Dimensions Health Corporation and Subsidiaries

Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

DIXON HUGHES GOODMAN LLP

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DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

Board of Directors
Dimensions Health Corporation and Subsidiaries
Laurel, Maryland

We have audited the accompanying consolidated financial statements of Dimensions Health Corporation and Subsidiaries (the Corporation), which comprise the consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dimensions Health Corporation and Subsidiaries as of June 30, 2016 and 2015, and the consolidated results of its operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

DIXON HUGHES GOODMAN LLP

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The consolidating information on pages 31 – 34 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Dixon Hughes Goodman LLP

Tysons, Virginia
October 24, 2016

Dimensions Health Corporation and Subsidiaries
Consolidated Balance Sheets
June 30, 2016 and 2015
(in thousands)

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 42,384**	$ 39,395
Patient accounts receivable, net of allowance for doubtful accounts ($22,180 and $17,372 in 2016 and 2015, respectively)	**42,978**	45,320
Other receivables	**2,075**	4,009
Inventories	**7,046**	6,384
Prepaid expenses and other assets	**6,088**	5,719
Total current assets	**100,571**	100,827
Assets limited as to use (Note 3):		
Restricted cash and cash equivalents (Note 9)	**1,012**	1,575
Short term investments (Note 9)	**2,461**	2,461
Investments held for self insurance (Note 7)	**48,347**	43,537
Total assets limited as to use	**51,820**	47,573
Property and equipment, net (Note 4)	**74,451**	70,455
Investments (Notes 3 and 11)	**13,002**	3,904
Deferred financing costs, net	**68**	73
Other noncurrent assets	**5,479**	5,318
Total assets	**$ 245,391**	$ 228,150
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt (Note 5)	**$ 1,629**	$ 1,925
Current portion of accrued employee benefit liabilities (Note 8)	**12,417**	11,856
Accounts payable and accrued expenses	**36,175**	35,478
Accrued compensation and related items	**15,644**	14,425
Advances from third-party payers	**12,041**	13,742
Total current liabilities	**77,906**	77,426
Noncurrent liabilities:		
Long-term debt, net of current portion (Note 5)	**3,224**	4,420
Other liabilities:		
Accrued professional liabilities (Notes 7 and 10)	**30,540**	19,729
Accrued employee benefit liabilities, net of current portion (Note 8)	**98,293**	62,905
Total other liabilities	**128,833**	82,634
Total liabilities	**209,963**	164,480
Net assets:		
Unrestricted	**27,779**	55,536
Temporarily restricted	**7,649**	8,134
Total net assets	**35,428**	63,670
Total liablities and net assets	**$ 245,391**	$ 228,150

See accompanying notes.

Dimensions Health Corporation and Subsidiaries
Consolidated Statements of Operations
Years Ended June 30, 2016 and 2015
(in thousands)

	2016	2015
Unrestricted revenue and other support:		
Patient service revenue (net of allowances and discounts)	**$ 402,679**	$ 376,672
Provision for bad debts	**(30,962)**	(21,568)
Net patient service revenue (Note 10)	**371,717**	355,104
Other operating income (Note 2)	**20,845**	38,138
Total unrestricted revenue and other support	**392,562**	393,242
Operating expenses (Note 6):		
Salaries and benefits (Note 8)	**209,858**	215,019
Supplies	**54,993**	54,636
Purchased services (Note 9)	**75,885**	56,452
Physician fees	**32,732**	30,469
Utilities	**5,795**	4,490
Interest expense	**294**	353
Depreciation and amortization	**13,924**	12,869
Total operating expenses	**393,481**	374,288
Income (loss) from operations (Note 2)	**(919)**	18,954
Nonoperating gains:		
Investment income (Note 3)	**2,146**	1,062
Other income	**-**	35
Total nonoperating gains	**2,146**	1,097
Excess of unrestricted revenue and other support over expenses	**$ 1,227**	$ 20,051

See accompanying notes.

Dimensions Health Corporation and Subsidiaries
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2016 and 2015
(in thousands)

	2016	2015
Changes in unrestricted net assets:		
Excess of unrestricted revenue and other support over expenses	**$ 1,227**	$ 20,051
Net assets released from restriction for capital acquisition	**7,977**	189
Change in post-retirement employee benefit obligation (Note 8)	**(36,961)**	(12,248)
Increase (decrease) in unrestricted net assets	**(27,757)**	7,992
Changes in temporarily restricted net assets:		
Contributions	**8,222**	7,116
Change in beneficial interest in net assets of Foundations (Note 11)	**242**	80
Net assets released from restriction for operations	**(972)**	(3,013)
Net assets released from restriction for capital acquisition	**(7,977)**	(189)
Increase (decrease) in temporarily restricted net assets	**(485)**	3,994
Change in net assets	**(28,242)**	11,986
Net assets, beginning of year	**63,670**	51,684
Net assets, end of year	**$ 35,428**	$ 63,670

See accompanying notes.

Dimensions Health Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended June 30, 2016 and 2015
(in thousands)

	2016	2015
Operating activities:		
Change in net assets	**$ (28,242)**	$ 11,986
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Provision for bad debts	**30,962**	21,568
Restricted contributions	**(8,222)**	(7,116)
Depreciation and amortization	**13,924**	12,869
Net unrealized loss (gain) on investments	**(626)**	417
Change in post-retirement employee benefit obligation	**36,961**	12,248
Net change in:		
Accounts receivable, net	**(28,620)**	(17,461)
Inventories	**(662)**	(85)
Prepaid expenses and other assets	**1,565**	(775)
Investments, trading	**-**	498
Other noncurrent assets	**(314)**	(1,190)
Accounts payable and accrued expenses	**697**	(1,292)
Accrued annual leave	**1,219**	40
Accrued employee benefit liabilities	**(1,012)**	(874)
Accrued professional liabilities	**10,811**	(7,141)
Net cash and cash equivalents provided by operating activities	**28,441**	23,692
Investing activities:		
Net purchase of property and equipment	**(9,493)**	(7,826)
Net purchase of investments	**(13,282)**	(2,063)
Net cash and cash equivalents used in investing activities	**(22,775)**	(9,889)
Financing activities:		
Payments of long-term debt and capital lease obligations	**(1,950)**	(2,075)
Net change in advances from third-party payers	**(1,701)**	(184)
Restricted contributions	**411**	1,318
Net cash and cash equivalents used in financing activities	**(3,240)**	(941)
Net increase in cash and cash equivalents	**2,426**	12,862
Cash and cash equivalents, beginning of year	**40,970**	28,108
Cash and cash equivalents, end of year	**$ 43,396**	$ 40,970
Supplemental disclosures of cash flow information:		
Cash paid for interest	**$ 294**	$ 353
Supplemental disclosures of noncash transactions:		
Equipment acquired under capital lease	**$ 463**	$ 2,557
Equipment acquired by state grant	**$ 7,811**	$ 5,798
Equipment acquired by accounts payable	**$ -**	$ 319

See accompanying notes.

Notes to the Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization

Dimensions Health Corporation (the Corporation) is a not-for-profit, non-stock corporation, incorporated in Maryland for charitable and scientific purposes. The Corporation is operating under the name Dimensions Healthcare System. The principal mission of the Corporation is the provision of health care through various delivery sites and the provision of services supporting health care. The Corporation's principal facilities, subsidiaries, and affiliates are as follows:

Acute and Ambulatory Care Facilities:

- Prince George's Hospital Center (PGHC)
- Laurel Regional Hospital (LRH)
- Bowie Health Center (BHC)

Long-term Care Facilities:

- Gladys Spellman Specialty Care Unit (GSS, a division of LRH)
- Madison Manor, Inc. (MM), a wholly owned subsidiary, which holds a 25% interest in the Larkin Chase Nursing and Restorative Center

Health Care Supporting Subsidiaries and Affiliates:

- Dimensions Healthcare Associates, Inc. (DHA), a wholly owned, not-for-profit corporation established to provide physician services to the Corporation's acute and ambulatory care facilities
- Affiliated Enterprises, Inc. (AEI), a wholly owned, for-profit corporation, which owns and operates Mullikin Medical Center, a medical office building, on the BHC campus
- Dimensions Assurance, Ltd. (DAL), a wholly owned, for-profit captive insurance company located in the Cayman Islands

Basis of presentation

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The consolidated financial statements include the accounts of the Corporation and its subsidiaries. Investments in affiliates for which the Corporation has the ability to significantly influence operations, but does not control, are accounted for under the equity method. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenses. Actual amounts could differ from those estimates.

Risk factors

The Corporation's ability to maintain and/or increase future revenues could be adversely affected by: (1) the growth of managed care organizations promoting alternative methods for health care delivery and payment of services such as discounted fee for service networks and capitated fee arrangements (the rate setting process in the State of Maryland prohibits hospitals from entering into discounted fee arrangements, however managed care contracts may provide for exclusive service arrangements); (2) proposed and/or future changes in the laws, rules, regulations, and policies relating to the definition, activities, and/or taxation of not-for-profit tax-exempt entities; (3) the enactment into law of all or any part of the current budget resolutions under consideration by Congress related to Medicare and Medicaid reimbursement methodology and/or further reductions in payments to hospitals and other health care providers; (4) the ultimate impact of the federal Patient Protection and Affordable Care Act and the Health Care Education Affordability Reconciliation Act of 2010; and (5) the future of Maryland's Certificate of Need (CON) program, where future deregulation could result in the entrance of new competitors, or future additional regulation may eliminate the Corporation's ability to expand new services.

The Joint Commission (JC), a non-governmental privately owned entity, provides accreditation status to hospitals and certain other health care organizations in the United States. Such accreditation is based upon the healthcare organization demonstrating compliance with approximately three hundred standards designed to ensure quality and patient safety. JC conducts unannounced triennial and "for cause" surveys. Certain managed care payers require hospitals to have appropriate JC accreditation in order to participate in those programs.

In addition, the Center for Medicare and Medicaid Services (CMS), the agency with oversight of the Medicare and Medicaid programs, provides "deemed status" for facilities having JC accreditation. By being accredited, facilities are "deemed" to be in compliance with the Medicare and Medicaid conditions of participation. Termination as a Medicare or Medicaid provider or exclusion from any or all of these programs/payers would have a materially negative impact on the future financial position, operating results and cash flows of the Corporation. The applicable health care facilities of the Corporation have maintained full JC accreditation for 2016 and 2015.

Cash, cash equivalents and short-term investments

Cash and cash equivalents include cash and certain investments in highly liquid debt instruments and certificates of deposit, both with original maturities of three months or less when purchased. The Corporation routinely invests its surplus operating funds in overnight repurchase agreements. These funds generally invest in highly liquid U.S. government and agency obligations. Short-term investments are highly liquid assets that have an original maturity between three months and one year. Short term investments represent amounts held by commercial banks under custody agreements as collateral for outstanding letters of credit. Cash holdings in commercial banks routinely exceed the aggregate maximum insured ($250) by the Federal Deposit Insurance Corporation.

Marketable investments and investment income

Marketable investments are carried at fair value as of the balance sheet date based on quoted market prices. Investments included in assets limited as to use are restricted under self-insurance arrangements, and are not available for the general operations of the Corporation. The cost of securities sold is based on the specific-identification method. Investment income for all investments is included in consolidated non-operating income.

Management classifies the Corporation's investment portfolio restricted for self-insurance arrangements as a trading portfolio. Accordingly, realized and unrealized gains and losses on these investments are included in non-operating gains (losses) in the accompanying consolidated statements of operations.

The Corporation's investments are subject to credit, market and interest rate risks that cannot be predicted at this time. However, management has attempted to mitigate these risks by maintaining a diversified portfolio.

(in thousands)

Accounts receivable and contractual allowances

The Corporation provides services to patients in Prince George's County and surrounding jurisdictions, the majority of whom are covered by third-party health insurance programs. The Corporation bills the insurers/programs directly for the services provided. Insurance and credit information is obtained from patients at time of service or upon admission when available. No collateral is obtained for patient accounts receivable.

The Corporation's policy is to write off all patient accounts that have been identified as uncollectible. Accounts receivable are reduced by an allowance for doubtful accounts. An allowance for doubtful accounts is recorded for accounts not yet written off that are anticipated to become uncollectible in future periods. In evaluating the collectability of accounts receivable, the Corporation analyzes its past history and identifies trends for each of its major payers of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payers of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For accounts receivable associated with services provided to patients who have third-party coverage, the Corporation analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely). For accounts receivable associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Corporation records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. Allowances for doubtful accounts represent 30% and 23% of gross patient accounts receivable as of June 30, 2016 and 2015, respectively. The change in the allowance for doubtful accounts in 2016 is attributable to trends in collection experience.

Discounts ranging from 2% to 6% of hospital charges are given to Medicare, Medicaid and certain approved commercial health insurance and health maintenance organizations. Also, these payers routinely review patient billings and deny payment for certain procedures that they deem medically unnecessary or performed without appropriate pre-authorization. Discounts and denials are recorded as reductions of net patient revenue. Accounts receivable from these third-party payers have been adjusted to reflect the difference between charges and the estimated reimbursable amounts.

At June 30, 2016 and 2015, gross patient accounts receivable, by payer class, consisted of the following:

	2016	2015
Medicare	**17%**	17%
Medicaid	**17%**	18%
Medicaid MCO	**17%**	17%
Medicaid pending	**9%**	4%
Commercial	**11%**	13%
Self pay and others	**29%**	31%
	100%	100%

Inventories

Inventories, consisting principally of drugs and supplies, are carried at the lower of cost or market, using the average-cost method.

Meaningful use incentives

Under certain provisions of the American Recovery and Reinvestment Act of 2009 (ARRA), federal incentive payments are available to hospitals, physicians and certain other professionals when they adopt, implement or upgrade certified electronic health record (EHR) technology or become "meaningful users," as defined under ARRA, of EHR technology in ways that demonstrate improved quality, safety and effectiveness of care. Incentive payments will be paid out over varying transitional schedules depending on the type of incentive (Medicare and Medicaid) and recipient (hospital or eligible provider). Eligible hospitals can attest for both Medicare and Medicaid incentives, while physicians must select to attest for either Medicare or Medicaid incentives. For Medicare incentives, eligible hospitals receive payments over four years while eligible physicians receive payments over five years. For Medicaid incentives, eligible hospitals receive payments based on the relevant State adopted payment structure and physicians receive payments over six years.

The Corporation recognizes EHR incentives when it is reasonably assured that the Corporation will successfully demonstrate compliance with the meaningful use criteria. During the year ended June 30, 2016 and 2015, certain hospitals and physicians of the Corporation satisfied the meaningful use criteria. As a result, the Corporation recognized $2,057 and $3,821 of EHR incentives during fiscal year 2016 and 2015, respectively, in other operating revenue in the accompanying consolidated statements of operations.

Property and equipment

Property and equipment are carried at cost or, if donated, at fair market value at the date of the gift. Expenditures over seven hundred fifty dollars with a useful life of at least two years are capitalized. Depreciation is provided over the estimated useful life of each class of depreciable asset, ranging from two to thirty years. Amortization of assets under capital lease obligations is computed using the straight-line method over the shorter of the estimated useful life or lease term of the equipment and is included in depreciation and amortization in the accompanying consolidated financial statements. Maintenance and repairs are charged to expense as incurred.

The cost of software is capitalized provided the cost of the project is at least seven hundred fifty dollars and the expected life is at least two years. Costs include payment to vendors for the purchase and assistance in its installation, payroll costs of employees directly involved in the software installation, and interest costs of the software project if financed by debt. Preliminary costs to document system requirements, vendor selection, and any costs before software purchase are expensed. Capitalization of costs will generally end when the project is completed and the software is ready to be used. Where implementation of the project is in phases, only those costs incurred which further the development of the project will be capitalized. Costs incurred to maintain the system are expensed.

Impairment of long-lived assets

The Corporation evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of any asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the future discounted cash flows compared to the carrying amount of the asset.

Temporarily restricted net assets

Resources restricted by donors for specific purposes are reported as temporarily restricted net assets until expended, at which time they are reported as net assets released from restriction.

In accordance with accounting principles generally accepted in the United States of America, assets that are restricted for capital acquisitions (or that will not be available to the Corporation within the next operating cycle) are classified as noncurrent assets in the accompanying consolidated balance sheets. Absent explicit donor stipulations about how long those capital or long-lived assets must be maintained, expirations of donor restrictions are reported when the acquired long-lived assets are placed in service. Assets that are temporarily restricted for supporting Corporation programs are classified as current assets if they are currently available for use by the Corporation.

(in thousands)

Temporarily restricted net assets are available for the following purposes at June 30:

	2016	2015
Capital purchases (state funded)	**$ 5,632**	$ 5,798
Healthcare and health education	**2,017**	2,336
	$ 7,649	$ 8,134

Net patient service revenue

Net patient service revenue, by payer class, consisted of the following for the years ended June 30:

	2016	2015
Medicare	**31.4%**	28.6%
Medicaid	**34.6%**	35.7%
Commercial	**26.4%**	26.7%
Other	**7.6%**	9.0%
	100.0%	100.0%

Revenue from the State of Maryland Medicaid program is primarily derived from independent managed care organizations that have contracted with the State of Maryland to cover eligible beneficiaries.

The Corporation recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the Corporation recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Corporation's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Corporation records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Patient service revenue, net of contractual allowances and discounts recognized in the period from these major payer sources, is as follows:

	2016	2015
Gross patient charges	**$ 476,889**	$ 469,283
Revenue deductions:		
Medicare and Medicaid allowance	**16,230**	17,491
Charity care	**13,973**	20,992
Other discounts and allowances	**44,007**	54,128
	402,679	376,672
Provision for bad debts	**(30,962)**	(21,568)
Net patient service revenue	**$ 371,717**	$ 355,104

The Medicare and state Medicaid reimbursement programs represent a substantial portion of the Corporation's revenues, and the Corporation's operations are subject to a variety of other federal, state and local regulatory requirements. Failure to maintain required regulatory approvals and licenses and/or changes in such regulatory requirements could have a significant adverse effect on the financial position, liquidity, and operations of the Corporation. Changes in federal and state reimbursement funding mechanisms and related government budgetary constraints could also have a significant adverse effect on the financial position, liquidity, and operations of the Corporation.

The healthcare industry is subject to numerous laws and regulations from federal, state and local governments. The Corporation's compliance with these laws and regulations can be subject to periodic governmental review and interpretation, which can result in regulatory action unknown or unasserted at this time. Management is aware of certain asserted and unasserted legal claims and regulatory matters arising in the ordinary course of business, none of which, in the opinion of management, are expected to result in losses in excess of insurance limits or have a materially adverse effect on the Corporation's financial position.

The federal government and many states have aggressively increased enforcement under Medicare and Medicaid anti-fraud and abuse laws and physician self-referral laws and regulations. Recent and ongoing federal initiatives have prompted a national review of federally funded healthcare programs. In addition, the federal government and many states have implemented programs to audit and recover potential overpayments to providers from the Medicare and Medicaid programs. The Corporation has implemented a compliance program to monitor conformance with applicable laws and regulations, but the possibility of future government review and enforcement action exists.

Charity care

In support of its mission, the Corporation provides charity care to patients who lack financial resources and are deemed to be medically indigent. Policies have been established that define charity care and provide guidelines for assessing a patient's ability to pay. Evaluation procedures for charity care qualification have been established for those situations when previously unknown financial circumstances are revealed or when incurred charges are significant when compared to the individual patient's income and/or net assets. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as net patient service revenue.

In addition, the Corporation provides services to other medically indigent patients under various state Medicaid programs that pay providers amounts less than the costs incurred for the services provided to the recipients.

Under current accounting standards, the Corporation is required to report the cost of providing charity care. The cost of charity care provided by the Corporation totaled $11,568 and $15,175 for the years ended June 30, 2016 and 2015, respectively. Rates charged by the Corporation for regulated services are determined based on an assessment of direct and indirect cost calculated pursuant to the methodology established by the Maryland Health Services Cost Review Commission (the "Commission" - see Note 10). For any charity services rendered by the Corporation other than from the regulated providers (PGHC, LRH and BHC, the "Hospitals"), the cost of charity care is calculated by applying the estimated total cost-to-charge ratio for the non-Hospital services to the total amount of charges for services provided to patients benefitting from the charity care policies of the Corporation's non-Hospital affiliates.

The Corporation receives a payment from the Commission with respect to an Uncompensated Care Fund (UCC) established for rate-regulated hospitals in Maryland. The UCC is intended to provide Maryland hospitals with funds to support the provision of uncompensated care (including both charity and bad debts) at those hospitals. The Corporation received $32,875 for 2016 and $30,991 for 2015 in UCC payments. The cost of charity care disclosed in the prior paragraph does not include offset for uncompensated care fund receipts. These payments are reported as gross patient charges in the accompanying consolidated financial statements.

Other operating income

Other operating income is primarily composed of private and government unrestricted donations and grant income, as well as net assets released from restriction for operations. Restricted donations and grants are held as restricted assets and recorded as revenue once the restrictions are satisfied. Other operating income is also composed of miscellaneous revenue from activities such as rental income, parking garage and vending machine income.

Estimated professional liability costs

The provision for estimated professional liability costs includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The Corporation utilizes outside actuarial services in determining the aggregate professional liability reserve. The accrued professional liabilities amounts included in the accompanying consolidated balance sheets have not been discounted (see Note 7).

Excess of unrestricted revenue and other support over expenses

The consolidated statements of operations report excess of unrestricted revenue and other support over expenses. Changes in unrestricted net assets that are excluded from this performance indicator, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services, contributions of (and assets released from donor restrictions related to) long-lived assets, and the recognition of (and subsequent adjustment to) certain changes in the employee post-retirement benefit liability reported by the Corporation.

Income tax

The Corporation is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code as a public charity. Federal tax law requires that the Corporation be operated in a manner consistent with its initial exemption application in order to maintain its exempt status. Management has analyzed the operations of the Corporation and concluded that it remains in compliance with the requirements for exemption. The state in which the Corporation operates also recognizes this exemption for state income tax purposes.

Organizations otherwise exempt from federal and state income taxation are nonetheless subject to taxation at corporate tax rates at both the federal and state levels on their unrelated business income. Exemption from other state taxes, such as real and personal property tax, is separately determined. For 2016 and 2015, management has determined that it did not have any income tax liability.

Current accounting standards define the threshold for recognizing uncertain income tax return positions in the financial statements as “more likely than not” that the position is sustainable, based on its technical merits, and also provide guidance on the measurement, classification and disclosure of tax return positions in the financial statements. Management believes there is no impact on the Corporation’s accompanying consolidated financial statements related to uncertain income tax positions.

Fair value of financial instruments

The carrying amounts reported in the accompanying consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, advances from third-party payers, and accrued annual leave approximates their fair value. The fair values of assets limited as to use and investments are based on quoted market prices of the individual securities or investments. The fair values of investments are discussed in Note 3.

Reclassifications

Certain amounts in the 2015 consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the 2016 consolidated financial statements.

Recent accounting pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers,* which will eliminate the transaction and industry-specific revenue recognition guidance under current accounting standards and replace it with a principle-based approach using the following steps: identify the contract(s) with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. In August 2015, the FASB issued ASU 2015-14 *Revenue from Contracts with Customers (Topic 606), Deferral of the Effective Date* which granted a one-year deferral of this ASU. The guidance in ASU 2014-09 will now be effective for the Corporation beginning July 1, 2019, with early adoption permitted. The guidance allows for either a full retrospective or a modified retrospective transition method. The Corporation is currently evaluating the impact of this guidance, including the transition method, on its financial position, results of operations and cash flows. At the present time, management has not yet determined what the effects of adopting this ASU will be on its consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842).* The amendments in this ASU revise the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases. The amendments in this ASU are effective for the Corporation beginning on July 1, 2020, with early adoption permitted, and should be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements. Early adoption is permitted. Management has not yet determined what the effects of adopting this ASU will be on its consolidated financial statements.

In August 2016, FASB issued ASU 2016-14, *Not-For-Profit Entities (Topic 842), Presentation of Financial Statements of Not-for Profit Entities.* The amendments in this ASU make certain improvements that address many, but not all, of the identified issues about the current financial reporting for Not-for-Profit (NFP) entities. Under the new guidance, financial statements and noted disclosures requirements for NFP entities include the following:

1. Present on the face of the statement of financial position net assets with and without donor restrictions

2. Present on the statement of activities additional operation measures

3. Continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method

4. Enhanced disclosures that provide quantitative and qualitative information about liquidity management

The amendments in ASU 2016-14 are effective for the Corporation beginning on July 1, 2018, with early adoption permitted. Management has not yet determined what the effects of adopting this ASU will be on its consolidated financial statements.

2. Management's Update on Plans for UMMS Affiliation and the New Regional Medical Center

The Corporation has experienced substantial capital needs, significant unfunded pension obligations and limited cash resources. The Corporation continues to be reliant upon government and other grant funding to finance continuing operations.

(in thousands)

The following one-time operating grants were recorded in other income in the accompanying consolidated statements of operations as of June 30, 2016 and 2015:

		2016		2015
Prince George's County government	**$**	**9,829**	$	9,802
State of Maryland		**-**		15,000
Magruder Memorial Hospital Trust		**1,042**		1,042
	$	**10,871**	$	25,844

Should the government and private grant funding, most of which was reported as income in the financial records of PGHC, LRH and GSSHNC, not have been received by the Corporation, the consolidated income from operations of the Corporation for the years ended June 30, 2016 and 2015 would have resulted in deficits of $11,790 and $6,890, respectively. The Corporation's cash flow continues to be stressed due primarily to the need to fund pre-existing obligations such as the Corporation's pension and other postretirement employee benefits (approximately $7,959 and $6,738 contributed during the years ended June 30, 2016 and 2015, respectively), as well as funding for new property and equipment ($9,493 and $7,826 for the years ended June 30, 2016 and 2015, respectively). Consolidated days unrestricted cash available to fund operations was approximately forty-one days as of June 30, 2016 and forty days as of June 30, 2015.

Management and the Board of Directors are addressing these issues to ensure the Corporation's continued financial stability as described below.

On July 21, 2011, the Prince George's County of Maryland (the County), the University of Maryland Medical System (UMMS), the University System of Maryland (USM), the State of Maryland (the State) and the Corporation signed a Memorandum of Understanding (MOU) to forge a long term solution to the historical challenges related to the Prince George's County health care system facilities and assets currently leased to the Corporation (the System) by developing and implementing a strategy to transform the System into an efficient, effective and financially viable healthcare delivery system with a new regional medical center, located in Prince George's County, supported by a comprehensive ambulatory care network, which will improve the health of residents of the County and Southern Maryland region by providing community-based access to high quality, cost-effective medical care.

UMMS has completed an initial study of the System and the health care needs of the County. The strategy includes the potential development of a University of Maryland Baltimore health sciences presence to accompany the regional medical center and the ambulatory care network in the mission to enhance the provision of quality health care services to the residents of the County and Southern Maryland. The initial study estimated the overall costs necessary to implement the vision and strategy to be in the range of $600 million, excluding the cost of implementing the comprehensive ambulatory system. Further, the study identified the additional need to resolve approximately $200 million of the Corporation's unfunded pension liabilities, outstanding debt and unfunded retiree health benefit costs. The costs for the project will be shared by the key stakeholders.

Plans for the project, as outlined in the MOU, are on track. The University of Maryland College Park School of Public Health completed a study and assessment of the public health impact on the population to be served. The findings were presented to the key stakeholders and were also made public.

External consultants have assisted management and the stakeholders with refining financial analyses to determine the appropriate cost and size of the new regional medical center (RMC). State and County funding is already in place and the Largo Town Center was selected as the site for the new RMC, and on October 4, 2013, a CON application was filed with the State for new RMC. A modified CON application was submitted on January 16, 2015 reflecting programmatic and design changes of the RMC. On April 3, 2015, the CON for the new RMC was docketed by the Maryland Health Care Commission (MHCC), which initiated the formal review process. On August 31, 2016, management submitted a second modified Certificate of Need (CON) application to the MHCC, based on requests by the MHCC to reduce the costs and size of the project by approximately $100 million. Much work was done to reduce the costs while maintaining the original vision of an academically-affiliated regional medical center that will meet the needs of the residents of Prince George's County and Southern Maryland region. Changes to the new RMC project reflected the declining inpatient utilization rate and more emphasis on outpatient care. The 205 bed RMC will provide clinical programs including a 1) Level II Trauma Center; 2) Level III NICU; 3) Designated Stroke Center; 4) Designated STEMI/Cardiac Surgery Center; 5) obstetrical services; 6) limited pediatric services; 7) cancer program; and 8) behavioral health services. Mount Washington Pediatric Hospital will have a separate 15 bed unit within the RMC building. On September 30, 2016, the Reviewer appointed by the MHCC issued a recommended decision to approve the CON for the RMC. On October 20, 2016, the full MHCC unanimously approved the CON for the RMC. Management anticipates that the RMC should open approximately mid to late calendar year 2020.

The Corporation's Board of Directors, the County, and UMMS signed a new Memorandum of Understanding in August, 2016 that provides the pathway of the Corporation's transitioning to an affiliate member of the University of Maryland Medical System. The 2016 MOU describes the process through which UMMS is expected to become the sole corporate member of the Corporation and will be responsible for governance of the Corporation. Transitioning governance responsibility of the Corporation to UMMS will meet the requirement set forth in 2016's Prince George's Medical Center Act (the Act) that legally obligates the State of Maryland and Prince George's County to provide operating and capital funding commitments through June 30, 2021. As part of the Act, the State and County will provide $55 million each in operating funds through fiscal year 2021 along with the specified capital funding. UMMS and DHS are currently engaged in due diligence related to the full merger of the corporations, which is anticipated to occur on or about March 1, 2017.

Subsequent to the merger with UMMS, the Corporation's Board will transition into a smaller 7 member interim Board of Directors, representing parties from the County and UMMS. This interim Board will be replaced by a 21 member Board of Directors beginning in 2019. The permanent 21 member Board will have more representation from residents of the four Southern Maryland counties. This transition will give access to sub-specialty medical expertise, professional knowledge of support services, and access to better pricing for capital and operational purchases. This arrangement helps to ensure financial stability for the local health system which will allow for clinical program growth especially in the outpatient setting. A copy of the August 2016 MOU can be found on the County's website.

As part of the original 2011 MOU, on October 20, 2011, Governor Martin O'Malley on behalf of the State, and County Executive Rushern L. Baker, III on behalf of the County, signed a letter of intent to demonstrate their commitment to provide the System with funding to support the System's operations and also for the continued discharging of its legacy liabilities. During fiscal years 2016 and 2015, the County provided $9,828 and $9,802, respectively, to the Corporation, and for fiscal year 2017 and 2018, the County's contribution is anticipated to be approximately $10,000 per year. These amounts are to cover any continued operating losses and liabilities and are subject to State and County's respective appropriations processes. As of the date of issuance of the accompanying consolidated financial statements, the Corporation had received the scheduled County funding of the initial installments for the operations of the Corporation's first fiscal 2017 quarter totaling approximately $2.5 million.

The 2011 MOU contemplated a full discharge of the Corporation's legacy liabilities, and specifically its unfunded pension obligation and its 1994 bond debt, prior to an affiliation with UMMS. Towards this end, the County assumed the Corporation's outstanding Series 1994 Bond debt during the year ended June 30, 2014. The County reissued new debt in the form of certificates of participation from which the proceeds were used to advance refund the Corporation's Series 1994 Bond debt. Beginning fiscal year 2015, the County will offset an amount equal to required debt service on the new certificates of participation from its annual funding commitment to the Corporation.

On July 31, 2015, the Corporation announced a new ambulatory care strategy to replace LRH. Acute care inpatient services at LRH will be phased out over the next several years, beginning with the closure of maternal child health services in October, 2015 and subsequent reduction of intensive care services. Emergency, surgical, psychiatric and rehabilitative services will remain along with other routine inpatient and outpatient services. A new ambulatory care center will be built on the LRH campus to provide ambulatory surgery, emergency and diagnostic services upon completion, targeted for 2019. It is anticipated that psychiatric and rehabilitative services will continue to be provided on campus. A Strategic Planning Work Group has been formed to receive community input relative to the scope and type of health care services that will be provided. That community input will be carefully considered by management relative to anticipated development of the new ambulatory care center.

(in thousands)

The successful completion of these strategic initiatives is contingent upon the continued support and cooperation of the County, the State, and UMMS.

3. Investments

Marketable investments are included in the consolidated balance sheets as assets limited as to use and investments at June 30, 2016 and 2015, respectively.

The carrying values of marketable investments at June 30 are as follows:

	2016	2015
Money market funds	**$ 3,173**	$ 10,800
Certificate of deposits	**2,461**	2,461
Fixed income	**37,450**	24,246
Equity	**17,740**	8,491
Total marketable investments	**$ 60,824**	$ 45,998

Investment income and gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended June 30:

	2016	2015
Interest, dividends, and realized gains	**$ 1,520**	$ 1,479
Unrealized gains (losses)	**626**	(417)
	$ 2,146	$ 1,062

Current accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establish a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels of inputs that may be used to measure fair value are:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable input other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed debt securities, corporate-debt securities, and alternative investments.

(in thousands)

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.

The following discussion describes the valuation methodologies used for financial assets measured at fair value. The techniques utilized in estimating the fair values are affected by the assumptions used, including discount rates, and estimates of the amount and timing of future cash flows. Care should be exercised in deriving conclusions about the Corporation’s business, its value, or financial position based on the fair value information of financial assets presented below.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of the timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. Furthermore, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in the amounts disclosed.

Cash and money market funds comprise short-term fixed maturity securities, and carrying amounts approximate fair values, which have been determined from public quotations when available. Fixed income securities are priced by independent pricing services using inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads, and priced using non-binding broker/dealer quotes. Equity securities are priced at the closing price reported on the active market on which individual securities are traded. Prices are reviewed by the custodian to ensure reasonableness, and can be challenged with the independent party and/or overridden if the custodian believes the custodian’s price would be more reflective of fair value.

The following table presents the Corporation’s fair value hierarchy for financial instruments measured at fair value on a recurring basis as of June 30, 2016.

	Assets at Fair Value as of June 30, 2016		
	Level 1	**Level 2**	**Total**
Money market funds	**$ 3,173**	**$ -**	**$ 3,173**
Certificate of deposits	**2,461**	**-**	**2,461**
Fixed income:			
U.S. government securities	**10,712**	**-**	**10,712**
Asset-backed securities	**-**	**1,721**	**1,721**
Corporate bonds	**-**	**25,017**	**25,017**
Equities:			
Exchange traded funds	**17,740**	**-**	**17,740**
Total	**$ 34,086**	**$ 26,738**	**$ 60,824**

(in thousands)

The following table presents the Corporation's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of June 30, 2015.

	Assets at Fair Value as of June 30, 2015		
	Level 1	**Level 2**	**Total**
Money market funds	$ 10,800	$ -	$ 10,800
Certificate of deposits	2,461	-	2,461
Fixed Income:			
U.S. government securities	17,145	-	17,145
Asset-backed securities	-	2,127	2,127
Corporate bonds	-	4,974	4,974
Equities:			
Basic materials	1,481	-	1,481
Consumer goods	682	-	682
Financial	871	-	871
Healthcare	1,384	-	1,384
Industrial goods	1,106	-	1,106
Services	1,124	-	1,124
Technology	1,547	-	1,547
Utilities	296	-	296
Total	$ 38,897	$ 7,101	$ 45,998

4. Property and Equipment

A summary of property and equipment at June 30, 2016 and 2015 is as follows:

	2016	**2015**
Land	**$ 743**	$ 743
Land improvements	**532**	532
Building and improvements	**73,846**	72,962
Leasehold improvements	**49,258**	36,400
Equipment	**171,867**	164,492
Equipment under capital lease obligation	**12,215**	11,752
	308,461	286,881
Construction in progress	**7,773**	11,586
	316,234	298,467
Accumulated depreciation and amortization	**(241,783)**	(228,012)
	$ 74,451	$ 70,455

Accumulated amortization for equipment under capital leases was $8,637 and $7,081 at June 30, 2016 and 2015, respectively. The Corporation recognized amortization expense for assets under capital lease obligations of $1,576 and $1,485 for the periods ended June 30, 2016 and 2015, respectively. These amounts are included in depreciation and amortization expense within the accompanying consolidated statements of operations.

(in thousands)

5. Long-Term Debt

Long-term debt and capital lease obligations at June 30, 2016 and 2015 are summarized as follows:

	2016	2015
Magruder Trust Mortgage – liability held for sale, three-year adjustable rate (3.25% at both June 30, 2016 and 2015), repayable in periodic installments through 2025	**$ 2,391**	$ 2,601
Capital lease obligations, payable in monthly installments, with interest ranging from 1.99% to 5.98% collateralized by leased equipment	**2,462**	3,744
Less: current portion of long-term debt and capital lease obligations	**1,629**	1,925
Non-current portion	**$ 3,224**	$ 4,420

Interest costs on long-term debt and notes payable incurred and paid for the years ended June 30, 2016 and 2015 was $298 and $353, respectively. The fair value of all outstanding debt approximates its carrying value.

Scheduled principal repayments on long-term debt are as follows for years ending June 30:

2017	$ 218
2018	226
2019	233
2020	241
2021	248
2022 and thereafter	1,225
	$ 2,391

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, are as follows for years ending June 30:

2017	$ 1,470
2018	767
2019	195
2020	109
Total minimum lease payments	2,541
Amounts representing interest	(79)
Present value of net minimum lease payments	2,462
Current portion of capital lease obligations	(1,411)
Capital lease obligations, less current portion	$ 1,051

(in thousands)

6. Functional Expenses

The Corporation considers health care services and management and general to be its primary functional categories for purposes of expense classification. The Corporation's operating expenses by functional classification for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Health care services	**$ 360,018**	$ 342,457
Management and general	**33,463**	31,831
	$ 393,481	$ 374,288

7. Insurance Programs

The Corporation maintains a wholly owned captive company that provides professional and general liability reimbursement coverage for matters arising from the operations of its institutions. As of June 30, 2016 and 2015, the limits were $5,000 per occurrence for professional liability and $3,000 per occurrence for general liability. Physicians employed by the Corporation are covered for professional liability with coverage limits of $1,000 and $3,000 in the annual aggregate. The Corporation also has several other lines of casualty and property insurance which are commercially insured. Amounts above retention are 100% reinsured.

The Corporation provides claims-management services to the captive company. Reserves for losses from claims, both incurred, such as potentially compensable events identified under the Corporation's incident reporting system, and incurred but not reported are accrued based on actuarial estimates that incorporate the Corporation's past experience, as well as other considerations. These include the nature of each claim or incident and various relevant trend factors. The estimates for these losses are reported as accrued professional liabilities on the consolidated balance sheets.

In management’s opinion, the assets of the captive insurance company are sufficient to meet its obligations as of June 30, 2016. If the financial condition of the captive insurance company were to materially deteriorate in the future, and if it was unable to pay its claim obligations, the responsibility to pay those claims could revert to the Corporation.

8. Pension and Postretirement Benefits

The Corporation has a noncontributory defined benefit pension plan (the Plan) covering substantially all employees. For employees not covered under collective-bargaining agreements and employees who are represented by the 1199 SEIU Health Care Workers East - Health Care Workers union (formerly District 1199E-DC, SEIU union and formerly Local No. 63 union), the Plan operates as a cash balance plan. The annual contribution by the Corporation is allocated to individual employee accounts based on years of service and the individual's retirement account. For employees represented by the 1199 SEIU Health Care Workers East – Registered Nurses Chapter union (formerly Professional Staff Nurses Association union), benefits are based on years of service and average final compensation. On December 31, 2007, the Corporation elected to freeze the Pension Plan. No further benefit accruals will be made to the Plan. The Plan freeze substantially reduces annual funding obligations beginning with Plan year 2008.

The Corporation's funding policy is to contribute such actuarially determined amounts as necessary to provide assets sufficient to meet the benefits to be paid to the Plan participants and to meet the funding requirements of the Employees Retirement Income Security Act of 1974 (ERISA).

Postretirement benefit plans

The Corporation also sponsors two defined postretirement benefit plans that cover both salaried and non-salaried employees. One plan provides health care (medical, dental and vision) benefits and the other provides life insurance benefits. The postretirement health care plan is provided to employees who have retired and certain other employees who were eligible to retire prior to July 1, 1995. The plan is contributory for those who retired prior to July 1, 1995, with retiree contributions adjusted annually. Employees who retired on July 1, 1995 and later are eligible to participate in the plan by paying 100% of the premiums without corporate contributions. The Corporation's policy has been to fund this plan on an as needed basis.

The second defined postretirement plan is a life insurance plan covering both salaried and non-salaried employees. The plan was non-contributory for all eligible retirees prior to July 1, 2001. For employees represented by the 1199 SEIU Health Care Workers East – Registered Nurses Chapter union, the plan was no longer offered to new retirees as of July 1, 1999. Effective July 1, 2001, the plan was modified to become contributory for the non-union employees and employees represented by the 1199 SEIU Health Care Workers East - Health Care Workers union who retired prior to July 1, 2001 and for the employees represented by the 1199 SEIU Health Care Workers East – Registered Nurses Chapter union who retired prior to July 1, 1999. The Corporation's policy has been to fund its share of these benefits as they are incurred.

Defined contribution 403(b) plan

On January 1, 2008 a defined contribution 403(b) plan, the Dimensions Health Corporation Retirement Savings Plan, was adopted as a replacement plan for the frozen pension plan. Previously the employer had a non-contributory deferred savings program offered to employees through multiple third party administrators.

The 403(b) plan provides a 2% employer contribution on gross wages. Eligible employees who defer wages into the program receive matching contributions from the Corporation equal to 50% of their contribution, up to 4% of their gross pay (thereby receiving an employer maximum match of 2%). Employees who are budgeted to work 40 hours per pay period receive their contribution and match on a biweekly basis. Employees who are budgeted less than 40 hours per pay period but who actually work 1,000 or more hours in the plan year receive their contribution and match in one payment early in the following year. The 403(b) plan has a three year "cliff" vesting schedule. Employer contributions under this plan totaled approximately $3,841 and $4,749 for the years ended June 30, 2016 and 2015, respectively.

In accordance with the collective bargaining agreement with 1199 SEIU Health Care Workers East –Registered Nurses Chapter, represented employees with fifteen years of service will receive a matching $25 for each pay period in which they defer $25 or more. This matching contribution is paid quarterly.

As the 403(b) plan results in a decrease in retirement benefits for older employees, "grandfathering" provisions were put in place. Non-represented employees, who, as of January 1, 2008, are both fifty-five years or older and who have at least one year of vesting service, receive an additional 3% contribution from the Corporation. Employees represented by 1199 SEIU Health Care Workers East – Registered Nurses Chapter and who, as of January 1, 2008 are both fifty-five years or older and who have fifteen years of vesting service receive an additional 6.5% contribution from the Corporation. To be eligible for the supplemental grandfathering contributions, employees must continue to work in positions budgeted for at least forty hours per pay period.

On April 8, 2008 the Corporation filed a "de minimis" determination ruling request, exempting the Corporation from Section 412(f) of the IRS Code and 304(b) of ERISA on April 8, 2008, due to the establishment of the defined contribution 403(b) plan. As of the date of this report, the Corporation has not received disposition on this request.

(in thousands)

Recorded liability

The Corporation has recorded a pension liability in the accompanying consolidated balance sheets in the amount of $105,870 and $70,120, representing the amount of projected benefit obligation exceeding the fair value of the Plan's assets as of June 30, 2016 and 2015, respectively. Because the Plan is "frozen", the accumulated benefit obligation was identical to the projected benefit obligation as of both June 30, 2016 and 2015.

The Corporation has also recorded a post retirement benefit liability in the accompanying consolidated balance sheets in the amount of $4,840 and $4,641 as of June 30, 2016 and 2015, respectively, representing the underfunded status of the other postretirement benefit plans.

	Pension Benefits		Other Postretirement Benefits	
	2016	**2015**	**2016**	**2015**
Change in benefit obligation:				
Benefit obligation at beginning of year	**$ 263,448**	$ 249,762	**$ 4,641**	$ 4,369
Interest cost	**11,472**	10,662	**197**	190
Actuarial loss	**19,654**	12,068	**562**	668
Benefits paid	**(10,147)**	(9,044)	**(560)**	(586)
Benefit obligation at end of year	**$ 284,427**	$ 263,448	**$ 4,840**	$ 4,641
Change in plan assets:				
Fair value of plan assets at beginning of year	**$ 193,328**	$ 190,744	**$ -**	$ -
Actual return on plan assets	**(12,023)**	5,476	**-**	-
Employer contribution	**7,399**	6,152	**560**	586
Benefits paid	**(10,147)**	(9,044)	**(560)**	(586)
Fair value of plan assets at end of year	**$ 178,557**	$ 193,328	**$ -**	$ -
Funded status/accrued pension and other postretirement benefit cost	**$ (105,870)**	$ (70,120)	**$ (4,840)**	$ (4,641)

Significant assumptions used in the accounting for the benefit plans on the measurement dates are as follows. For measurement purposes, certain rate assumptions are adjusted based upon periodic changes in market indicators.

	Pension Benefits		Other Postretirement Benefits	
	2016	**2015**	**2016**	**2015**
Weighted-average assumptions:				
Discount rate	**3.65%**	4.45%	**2.80%**	4.45%
Expected return on plan assets	**6.50%**	7.00%	**N/A**	N/A
Health care trend rate	**N/A**	N/A	**7.22%**	7.30%
Components of net periodic benefit cost:				
Interest cost	**$ 11,472**	$ 10,662	**$ 201**	$ 190
Expected return on plan assets	**(13,460)**	(13,668)	**-**	-
Amortization of prior service cost (credit)	**150**	150	**-**	(103)
Amortization of net actuarial loss	**8,457**	8,539	**130**	95
Net periodic benefit cost	**$ 6,619**	$ 5,683	**$ 331**	$ 182

(in thousands)

The overall rate of expected return on assets assumption was based on historical returns, with adjustments made to reflect expectations of future returns.

For measurement purposes related to postretirement benefits as of June 30, 2016 and 2015, a 7.22% annual rate of increase in the per capita cost of covered health care benefits was assumed. The health care trend rate assumption has a significant effect on the amounts reported. For example, changing the assumed health care cost trend rates by one percentage point will have the following effects:

	One Percentage-Point Increase	One Percentage-Point Decrease
Effect on service and interest cost component	$ 9	$ (9)
Effect on postretirement benefit obligation	233	(213)

Pension plan assets

The Plan's asset allocations at June 30, 2016 and 2015, by asset category, are as follows:

	2016	2015
Asset category:		
Equity securities	**68%**	73%
Fixed maturity securities	**20%**	8%
Other	**12%**	19%
	100%	100%

The Plan assets may be invested in publicly traded equity mutual funds, including equity index funds and unit investment trusts mirroring a major market equity index, and publicly traded bond mutual funds, including bond index funds, with allowable ranges of 50% to 80% of the total asset value for equities and 20% to 50% of the total asset value for fixed maturity investments. In addition, fixed maturity investments that are not publicly traded may be used with specific approval by the Plan trustees. Investment results are evaluated against applicable major market indexes.

Cash and money market funds comprise short-term fixed maturity securities, and carrying amounts approximate fair values, which have been determined from public quotations when available. Fixed income securities are priced by independent pricing services using inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads, and priced using non-binding broker/dealer quotes. Equity securities are priced at the closing price reported on the active market on which individual securities are traded. Prices are reviewed by the custodian to ensure reasonableness, and can be challenged with the independent party and/or overridden if the custodian believes the custodian's price would be more reflective of fair value.

Alternative investments are not traded on national exchanges or over-the-counter markets. The Plan is provided information on a net asset value per share basis for these investments that have been calculated by the funds of funds' managers based on information provided by the managers of underlying funds. Prices alternative investments are categorized as Level 3. Because of the inherent uncertainty of valuations of Level 3 investments, their estimated values may differ significantly from the values that would have been used had a ready market for the Level 3 investments existed, and the difference could be material.

(in thousands)

The fair values of the Plan assets as of June 30, 2016 by asset category are as follows:

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents:				
Cash and money market funds	$ 14,786	$ -	$ -	$ 14,786
Fixed maturity:				
US government securities	7,950	-	-	7,950
Corporate bonds	-	22,786	-	22,786
Asset-backed securities	-	5,136	-	5,136
Equity:				
Mutual funds				
Fixed income	14,336	-		14,336
Non-traditional	17,366	-	-	17,366
Other				
Exchange traded funds	89,929	-	-	89,929
Alternatives:				
Multi-strategy hedge fund of funds			1,320	1,320
Diversified hedge fund of funds	-	-	4,948	4,948
Total assets fair value	$ 144,367	$ 27,922	$ 6,268	$ 178,557

(in thousands)

The fair values of the Plan assets as of June 30, 2015 by asset category are as follows:

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents:				
Cash and money market funds	$ 4,285	$ -	$ -	$ 4,285
Fixed maturity:				
US government securities	10,484	-	-	10,484
Corporate bonds	-	5,267	-	5,267
Equity:				
Mutual funds				
Large cap growth	25,440	-		25,440
Mid cap growth	10,714	-	-	10,714
Mid cap value	10,482	-	-	10,482
Small cap value	5,825	-	-	5,825
Foreign large value	17,868	-	-	17,868
Foreign large growth	17,879	-	-	17,879
Inflation-protected bond	3,532	-	-	3,532
Intermediate-term bond	18,111	-	-	18,111
Corporate bonds	1,897	-	-	1,897
Common stocks				
Energy	482	-	-	482
Materials	5,975	-	-	5,975
Industrials	2,000	-	-	2,000
Consumer discretionary	683	-	-	683
Consumer staples	2,470	-	-	2,470
Healthcare	3,024	-	-	3,024
Financials	4,394	-	-	4,394
Information technology	3,613	-	-	3,613
Telecom services	244	-	-	244
Utilities	250	-	-	250
Services	5,154	-	-	5,154
Other	582	-	-	582
Alternatives:				
Multi-strategy hedge fund of funds	-	-	21,547	21,547
Diversified hedge fund of funds	-	-	11,126	11,126
Total assets fair value	$ 155,388	$ 5,267	$ 32,673	$ 193,328

The following table is a roll forward of the fair value amounts for financial instruments classified by the Plan within level 3 of the valuation hierarchy above:

Fair value June 30, 2014	$ 21,515
Sales	(696)
Purchases	11,116
Realized gains	73
Unrealized gains	665
Fair value June 30, 2015	32,673
Sales	(23,803)
Purchases	37
Realized losses	(1,301)
Unrealized losses	(1,338)
Fair value June 30, 2016	$ 6,268

(in thousands)

During fiscal year 2016, approximately $26,646 of Level 3 investments were sold during the year and the proceeds were transferred to Level 1 investments. During fiscal year 2015, approximately $5,227 of Level 2 investments were transferred to Level 1 investments.

As of June 30, 2016, included in alternative investments are two classes of hedge fund of funds with a fair values of $4,948 (EnTrust Capital) and $1,320 (Silver Creek funds). As of June 30, 2015, included in alternative investments are three classes of hedge funds of funds with fair values of $11,126 (EnTrust Capital), $19,654 (Grosvenor funds), and $1,893 (Silver Creek funds).

The following table displays information by major alternative investment category as of June 30, 2016 and 2015:

Description Type	Redemption Frequency	Redemption Notice Period	Receipt of Proceeds
Silver Creek Hedge Funds	In liquidation status	(1)	(1)
Grosvenor Hedge Funds	Quarterly	70 days	(2)
EnTrust Capital Hedge Funds	Quarterly	90 days	(3)

1. The Silver Creek funds are currently in liquidation status and closing. There are no liquidity provisions. According to the estimated liquidation schedule, payouts are semiannual.

2. The liquidity for the Grosvenor funds is quarterly with 70-days' notice, and redemptions are effective as of the last day of the month. In the case of a withdrawal of all or substantially all (as determined by Grosvenor) of the balance of a Limited Partner's Capital Account, the Master Series generally will pay at least 90% of the estimated Capital Account balance withdrawn within 60 days following the effective date of the withdrawal, with the remainder to be paid as promptly as possible after the completion of the Master Series' audit for the fiscal year in which the withdrawal occurred. Generally the audit reserve is paid between 90-120 days as of the initial payment date, but the fund does reserve the right to pay out the audit reserve upon the completion of the audit for the fiscal year in which the redemption took place.

3. The liquidity of Entrust Capital funds is 50% quarterly with 90-days' notice after initial 12 month investment. There is a 3% early withdrawal penalty for withdrawals during the first 12 months.

Cash flows

The Corporation expects to make the following contributions for fiscal year 2017:

Pension Plan	$	6,812
Postretirement Plan	$	457
403(b) Plan	$	4,353

Estimated future benefit payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits		Other Benefits	
2017	$	11,960	$	457
2018	$	12,611	$	450
2019	$	13,255	$	445
2020	$	13,925	$	435
2021	$	14,472	$	416
2022 to 2026	$	77,605	$	1,757

9. Commitments and Contingencies

Operating leases

The Corporation leases land and buildings used primarily by the Hospitals from Prince George's County. The lease, as restated and amended, provides for the use of the related facilities through June 30, 2042, for a one-time, lump-sum payment of $13,352 and future annual rental payments of one dollar for the remaining term of the lease. The lump-sum payment, made on June 17, 1992, was allocated to the related buildings ($8,958) and to reduce the deferred rent liability recorded by the Corporation at the time of the restatement and amendment ($4,394). The amount allocated to the buildings is being amortized over the lesser of the useful life of the assets or the remaining lease term.

Upon termination of the lease, the Corporation is obligated to deliver to the County all of the assets attributable to the operations, as defined, including all fixed and moveable equipment. All such assets will be transferred and conveyed in “as is” condition without warrant as to condition or serviceability.

Total rental expense approximated $2,183 and $2,640 for the years ended June 30, 2016 and 2015, respectively.

Professional liability and litigation

The Corporation is involved in litigation arising in the ordinary course of business. Claims alleging malpractice have been asserted against the Corporation. For such claims, management has accrued a reserve for potential liability in the amount of $30,540 and $19,729 as of June 30, 2016 and 2015, respectively (see Note 7). There is at least a reasonable possibility that some of these cases will be settled against the Corporation, resulting in varying degrees of monetary damages in excess of the recorded reserve. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Corporation's future financial position or results of operations.

Collective bargaining agreements

At June 30, 2016 and 2015, the Corporation has approximately half of its employees working under a collective bargaining agreement. During fiscal year 2015, the Corporation signed a new agreement with 1199 SEIU Health Care Workers East, which expires October 29, 2017.

Other

As of June 30, 2016, letters of credit in the amounts of $1,000 (expiring September 25, 2017), $1,261 (expiring September 30, 2018), and $200 (expired September 25, 2016) are maintained in support of various insurance arrangements and require the payment of annual commitment fees of 0.50%. As of June 30, 2016 and 2015, the Corporation pledged $2,461 as collateral for these letters of credit. The assets pledged are classified as short term investments in the accompanying consolidated balance sheets. The restricted cash and cash equivalents reported in the accompanying consolidated balance sheets represent cash received from donors restricted for specific purposes.

The Corporation was self-insured against workers' compensation claims up to $300 per claim with no annual aggregate limit prior to July 1, 2004. The Corporation maintains a commercial insurance policy for claims liabilities exceeding these limits. A liability of $202 and $219, as of June 30, 2016 and 2015, respectively, has been established for known claims and an estimate for claims incurred but not reported and accrued in the Corporation’s current liabilities in the accompanying consolidated financial statements. Effective July 1, 2004, the Corporation's self-insured limit was raised to $400 per claim with no annual aggregate. Effective October 1, 2004, the Corporation's self-insurance privileges were revoked and the Corporation purchased a commercial policy to cover all prospective workers' compensation claims. This policy provides coverage for claims up to $500 per claim with no annual aggregate limit.

10. Maryland Health Services Cost Review Commission

Most of the Corporation's charges to patients are subject to review and approval by the Maryland Health Services Cost Review Commission (the "Commission"). Management has filed the required forms with the Commission and believes the Corporation to be in compliance with Commission requirements.

The current rate of reimbursement for all hospital based charges under the Medicare and Medicaid programs is based on an agreement between the Center for Medicare and Medication Innovation and the Commission. The current agreement, which became effective January 1, 2014, is based on the population of the hospital's service area as opposed to case volumes. Thus, a hospital's annual approved revenues are fixed each year based on its service area demographics and not volumes. There is a strong incentive to constrain unnecessary hospital visits and admissions.

The agreement is for five years and grants to the State of Maryland a waiver from prevailing Medicare and Medicaid prospective payment system reimbursement principles as long as the various goals in the agreement are attained. Among the goals to be attained over the life of the agreement are: savings to the Medicare program of $300 million, Maryland readmission rates improve to equal the national rate, immediate savings to the Medicare program (shared savings) to equal Medicare's prospective savings from reduced readmissions.

Effective April 1999, the Commission adopted a charge per case system in which a hospital's actual average charge per inpatient case had to equal an approved target average inpatient charge per case. The population based system described above has replaced the charge per case system with the global based revenue (GBR) system. GBR requires that all hospital charges equal a single annual approved amount (the GBR) representing the new population based approach. Actual charges less than GBR will be added to the subsequent year's GBR for recapture. Actual charges greater than GBR will be subtracted from the subsequent year's GBR for payback. Charge variances in either direction will incur penalties if they exceed 0.5% of GBR.

Fiscal year 2016 marked the third full year the GBR methodology was in use. The Corporation experienced a system wide overcharge of 0.18%. This is below the 0.50% maximum allowed variance before penalties are assessed. The $726,000 overcharge will be a net deduction from the fiscal year 2017 GBR. No penalties are expected for fiscal year 2016.

The variances by hospital were: PGHC 0.05%, LRH 0.60%, Bowie (0.20)%. The overcharge at LRH was mostly comprised of variances in obstetrics, nursery and labor & delivery. These services closed during the year ended June 30, 2016, and management does not project penalties being enforced by the Commission.

Additionally, the GBR methodology maintains Commission issued approved rates in each rate center effective for the fiscal year. The actual average unit charge for each center is compared to the approved rate on a monthly basis. Penalties can be incurred if the variance is greater than 5% in either direction. No penalties were incurred in fiscal year 2016.

The timing of the Commission's rate adjustments for the Corporation could result in an increase (in the case of undercharges) or a decrease (in the case of overcharges) in future approved rates due to the variances and penalties described above in a year subsequent to the year in which such items occur. The Corporation's policy is to accrue revenue based on actual charges for services to patients in the year in which the services are performed and billed.

11. Related Party Transactions

The Prince George's Hospital Center Foundation, Inc., the Laurel Regional Hospital Foundation, Inc., and the Laurel Regional Hospital Auxiliary were established to solicit contributions from the general public solely for the funding of capital acquisitions and operations of the associated Hospitals. The associated hospitals have recorded their interest in the net assets of the foundations as a non-current asset in the accompanying consolidated balance sheets.

The Corporation's wholly owned subsidiary, Madison Manor, Inc., holds a 25% partnership interest in BCLP and accounts for it under the equity method. The carrying value of the Corporation's investment in BCLP was $1,980 and $3,142 at June 30, 2016 and 2015, respectively. This amount is recorded as investments in the accompanying consolidated balance sheets.

12. Subsequent Events

Management evaluated all events and transactions that occurred after June 30, 2016 and through October 24, 2016, the date the consolidated financial statements were available to be issued. The Corporation did not have any material recognizable subsequent events during the period.

Supplementary Information

Dimensions Health Corporation and Subsidiaries
Consolidating Balance Sheet
June 30, 2016
(in thousands)

	PGHC	LRH	GSS	BHC	Corporate	Other Entities	Eliminations	Consolidated Total
ASSETS								
Current assets:								
Cash and cash equivalents	$ 1	$ 1	$ -	$ 1	$ 40,152	$ 2,229	$ -	$ 42,384
Patient accounts receivable, net of allowance	27,625	10,200	2,259	1,997	-	897	-	42,978
Other receivables	213	7	-	46	402	4,342	(2,935)	2,075
Inventories	4,677	2,065	-	304	-	-	-	7,046
Prepaid expenses and other assets	248	39	-	-	5,743	1,060	(1,002)	6,088
Total current assets	32,764	12,312	2,259	2,348	46,297	8,528	(3,937)	100,571
Due from affiliates	97,143	-	39,580	16,170	-	-	(152,893)	-
Assets limited as to use:								
Restricted cash and cash equivalents	-	-	-	-	1,012	-	-	1,012
Short term investments	-	-	-	-	2,261	200	-	2,461
Investments held for self insurance	-	-	-	-	-	48,347	-	48,347
Total assets limited as to use	-	-	-	-	3,273	48,547	-	51,820
Property and equipment, net	37,665	13,219	116	8,552	12,302	2,597	-	74,451
Investments	498	508	-	-	15,850	1,980	(5,834)	13,002
Deferred financing costs	-	-	-	-	30	38	-	68
Other noncurrent assets	4,222	1,257	-	-	-	-	-	5,479
Total assets	$ 172,292	$ 27,296	$ 41,955	$ 27,070	$ 77,752	$ 61,690	$ (162,664)	$ 245,391

Dimensions Health Corporation and Subsidiaries
Consolidating Balance Sheet
June 30, 2016
(in thousands)

(Continued)

	PGHC	LRH	GSS	BHC	Corporate	Other Entities	Eliminations	Consolidated Total
LIABILITIES AND NET ASSETS								
Current liabilities:								
Current portion of long-term debt	$ 607	$ 806	$ -	$ -	$ -	$ 216	$ -	$ 1,629
Current portion of accrued benefit liabilities	-	-	-	-	12,417	-	-	12,417
Accounts payable and accrued expenses	15,864	5,372	877	(291)	12,634	5,656	(3,937)	36,175
Accrued compensation and related items	7,868	3,013	329	465	2,621	1,348	-	15,644
Advances from third-party payers	8,446	2,593	1,002	-	-	-	-	12,041
Total current liabilities	32,785	11,784	2,208	174	27,672	7,220	(3,937)	77,906
Long-term debt, net of current portion	142	907	-	-	-	2,175	-	3,224
Due to affiliates	-	71,210	-	-	69,942	11,741	(152,893)	-
Other liabilities:								
Accrued professional liability costs	-	-	-	-	-	30,540	-	30,540
Accrued employee benefit liability	-	-	-	-	98,293	-	-	98,293
Total other liabilities	-	-	-	-	98,293	30,540	-	128,833
Total liabilities	32,927	83,901	2,208	174	195,907	51,676	(156,830)	209,963
Net assets (deficit):								
Unrestricted	132,601	(57,438)	39,747	26,896	(118,155)	-	4,128	27,779
Restricted	6,764	833	-	-	-	52	-	7,649
	139,365	(56,605)	39,747	26,896	(118,155)	52	4,128	35,428
Shareholders equity:								
Capital contributions	-	-	-	-	-	5,834	(5,834)	-
Retained earnings	-	-	-	-	-	4,128	(4,128)	-
Total shareholder equity	-	-	-	-	-	9,962	(9,962)	-
Total liabilities and net assets	$ 172,292	$ 27,296	$ 41,955	$ 27,070	$ 77,752	$ 61,690	$ (162,664)	$ 245,391

Dimensions Health Corporation and Subsidiaries
Consolidating Statement of Operations and Other Changes in Unrestricted Net Assets
Year Ended June 30, 2016
(in thousands)

	PGHC	LRH	GSS	BHC	Corporate	Other Entities	Eliminations	Consolidated Total
Unrestricted revenue and other support:								
Patient service revenue (net of allowances and discounts)	$ 270,403	$ 85,847	$ 14,039	$ 22,890	$ -	$ 9,500	$ -	$ 402,679
Provision for bad debts	(17,289)	(8,377)	(1,067)	(4,740)	-	511	-	(30,962)
Net patient service revenue	253,114	77,470	12,972	18,150	-	10,011	-	371,717
Other income	14,427	4,208	52	296	448	6,515	(5,101)	20,845
Total unrestricted revenue and other support	267,541	81,678	13,024	18,446	448	16,526	(5,101)	392,562
Operating expenses:								
Salaries and benefits	134,278	44,472	5,504	9,078	-	16,526	-	209,858
DHA physician compensation	22,080	5,684	-	-	-	(27,764)	-	-
Supplies	39,185	10,613	1,269	3,535	-	391	-	54,993
Purchased services	41,560	16,811	1,610	3,671	-	17,334	(5,101)	75,885
Physician fees	12,693	4,607	74	(363)	-	15,721	-	32,732
Utilities	4,201	1,250	38	225	-	81	-	5,795
Interest expense	86	64	-	-	-	144	-	294
Depreciation and amortization	8,839	3,718	227	961	-	179	-	13,924
Total operating expenses	262,922	87,219	8,722	17,107	-	22,612	(5,101)	393,481
Income (loss) from operations	4,619	(5,541)	4,302	1,339	448	(6,086)	-	(919)
Nonoperating income:								
Investment income	28	5	2	2	-	2,109	-	2,146
Other income	-	-	-	-	-	-	-	-
Total other income	28	5	2	2	-	2,109	-	2,146
Excess (deficit) of unrestricted revenue and other support over expenses	4,647	(5,536)	4,304	1,341	448	(3,977)	-	1,227
Other changes in unrestricted assets:								
Net assets released from restriction for capital acquisition	2,500	-	-	5,477	-	-	-	7,977
Change minimum pension liability	-	-	-	-	(36,961)	-	-	(36,961)
Increase (decrease) in unrestricted net assets (deficit)	$ 7,147	$ (5,536)	$ 4,304	$ 6,818	$ (36,513)	$ (3,977)	$ -	$ (27,757)