medical Supplies	51,753,106	52,294,796	541,690	1.0%	53,806,999
4,821,635	2.3%	92,041	4,051,669	3,959,627	General & Administrative	22,297,833	24,290,648	1,992,815	8.2%	24,460,161
5,523,091	0.5%	30,161	6,132,036	6,101,875	Purchased Services	37,192,656	36,813,479	(379,177)	-1.0%	37,306,086
3,498,413	-1.2%	(43,269)	3,543,604	3,586,873	Building & Maintenance	20,882,525	20,997,380	114,856	0.5%	23,260,675
406,977	3.7%	17,329	472,151	454,822	Insurance	2,734,301	2,836,006	101,705	3.6%	2,661,644
2,106	100.0%	(129)	0	129	Bad Debts - Non Patient	1,665	0	(1,665)	100.0%	12,761
868,843	74.8%	696,885	931,138	234,254	Interest	4,654,587	5,594,236	939,649	16.8%	5,202,362
3,000,832	1.6%	48,396	3,115,337	3,066,941	Depreciation & Amortization	17,996,042	18,482,382	486,340	2.6%	19,437,065
0	100.0%	0	0	0	IT Depreciation	0	0	0	100.0%	0
0	100.0%	0	0	0	Allocation: IT Services	0	0	0	0.0%	0
(190,922)	0.0%	0	0	0	Allocation: Shared Services	0	0	0	0.0%	(388,207)
0	0.0%	0	0	0	AHC Management Fees	0	0	0	100.0%	8,992
63,742,314	1.2%	788,412	64,881,391	64,092,979	Operating Expenses	389,137,277	391,204,512	2,067,235	0.5%	405,458,141
1,246,955	1.4%	21,038	1,520,813	1,541,851	Income (Loss) from Operations	7,631,082	7,218,920	412,162	5.7%	8,824,970
Non Operating Revenue & Expense										
405,357	-55.8%	(199,679)	357,882	158,203	Investment Income	3,686,754	2,097,630	1,589,124	75.8%	1,563,617
(4,437,572)	100.0%	113,023	0	113,023	Non Operating Gains	(102,726)	0	(102,726)	100.0%	(5,258,461)
0	0.0%	0	0	0	Loss on Extinguishment of Debt	0	0	0	0.0%	0
0	0.0%	0	0	0	Minority Interest	0	0	0	0.0%	0
(4,032,216)	-24.2%	(86,656)	357,882	271,226	Non Operating Revenue & Expense	3,584,028	2,097,630	1,486,397	70.9%	(3,694,844)
(2,785,261)	-3.5%	(65,618)	1,878,694	1,813,076	Excess of Revenue over Expense (Expenses over Revenue)	11,215,109	9,316,550	1,898,559	20.4%	5,130,126

ADVENTIST HEALTHCARE, INC.

Consolidating Schedule - Balance Sheet Information

June 30, 2017

	Shady Grove Medical Center	Washington Adventist Hospital	Hackettstown Regional Medical Center	Behavioral Health & Wellness	Rehabilitation	Imaging Services	Clinical Integration Services	Other Health Services	Support Center	Eliminating Entries	Modified Combined AHC Obligated Group
<b>ASSETS</b>											
<b>Current assets:</b>											
Cash, cash equivalents and investments	\$ 173,766,766	\$ (13,848,726)	\$ 76,369,817	\$ (2,762,452)	\$ 16,876,787	\$ (20,358,235)	\$ (95,131,211)	\$ 841,246	\$ 84,918,370	\$ -	\$ 220,672,362
Patient accounts receivable	61,021,378	46,011,891	3,198,321	10,652,985	10,269,353	8,838,214	8,839,258	(519)	-	-	148,830,881
Less: Allowance for contractual	(8,283,382)	(14,615,235)	-	(4,002,554)	(4,245,588)	(4,362,326)	(5,086,671)	0	-	-	(40,595,756)
Less: Allowance for uncollectible accounts	(9,619,919)	(10,940,770)	(3,108,458)	(1,608,940)	(1,520,816)	(1,064,140)	654,477	-	-	-	(27,208,566)
Net patient accounts receivable	43,118,076	20,455,886	89,863	5,041,491	4,502,949	3,411,749	4,407,064	(519)	-	-	81,026,559
Rate control receivable	1,797,295	980,359	-	(1,674)	-	-	-	-	-	-	2,775,980
Estimated third-party receivables	-	-	-	(401,382)	264,390	-	-	-	-	-	(136,992)
Other receivables, net	1,575,152	3,132,493	-	2,123,611	124,569	1,092,265	40,960	484,669	11,881,541	(410,290)	20,044,969
Due from affiliates	(0)	(0)	-	0	180	0	(0)	(0)	0	-	180
Inventories	5,686,611	3,875,057	-	90,779	78,202	-	-	142,941	-	-	9,873,590
Current portion of trustee-held funds	-	-	-	-	-	-	-	-	1,729,487	-	1,729,487
Prepaid expenses and other current assets	809,157	583,829	-	104,868	63,323	143,454	340,890	104,241	2,669,909	-	4,819,671
Total current assets	226,753,057	15,178,898	76,459,680	4,195,241	21,910,399	(15,710,767)	(90,342,298)	1,572,579	101,199,306	(410,290)	340,805,805
<b>Property and equipment:</b>											
Property and equipment	385,434,947	195,955,268	-	25,060,503	19,455,171	9,675,031	1,730,457	1,071,882	180,178,691	-	818,561,950
Accumulated depreciation	(212,048,934)	(146,608,048)	-	(13,087,097)	(10,066,841)	(1,888,019)	(393,422)	(844,068)	(84,851,852)	-	(469,788,281)
	173,386,013	49,347,221	-	11,973,406	9,388,330	7,787,012	1,337,035	227,814	95,326,839	-	348,773,669
Construction in progress	3,441,870	78,883,532	-	1,053,274	391,253	400,507	514,032	-	4,005,928	-	88,690,396
Property and equipment, net	176,827,883	128,230,753	-	13,026,679	9,779,583	8,187,520	1,851,067	227,814	99,332,767	-	437,464,065
<b>Other assets:</b>											
Cash and cash equivalents held for capital acquisitio	331,733	-	-	0	34,951	-	-	-	-	-	366,684
Investments	-	-	-	-	-	-	-	-	7,660,800	-	7,660,800
Land held for healthcare development	-	2,899,575	-	-	-	-	-	-	59,619,990	-	62,519,566
Investments in unconsolidated subsidiaries	960,527	-	-	(0)	-	-	-	-	5,015,044	-	5,975,570
Interest rate swaps asset	-	-	-	-	-	-	-	-	-	-	-
Trustee-held funds, excluding current portion	843,861	244,239,509	(0)	492,252	445,371	-	-	-	3,328,564	-	249,349,557
Deferred financing costs	816,324	3,321,030	-	69,929	56,032	-	-	-	580,159	-	4,843,474
Unamortized intangible assets	1,069,749	-	-	1,280,409	861,601	5,435,091	-	44,856	12,848	-	8,704,554
Deferred compensation fund	-	(0)	-	-	-	-	-	-	1,535,241	-	1,535,241
Professional liability trust fund	-	-	-	-	-	-	-	-	14,265,533	-	14,265,533
Deposits and other noncurrent assets	1,955,393	31,351	-	26,674	43,000	-	53,604	32,754	840,356	-	2,983,132
Total other assets	5,977,587	250,491,466	(0)	1,869,264	1,440,955	5,435,091	53,604	77,609	92,858,535	-	358,204,111
<b>TOTAL ASSETS</b>	<b>\$ 409,558,527</b>	<b>\$ 393,901,117</b>	<b>\$ 76,459,680</b>	<b>\$ 19,091,184</b>	<b>\$ 33,130,937</b>	<b>\$ (2,088,155)</b>	<b>\$ (88,437,628)</b>	<b>\$ 1,878,003</b>	<b>\$ 293,390,608</b>	<b>\$ (410,290)</b>	<b>\$ 1,136,473,981</b>

**ADVENTIST HEALTHCARE, INC.**
**Consolidating Schedule - Balance Sheet Information**
**June 30, 2017**

	Shady Grove Medical Center	Washington Adventist Hospital	Hackettstown Regional Medical Center	Behavioral Health & Wellness	Rehabilitation	Imaging Services	Clinical Integration Services	Other Health Services	Support Center	Eliminating Entries	Modified Combined AHC Obligated Group
<b>LIABILITIES AND NET ASSETS</b>											
<b>Current liabilities:</b>											
Accounts payable and accrued expenses	\$ 24,673,471	\$ 16,015,840	\$ 2,917,069	\$ 2,874,943	\$ 436,803	\$ 1,816,504	\$ 2,049,009	\$ 439,010	\$ 31,480,941	\$ -	82,703,590
Accrued compensation and related items	11,554,079	8,048,435	(0)	2,071,792	2,426,924	196,310	1,116,281	222,559	5,336,138	(410,290)	30,562,228
Deferred revenue	-	-	-	(136,160)	-	-	-	0	961,521	-	825,362
Interest payable	-	-	-	-	-	-	-	0	10,316,076	-	10,316,076
Due to affiliates	-	-	-	-	-	-	-	-	-	-	-
Estimated third-party payables	11,687,689	6,775,820	243,372	101,992	-	-	-	-	-	-	18,808,872
Short term financing	-	-	-	-	-	-	-	-	-	-	-
Current portion of long-term obligations	5,018,904	2,696,293	-	161,090	(0)	679,718	-	-	4,014,482	-	12,570,486
Total current liabilities	52,934,144	33,536,387	3,160,440	5,073,658	2,863,727	2,692,532	3,165,289	661,569	52,109,158	(410,290)	155,786,614
<b>Long-term obligations, noncurrent portion:</b>											
Construction payable	-	-	-	-	-	-	-	-	-	-	-
Bonds payable	-	289,575,662	-	-	-	-	-	-	228,065,000	-	517,640,662
Internal debt	125,267,625	55,272,417	-	6,022,769	4,347,854	-	-	-	(190,910,667)	-	(2)
Interest rate swaps liability	-	-	-	-	-	-	-	-	1,612,148	-	1,612,148
Notes payable	-	-	-	-	-	-	-	-	18,029,428	-	18,029,428
Capital lease obligation	3,067,038	1,315,958	-	868,313	-	1,401,606	-	-	6,994,482	-	13,647,397
Deferred gain on sale of land	-	-	-	-	-	-	-	-	-	-	-
Deferred compensation	-	(0)	-	-	-	-	-	-	5,466,743	-	5,466,743
Estimated self-insured professional liabilities	-	-	-	-	-	-	-	-	12,808,558	-	12,808,558
Other non-current liabilities	3,158,145	1,311,034	-	-	(135,354)	-	570,301	-	3,462,069	-	8,366,195
Total long-term obligations, noncurrent portion	131,492,808	347,475,071	-	6,891,082	4,212,500	1,401,606	570,301	-	85,527,762	-	577,571,130
<b>TOTAL LIABILITIES</b>	<b>184,426,952</b>	<b>381,011,459</b>	<b>3,160,440</b>	<b>11,964,739</b>	<b>7,076,227</b>	<b>4,094,139</b>	<b>3,735,590</b>	<b>661,569</b>	<b>137,636,920</b>	<b>(410,290)</b>	<b>733,357,744</b>
<b>Net assets:</b>											
Unrestricted	214,178,498	5,353,110	73,299,239	6,883,549	24,361,147	(5,005,366)	(82,983,127)	1,111,088	152,550,071	-	389,748,209
Income (loss) summary	10,523,708	6,786,893	-	242,895	1,879,407	(1,176,928)	(9,190,091)	105,346	3,108,045	0	12,279,276
Temporarily restricted	429,369	749,655	-	0	(185,844)	-	-	-	95,572	-	1,088,752
Permanently restricted	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL NET ASSETS</b>	<b>225,131,575</b>	<b>12,889,658</b>	<b>73,299,239</b>	<b>7,126,444</b>	<b>26,054,710</b>	<b>(6,182,294)</b>	<b>(92,173,218)</b>	<b>1,216,434</b>	<b>155,753,688</b>	<b>0</b>	<b>403,116,237</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 409,558,527</b>	<b>\$ 393,901,117</b>	<b>\$ 76,459,680</b>	<b>\$ 19,091,184</b>	<b>\$ 33,130,937</b>	<b>\$ (2,088,155)</b>	<b>\$ (88,437,628)</b>	<b>\$ 1,878,003</b>	<b>\$ 293,390,608</b>	<b>\$ (410,290)</b>	<b>\$ 1,136,473,981</b>

*\*The consolidating statements included herein include the physician operations contracts as part of the Obligated Group, consistent with the discussion on page 26 of the Official Statement for the Maryland Health and Higher Educational Authority Revenue Bonds, Adventist HealthCare Issue, 2016A. While the physician operations contracts with AMG have been, and currently are, included within the Obligated Group, Adventist HealthCare intends to assign such contracts from Adventist HealthCare to Adventist Physician Services, Inc., an affiliate controlled by Adventist HealthCare that is not part of the Obligated Group. No assurance can be provided regarding whether such assignment will occur or the timing of any such assignment. The assignment of these contracts will result in the physician operations being outside of the Obligated Group for future periods. Regardless of whether Adventist HealthCare or Adventist Physician Services, Inc. is the party to the physician agreements with MFA, it is likely that going forward Adventist HealthCare will provide the funds for any losses of such physician operations. **Until the time that the physician contracts are assigned, their operations will be included in the Obligated Group's financial covenant calculations.** The distinction of whether the operating results of these physician agreements are included or excluded in the Obligated Group has no impact on the consolidated financial statements of Adventist HealthCare, Inc.*



ADVENTIST HEALTHCARE, INC.  
Consolidating Schedule - Balance Sheet Info  
June 30, 2017

	Lourie Center	Adventist Home Care Services	AHC Urgent Care Centers	One Health Quality Alliance	Mid Atlantic Primary Care ACO	Combined Other Entities	Consolidated Adventist HealthCare, Inc.
<b>ASSETS</b>							
<b>Current assets:</b>							
Cash, cash equivalents and investments	\$ (780,774)	\$ 6,044,651	\$ (9,005,906)	\$ (2,087,222)	\$ (1,121,313)	\$ (6,950,564)	\$ 213,721,798
Patient accounts receivable	-	4,344,897	1,424,619	-	-	5,769,516	154,600,396
Less: Allowance for contractual	-	20,503	(658,511)	-	-	(638,009)	(41,233,765)
Less: Allowance for uncollectible accounts	-	(168,148)	(118,613)	-	-	(286,761)	(27,495,327)
Net patient accounts receivable	-	4,197,251	647,495	-	-	4,844,746	85,871,305
Rate control receivable	-	-	-	-	-	-	2,775,980
Estimated third-party receivables	-	-	-	-	-	-	(136,992)
Other receivables, net	4,609,024	35,518	-	-	-	4,644,541	24,689,510
Due from affiliates	(0)	(0)	(0)	-	-	(0)	180
Inventories	-	-	-	-	-	-	9,873,590
Current portion of trustee-held funds	-	-	-	-	-	-	1,729,487
Prepaid expenses and other current assets	14,203	78,246	15,248	-	-	107,697	4,927,367
Total current assets	3,842,452	10,355,665	(8,343,162)	(2,087,222)	(1,121,313)	2,646,420	343,452,225
<b>Property and equipment:</b>							
Property and equipment	3,568,492	3,012,954	7,079,192	-	-	13,660,638	832,222,589
Accumulated depreciation	(1,879,335)	(1,428,588)	(374,013)	-	-	(3,681,936)	(473,470,217)
	1,689,158	1,584,366	6,705,179	-	-	9,978,702	358,752,371
Construction in progress	-	1,014	-	-	-	1,014	88,691,410
Property and equipment, net	1,689,158	1,585,379	6,705,179	-	-	9,979,716	447,443,781
<b>Other assets:</b>							
Cash and cash equivalents held for capital acquisition	465,939	-	-	-	-	465,939	832,623
Investments	-	-	-	-	-	-	7,660,800
Land held for healthcare development	-	-	-	-	-	-	62,519,566
Investments in unconsolidated subsidiaries	-	-	-	-	-	-	5,975,570
Interest rate swaps asset	-	-	-	-	-	-	-
Trustee-held funds, excluding current portion	-	-	-	-	-	-	249,349,537
Deferred financing costs	-	-	15,687	-	-	15,687	4,859,161
Unamortized intangible assets	-	161,840	-	-	-	161,840	8,866,394
Deferred compensation fund	-	-	-	-	-	-	1,535,241
Professional liability trust fund	-	-	-	-	-	-	14,265,533
Deposits and other noncurrent assets	5,054	30,828	200,582	-	-	236,463	3,219,595
Total other assets	470,993	192,668	216,269	-	-	879,930	359,084,040
<b>TOTAL ASSETS</b>	<b>\$ 6,002,603</b>	<b>\$ 12,133,712</b>	<b>\$ (1,421,714)</b>	<b>\$ (2,087,222)</b>	<b>\$ (1,121,313)</b>	<b>\$ 13,506,065</b>	<b>\$ 1,149,980,046</b>

ADVENTIST HEALTHCARE, INC.  
Consolidating Schedule - Balance Sheet Info  
June 30, 2017

	Lourie Center	Adventist Home Care Services	AHC Urgent Care Centers	One Health Quality Alliance	Mid Atlantic Primary Care ACO	Combined Other Entities	Consolidated Adventist HealthCare, Inc.
<b>LIABILITIES AND NET ASSETS</b>							
<b>Current liabilities:</b>							
Accounts payable and accrued expenses	\$ 2,713,786	\$ 519,981	\$ 571,948	\$ 9,229	\$ -	3,814,944	86,518,533
Accrued compensation and related items	516,286	1,340,998	229,780	-	-	2,087,065	32,649,293
Deferred revenue	-	923,372	-	-	-	923,372	1,748,733
Interest payable	-	-	-	-	-	-	10,316,076
Due to affiliates	-	-	-	-	-	-	-
Estimated third-party payables	-	-	-	-	-	-	18,808,872
Short term financing	-	-	-	-	-	-	-
Current portion of long-term obligations	-	-	146,477	-	-	146,477	12,716,963
Total current liabilities	3,230,072	2,784,351	948,205	9,229	-	6,971,858	162,758,471
<b>Long-term obligations, noncurrent portion:</b>							
Construction payable	-	-	-	-	-	-	-
Bonds payable	-	-	-	-	-	-	517,640,662
Internal debt	-	-	-	-	-	-	(2)
Interest rate swaps liability	-	-	-	-	-	-	1,612,148
Notes payable	-	-	4,476,017	-	-	4,476,017	22,505,445
Capital lease obligation	-	-	-	-	-	-	13,647,397
Deferred gain on sale of land	-	-	-	-	-	-	-
Deferred compensation	-	-	-	-	-	-	5,466,743
Estimated self-insured professional liabilities	-	-	-	-	-	-	12,808,558
Other non-current liabilities	-	-	-	-	-	-	8,366,195
Total long-term obligations, noncurrent portion	-	-	4,476,017	-	-	4,476,017	582,047,147
<b>TOTAL LIABILITIES</b>	<b>3,230,072</b>	<b>2,784,351</b>	<b>5,424,222</b>	<b>9,229</b>	<b>-</b>	<b>11,447,875</b>	<b>744,805,619</b>
<b>Net assets:</b>							
Unrestricted	2,075,155	8,635,219	(5,155,036)	(1,863,068)	(1,063,901)	2,628,369	392,376,578
Income (loss) summary	203,387	714,142	(1,690,901)	(233,383)	(57,412)	(1,064,166)	11,215,109
Temporarily restricted	152,567	-	-	-	-	152,567	1,241,319
Permanently restricted	341,421	-	-	-	-	341,421	341,421
<b>TOTAL NET ASSETS</b>	<b>2,772,530</b>	<b>9,349,361</b>	<b>(6,845,937)</b>	<b>(2,096,451)</b>	<b>(1,121,313)</b>	<b>2,058,191</b>	<b>405,174,428</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,002,603</b>	<b>\$ 12,133,712</b>	<b>\$ (1,421,714)</b>	<b>\$ (2,087,222)</b>	<b>\$ (1,121,313)</b>	<b>\$ 13,506,065</b>	<b>\$ 1,149,980,046</b>

**ADVENTIST HEALTHCARE, INC.**
**Consolidating Statement of Operations Information**
**Six Months Ended June 30, 2017**

	Shady Grove Medical Center	Washington Adventist Hospital	Behavioral Health & Wellness	Rehabilitation	Imaging Services	Clinical Integration Services	Other Health Services	Support Center	Eliminating Entries	Modified Combined AHC Obligated Group
<b>PATIENT REVENUE</b>										
Inpatient Revenue	\$ 115,574,240	\$ 82,893,044	\$ 20,223,528	\$ 29,068,783	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,759,595
Outpatient Revenue	91,612,127	55,607,074	2,657,006	6,545,966	38,728,016	40,330,676	1,268	-	(144,654)	235,337,478
<b>PATIENT REVENUE</b>	<b>207,186,367</b>	<b>138,500,117</b>	<b>22,880,534</b>	<b>35,614,749</b>	<b>38,728,016</b>	<b>40,330,676</b>	<b>1,268</b>	<b>-</b>	<b>(144,654)</b>	<b>483,097,073</b>
<b>DEDUCTIONS FROM REVENUE</b>										
Contractual Adjustments	21,888,620	13,547,900	2,564,988	13,426,353	23,223,674	21,648,518	-	-	21,038	96,321,090
Charity Allowance	1,628,311	3,424,921	730,689	121,090	-	12,966	-	-	-	5,917,977
<b>DEDUCTIONS FROM REVENUE</b>	<b>23,516,932</b>	<b>16,972,820</b>	<b>3,295,677</b>	<b>13,547,443</b>	<b>23,223,674</b>	<b>21,661,484</b>	<b>-</b>	<b>-</b>	<b>21,038</b>	<b>102,239,067</b>
<b>NET PATIENT REVENUE BEFORE BAD DEBTS</b>	<b>183,669,435</b>	<b>121,527,297</b>	<b>19,584,857</b>	<b>22,067,306</b>	<b>15,504,342</b>	<b>18,669,192</b>	<b>1,268</b>	<b>-</b>	<b>(165,691)</b>	<b>380,858,006</b>
<b>PROVISION FOR BAD DEBTS</b>	<b>7,730,355</b>	<b>6,094,670</b>	<b>730,689</b>	<b>238,619</b>	<b>1,101,947</b>	<b>1,463,887</b>	<b>66,587</b>	<b>-</b>	<b>-</b>	<b>17,426,754</b>
<b>NET PATIENT REVENUE LESS BAD DEBTS</b>	<b>175,939,080</b>	<b>115,432,627</b>	<b>18,854,168</b>	<b>21,828,687</b>	<b>14,402,395</b>	<b>17,205,305</b>	<b>(65,319)</b>	<b>-</b>	<b>(165,691)</b>	<b>363,431,252</b>
<b>OTHER OPERATING REVENUE</b>										
Other Operating Income	4,010,424	1,965,299	3,295,135	1,589,882	877,348	200,900	3,341,517	2,605,469	(3,368,969)	14,517,006
<b>OTHER OPERATING REVENUE</b>	<b>4,010,424</b>	<b>1,965,299</b>	<b>3,295,135</b>	<b>1,589,882</b>	<b>877,348</b>	<b>200,900</b>	<b>3,341,517</b>	<b>2,605,469</b>	<b>(3,368,969)</b>	<b>14,517,006</b>
<b>TOTAL OPERATING REVENUE</b>	<b>179,949,505</b>	<b>117,397,926</b>	<b>22,149,303</b>	<b>23,418,569</b>	<b>15,279,742</b>	<b>17,406,206</b>	<b>3,276,198</b>	<b>2,605,469</b>	<b>(3,534,660)</b>	<b>377,948,258</b>
<b>OPERATING EXPENSES</b>										
Salaries and Wages	62,455,499	42,578,383	11,728,365	13,174,260	7,738,737	18,130,367	1,153,196	7,812,375	(1,017,344)	163,753,838
Employee benefits	13,256,023	8,766,987	2,515,941	2,593,049	1,479,447	786,585	209,681	2,026,233	(166,506)	31,467,440
Contract labor	5,089,823	1,845,388	572,848	148,403	332	418	128,044	33,050	(89,176)	7,729,129
Professional Fees	4,719,829	4,854,353	257,974	149,496	435,352	676,573	228,062	9,337	(174,404)	11,156,571
Medical supplies	27,345,978	20,805,838	691,364	634,482	563,140	1,030,747	401,317	(1,370)	(31,854)	51,439,641
General and administrative	5,124,889	5,569,208	874,637	626,979	1,945,601	4,068,534	311,016	2,770,285	(472,957)	20,818,192
Purchased Services	13,143,341	7,476,693	1,124,488	956,256	630,963	711,427	302,538	15,267,660	(433,785)	39,179,583
Building and maintenance	11,474,784	4,044,523	1,177,031	795,002	2,492,284	299,176	244,628	476,630	(1,148,634)	19,855,424
Insurance	1,001,289	696,820	93,830	46,741	315,344	425,167	2,106	21,655	-	2,602,952
Provision for bad debts - non patient	-	-	-	-	-	-	1,000	-	-	1,000
Interest	2,843,693	191,622	130,717	77,811	38,989	-	-	1,293,543	-	4,576,375
Depreciation and Amortization	7,534,907	2,515,070	623,451	472,329	631,239	223,058	36,335	5,643,176	-	17,679,564
IT Depreciation	2,808,269	1,901,846	367,999	252,584	46,675	-	14,982	(5,433,425)	-	(41,070)
Allocation: IT Services	9,820,623	6,300,028	935,978	1,048,834	128,193	-	68,619	(18,655,505)	-	(353,230)
Allocation: Shared Services	-	-	-	-	-	-	-	-	-	-
AHC Management Fees	4,292,908	2,904,780	801,068	702,772	10,376	244,245	72,198	(9,705,081)	-	(676,734)
<b>TOTAL EXPENSES</b>	<b>170,911,856</b>	<b>110,451,540</b>	<b>21,895,691</b>	<b>21,678,999</b>	<b>16,456,670</b>	<b>26,596,296</b>	<b>3,173,721</b>	<b>1,558,563</b>	<b>(3,534,660)</b>	<b>369,188,677</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>9,037,649</b>	<b>6,946,385</b>	<b>253,612</b>	<b>1,739,570</b>	<b>(1,176,928)</b>	<b>(9,190,091)</b>	<b>102,477</b>	<b>1,046,906</b>	<b>-</b>	<b>8,759,581</b>
<b>OTHER INCOME</b>										
Investment income	1,770,412	2,351	2,398	149,343	-	-	2,869	1,695,049	-	3,622,421
Loss on extinguishment of debt	-	-	-	-	-	-	-	-	-	-
Other	(284,352)	(161,844)	(13,114)	(9,506)	-	(0)	-	366,090	-	(102,726)
<b>TOTAL OTHER INCOME</b>	<b>1,486,060</b>	<b>(159,492)</b>	<b>(10,717)</b>	<b>139,837</b>	<b>-</b>	<b>(0)</b>	<b>2,869</b>	<b>2,061,139</b>	<b>-</b>	<b>3,519,695</b>
<b>PORTION OF EARNINGS RELATED TO MINORITY INTEREST</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUE AND GAINS IN EXCESS (DEFICIENT) OF EXPENSES AND LOSSES</b>	<b>\$ 10,523,708</b>	<b>\$ 6,786,893</b>	<b>\$ 242,895</b>	<b>\$ 1,879,407</b>	<b>\$ (1,176,928)</b>	<b>\$ (9,190,091)</b>	<b>\$ 105,346</b>	<b>\$ 3,108,045</b>	<b>\$ -</b>	<b>\$ 12,279,276</b>

**ADVENTIST HEALTHCARE, INC.**
**Consolidating Statement of Operations Information**
**Six Months Ended June 30, 2017**

	Lourie Center	Adventist Home Care Services	AHC Urgent Care Centers	One Health Quality Alliance	Mid Atlantic Primary Care ACO	Eliminating Entries	Combined  Other Entities	Consolidated Adventist HealthCare, Inc.
<b>PATIENT REVENUE</b>								
Inpatient Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,759,595
Outpatient Revenue	766,105	14,553,935	5,323,138	-	-	-	20,643,178	255,980,656
<b>PATIENT REVENUE</b>	766,105	14,553,935	5,323,138	-	-	-	20,643,178	503,740,250
<b>DEDUCTIONS FROM REVENUE</b>								
Contractual Adjustments	206,848	891,808	3,440,495	-	-	-	4,539,151	100,860,241
Charity Allowance	-	49,806	-	-	-	-	49,806	5,967,783
<b>DEDUCTIONS FROM REVENUE</b>	206,848	941,614	3,440,495	-	-	-	4,588,957	106,828,024
<b>NET PATIENT REVENUE BEFORE BAD DEBTS</b>	559,257	13,612,321	1,882,643	-	-	-	16,054,221	396,912,227
<b>PROVISION FOR BAD DEBTS</b>	76,470	(31,349)	93,406	-	-	-	138,527	17,565,281
<b>NET PATIENT REVENUE LESS BAD DEBTS</b>	482,787	13,643,670	1,789,237	-	-	-	15,915,694	379,346,946
<b>OTHER OPERATING REVENUE</b>								
Other Operating Income	5,100,996	135,634	27,832	-	-	(2,360,056)	2,904,407	17,421,412
<b>OTHER OPERATING REVENUE</b>	5,100,996	135,634	27,832	-	-	(2,360,056)	2,904,407	17,421,412
<b>TOTAL OPERATING REVENUE</b>	5,583,783	13,779,305	1,817,070	-	-	(2,360,056)	18,820,101	396,768,358
<b>OPERATING EXPENSES</b>								
Salaries and Wages	3,074,678	9,006,390	1,430,528	180,140	48,850	-	13,740,586	177,494,424
Employee benefits	634,301	1,742,023	201,829	34,514	8,262	-	2,620,930	34,088,370
Contract labor	531,591	238,022	36	-	-	1,150	770,799	8,499,928
Professional Fees	94,877	1,429	288,962	-	-	-	385,267	11,541,839
Medical supplies	38,327	197,546	77,592	-	-	-	313,465	51,753,106
General and administrative	521,729	464,185	492,437	1,290	-	-	1,479,641	22,297,833
Purchased Services	78,958	142,350	89,152	17,139	-	(2,314,525)	(1,986,927)	37,192,656
Building and maintenance	153,025	372,634	547,523	300	300	(46,681)	1,027,101	20,882,525
Insurance	14,446	37,869	79,035	-	-	-	131,350	2,734,301
Provision for bad debts - non patient	-	665	-	-	-	-	665	1,665
Interest	-	-	78,211	-	-	-	78,211	4,654,587
Depreciation and Amortization	77,950	90,492	148,035	-	-	-	316,478	17,996,042
IT Depreciation	-	41,070	-	-	-	-	41,070	(0)
Allocation: IT Services	-	353,230	-	-	-	-	353,230	(0)
Allocation: Shared Services	-	-	-	-	-	-	-	-
AHC Management Fees	167,962	434,142	74,630	-	-	-	676,734	0
<b>TOTAL EXPENSES</b>	5,387,843	13,122,048	3,507,970	233,383	57,412	(2,360,056)	19,948,600	389,137,277
<b>INCOME (LOSS) FROM OPERATIONS</b>	195,940	657,257	(1,690,901)	(233,383)	(57,412)	-	(1,128,499)	7,631,082
<b>OTHER INCOME</b>								
Investment income	7,447	56,885	-	-	-	-	64,333	3,686,754
Loss on extinguishment of debt	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	(102,726)
<b>TOTAL OTHER INCOME</b>	7,447	56,885	-	-	-	-	64,333	3,584,028
<b>PORTION OF EARNINGS RELATED TO MINORITY INTEREST</b>	-	-	-	-	-	-	-	-
<b>REVENUE AND GAINS IN EXCESS (DEFICIENT) OF EXPENSES AND LOSSES</b>	<u>\$ 203,387</u>	<u>\$ 714,142</u>	<u>\$ (1,690,901)</u>	<u>\$ (233,383)</u>	<u>\$ (57,412)</u>	<u>\$ -</u>	<u>\$ (1,064,166)</u>	<u>\$ 11,215,109</u>



**Operations at a Glance**  
As of June 30, 2017

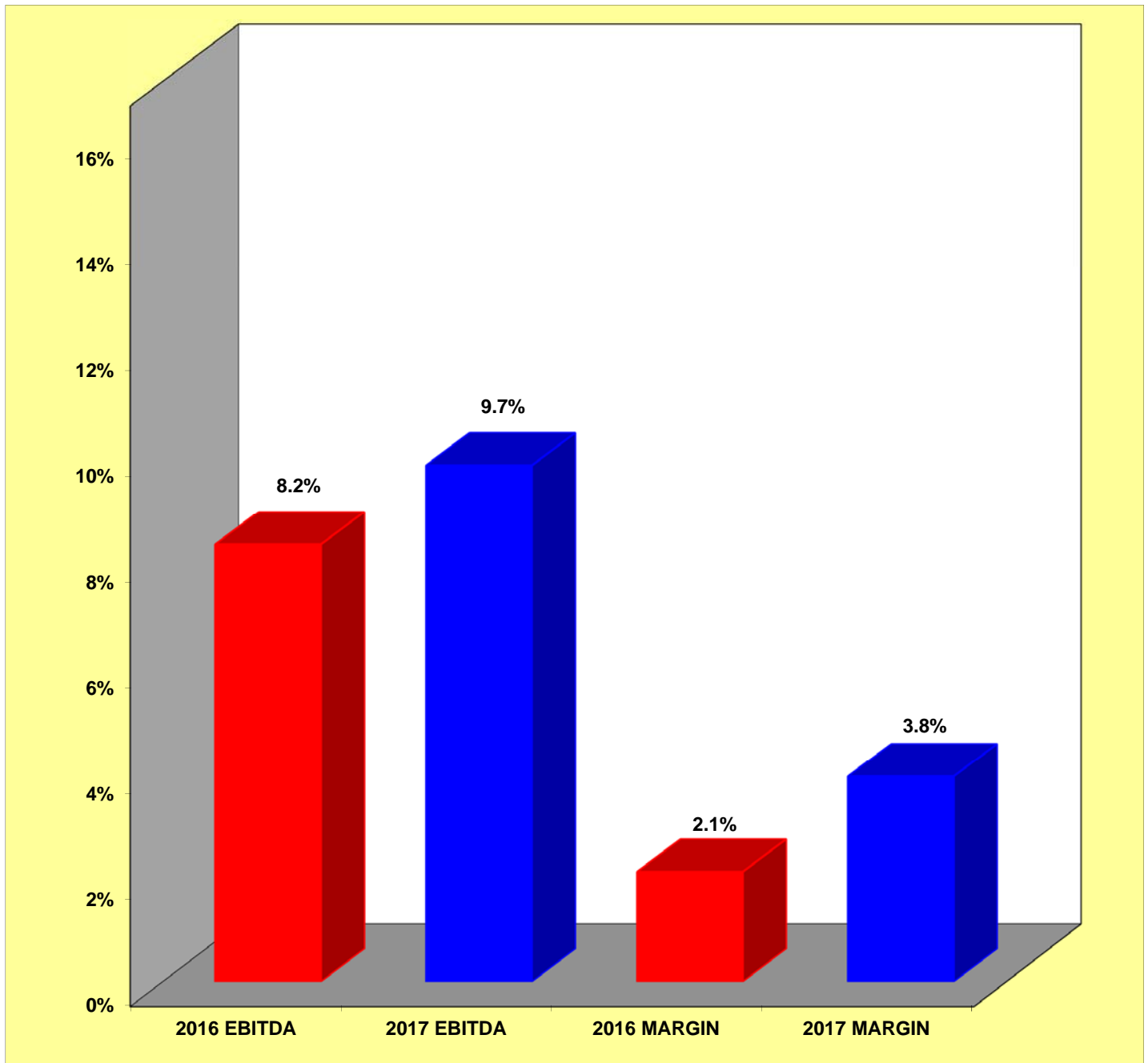
Hospital	Current Month					
	Admissions			Average Length of Stay		
	Actual	Budget	Prior Year	Actual	Budget	Prior Year
SGMC	1,685	1,804	1,876	3.82	3.93	3.77
WAH	954	943	1,023	4.44	4.85	4.66
Subtotal	2,639	2,747	2,899	4.04	4.25	4.08
BH&WS	314	309	277	8.68	11.07	12.92
Rehab	165	162	149	13.85	13.82	15.63
Total	3,118	3,218	3,325	5.03	5.38	5.33

Hospital	Year to Date					
	Admissions			Average Length of Stay		
	Actual	Budget	Prior Year	Actual	Budget	Prior Year
SGMC	10,475	10,883	10,919	3.84	3.93	3.94
WAH	6,163	5,690	5,789	4.70	4.85	4.87
Subtotal	16,638	16,573	16,708	4.16	4.25	4.26
BH&WS	1,979	1,870	1,840	8.73	11.03	12.49
Rehab	974	937	939	13.16	13.81	13.95
Total	19,591	19,380	19,487	5.07	5.36	5.51

Hospital	Current Month 30	
	Average Daily Census (ADC)	
	Actual	Budget
SGMC	215	236
WAH	141	153
BH&WS	91	114
Rehab	76	75
AHC Total	523	577

Hospital	Year to Date 181	
	Average Daily Census (ADC)	
	Actual	Budget
SGMC	222	236
WAH	160	152
BH&WS	95	114
Rehab	71	71
AHC Total	549	574

**AHC CONSOLIDATED EBITDA AND MARGIN AS % OF TOTAL OPERATING REVENUE**



YTD	2017 Actual	2017 Budget	2016 Actual
EBITDA	9.7%	9.2%	8.2%
MARGIN	3.8%	3.0%	2.1%

## AHC CONSOLIDATED DEBT TO CAPITALIZATION



## DAYS CASH ON HAND

