CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Ascension Health Alliance
d/b/a Ascension
Years Ended June 30, 2017 and 2016
With Reports of Independent Auditors

Ascension

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2017 and 2016

Contents

Building a better
working world

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Report of Independent Auditors

Board of Directors
Ascension Health Alliance d/b/a Ascension

We have audited the accompanying consolidated financial statements of Ascension Health Alliance d/b/a Ascension, which comprise the consolidated balance sheets as of June 30, 2017 and 2016, and the related consolidated statements of operations and changes in nets assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ascension Health Alliance d/b/a Ascension at June 30, 2017 and 2016, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

September 22, 2017

Ascension

Consolidated Balance Sheets
(Dollars in Thousands)

	June 30, 2017	June 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	**$ 857,605**	$ 696,237
Short-term investments	**103,857**	122,545
Accounts receivable, less allowance for doubtful accounts ($1,316,163 and $1,362,060 at June 30, 2017 and June 30, 2016, respectively)	**2,758,554**	2,746,506
Inventories	**354,041**	349,077
Due from brokers *(see Notes 4 and 5)*	**197,195**	313,717
Estimated third-party payor settlements	**133,715**	186,354
Other *(see Notes 4 and 5)*	**762,900**	978,744
Total current assets	**5,167,867**	5,393,180
Long-term investments *(see Notes 4 and 5)*	**16,999,371**	15,069,123
Property and equipment, net	**9,182,978**	9,020,005
Other assets:		
Investment in unconsolidated entities	**1,196,651**	1,115,871
Capitalized software costs, net	**880,819**	926,710
Other *(see Notes 4 and 5)*	**892,739**	908,580
Total other assets	**2,970,209**	2,951,161
Total assets	**$ 34,320,425**	$ 32,433,469

	June 30, 2017	June 30, 2016
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	**$ 298,270**	$ 96,193
Long-term debt subject to short-term remarketing arrangements*	**999,785**	1,666,245
Accounts payable and accrued liabilities *(see Notes 4 and 5)*	**2,742,377**	2,500,748
Estimated third-party payor settlements	**480,694**	513,677
Due to brokers *(see Notes 4 and 5)*	**115,783**	105,660
Current portion of self-insurance liabilities	**206,787**	219,638
Other	**340,756**	292,044
Total current liabilities	**5,184,452**	5,394,205
Noncurrent liabilities:		
Long-term debt (senior and subordinated)	**5,699,440**	5,391,908
Self-insurance liabilities	**513,010**	513,985
Pension and other postretirement liabilities	**1,318,331**	1,298,653
Other *(see Notes 4 and 5)*	**1,191,068**	1,241,678
Total noncurrent liabilities	**8,721,849**	8,446,224
Total liabilities	**13,906,301**	13,840,429
Net assets:		
Unrestricted		
Controlling interest	**17,933,923**	16,498,086
Noncontrolling interests	**1,798,361**	1,429,444
Unrestricted net assets	**19,732,284**	17,927,530
Temporarily restricted	**468,938**	467,994
Permanently restricted	**212,902**	197,516
Total net assets	**20,414,124**	18,593,040
Total liabilities and net assets	**$ 34,320,425**	$ 32,433,469

*Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial mode bonds with scheduled remarketing/mandatory tender dates occurring prior to June 30, 2018. In the event that bonds are not remarketed upon the exercise of put options or the scheduled mandatory tenders, management would utilize other sources to access the necessary liquidity. Potential sources include liquidating investments, a draw on the line of credit totaling $1 billion, and issuing commercial paper. The commercial paper program is supported by $500 million of the $1 billion line of credit.

The accompanying notes are an integral part of the consolidated financial statements.

Ascension

Consolidated Statements of Operations and Changes in Net Assets

(Dollars in Thousands)

	Year Ended June 30, 2017	2016
Operating revenue:		
Net patient service revenue	**$ 22,023,848**	$ 21,301,133
Less provision for doubtful accounts	**1,083,661**	1,142,289
Net patient service revenue, less provision for doubtful accounts	**20,940,187**	20,158,844
Other revenue	**1,693,038**	1,739,490
Total operating revenue	**22,633,225**	21,898,334
Operating expenses:		
Salaries and wages	**9,301,057**	9,043,625
Employee benefits	**1,829,642**	1,748,110
Purchased services	**1,931,021**	1,500,887
Professional fees	**1,299,517**	1,369,103
Supplies	**3,267,278**	3,114,261
Insurance	**177,352**	160,232
Interest	**223,356**	194,962
Depreciation and amortization	**1,083,684**	1,032,541
Other	**2,780,838**	2,737,244
Total operating expenses before impairment, restructuring and nonrecurring losses, net	**21,893,745**	20,900,965
Income from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring losses, net	**739,480**	997,369
Self-insurance trust fund investment return	**43,621**	(16,334)
Impairment, restructuring and nonrecurring losses, net	**(230,407)**	(227,832)
Income from operations	**552,694**	753,203
Nonoperating gains (losses):		
Investment return	**1,420,160**	(358,297)
Gain (loss) on extinguishment of debt	**10,907**	(13,594)
Gains (losses) on interest rate swaps	**45,015**	(86,536)
Income (loss) from unconsolidated entities	**2,601**	(40,649)
Contributions from business combinations	**-**	304,961
Other	**(170,194)**	(81,339)
Total nonoperating gains (losses), net	**1,308,489**	(275,454)
Excess of revenues and gains over expenses and losses	**1,861,183**	477,749
Less noncontrolling interests	**222,266**	16,365
Excess of revenues and gains over expenses and losses attributable to controlling interest	**1,638,917**	461,384

Continued on next page.

Consolidated Statements of Operations and Changes in Net Assets (continued)

(Dollars in Thousands)

	Year Ended June 30, 2017	2016
Unrestricted net assets, controlling interest:		
Excess of revenues and gains over expenses and losses	**$ 1,638,917**	$ 461,384
Transfers to sponsors and other affiliates, net	**(5,062)**	(8,654)
Net assets released from restrictions for property acquisitions	**92,104**	45,058
Pension and other postretirement liability adjustments	**(301,182)**	(729,197)
Change in unconsolidated entities' net assets	**8,039**	(6,976)
Other	**2,795**	3,344
Increase (decrease) in unrestricted net assets, controlling interest, before gain (loss) from discontinued operations	**1,435,611**	(235,041)
Gain (loss) from discontinued operations	**226**	(16,230)
Increase (decrease) in unrestricted net assets, controlling interest	**1,435,837**	(251,271)
Unrestricted net assets, noncontrolling interests:		
Excess of revenues and gains over expenses and losses	**222,266**	16,365
Distributions of capital	**(139,477)**	(254,788)
Contributions of capital	**285,894**	96,150
Membership interest changes, net	**210**	-
Other	**24**	(891)
Increase (decrease) in unrestricted net assets, noncontrolling interests	**368,917**	(143,164)
Temporarily restricted net assets, controlling interest:		
Contributions and grants	**123,594**	140,210
Investment return	**29,410**	(4,643)
Net assets released from restrictions	**(153,648)**	(97,392)
Contributions from business combinations	**-**	16,091
Other	**1,588**	(4,181)
Increase in temporarily restricted net assets, controlling interest	**944**	50,085
Permanently restricted net assets, controlling interest:		
Contributions	**8,046**	5,298
Investment return	**7,263**	(1,706)
Contributions from business combinations	**-**	2,363
Other	**77**	(1,227)
Increase in permanently restricted net assets, controlling interest	**15,386**	4,728
Increase (decrease) in net assets	**1,821,084**	(339,622)
Net assets, beginning of year	**18,593,040**	18,932,662
Net assets, end of year	**$20,414,124**	$ 18,593,040

The accompanying notes are an integral part of the consolidated financial statements.

Ascension

Consolidated Statements of Cash Flows

(Dollars in Thousands)

	Year Ended June 30, 2017	2016
Operating activities		
Increase (decrease) in net assets	**$ 1,821,084**	$ (339,622)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	**1,083,684**	1,032,541
Amortization of bond premiums and debt issuance costs	**(19,241)**	(20,714)
(Gain) loss on extinguishment of debt	**(10,907)**	13,594
Provision for doubtful accounts	**1,086,621**	1,148,342
Pension and other postretirement liability adjustments	**301,182**	729,197
Contributions from business combinations	**-**	(323,415)
Unrealized (gains) losses on investments, net	**(624,047)**	493,528
Change in fair value of interest rate swaps	**(70,119)**	84,433
Gain on sale of assets, net	**(250,594)**	(192,042)
Impairment and nonrecurring expenses	**40,482**	21,271
Transfers to sponsor and other affiliates, net	**5,062**	8,654
Restricted contributions, investment return, and other	**(144,085)**	(165,212)
Other restricted activity	**18,976**	(57,923)
(Contributions) distributions of noncontrolling interest, net	**(146,417)**	158,638
Other	**(234)**	(222)
Decrease (increase) in:		
Short-term investments	**11,268**	71,832
Accounts receivable	**(1,114,753)**	(1,190,839)
Inventories and other current assets	**(57,727)**	(65,000)
Due from brokers	**116,522**	(164,852)
Investments classified as trading	**(1,282,576)**	(523,002)
Other assets	**(79,142)**	126,227
Increase (decrease) in:		
Accounts payable and accrued liabilities	**206,615**	29,531
Estimated third-party payor settlements, net	**19,880**	128,440
Due to brokers	**10,123**	(25,401)
Other current liabilities	**55,323**	(119,736)
Self-insurance liabilities	**(13,751)**	(53,004)
Other noncurrent liabilities	**(180,709)**	(201,315)
Net cash provided by continuing operating activities	**782,520**	603,929
Net cash provided (used) by discontinued operations	**7,513**	(4,833)
Net cash provided by operating activities	**790,033**	599,096

Continued on next page.

Ascension

Consolidated Statements of Cash Flows (continued)
(Dollars in Thousands)

	Year Ended June 30,	
	2017	**2016**
Investing activities		
Property, equipment, and capitalized software additions, net	**$ (1,272,212)**	$ (1,139,060)
Proceeds from sale of property and equipment	**3,830**	13,643
Issuance of note receivable for business combination	**-**	(637,109)
Net proceeds from sale/acquisition of other assets	**354,933**	296,071
Net cash used by continuing investing activities	**(913,449)**	(1,466,455)
Net cash provided by discontinued operations - investing	**112,238**	151,344
Net cash used by investing activities	**(801,211)**	(1,315,111)
Financing activities		
Issuance of debt	**1,308,307**	5,154,869
Repayment of debt	**(1,407,063)**	(4,403,407)
Debt issuance costs paid	**(5,989)**	(16,462)
Decrease in assets under bond indenture agreements	**498**	18,303
Transfers to sponsors and other affiliates, net	**(10,062)**	(13,654)
Restricted contributions, investment return, and other	**140,438**	143,013
Contributions (distributions) of noncontrolling interest, net	**146,417**	(158,638)
Net cash provided by financing activities	**172,546**	724,024
Net increase in cash and cash equivalents	**161,368**	8,009
Cash and cash equivalents at beginning of year	**696,237**	688,228
Cash and cash equivalents at end of year	**$ 857,605**	$ 696,237

The accompanying notes are an integral part of the consolidated financial statements.

1. Organization and Mission

Organizational Structure

Ascension Health Alliance, d/b/a Ascension (Ascension), is a Missouri nonprofit corporation formed on September 13, 2011. Ascension is the sole corporate member and parent organization of Ascension Health (d/b/a Ascension Healthcare), a Catholic national health system consisting primarily of nonprofit corporations that own and operate local healthcare facilities, or Ministry Markets, located in 23 states and the District of Columbia.

Ascension serves as the member or shareholder of various subsidiaries as listed below:

- Ascension Care Management
- Ascension Global Mission
- Ascension Healthcare
- Ascension Holdings
- Ascension Information Services
- Ascension Investment Management (AIM)
- Ascension Leadership Institute
- Ascension Ministry and Mission Fund
- Ascension Ministry Service Center
- Ascension Ventures (AV)
- AV Holding Company
- Consulting Network
- The Resource Group
- Smart Health Solutions

Ascension is also the majority investor in the Alpha Fund, LLC (Alpha Fund) as discussed in the Pooled Investment Fund note. Ascension and its member organizations are hereafter referred to collectively as the System.

1. Organization and Mission (continued)

Sponsorship

Ascension is sponsored by Ascension Sponsor, a Public Juridic Person. The Participating Entities of Ascension Sponsor are the Daughters of Charity of St. Vincent de Paul, St. Louise Province; the Congregation of St. Joseph; the Congregation of the Sisters of St. Joseph of Carondelet; the Congregation of Alexian Brothers of the Immaculate Conception Province, Inc. – American Province; and the Sisters of the Sorrowful Mother of the Third Order of St. Francis of Assisi – US/Caribbean Province.

Mission

The System directs its governance and management activities toward strong, vibrant, Catholic Ministries united in service and healing, and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves. In accordance with the System's mission of service to those persons living in poverty and other vulnerable persons, each Ministry Market accepts patients regardless of their ability to pay. The System uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs:

- Traditional charity care includes the cost of services provided to persons who cannot afford healthcare because of inadequate resources and/or who are uninsured or underinsured.

- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons.

- Cost of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome.

- Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the persons living in poverty, including health promotion and education, health clinics and screenings, and medical research.

(Dollars in Thousands)

1. Organization and Mission (continued)

Discounts are provided to all uninsured and underinsured patients, including those with the means to pay. Discounts provided to those patients who did not qualify for financial assistance are not included in the cost of providing care of persons living in poverty and other community benefit programs. The cost of providing care to persons living in poverty and other community benefit programs is estimated by reducing charges forgone by a factor derived from the ratio of each entity's total operating expenses to the entity's billed charges for patient care. Certain costs such as graduate medical education and certain other activities are excluded from total operating expenses for purposes of this computation.

The amount of traditional charity care provided, determined on the basis of cost, was $537,672 and $452,246 for the years ended June 30, 2017 and 2016, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost is reported in the accompanying supplementary information.

2. Significant Accounting Policies

Principles of Consolidation

All corporations and other entities for which operating control is exercised by the System or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation. Investments in entities where the System does not have operating control are recorded under the equity or cost method of accounting. Income (loss) from unconsolidated entities is included in consolidated excess of revenues and gains over expenses and losses in the accompanying Consolidated Statements of Operations and Changes in Net Assets as follows:

	Year Ended June 30,	
	2017	**2016**
Other revenue	**$ 105,473**	$ 114,085
Nonoperating gains (losses)	**2,601**	(40,649)

2. Significant Accounting Policies (continued)

Use of Estimates

Management has made estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Carrying values of financial instruments classified as current assets and current liabilities approximate fair value. The fair values of financial instruments measured at fair value are disclosed in the Fair Value Measurements note.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits with original maturities of three months or less.

Short-Term Investments

Short-term investments consist of investments with original maturities exceeding three months and up to one year.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market value using first-in, first-out (FIFO) or a methodology that closely approximates FIFO.

2. Significant Accounting Policies (continued)

Long-Term Investments and Investment Return

Investments, excluding investments in unconsolidated entities, are measured at fair value, are classified as trading securities, and include pooled short-term investment funds; U.S. government, state, municipal and agency obligations; corporate and foreign fixed income securities; asset-backed securities; and equity securities. Investments also include alternative investments and other investments which are valued based on the net asset value of the investments, as further discussed in the Fair Value Measurements note. Investments also include derivatives held by the Alpha Fund, also measured at fair value, as discussed in the Pooled Investment Fund note.

Long-term investments include assets limited as to use of approximately $1,342,000 and $1,284,000, at June 30, 2017 and 2016, respectively, comprised primarily of investments placed in trust and held by captive insurance companies for the payment of self-insured claims and investments which are limited as to use, as designated by donors.

Purchases and sales of investments are accounted for on a trade-date basis. Investment returns consist of dividends, interest, and gains and losses. The cost of substantially all securities sold is based on the FIFO method. Investment returns, excluding returns of self-insurance trust funds, are reported as nonoperating gains (losses) in the Consolidated Statements of Operations and Changes in Net Assets, unless the return is restricted by donor or law. Investment returns of self-insurance trust funds are reported as a separate component of income from operations in the Consolidated Statements of Operations and Changes in Net Assets.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift. Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. The range of estimated useful lives used in computing depreciation is as follows: buildings and leasehold improvements, 2 to 40 years; and equipment, 2 to 20 years. Depreciation expense in 2017 and 2016 was $851,540 and $825,681, respectively.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

A summary of property and equipment at June 30, 2017 and 2016 is as follows:

	June 30, 2017	June 30, 2016
Land and improvements	**$ 950,074**	$ 935,542
Buildings and equipment	**17,069,585**	16,505,068
	18,019,659	17,440,610
Less accumulated depreciation	**9,447,994**	8,981,575
	8,571,665	8,459,035
Construction in progress	**611,313**	560,970
Total property and equipment, net	**$ 9,182,978**	$ 9,020,005

Several capital projects have remaining construction and related equipment purchase commitments of approximately $545,000 as of June 30, 2017.

Intangible Assets

Intangible assets primarily consist of goodwill and capitalized computer software costs, including internally developed software. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage, and the nature of the costs. Intangible assets are included in the Consolidated Balance Sheets as presented in the table that follows. Capitalized software costs in the table below include software in progress of $228,499 and $244,552 at June 30, 2017 and 2016, respectively:

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

	June 30, 2017	June 30, 2016
Capitalized software costs	**$ 2,213,989**	$ 2,050,184
Less accumulated amortization	**1,333,170**	1,123,474
Capitalized software costs, net	**880,819**	926,710
Goodwill	**211,278**	210,320
Other, net	**27,781**	31,731
Intangible assets included in other assets	**239,059**	242,051
Total intangible assets, net	**$ 1,119,878**	$ 1,168,761

Intangible assets whose lives are indefinite, primarily goodwill, are not amortized and are evaluated for impairment at least annually or when circumstances indicate a possible impairment may exist, while intangible assets with definite lives, primarily capitalized computer software costs, are amortized over their expected useful lives. Amortization expense for these intangible assets in 2017 and 2016 was $232,144 and $206,860, respectively.

Estimated future amortization of intangible assets with definite lives, excluding software in progress, as of June 30, 2017 is as follows:

Year ending June 30:	
2018	$ 190,154
2019	151,630
2020	124,447
2021	98,228
2022	72,052
Thereafter	34,437
Total	$ 670,948

2. Significant Accounting Policies (continued)

The System is in the final phases of a significant multi-year, System-wide enterprise resource planning project, including information technology and process standardization (Symphony), which is expected to continue through fiscal year 2018. The project is facilitating a transition to a common software product for various finance, information technology, procurement, and human resources management processes, including standardization of those processes throughout the System. Capitalized costs of Symphony, net of amortization, were approximately $351,000 and $329,000 at June 30, 2017 and 2016, respectively, and are being amortized on a straight-line basis over the expected useful life of the software. Certain costs of this project were also expensed. Accumulated amortization of Symphony was approximately $160,000 and $120,000 at June 30, 2017 and 2016, respectively. See the Impairment, Restructuring, and Nonrecurring Losses discussion below for additional information about costs associated with Symphony.

Noncontrolling Interests

The consolidated financial statements include all assets, liabilities, revenues, and expenses of entities that are controlled by the System and therefore consolidated. Noncontrolling interests in the Consolidated Balance Sheets represent the portion of net assets owned by entities outside the System, for those entities in which the System's ownership interest is less than 100%.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the System has been limited by donors to a specific time period or purpose. Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, which include endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donors' wishes, primarily to purchase equipment and to provide charity care and other health and educational services. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted.

Temporarily and permanently restricted net assets consist solely of controlling interests of the System.

2. Significant Accounting Policies (continued)

Performance Indicator

The performance indicator is the excess of revenues and gains over expenses and losses. Changes in unrestricted net assets that are excluded from the performance indicator primarily include pension and other postretirement liability adjustments, transfers to or from sponsors and other affiliates, net assets released from restrictions for property acquisitions, and change in unconsolidated entities' net assets.

Operating and Nonoperating Activities

The System's primary mission is to meet the healthcare needs in its market areas through a broad range of general and specialized healthcare services, including inpatient acute care, outpatient services, long-term care, and other healthcare services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to the System's primary mission are considered to be nonoperating.

Net Patient Service Revenue, Accounts Receivable, and Allowance for Doubtful Accounts

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. The System recognizes patient service revenue at the time services are rendered, even though the patient's ability to pay may not be completely assessed at that time. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue related to prior periods increased net patient service revenue by $128,100 and $102,217 for the years ended June 30, 2017 and 2016, respectively.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

The percentage of net patient service revenue, less provision for doubtful accounts earned by payor for the years ended June 30, 2017 and 2016, is as follows:

	Year Ended June 30, 2017	Year Ended June 30, 2016
Medicare - traditional and managed	**36 %**	35 %
Medicaid - traditional and managed	**13**	12
Commercial and other managed care	**46**	47
Self-Pay and other	**5**	6
	100 %	100 %

The System grants credit without collateral to its patients, who are primarily local residents and are insured under third-party payor arrangements. Significant concentrations of accounts receivable, less allowance for doubtful accounts, at June 30, 2017 and 2016, are as follows:

	June 30, 2017	June 30, 2016
Medicare - traditional and managed	**27 %**	27 %
Medicaid - traditional and managed	**11**	9
Commercial and other managed care	**42**	42
Self-Pay and other	**20**	22
	100 %	100 %

2. Significant Accounting Policies (continued)

The provision for doubtful accounts is based upon management’s assessment of expected net collections considering historical experience, economic conditions, trends in healthcare coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance. The results of this review are then used to make any modifications to the provision for doubtful accounts to establish an appropriate allowance for doubtful accounts. After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the System follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the System. Accounts receivable are written off after collection efforts have been followed in accordance with the System’s policies. The methodology for determining the allowance for doubtful accounts and related write-offs on uninsured patient accounts has remained consistent with the prior year.

Other Operating Revenue

Other operating revenue includes net gains on sales of assets, clinical engineering services, retail pharmacy revenue, income from unconsolidated entities, premium revenue, net assets released from restrictions for operating purposes, and other nonpatient service revenue. Net gains on sales of assets were $258,631 and $201,330 for the years ended June 30, 2017 and 2016, respectively. Assets sold during the years ended June 30, 2017 and 2016 include certain hospital and nonhospital operating entities and patient care equipment.

Impairment, Restructuring, and Nonrecurring Losses

Long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable. Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or group of assets. Where impairment is indicated, the carrying amount of these long-lived assets is reduced to fair value based on future discounted net cash flows or other estimates of fair value.

2. Significant Accounting Policies (continued)

Nonrecurring expenses associated with Symphony primarily include deployment costs to implement Symphony in certain Health Ministries. Costs associated with product deployment are recorded as nonrecurring losses, and costs associated with product support are recorded as recurring operating expenses.

During the year ended June 30, 2017, the System recorded total impairment, restructuring, and nonrecurring losses, net of $230,407. This amount was comprised primarily of $110,390 of nonrecurring expenses associated with Symphony, one-time termination benefits and other restructuring expenses of $86,669, impairment expenses of $34,689, and other nonrecurring expenses of $38,659 partially offset by a pension curtailment gain of $40,000.

During the year ended June 30, 2016, the System recorded total impairment, restructuring, and nonrecurring losses, net of $227,832. This amount was comprised primarily of $129,494 of nonrecurring expenses associated with Symphony, one-time termination benefits and other restructuring expenses of $72,097, impairment expenses of $14,064, and other nonrecurring expenses of $12,177.

Amortization

Bond issuance costs, discounts, and premiums are amortized over the term of the bonds using a method approximating the effective interest method.

Capitalized software, including internally developed software, is amortized on a straight-line basis over the expected useful life of the software.

Income Taxes

The member healthcare entities of the System are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or Section 501(c)(2), and their related income is exempt from federal income tax under Section 501(a). The System accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The System has determined that no material unrecognized tax benefits or liabilities exist as of June 30, 2017.

2. Significant Accounting Policies (continued)

The System had deferred tax assets of approximately $461,000 and $378,000 for federal and state income tax purposes primarily related to net operating loss carryforwards for the years ended June 30, 2017 and 2016, respectively, with expiration dates through 2037. A valuation allowance of approximately $459,000 and $377,000 was recorded due to the uncertainty regarding use of the deferred tax assets for the years ended June 30, 2017 and 2016, respectively.

Regulatory Compliance

Various federal and state agencies have initiated investigations regarding reimbursement claimed by certain members of the System. The investigations are in various stages of discovery, and the ultimate resolution of these matters, including the liabilities, if any, cannot be readily determined; however, in the opinion of management, the results of the investigations will not have a material adverse impact on the consolidated financial statements of the System.

Reclassifications

Certain reclassifications were made to the accompanying 2016 consolidated financial statements to conform to the 2017 presentation.

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09). In August 2015, the FASB amended the guidance to defer the effective date by one year. ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The guidance in ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance, and requires significantly expanded disclosures about revenue recognition. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

2. Significant Accounting Policies (continued)

The requirements of ASU 2014-09 will result in changes to the presentation and disclosure of revenue from services to patients. Currently, a significant portion of the System's provision for doubtful accounts relates to uninsured patients as well as deductibles and co-pays due from patients with insurance. Under ASU 2014-09, the uncollectible amounts due from patients will generally be reported as a direct reduction to net patient service revenue and will result in a significant reduction in the amounts presented separately as provision for doubtful accounts. Although the adoption of ASU 2014-09 will have a significant impact on the amounts presented in certain categories of the System's Consolidated Statements of Operations and Changes in Net Assets, it is not expected to materially impact the System's financial position, results of operations or cash flows. The System is currently evaluating the requirements of the new standard to ensure that the processes and systems are in place to implement the new standard and to collect the related information required. The new guidance will be effective for Ascension beginning July 1, 2018, and interim periods within that year. Early adoption is permitted, but the System does not plan to early adopt the new standard.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842) (ASU 2016-02),* which affects any entity that enters into a lease (as that term is defined in ASU 2016-02), with some specified scope exceptions. The main difference between the guidance in ASU 2016-02 and current guidance is the recognition of lease assets and liabilities by lessees for those leases classified as operating leases under current guidance. Recognition of these assets and liabilities will have a significant impact on the System's Consolidated Balance Sheet upon adoption. This guidance will be effective for Ascension on July 1, 2019. Ascension is in the process of evaluating the potential impact on its consolidated financial statements.

Subsequent Events

The System evaluates the impact of subsequent events, which are events that occur after the Consolidated Balance Sheet date but before the consolidated financial statements are issued, for potential recognition or disclosure in the consolidated financial statements as of the Consolidated Balance Sheet date. For the year ended June 30, 2017, the System evaluated subsequent events through September 22, 2017, representing the date on which the accompanying audited consolidated financial statements were issued.

2. Significant Accounting Policies (continued)

Subsequent to June 30, 2017, certain debt obligations which had a total outstanding balance of $188,705 as of June 30, 2017 were defeased or redeemed. Specifically, the Series 2012 Oklahoma Development Finance Authority St. John Health System Revenue & Refunding Bonds were legally defeased, and a commercial bank loan was repaid in full.

3. Organizational Changes

Business Combinations

Crittenton Hospital Medical Center – Michigan

Effective October 1, 2015, Ascension Michigan became the sole corporate member of Crittenton Hospital Medical Center (Crittenton) under the terms of an agreement among Ascension Michigan, Crittenton and Ascension Health. The fair value of the unrestricted net assets totaling $137,912 was recognized in the Consolidated Statements of Operations and Changes in Net Assets for the year ended June 30, 2016 as a nonoperating contribution from business combination.

Wheaton Franciscan Healthcare – Southeast Wisconsin, Inc.

Effective March 1, 2016, Ascension Health became the sole corporate member of Wheaton Franciscan Healthcare – Southeast Wisconsin, Inc. (Wheaton) under the terms of an agreement between Ascension Health and Wheaton Franciscan Services, Inc. The fair value of the unrestricted net assets totaling $167,049 was recognized in the Consolidated Statements of Operations and Changes in Net Assets for the year ended June 30, 2016 as a nonoperating contribution from business combination.

The fair values of Crittenton and Wheaton’s net assets, by major type, that were recognized by the System during the year ended June 30, 2016 were as follows. The valuations of these net assets were substantially complete as of June 30, 2016.

(Dollars in Thousands)

3. Organizational Changes (continued)

	Crittenton	Wheaton	Total
Net working capital	$ 80,335	$ 312,129	$ 392,464
Long-term investments	102,890	27,511	130,401
Property and equipment	193,174	645,299	838,473
Investments in unconsolidated entities	4,491	58,174	62,665
Intangible assets, including capitalized software costs	-	48,820	48,820
Other long-term assets	795	2,567	3,362
Long-term debt	(161,205)	(641,936)	(803,141)
Other long-term liabilites assumed	(79,177)	(270,452)	(349,629)
Fair value of total net assets	$ 141,303	$ 182,112	$ 323,415

The fair value of net assets of $323,415 in the preceding table was recognized in the Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2016, as a nonoperating contribution from business combinations of $304,961, and contributions of temporarily and permanently restricted net assets of $16,091 and $2,363, respectively.

During the year ended June 30, 2016, Ascension recognized revenues of Crittenton and Wheaton combined totaling $611,100, and an excess of revenues and gains over expenses and losses totaling $15,560, of which all was attributable to controlling interest. Ascension recognized a decrease in unrestricted net assets – controlling interests, excluding the excess of revenues and gains over expenses and losses of $15,560 above, of $10,003 and a decrease in temporarily restricted net assets of Crittenton and Wheaton of $618 for the year ended June 30, 2016.

The following unaudited pro forma financial information presents the combined results of operations of Ascension, Crittenton and Wheaton for the year ended June 30, 2016 as though the business combination transactions had occurred on July 1, 2015. This pro forma financial information is not necessarily indicative of the results of operations that would occur if these entities were consolidated into the System during that period, nor is it necessarily indicative of future operating results.

(Dollars in Thousands)

3. Organizational Changes (continued)

	Year Ended June 30, 2016
Total operating revenue	$ 22,838,814
Deficit of revenues and gains over expenses and losses attributable to controlling interest	118,977
Decrease in unrestricted net assets - controlling interest	(532,879)
Decrease in unrestricted net assets - noncontrolling interests	(143,164)
Decrease in temporarily restricted net assets	36,226
Decrease in permanently restricted net assets	2,636

Divestitures

Discontinued Operations

During the years ended June 30, 2017 and 2016, Ascension, including certain of its wholly owned subsidiaries, closed on the sale of, or undertook actions to sell or transfer ownership of, certain assets and liabilities, as follows:

- On July 1, 2015, Catholic Health, Inc. (Catholic Health) became the sole corporate member of Mount St. Mary's Hospital in Lewiston, New York under the terms of an affiliation agreement between Ascension Health and Catholic Health.

- On September 1, 2015, Carondelet Health Network, a subsidiary of Ascension Health, sold certain assets, liabilities and related operations, excluding certain non-acute entities, in Tucson, Arizona to CHN Holdings, LLC, a joint venture in which Ascension holds a noncontrolling interest.

3. Organizational Changes (continued)

- On September 28, 2016, St. Joseph Regional Medical Center, Inc. in Lewiston, Idaho (St. Joseph Regional), a wholly owned subsidiary of Ascension Healthcare, and RCCH entered into an asset purchase agreement, whereby RCCH purchased substantially all assets and assumed certain liabilities associated with the operations of St. Joseph Regional. Assets and liabilities of St. Joseph Regional's foundation remain with Ascension Healthcare. The sale was completed on May 1, 2017.

- On September 28, 2016, Our Lady of Lourdes Hospital at Pasco in Pasco, Washington, d/b/a Lourdes Health Network (Lourdes Health), a wholly owned subsidiary of Ascension Healthcare, and Capella Healthcare, Inc. (a predecessor corporation of RCCH HealthCare Partners) (RCCH) entered into an asset purchase agreement, whereby RCCH will purchase substantially all assets and assume certain liabilities associated with the operations of Lourdes Health. Assets and liabilities of Lourdes Health's foundation will remain with Ascension Healthcare. The sale is expected to close in fiscal year 2018, after obtaining all necessary regulatory approvals.

Assets and liabilities associated with the aforementioned transactions were held for sale and qualified for discontinued operations as of June 30, 2017 and 2016, and are included in other current assets and other current liabilities, respectively, in the System's Consolidated Balance Sheets. Assets held for sale were $44,935 and $144,490 at June 30, 2017 and 2016, respectively, while liabilities held for sale were $22,531 and $30,552 at June 30, 2017 and 2016, respectively. Net losses of the entities, which include excess of revenues over expenses of St. Joseph Regional through the May 1, 2017 sale date and a deficit of revenues over expenses of Carondelet Health Network through the September 1, 2015 sale date and a $14,520 loss on sale, are included in the loss from discontinued operations in the Consolidated Statements of Operations and Changes in Net Assets and were $1,292 and $15,790 for the years ended June 30, 2017 and 2016, respectively. Total operating revenues of the entities were $260,219 and $355,516 for the years ended June 30, 2017 and 2016, respectively, which includes total operating revenues of St. Joseph Regional and Carondelet Health through the sale dates.

3. Organizational Changes (continued)

Assets Held for Sale

On March 31, 2017, St. Joseph's Hospital of Marshfield, Inc. in Marshfield, Wisconsin (SJHM), a subsidiary of Ministry Health Care (Ministry), entered into an asset sale agreement with MCHS Hospitals Inc. (Marshfield Clinic) whereby Marshfield Clinic purchased substantially all the assets and assumed certain liabilities associated with SJHM. Ministry is a subsidiary of Ascension Healthcare. The sale was completed on June 30, 2017.

Assets and liabilities associated with the aforementioned transaction were designated as assets and liabilities held for sale, and included in other current assets and other current liabilities, respectively, in the System's Consolidated Balance Sheets at June 30, 2016. Assets and liabilities held for sale were $161,058 and $11,760 at June 30, 2016, respectively. Net income of SJHM is included in the excess of revenues and gains over expenses and losses in the Consolidated Statements of Operations and Changes in Net Assets and is $32,766 and $35,499 for the years ended June 30, 2017 and 2016, respectively. Revenues of SJHM total $300,364 and $319,959 for the years ended June 30, 2017 and 2016, respectively.

Other

In May 2016, Ascension sold primarily all of the assets, liabilities and operations of its Medxcel, Inc. business to TMX Holdings, LLLP (TMX), a partnership in which Ascension maintains a 50% interest. As a result of the transaction, Ascension recognized a gain, which is included in other operating revenue in the Consolidated Statements of Operations and Changes in Net Assets for the year ended June 30, 2016, and the interest in TMX was recorded at its initial fair value. Subsequent to the transaction, Ascension is accounting for its interest in TMX under the equity method of accounting.

4. Pooled Investment Fund

At June 30, 2017 and 2016, a significant portion of the System's investments consists of the System's interest in the Alpha Fund, a limited liability company organized in the state of Delaware. Certain System investments, including some held by the Health Ministries and their consolidated foundations, are managed outside of the Alpha Fund.

The Alpha Fund includes the investment interests of the System and other Alpha Fund members. AIM, a wholly owned subsidiary of the System, serves as the manager and primary investment advisor of the Alpha Fund, overseeing the investment strategies offered to the Alpha Fund's members. AIM provides expertise in the areas of asset allocation, selection and monitoring of outside investment managers, and risk management. The Alpha Fund is consolidated in the System's financial statements. The portion of the Alpha Fund's net assets representing interests held by entities other than the System are reflected in noncontrolling interests in the Consolidated Balance Sheets, which amount to $1,598,399 and $1,256,666 at June 30, 2017 and 2016, respectively.

The Alpha Fund invests in a diversified portfolio of investments including alternative investments, such as real asset funds, hedge funds, private equity funds, commodity funds, and private credit funds. Collectively, these funds have liquidity terms ranging from daily to annual with notice periods ranging from 1 to 120 days. Due to redemption restrictions, investments in certain of these funds, whose fair value was approximately $2,528,129 at June 30, 2017, cannot currently be redeemed for periods ranging from one to twelve years. However, the potential for the Alpha Fund to sell its interest in these funds in a secondary market prior to the end of the fund term does exist.

The Alpha Fund's investments in certain alternative investment funds also include contractual commitments to provide capital contributions during the investment period, which is typically five years and can extend to the end of the fund term. During these contractual periods, investment managers may require the Alpha Fund to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2017, contractual agreements of the Alpha Fund expire between August 2017 and February 2023. The remaining unfunded capital commitments of the Alpha Fund total approximately $1,863,000 for 169 individual funds as of June 30, 2017. Due to the uncertainty surrounding whether the contractual commitments will require funding during the contractual period, future minimum payments to meet these commitments cannot be reasonably estimated. These committed amounts are expected to be primarily satisfied by the liquidation of existing investments in the Alpha Fund.

4. Pooled Investment Fund (continued)

In the normal course of operations and within established Alpha Fund guidelines, the Alpha Fund may enter into various exchange-traded and over-the-counter derivative contracts for trading purposes, including futures, options, and forward contracts as well as warrants and swaps. These instruments are used primarily to adjust the portfolio duration, restructure term structure exposure, change sector exposure, and arbitrage market inefficiencies. See the Fair Value Measurements note for a discussion of how fair value for the Alpha Fund's derivatives is determined.

At June 30, 2017 and 2016, the notional value of Alpha Fund derivatives outstanding was approximately $5,533,000 and $4,540,000, respectively. The fair value of Alpha Fund derivatives in an asset position was $30,032 and $34,713 at June 30, 2017 and 2016, respectively, while the fair value of Alpha Fund derivatives in a liability position was $28,809 and $31,677 at June 30, 2017 and 2016, respectively. These derivatives are included in long-term investments in the Consolidated Balance Sheets at June 30, 2017 and 2016.

Due from brokers and due to brokers on the Consolidated Balance Sheets at June 30, 2017 and 2016, represent the Alpha Fund's positions and amounts due from or to various brokers, primarily for security transactions not yet settled, and cash held by brokers for securities sold, not yet purchased.

(Dollars in Thousands)

5. Cash and Investments

The System's cash and investments are reported in the Consolidated Balance Sheets as presented in the table that follows. Total cash and investments, net, includes both the System's membership interest in the Alpha Fund and the noncontrolling interests held by other Alpha Fund members. System unrestricted cash and investments, net, represent the System's cash and investments excluding the noncontrolling interests held by other Alpha Fund members and assets limited as to use.

	June 30,	
	2017	**2016**
Cash and cash equivalents	**$ 857,605**	$ 696,237
Short-term investments	**103,857**	122,545
Long-term investments	**16,999,371**	15,069,123
Subtotal	**17,960,833**	15,887,905
Other Alpha Fund assets and liabilities:		
In other current assets	**34,314**	27,768
In other long-term assets	**2,174**	2,335
In accounts payable and other accrued liabilities	**(14,698)**	(9,312)
In other current liabilities	**(330)**	-
In other noncurrent liabilities	**(2,342)**	(4,569)
Due from brokers, net	**81,412**	208,057
Total cash and investments, net	**18,061,363**	16,112,184
Less noncontrolling interests of Alpha Fund	**1,598,399**	1,256,666
System cash and investments, including assets limited as to use	**16,462,964**	14,855,518
Less assets limited as to use:		
Under bond indenture agreement	**19,504**	20,002
Self-insurance trust funds	**689,197**	676,375
Temporarily or permanently restricted	**649,891**	595,761
Total assets limited as to use	**1,358,592**	1,292,138
System unrestricted cash and investments, net	**$ 15,104,372**	$ 13,563,380

(Dollars in Thousands)

5. Cash and Investments (continued)

At June 30, 2017 and 2016, the composition of cash and cash equivalents, short-term investments and long-term investments, which include certain assets limited as to use, is summarized as follows.

	June 30, 2017	June 30, 2016
Cash and cash equivalents and short-term investments	**$ 1,200,191**	$ 935,026
Pooled short-term investment funds	**515,516**	471,099
U.S. government, state, municipal and agency obligations	**2,534,968**	3,064,411
Corporate and foreign fixed income securities	**2,501,060**	1,728,149
Asset-backed securities	**1,190,364**	771,971
Equity securities	**4,282,517**	2,996,662
Alternative investments and other investments:		
Private equity and real estate funds	**2,002,292**	1,648,545
Hedge funds	**2,068,742**	2,677,275
Commodities funds and other investments	**1,665,183**	1,594,767
Total alternative investments and other investments	**5,736,217**	5,920,587
Total cash and cash equivalents, short-term investments, and long-term investments	**$ 17,960,833**	$ 15,887,905

As of June 30, 2017 and 2016, the System's membership interest in the Alpha Fund totaled $13,634,600 and $11,861,266, respectively. As of June 30, 2017 and 2016, the noncontrolling interest (see Note 4) in the Alpha Fund, representing interests held by entities other than the System, totaled $1,598,399 and $1,256,666, respectively.

Investment return recognized by the System for the years ended June 30, 2017 and 2016, is summarized in the following table. Total investment return includes the System's return on certain investments held and managed outside the Alpha Fund and the investment return of the Alpha Fund. System investment return represents the System's total investment return, net of the investment return earned by the noncontrolling interests of other Alpha Fund members.

(Dollars in Thousands)

5. Cash and Investments (continued)

	Year Ended June 30, 2017	2016
Interest and dividends	**$ 256,949**	$ 234,677
Net gains (losses) on investments reported at fair value	**1,206,832**	(609,308)
Restricted investment return and unrealized gains (losses), net	**36,673**	(6,349)
Total investment return	**1,500,454**	(380,980)
Less return earned by noncontrolling interests of Alpha Fund	**140,511**	(42,756)
System investment return	**$ 1,359,943**	$ (338,224)

6. Fair Value Measurements

The System measures the fair value of assets and liabilities in accordance with FASB ASC 820, *Fair Value Measurement*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability at the measurement date. Assets and liabilities reported at fair value are classified and disclosed in one of the following four categories:

Level 1 – Quoted prices (unadjusted) that are readily available in active markets/exchanges for identical assets or liabilities.

Level 2 – Pricing inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 pricing inputs include prices quoted for similar assets and liabilities in active markets/exchanges or prices quoted for identical or similar assets and liabilities in markets that are not active. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Significant pricing inputs that are unobservable for the asset or liability, including assets or liabilities for which there is little, if any, market activity for such asset or liability. Inputs to determine the fair value of Level 3 assets and liabilities require management judgment and estimation.

6. Fair Value Measurements (continued)

Net Asset Value – Values are based on the calculated net asset value. The calculated net asset values for underlying investments are fair value estimates determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector factors.

The System categorizes, for disclosure purposes, assets and liabilities measured at fair value in the consolidated financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs that are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability. The System's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

There were no significant transfers between Levels 1 and 2 during the years ended June 30, 2017 and 2016.

As of June 30, 2017 and 2016, the assets and liabilities listed in the fair value hierarchy tables below use the following valuation techniques and inputs:

Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents and certain short-term investments include certificates of deposit, whose fair value is based on cost plus accrued interest. Significant observable inputs include security cost, maturity, and relevant short-term interest rates. Other short-term investments designated as Level 2 investments primarily consist of commercial paper, whose fair value is based on the income approach. Significant observable inputs include security cost, maturity, credit rating, interest rate, and par value.

6. Fair Value Measurements (continued)

Pooled Short-term Investment Fund

The pooled short-term investment fund is a short term exchange traded money market fund primarily invested in treasury securities.

U S. Government, State, Municipal, and Agency Obligations

The fair value of investments in U.S. government, state, municipal, and agency obligations is primarily determined using techniques consistent with the income approach. Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, and issuer spreads.

Corporate and Foreign Fixed Income Securities

The fair value of investments in U.S. and international corporate bonds and foreign government bonds is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, issuer spreads, and security-specific characteristics (e.g., such as early redemption options).

Asset-backed Securities

The fair value of U.S. agency, mortgage, and other asset-backed securities is primarily determined using techniques that are consistent with the income approach. Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and observable broker/dealer quotes.

Equity Securities

The fair value of investments in U.S. and international equity securities is primarily determined using techniques that are consistent with the market and income approaches. The values for underlying investments are fair value estimates determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, dividend, dividend yield, and other business and market sector fundamentals.

6. Fair Value Measurements (continued)

Alternative Investments and Other Investments

Alternative investments consist of private equity, hedge funds, private equity funds, commodity funds, and real estate partnerships. The fair value of private equity is primarily determined using techniques consistent with both the market and income approaches, based on the System's estimates and assumptions in the absence of observable market data. The market approach considers comparable company, comparable transaction, and company-specific information, including but not limited to restrictions on disposition, subsequent purchases of the same or similar securities by other investors, pending mergers or acquisitions, and current financial position and operating results. The income approach considers the projected operating performance of the portfolio company.

The fair value of hedge funds, private equity funds, commodity funds, and real estate partnerships is primarily determined using net asset values, which approximate fair value, as determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector fundamentals.

Other investments include derivative assets and derivative liabilities of the Alpha Fund, whose fair value is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

Benefit Plan Assets

The fair value of benefit plan assets is based on original investment into a guaranteed pooled fund, plus guaranteed, annuity contract-based interest rates. Significant unobservable inputs to the guaranteed rate include the fair value and average duration of the portfolio of investments underlying annuity contract, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio.

6. Fair Value Measurements (continued)

Interest Rate Swap Assets and Liabilities

The fair value of interest rate swaps is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

Investments Sold, Not Yet Purchased

The fair value of investments sold, not yet purchased is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark, constant maturity curves, and spreads.

(Dollars in Thousands)

6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2017, for all financial assets and liabilities measured at fair value on a recurring basis in the System's consolidated financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2017				
Cash equivalents	$ 61,317	$ 579	$ -	$ 61,896
Short-term investments	109,387	103,344	345	213,076
Pooled short-term investment funds	515,516	-	-	515,516
U.S. government, state, municipal and agency obligations	-	2,534,968	-	2,534,968
Corporate and foreign fixed income securities	-	2,371,296	28,119	2,399,415
Asset-backed securities	-	997,153	193,211	1,190,364
Equity securities	3,775,634	224,584	4,738	4,004,956
Alternative investments and other investments:				
Private equity and real estate funds	1,873	2,400	241,420	245,693
Commodities funds and other investments	12,537	5,339	7,493	25,369
Assets at net asset value:				
Corporate and foreign fixed income securities				101,645
Equity securities				277,561
Private equity and real estate funds				1,756,599
Hedge funds				2,068,742
Commodities funds and other investments				1,553,370
Cash and other investments not at fair value				1,011,663
Cash and investments				$ 17,960,833
Benefit plan assets, in other noncurrent assets	$ 312,120	$ 47,163	$ 54,698	$ 413,981
Interest rate swaps, in other noncurrent assets	-	1,648	-	1,648
Investments sold, not yet purchased, in other noncurrent liabilities	-	2,342	-	2,342
Interest rate swaps, included in other noncurrent liabilities	-	157,518	-	157,518

(Dollars in Thousands)

6. Fair Value Measurements (continued)

For the year ended June 30, 2017, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following.

	Short-term investments	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity and Real Estate Funds	Commodities Funds and Other Investments	Benefit Plan Assets
Year Ended June 30, 2017							
Beginning balance	$ 287	$ 29,545	$ 142,831	$ 3,759	$ 197,886	$ 4,464	$ 56,070
Total realized and unrealized gains (losses):							
Included in nonoperating gains (losses)	58	3,428	14,434	663	28,731	19	-
Included in changes in net assets	-	-	-	-	-	(35)	-
Purchases	-	6,357	154,039	1,158	57,900	2,880	127,432
Sales	-	(5,033)	(84,813)	(584)	(43,141)	-	(127,097)
Transfers into Level 3	-	2,379	-	121	44	320	54,003
Transfers out of Level 3	-	(8,557)	(33,280)	(379)	-	(155)	(55,710)
Ending balance	$ 345	$ 28,119	$ 193,211	$ 4,738	$ 241,420	$ 7,493	$ 54,698
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at June 30, 2017	$ -	$ 3,377	$ 8,404	$ 705	$ 800	$ 3,339	$ -

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.

(Dollars in Thousands)

6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2016, for all financial assets and liabilities measured at fair value on a recurring basis in the System's consolidated financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2016				
Cash equivalents	$ 497,847	$ 12,173	$ -	$ 510,020
Short-term investments	46,750	20,291	287	67,328
Pooled short-term investment funds	471,099	-	-	471,099
U.S. government, state, municipal and agency obligations	-	3,064,411	-	3,064,411
Corporate and foreign fixed income securities	-	1,604,725	29,545	1,634,270
Asset-backed securities	-	629,140	142,831	771,971
Equity securities	2,671,500	130,930	3,759	2,806,189
Alternative investments and other investments:				
Private equity and real estate funds	1,409	2,400	197,886	201,695
Commodities funds and other investments	13,420	5,183	4,464	23,067
Assets at net asset value:				
Corporate and foreign fixed income securities				93,879
Equity securities				190,473
Private equity and real estate funds				1,446,850
Hedge funds				2,677,275
Commodities funds and other investments				1,454,136
Cash and other investments not at fair value				475,242
Cash and investments				$ 15,887,905
Benefit plan assets, in other noncurrent assets	$ 300,726	$ 33,055	$ 56,070	$ 389,851
Interest rate swaps, in other noncurrent assets	-	10,713	-	10,713
Investments sold, not yet purchased, in other noncurrent liabilities	-	4,569	-	4,569
Interest rate swaps, included in other noncurrent liabilities	-	236,702	-	236,702

(Dollars in Thousands)

6. Fair Value Measurements (continued)

For the year ended June 30, 2016, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following.

	Short-term investments	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity and Real Estate Funds	Commodities Funds and Other Investments	Benefit Plan Assets
Year Ended June 30, 2016							
Beginning balance	$ 301	$ 26,599	$ 89,364	$ 2,198	$ 187,338	$ (4,245)	$ 35,256
Total realized and unrealized gains (losses):							
Included in nonoperating gains (losses)	(14)	(2,661)	(3,472)	(61)	17,014	(6,445)	(3)
Included in changes in net assets	-	-	-	-	-	(47)	-
Purchases	-	19,410	82,958	611	50,400	8,701	31,245
Sales	-	(10,790)	(40,064)	(2,222)	(55,697)	-	(19,892)
Transfers into Level 3	-	3,512	16,075	3,233	1	6,500	25,508
Transfers out of Level 3	-	(6,525)	(2,030)	-	(1,170)	-	(16,044)
Ending balance	$ 287	$ 29,545	$ 142,831	$ 3,759	$ 197,886	$ 4,464	$ 56,070
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at June 30, 2016	$ -	$ (1,625)	$ (5,621)	$ 494	$ 4,153	$ -	$ -

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.

(Dollars in Thousands)

7. Long-Term Debt

Long-term debt at June 30, 2017 and 2016 is comprised of the following and is presented in accordance with the specific master trust indenture to which the debt relates. As further discussed below, certain portions of long-term debt are secured under the Alexian Brothers Health System Master Trust Indenture; the Mercy Regional Health Center, Inc. Master Trust Indenture; and the St. John Health System Master Trust Indenture.

	June 30,	
	2017	**2016**
Tax-exempt hospital revenue bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture:		
Variable rate demand bonds, subject to a put provision that provides for a cumulative 7-month notice and remarketing period, payable through November 2047; interest (0.68% at June 30, 2016) tied to a market index plus a spread	**$ -**	$ 350,890
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2047; interest (0.87% to 0.92% at June 30, 2017) set at prevailing market rates	**533,935**	553,820
Indexed put bonds subject to weekly rate resets based on a taxable index, payable through November 2046; interest (1.264% at June 30, 2016)	**-**	153,800
Fixed rate put bonds (converted from an indexed put bond mode based on a taxable index in May 2009) payable through November 2046; interest (4.10% at June 30, 2016)	**-**	153,690
Fixed rate serial, term and mode bonds fixed to maturity payable in installments through November 2051; interest at 3.00% to 5.00%	**2,723,220**	2,392,360
Fixed rate serial mode bonds payable through 2047 with purchase dates ranging from February 2018 through March 2023; interest at 0.95% to 5.00% through the purchase dates	**1,386,245**	1,120,680
Tax-exempt hospital revenue bonds – unsecured under Ascension Health Alliance Subordinate Master Trust Indenture:		
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2025; interest (0.90% at June 30, 2017) set at prevailing market rates	**39,085**	42,985
Fixed rate serial mode bonds payable through 2027 with purchase dates through May 2020; interest at 1.15% to 4.00%	**387,260**	419,055

(Dollars in Thousands)

7. Long-Term Debt (continued)

	June 30, 2017	2016
Taxable bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture:		
Taxable fixed rate term bonds payable in installments through November 2053; interest at 4.847%	**$ 425,000**	$ 425,000
Taxable fixed rate term bonds payable as of November 2046; interest at 3.945%	**925,000**	700,000
Total hospital revenue bonds under Senior Master Trust Indenture and Subordinate Master Trust Indenture	**6,419,745**	6,312,280
Tax-exempt hospital revenue bonds – secured under Alexian Brothers Health System Master Trust Indenture:		
Fixed rate serial and term bonds payable in installments through February 2038; interest at 4.25% to 5.50%	**49,090**	61,935
Total hospital revenue bonds under the Alexian Brothers Health System Master Trust Indenture	**49,090**	61,935
Tax-exempt hospital revenue bonds – secured under Mercy Regional Health Center, Inc. Master Trust Indenture:		
Fixed rate serial and term bonds payable in installments through November 2029; interest at 4.00% to 5.00%	**20,790**	21,915
Total hospital revenue bonds under the Mercy Regional Health Center, Inc. Master Trust Indenture	**20,790**	21,915
Tax-exempt hospital revenue bonds – secured under St. John Health System Master Trust Indenture:		
Fixed rate serial and term bonds payable in installments through February 2042; interest at 4.00% to 5.00%	**165,110**	385,240
Total hospital revenue bonds under the St. John Health System Master Trust Indenture	**165,110**	385,240
Total hospital revenue bonds – all Master Trust Indentures	**6,654,735**	6,781,370

(Dollars in Thousands)

7. Long-Term Debt (continued)

	June 30, 2017	June 30, 2016
Other debt:		
Obligations under capital leases	**22,134**	24,987
Other	**84,783**	111,923
	6,761,652	6,918,280
Unamortized premium, net	**274,438**	271,774
Less debt issuance cost, net	**(38,595)**	(35,708)
Less current portion	**(298,270)**	(96,193)
Less long-term debt subject to short-term remarketing arrangements	**(999,785)**	(1,666,245)
Long-term debt, less current portion and long-term debt subject to short-term remarketing arrangements	**$ 5,699,440**	$ 5,391,908

	June 30, 2017	June 30, 2016
Ascension Health Alliance Senior Master Trust Indenture long-term debt obligations, including unamortized premium and cost of issuance, net	**$ 5,332,260**	$ 4,477,894
Ascension Health Alliance Subordinate Master Trust Indenture long-term debt obligations, including unamortized premium and cost of issuance, net	**239,406**	309,316
Alexian Brothers Health System Master Trust Indenture long-term debt obligations, including unamortized premium, net	**34,498**	50,296
Mercy Regional Health Center, Inc. Master Trust Indenture long-term debt obligations, including unamortized premium, net	**21,158**	22,627
St. John Health System Master Trust Indenture long-term debt obligations, including unamortized premium, net	**-**	403,132
Other	**72,118**	128,643
Long-term debt, less current portion, and long-term debt subject to short-term remarketing arrangements	**$ 5,699,440**	$ 5,391,908

(Dollars in Thousands)

7. Long-Term Debt (continued)

Scheduled principal repayments of long-term debt, considering obligations subject to short-term remarketing as due according to their long-term amortization schedule, as of June 30, 2017, are as follows:

	Ascension Health Alliance MTIs	Alexian Brothers Health System MTI	Mercy Regional Health Center, Inc. MTI	St. John Health System MTI	Other Debt	Total
Year Ending June 30:						
2018	$ 68,530	$ 15,355	$ 1,175	$ 165,110	$ 48,100	$ 298,270
2019	88,780	2,080	1,230	-	7,000	99,090
2020	91,880	2,495	1,285	-	19,355	115,015
2021	95,345	1,700	1,350	-	7,022	105,417
2022	101,685	2,260	1,420	-	6,525	111,890
Thereafter	5,973,525	25,200	14,330	-	18,915	6,031,970
Total	$ 6,419,745	$ 49,090	$ 20,790	$ 165,110	$ 106,917	$ 6,761,652

Refer to subsequent events disclosure in Note 2 regarding defeasance, or redemption, of certain debt obligations.

The carrying values of fixed rate bonds were $6,081,715 and $5,679,875 at June 30, 2017 and 2016, respectively. The fair values of these fixed rate bonds were $6,446,481 and $6,350,071 at June 30, 2017 and 2016, respectively, representing Level 2 measurements obtained from an independent third party valuation service. The carrying amounts of variable rate bonds and other notes payable approximate fair value.

During the years ended June 30, 2017 and 2016, interest paid was approximately $236,000 and $203,000, respectively. Capitalized interest was approximately $5,700 and $3,700 for the years ended June 30, 2017 and 2016, respectively.

7. Long-Term Debt (continued)

Certain members of the System formed the Ascension Health Alliance Credit Group (Senior Credit Group). Each Senior Credit Group member is identified as either a senior obligated group member, a senior designated affiliate, or a senior limited designated affiliate. Senior obligated group members are jointly and severally liable under a Senior Master Trust Indenture (Senior MTI) to make all payments required with respect to obligations under the Senior MTI and may be entities not controlled directly or indirectly by the System.

Senior designated affiliates and senior limited designated affiliates are not obligated to make debt service payments on the obligations under the Senior MTI. The System may cause each senior designated affiliate to transfer such amounts as are necessary to enable the obligated group to comply with the terms of the Senior MTI, including payment of the outstanding obligations. Additionally, each senior limited designated affiliate has an independent limited designated affiliate agreement and promissory note with the System with stipulated repayment terms and conditions, each subject to the governing law of the senior limited designated affiliate's state of incorporation.

Pursuant to a Supplemental Master Indenture dated February 1, 2005, senior obligated group members, which are operating entities, have pledged and assigned to the Master Trustee a security interest in all of their rights, title, and interest in their pledged revenues and proceeds thereof.

A Subordinate Credit Group, which is comprised of subordinate obligated group members, subordinate designated affiliates, and subordinate limited designated affiliates, was created under the Subordinate Master Trust Indenture (Subordinate MTI). The subordinate obligated group members are jointly and severally liable under the Subordinate MTI to make all payments required with respect to obligations under the Subordinate MTI and may be entities not controlled directly or indirectly by the System. Subordinate designated affiliates and subordinate limited designated affiliates are not obligated to make debt service payments on the obligations under the Subordinate MTI.

The System may cause each subordinate designated affiliate to transfer such amounts as are necessary to enable the obligated group members to comply with the terms of the Subordinate MTI, including payment of the outstanding obligations. Additionally, each subordinate limited designated affiliate has an independent subordinate limited designated affiliate agreement and promissory note with the System, with stipulated repayment terms and conditions, each subject to the governing law of the subordinate limited designated affiliate's state of incorporation.

7. Long-Term Debt (continued)

The unsecured variable rate demand bonds of both the Senior and Subordinate Credit Groups, while subject to long-term amortization periods, may be put to the System at the option of the bondholders in connection with certain remarketing dates. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2017, the principal amount of such bonds has been classified as a current liability in the accompanying Consolidated Balance Sheets. Management believes the likelihood of a material amount of bonds being put to the System to be remote. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including the line of credit, commercial paper program, and maintaining unrestricted assets as a source of self-liquidity.

On January 1, 2012, Alexian Brothers became part of the System. Subsequently, the System redeemed or refinanced a portion of Alexian Brothers' debt; however, a portion of the bonds previously issued for the benefit of Alexian Brothers remains outstanding (the Alexian Brothers' Bonds). The Alexian Brothers' Bonds continue to be secured by the Alexian Brothers Health System Master Trust Indenture (As Amended and Restated), dated October 1, 1992, between the Members of the Alexian Brothers Health System Obligated Group established under this document and the Alexian Brothers Health System Master Trustee.

On April 1, 2013, Marian Health System joined Ascension Health. Subsequently, the System redeemed or refinanced a portion of the debt of the Marian Systems; however, a portion of the bonds previously issued for the benefit of the Marian Systems remains outstanding. These bonds continue to be secured by the respective Master Trust Indentures, including the Amended and Restated Master Trust Indenture dated October 1, 1999, by and between St. John Health System and the St. John Health Master Trustee; and the Master Trust Indenture dated January 15, 2013, between Mercy Regional Health Center, Inc. and the Mercy Regional Health Center, Inc. Master Trustee.

In order to terminate the respective Master Trust Indentures of Crittenton and Wheaton, and the redemption or defeasance of all associated outstanding debt, Ascension issued and redeemed taxable commercial paper of approximately $161,000 and $637,000, respectively, during the year ended June 30, 2016. Following the discharge of these Master Trust Indentures, certain Crittenton and Wheaton entities were added to the Senior and Subordinate Credit Groups.

7. Long-Term Debt (continued)

In May 2016, Ascension issued $2,046,250 of debt, consisting of $1,346,250 tax-exempt bonds through issuing authorities in Wisconsin, Alabama and Michigan, and $700,000 taxable bonds. The debt was issued to refund certain Ascension 2006 fixed rate bonds payable through 2039, to refund the commercial paper associated with the Crittenton and Wheaton transactions, to refund the remaining debt of Ministry Health Care, Inc. and Howard Young Health Care, Inc. and to reimburse the System for previous capital expenditures. Subsequent to the closing, both the Ministry Health Care Master Trust Indenture and The Howard Young Medical Center, Inc. Master Trust Indenture were terminated and certain Ministry Health Care, Inc. and Howard Young Health Care, Inc. entities were added to the Senior and Subordinate Credit Groups.

In June 2017, Ascension issued $225 million of taxable bonds through a reopening of the Series 2016A taxable bond offering, a Senior Credit Group Obligation. The debt was issued primarily to refund certain Series 2007 St. John Health System bonds. The St. John Health System has not joined the Senior or Subordinate Credit Groups.

Due to aggregate financing activity during the fiscal years ended June 30, 2017 and 2016, gains (losses) on extinguishment of debt of $10,907 and ($13,594), respectively, were recorded, which are included in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

As of June 30, 2017, the Senior Credit Group has two lines of credit totaling $1,000,000. The first line of credit totals $500,000 which may be used as a source of funding for unremarketed variable debt (including commercial paper) or for general corporate purposes. The second line of credit totals $500,000 which may be used for general corporate purposes. Both lines are committed to November 3, 2017 and as of June 30, 2017 and 2016, there were no borrowings under either line of credit.

As of June 30, 2017, the Senior Credit Group has a $100,000 revolving line of credit related to its letters of credit program toward which a bank commitment of $100,000 extends to November 22, 2017. The revolving line of credit may be accessed solely in the form of Letters of Credit issued by the bank for the benefit of the members of the Credit Groups. Of this $100,000 revolving line of credit, letters of credit totaling $85,925 have been issued as of June 30, 2017. No borrowings were outstanding under the letters of credit as of June 30, 2017 and 2016.

(Dollars in Thousands)

8. Derivative Instruments

The System uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt. Interest rate swaps with varying characteristics are outstanding under the Master Trust Indentures of the System and St. John Health. These swaps have historically been used to effectively convert interest rates on variable rate bonds to fixed rates and rates on fixed rate bonds to variable rates. At June 30, 2017 and 2016, the notional values of outstanding interest rate swaps were as follows:

	June 30,	
	2017	**2016**
Ascension Health Alliance MTI	**$ 1,146,600**	$ 2,146,107
St. John Health System MTI	**100,000**	100,000
Total	**$ 1,246,600**	$ 2,246,107

The System recognizes the fair value of its interest rate swaps in the Consolidated Balance Sheets as assets, recorded in other noncurrent assets, or liabilities, recorded in other noncurrent liabilities, as appropriate. The respective fair values of interest rate swaps in an asset and liability position for the System and St. John Health were as follows:

	June 30, 2017		June 30, 2016	
	Asset	**Liability**	**Asset**	**Liability**
Ascension Health Alliance MTI	**$ 1,648**	**$ 157,394**	$ 10,713	$ 236,367
St. John Health System MTI	**-**	**124**	-	335
Total	**$ 1,648**	**$ 157,518**	$ 10,713	$ 236,702

8. Derivative Instruments (continued)

The System's interest rate swap agreements include collateral requirements for each counterparty under such agreements, based upon specific contractual criteria, subject to master netting arrangements. Collateral requirements are separately calculated for the System and St. John Health based on the credit ratings of each. In the case of the System, the applicable credit rating is the Senior Credit Group long-term debt credit ratings (Senior Debt Credit Ratings), as obtained from each of two major credit rating agencies. Credit rating and the net liability position of total interest rate swap agreements outstanding with each counterparty determine the amount of collateral to be posted. No collateral was posted at June 30, 2017 and 2016.

The System does not account for any of its interest rate swaps as hedges, and accordingly, all changes in the fair value of interest rate swaps are recognized in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets. The System does not offset fair value amounts recognized for derivative instruments.

9. Retirement Plans

Defined-Benefit Plans

Certain System entities participate in defined-benefit pension plans (the System Plans), which are noncontributory, defined-benefit pension plans. Benefits are based on each participant's years of service and compensation. All of the System Plans' assets are invested in Trusts, which include the Master Pension Trust (the Trust) and other trusts (the Other Trusts). The System Plans' assets primarily consist of short-term investments, equity, fixed income, and alternative investments, consisting of various hedge funds, real estate funds, private equity funds, commodity funds, private credit funds, and certain other private funds. Contributions to the System Plans are based on actuarially determined amounts sufficient to meet the benefits to be paid to participants.

Most System defined benefit plans were frozen effective December 31, 2012. Four of the System Plans remain ongoing with $28,174 of service cost recognized during the year ended June 30, 2017. During the year ended June 30, 2017, the System froze a defined benefit plan which resulted in the recognition of a curtailment gain of $40,000 which was recognized in total impairment, restructuring, and nonrecurring losses as discussed in Note 2.

(Dollars in Thousands)

9. Retirement Plans (continued)

The assets of the System Plans are available to pay the benefits of eligible employees and retirees of all participating entities. In the event entities participating in the System Plans are unable to fulfill their financial obligations under the System Plans, the other participating entities are obligated to do so.

The following table sets forth the combined benefit obligations and assets of the System Plans at June 30, 2017 and 2016, components of net periodic benefit costs for the years then ended, and a reconciliation of the amounts recognized in the accompanying consolidated financial statements.

	Year Ended June 30,	
	2017	**2016**
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	**$ 9,435,964**	$ 7,786,840
Service cost	**28,174**	25,467
Interest cost	**341,998**	352,212
Actuarial (gain) loss	**(18,943)**	624,503
Acquisitions	**-**	1,069,401
Curtailment	**(58,351)**	(12,206)
Benefits paid	**(555,192)**	(410,253)
Projected benefit obligation at end of year	**9,173,650**	9,435,964
Change in plan assets:		
Fair value of plan assets at beginning of year	**8,199,379**	7,305,030
Actual return on plan assets	**269,419**	482,083
Employer contributions	**6,161**	24,381
Acquisitions	**-**	798,138
Benefits paid	**(555,192)**	(410,253)
Fair value of plan assets at end of year	**7,919,767**	8,199,379
Net amount recognized at end of year and funded status	**$ (1,253,883)**	$ (1,236,585)
Accumulated benefit obligation at end of year	**$ 9,169,399**	$ 9,386,710

(Dollars in Thousands)

9. Retirement Plans (continued)

The System Plans' funded status as a percentage of the projected benefit obligation at June 30, 2017 and 2016, was 86.3% and 86.9%, respectively. The System Plans' funded status as a percentage of the accumulated benefit obligation at June 30, 2017 and 2016, was 86.4% and 87.4%, respectively.

Included in unrestricted net assets at June 30, 2017 and 2016, are the following amounts that have not yet been recognized in net periodic pension cost for the System Plans:

	2017	2016
Unrecognized prior service credit	**$ (5,285)**	$ (8,293)
Unrecognized actuarial loss	**1,857,547**	1,546,707
	$ 1,852,262	$ 1,538,414

Changes in plan assets and benefit obligations recognized in unrestricted net assets for System Plans during 2017 and 2016 include:

	2017	2016
Current year actuarial gain	**$ 334,981**	$ 749,175
Amortization of actuarial loss	**(24,141)**	(35,534)
Amortization of prior service credit	**3,008**	3,778
	$ 313,848	$ 717,419

(Dollars in Thousands)

9. Retirement Plans (continued)

	2017	2016
Components of net periodic benefit cost		
Service cost	**$ 28,174**	$ 25,467
Interest cost	**341,998**	352,212
Expected return on plan assets	**(681,695)**	(618,961)
Amortization of prior service credit	**(2,842)**	(3,140)
Amortization of actuarial loss	**60,827**	34,985
Curtailment gain	**(40,000)**	(638)
Settlement loss	**3,148**	549
Net periodic benefit	**$ (290,390)**	$ (209,526)

The prior service credit and actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending June 30, 2018, are $2,700 and $72,435, respectively.

The assumptions used to determine the benefit obligation and net periodic benefit cost for the System Plans are set forth below:

	June 30,	
	2017	**2016**
To determine benefit obligations:		
Weighted-average discount rate	**3.87%**	3.80%
To determine net periodic benefit cost:		
Weighted-average discount rate	**3.80%**	4.48%
Weighted-average expected long-term rate of return on plan assets	**8.50%**	8.36%

9. Retirement Plans (continued)

The expected long-term rate of return on the System Plans' assets is based on historical and projected rates of return for current and planned asset categories in the investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

The System Plans' assets invested in the Trust are invested in a portfolio designed to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk. Diversification is achieved by allocating to funds and managers that correlate to one of three economic strategies: growth, deflation, and inflation. Growth strategies include U.S. equity, emerging market equity, global equity, international equity, directional hedge funds, private equity, high yield, and private credit. Deflation strategies include core fixed income, absolute return hedge funds, and cash. Inflation strategies include inflation-linked bonds, commodity-related investments, and real assets. The System Plans use multiple investment managers with complementary styles, philosophies, and approaches. In accordance with the System Plans' objectives, derivatives may also be used to gain market exposure in an efficient and timely manner.

In accordance with the System Plans' asset diversification targets, as presented in the table that follows, the Trust holds certain alternative investments, consisting of various hedge funds, real asset funds, private equity funds, commodity funds, private credit funds, and certain other private funds. These investments do not have observable market values. As such, each of these investments is valued at net asset value (NAV) as determined by each fund's investment manager, which approximates fair value. Management elected to use the NAV per share, or equivalent, for fair value. Collectively, these funds have liquidity terms ranging from daily to annual with notice periods ranging from 1 to 120 days. Due to redemption restrictions, investments of certain private funds, whose fair value was approximately $893,000 at June 30, 2017, cannot currently be redeemed. However, the potential for the System Plans to sell their interest in real asset funds and private equity funds in a secondary market prior to the end of the fund term does exist.

(Dollars in Thousands)

9. Retirement Plans (continued)

The investments in these alternative investment funds may also include contractual commitments to provide capital contributions during the investment period, which is typically five years, and may extend to the end of the fund term. During these contractual periods, investment managers may require the System Plans to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2017, investment periods expire between January 2018 and February 2023. The remaining unfunded capital commitments of the Trust total approximately $587,000 for 86 individual contracts as of June 30, 2017.

The weighted-average asset allocation for the System Plans in the Trust at the end of fiscal 2017 and 2016 and the target allocation for fiscal 2018, by asset category, are as follows:

	Target Allocation	**Percentage of Plan Assets At Year-End**	
Asset Category	**2018**	**2017**	**2016**
Growth	57 %	**57 %**	46 %
Deflation	28	**27**	38
Inflation	15	**16**	16
Total	100 %	**100 %**	100 %

(Dollars in Thousands)

9. Retirement Plans (continued)

The following tables summarize fair value measurements at June 30, 2017 and 2016, by asset class and by level, for the System Plans' assets and liabilities. As also discussed in the Fair Value Measurements note, the System follows the three-level fair value hierarchy to categorize plan assets and liabilities recognized at fair value, which prioritizes the inputs used to measure such fair values. The inputs and valuation techniques discussed in the Fair Value Measurements note also apply to the System Plans' assets and liabilities as presented in the following tables.

	Level 1	Level 2	Level 3	Total
June 30, 2017				
Short-term investments	$459,619	$21,466	$ -	$481,085
Derivatives receivable	73	21,900	19,144	41,117
U.S. government, state, municipal and agency obligations	-	1,389,683	-	1,389,683
Corporate and foreign fixed income securities	-	876,984	931	877,915
Asset-backed securities	-	467,600	4,523	472,123
Equity securities	2,092,749	323	12,481	2,105,553
Assets at net asset value:				
Corporate and foreign fixed income securities				10,723
Equity securities				259,556
Private equity and real estate funds				965,209
Hedge funds				1,033,739
Commodities funds and other investments				303,244
Other receivables				229,757
Total				8,169,704
Derivatives payable	1,267	187,443	19,347	208,057
Other payables				41,880
Total				249,937
Fair value of plan assets				$ 7,919,767

(Dollars in Thousands)

9. Retirement Plans (continued)

	Level 1	Level 2	Level 3	Total
June 30, 2016				
Short-term investments	$ 1,235,230	$ -	$ -	$ 1,235,230
Derivatives receivable	31,674	280,634	55,187	367,495
U.S. government, state, municipal and agency obligations	1,840	1,567,670	-	1,569,510
Corporate and foreign fixed income securities	-	617,395	7,870	625,265
Asset-backed securities	-	154,113	41,220	195,333
Equity securities	1,555,564	12,226	12,321	1,580,111
Assets at net asset value:				
Corporate and foreign fixed income securities				8,929
Equity securities				97,760
Private equity and real estate funds				908,403
Hedge funds				1,406,679
Commodities funds and other investments				349,516
Other receivables				241,603
Total				8,585,834
Derivatives payable	30,917	11,291	4,819	47,027
Other payables				339,428
Total				386,455
Fair value of plan assets				$ 8,199,379

(Dollars in Thousands)

9. Retirement Plans (continued)

For the years ended June 30, 2017 and 2016, the changes in the fair value of the System Plans' assets measured using significant unobservable inputs (Level 3) consisted of the following:

	Net Derivatives	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities
June 30, 2017				
Beginning balance	**$ 50,368**	**$ 7,870**	**$ 41,220**	**$ 12,321**
Total actual return on assets	**-**	**1,282**	**3,013**	**(1,758)**
Purchases (sales), net	**(203)**	**(9,319)**	**(33,183)**	**(1,529)**
Transfers (out of) into Level 3	**(50,368)**	**1,098**	**(6,527)**	**3,447**
Ending balance	**$ (203)**	**$ 931**	**$ 4,523**	**$ 12,481**
Actual return on plan assets relating to plan assets still held at June 30, 2017	**$ -**	**$ 450**	**$ 177**	**$ (33)**

	Net Derivatives	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities
June 30, 2016				
Beginning balance	$ (8,737)	$ 3,372	$ 19,610	$ 1,345
Total actual return on assets	(3,649)	(1,200)	(73)	10,198
Purchases (sales), net	62,754	6,184	26,325	738
Transfers (out of) into Level 3	-	(486)	(4,642)	40
Ending balance	$ 50,368	$ 7,870	$ 41,220	$ 12,321
Actual return on plan assets relating to plan assets still held at June 30, 2016	$ 50,368	$ (1,642)	$ (446)	$ (58)

(Dollars in Thousands)

9. Retirement Plans (continued)

The Trust has entered into a series of swap agreements with a net notional amount of approximately $1,927,000. The combined targeted duration of these swaps and the Trust's fixed income investments approximates the duration of the liabilities of the Trust. Currently, 50% of the dollar duration of the liability is subject to this economic hedge. The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates.

Information about the expected cash flows for the System Plans follows:

Expected employer contributions 2018	$ 5,970
Expected benefit payments:	
2018	617,125
2019	598,955
2020	610,970
2021	608,655
2022	608,820
2023-2027	2,854,281

The contribution amount above includes expected amounts paid to Trusts. The benefit payment amounts above reflect the total benefits expected to be paid from Trusts.

Other Postretirement Benefit Plans

In addition to the retirement plan described above, certain Health Ministries sponsor postretirement benefit plans that provide healthcare benefits to qualified retirees who meet certain eligibility requirements. The total benefit obligation of these plans at June 30, 2017 and 2016 is $28,987 and $36,044, respectively. The net asset included in pension and other postretirement liabilities in the accompanying Consolidated Balance Sheets at June 30, 2017 and 2016 is $17,972 and $7,954, respectively. The change in the plans' assets and benefit obligations recognized in unrestricted net assets during the year ended June 30, 2017 and 2016, was an increase (decrease) of $4,468 and $(3,731), respectively.

9. Retirement Plans (continued)

Defined-Contribution Plans

System entities participate in contributory and noncontributory defined-contribution plans covering all eligible associates. There are three primary types of contributions to these plans: employer automatic contributions, employee contributions, and employer matching contributions. Benefits for employer automatic contributions are determined as a percentage of a participant's salary and, for certain entities, increases over specified periods of employee service. These benefits are funded annually, and participants become fully vested over a period of time. Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period. These benefits are funded each payroll period, and participants become fully vested in these employer contributions immediately. Expenses for the defined-contribution plans were $349,514 and $326,881 during 2017 and 2016, respectively, and are included in employee benefits in the Consolidated Statements of Operations and Changes in Net Assets.

10. Self-Insurance Programs

Certain System hospitals and other entities participate in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits. In addition, various insurance policies have been purchased to provide coverage in excess of the self-insured limits. The System provides its self-insurance through various trust funds and captive insurance companies. Actuarially determined amounts, discounted at 5.5%, are contributed to the trust funds and the captive insurance companies to provide for the estimated cost of claims. The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported, which were discounted at 5.5% and 6.0% in 2017 and 2016, respectively. Those entities not participating in the self-insured programs are insured under separate policies.

Professional and General Liability Programs

Professional and general liability coverage is provided on a claims-made or occurrence basis through a wholly owned onshore trust and through Ascension Health Insurance, Ltd. (AHIL), a direct subsidiary of Ascension Risk Services.

10. Self-Insurance Programs (continued)

The wholly owned onshore revocable trust has a self-insured retention up to $10,000 per occurrence with no aggregate. Excess coverage is provided through AHIL with limits up to $225,000. AHIL retains $5,000 per incident and in the aggregate for professional liability. The excess coverage is reinsured by commercial carriers.

Employed physicians and certain entities in the states of Indiana, Kansas, Pennsylvania, and Wisconsin are provided coverage by ProAssurance on a fronted basis and are reinsured through AHIL. These entities and physicians are provided professional liability coverage with limits in compliance with participation in the Patient Compensation Funds. The Patient Compensation Funds apply to claims in excess of the primary self-insured limit, except the Fund in Kansas, which only covers claims up to the first $1,000 and then the trust and AHIL cover amounts above $1,000.

Sunflower Assurance, Ltd. (Sunflower) was acquired when Via Christi Health joined the System. As of October 1, 2013, Via Christi Health's primary and excess medical professional and general liability and employed physician programs were integrated into the System trust and AHIL. After January 1, 2014, the employer stop loss and employee life insurance coverage provided by Sunflower to Via Christi Health were not renewed and are in run off.

Effective July 1, 2014, the reinsurance of Ascension's independent physician professional liability program with ProAssurance Corporation (ProAssurance), the System's partner insurance company, was transferred from AHIL to Sunflower.

Beginning July 1, 2014, Sunflower offered physician professional liability coverage through insurance or reinsurance arrangements to nonemployed physicians practicing at the System's various facilities, primarily in Michigan, Indiana, Texas, Florida, Illinois and Alabama. Coverage is offered to physicians with limits ranging from $100 per claim to $1,000 per claim with various aggregate limits. Beginning July 1, 2014, AHIL offered similar coverage to employed physicians in the states of Indiana, Kansas, Pennsylvania and Wisconsin.

10. Self-Insurance Programs (continued)

Included in operating expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets is professional and general liability expense of $167,393 and $139,778 for the years ended June 30, 2017 and 2016, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are professional and general liability loss reserves of $541,177 and $552,656 at June 30, 2017 and 2016, respectively.

Workers' Compensation

Workers' compensation coverage is provided on an occurrence basis through a grantor trust. The self-insured trust provides coverage up to $1,500 per occurrence with no aggregate. The trust provides a mechanism for funding the workers' compensation obligations of its members. Prior to October 1, 2013, workers' compensation coverage for Via Christi Health, Ministry, and St. John Health System, a subsidiary of Ascension Health, (collectively the former Marian Health System) was self-insured or commercially insured up to various limits and excess insurance against catastrophic loss was obtained through commercial insurers.

Included in employee benefits in the accompanying Consolidated Statements of Operations and Changes in Net Assets is workers' compensation expense of $49,767 and $41,777 for the years ended June 30, 2017 and 2016, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are workers' compensation loss reserves of $131,566 and $138,221 at June 30, 2017 and 2016, respectively.

11. Lease Commitments

Certain System entities are lessees under operating lease agreements for the use of space in buildings owned by third parties, including medical office buildings (MOBs) and medical and information technology equipment. In addition, certain System entities have subleased space within buildings where the entity has a current operating lease commitment. Certain System entities are also lessors under operating lease agreements, primarily ground leases related to third-party-owned MOBs on land owned by the System entity.

(Dollars in Thousands)

11. Lease Commitments (continued)

The System's future minimum noncancelable payments associated with operating leases with terms of one year or more where a System entity is the lessee, as well as future minimum noncancelable receipts associated with operating leases where a System entity is the sublessor or lessor, are presented in the table that follows. Future minimum payments and receipts relate to noncancelable leases with terms of one year or more.

	Future Payments Where the System is Lessee	Future Receipts Where the System is Sublessor/ Lessor	Net Future Payments
Year ending June 30:			
2018	$ 167,069	$ 35,541	$ 131,528
2019	153,590	30,175	123,415
2020	119,148	23,006	96,142
2021	89,713	19,053	70,660
2022	70,859	18,133	52,726
Thereafter	274,815	274,733	82
Total	$ 875,194	$ 400,641	$ 474,553

Rental expense under operating leases amounted to $396,656 and $391,054 in 2017 and 2016, respectively.

12. Related Parties

The System has agreements with related parties for revenue cycle management services and clinical engineering services. The System expensed approximately $585,000 for these services during the year ended June 30, 2017.

(Dollars in Thousands)

13. Contingencies and Commitments

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. Regulatory investigations also occur from time to time. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on the System's Consolidated Balance Sheet.

The System enters into agreements with non-employed physicians that include minimum revenue guarantees. The terms of the guarantees vary. The carrying amounts of the liability for the System's obligation under these guarantees were $16,686 and $21,152 at June 30, 2017 and 2016, respectively, and are included in other current and noncurrent liabilities in the accompanying Consolidated Balance Sheets. The maximum amount of future payments that the System could be required to make under these guarantees is approximately $44,300.

The System entered into Master Service Agreements for information technology services provided by third parties. The maximum amount of future payments that the System could be required to make under these agreements is approximately $148,600.

Guarantees and other commitments represent contingent commitments issued by Ascension Health Alliance Senior and Subordinate Credit Groups, generally to guarantee the performance of an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and other transactions. The terms of guarantees are equal to the terms of the related debt, which can be as long as 25 years. The following represents the remaining guarantees and other commitments of the Senior and Subordinate Credit Groups at June 30, 2017:

Hospital de la Concepción 2017 Series A debt guarantee	$	25,700
St. Vincent de Paul Series 2000 A debt guarantee		28,300
Other guarantees and commitments		22,700

Supplementary Information

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Report of Independent Auditors on Supplementary Information

The Board of Directors
Ascension Health Alliance d/b/a Ascension

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Details of Consolidated Balance Sheet, and the Details of Consolidated Statement of Operations and Changes in Net Assets are presented for purposes of additional analysis 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 audits 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Ernst & Young LLP

September 22, 2017

Ascension

Schedule of Net Cost of Providing Care of Persons Living in Poverty and Other Community Benefit Programs

(Dollars in Thousands)

Years Ended June 30, 2017 and 2016

The net cost of providing care to persons living in poverty and other community benefit programs is as follows:

	Year Ended June 30, 2017	2016 *
Traditional charity care provided	**$ 537,672**	$ 452,246
Unpaid cost of public programs for persons living in poverty	**793,905**	717,164
Other programs for persons living in poverty and other vulnerable persons	**149,271**	151,177
Community benefit programs	**362,455**	367,579
Care of persons living in poverty and other community benefit programs	**$ 1,843,303**	$ 1,688,166

* Restated

Ascension

Details of Consolidated Balance Sheet
(Dollars in Thousands)

June 30, 2017

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Reclassification	Consolidated Amsterdam	Consolidated Arlington Heights	Consolidated Baltimore	Consolidated Binghamton	Consolidated Birmingham	Consolidated Bridgeport
Assets									
Current assets:									
Cash and cash equivalents	$ 857,605	$ 437,713	$ -	$ 1,281	$ 14,293	$ 8,008	$ 9,190	$ 34,052	$ 16,041
Short-term investments	103,857	(18,270)	-	-	2,286	-	-	-	-
Accounts receivable, less allowance for doubtful accounts	2,758,554	52,478	-	21,477	156,999	58,148	34,519	83,761	47,305
Inventories	354,041	4,773	-	1,843	13,536	7,915	4,892	11,616	4,458
Due from brokers	197,195	197,195	-	-	-	-	-	-	-
Estimated third-party payor settlements	133,715	5,472	-	757	7,747	-	1,868	4,480	-
Other	762,900	136,824	-	7,071	56,356	6,977	8,520	30,237	16,849
Total current assets	5,167,867	816,185	-	32,429	251,217	81,048	58,989	164,146	84,653
Long-term investments	16,999,371	14,849,416	1,378,966	8,966	22,650	16,688	23,330	15,697	52,913
Interest in investments held by Ascension	-	-	(1,378,966)	68,789	317,711	2,573	198,266	4,977	29,438
Property and equipment, net	9,182,978	526,149	-	56,268	520,854	227,176	106,576	340,112	188,554
Other assets:									
Investment in unconsolidated entities	1,196,651	369,383	-	-	5,225	27,005	556	9,126	150
Capitalized software costs, net	880,819	344,281	-	1,247	5,318	5,197	3,340	37,459	17,339
Other	892,739	73,945	-	5,365	19,107	13,075	14,464	12,824	12,406
Total other assets	2,970,209	787,609	-	6,612	29,650	45,277	18,360	59,409	29,895
Total assets	$ 34,320,425	$ 16,979,359	$ -	$ 173,064	$ 1,142,082	$ 372,762	$ 405,521	$ 584,341	$ 385,453

Consolidated Indiana	Consolidated Jacksonville	Consolidated Kansas	Consolidated Michigan	Consolidated Mobile	Consolidated Pensacola	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
$ 82,871	$ 11,521	$ 21,454	$ 64,657	$ 4,655	$ 16,534	$ 22,364	$ 17,909	$ 19,839	$ 8,993	$ 66,230
22,792	-	7,622	55,244	-	-	10	6,316	-	-	27,857
439,003	113,522	147,405	380,804	34,438	120,734	174,799	326,642	138,772	29,221	398,527
42,627	19,619	23,686	61,375	5,560	17,365	26,441	30,838	18,054	2,712	56,731
-	-	-	-	-	-	-	-	-	-	-
9,298	6,503	13,361	20,538	407	21,736	9,153	11,785	2,979	1,110	16,521
87,190	10,882	28,516	108,117	7,104	19,508	26,640	48,655	61,406	7,172	94,876
683,781	162,047	242,044	690,735	52,164	195,877	259,407	442,145	241,050	49,208	660,742
121,753	40,444	7,845	68,049	3,605	23,594	56,736	142,749	46,387	5,491	114,092
208,654	5,541	136,357	88,636	13,817	15,305	5,841	(702)	251,601	(128)	32,290
709,086	299,469	504,387	1,230,850	61,422	309,709	566,345	1,092,071	627,631	48,496	1,767,823
91,623	2,755	109,088	77,649	778	1,486	47,039	83,216	159,571	2,282	209,719
64,057	9,966	37,305	73,703	15,338	30,241	23,210	60,260	39,986	7,835	104,737
228,455	27,332	105,439	116,508	11,242	23,905	35,403	58,566	43,819	6,512	84,372
384,135	40,053	251,832	267,860	27,358	55,632	105,652	202,042	243,376	16,629	398,828
$ 2,107,409	$ 547,554	$ 1,142,465	$ 2,346,130	$ 158,366	$ 600,117	$ 993,981	$ 1,878,305	$ 1,410,045	$ 119,696	$ 2,973,775

Ascension

Details of Consolidated Balance Sheet (continued)
(Dollars in Thousands)

June 30, 2017

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Consolidated Amsterdam	Consolidated Arlington Heights	Consolidated Baltimore	Consolidated Binghamton	Consolidated Birmingham	Consolidated Bridgeport
Liabilities and net assets								
Current liabilities:								
Current portion of long-term debt	$ 298,270	$ (8,199)	$ 111	$ 20,381	$ 1,000	$ 546	$ 1,479	$ 733
Long-term debt subject to short-term remarketing arrangements	999,785	999,785	-	-	-	-	-	-
Accounts payable and accrued liabilities	2,742,377	919,145	16,099	125,181	48,477	24,290	51,366	36,583
Estimated third-party payor settlements	480,694	9,307	2,226	98,644	31	4,902	10,138	18,706
Due to brokers	115,783	115,783	-	-	-	-	-	-
Current portion of self-insurance liabilities	206,787	206,787	-	-	-	-	-	-
Other	340,756	(1,985,687)	19,373	56,050	46,812	41,986	99,464	51,092
Total current liabilities	5,184,452	256,921	37,809	300,256	96,320	71,724	162,447	107,114
Noncurrent liabilities:								
Long-term debt (senior and subordinated)	5,699,440	(289,027)	8,221	407,288	74,168	40,527	109,695	54,380
Self-insurance liabilities	513,010	504,322	-	(14)	-	-	-	-
Pension and other postretirement liabilities	1,318,331	152,693	17,606	27,240	17,129	20,480	10,267	23,711
Other	1,191,068	596,384	4,240	6,987	17,966	14,328	22,413	12,739
Total noncurrent liabilities	8,721,849	964,372	30,067	441,501	109,263	75,335	142,375	90,830
Total liabilities	13,906,301	1,221,293	67,876	741,757	205,583	147,059	304,822	197,944
Net assets:								
Unrestricted								
Controlling interest	17,933,923	14,028,872	96,222	388,748	160,142	233,692	265,465	152,074
Noncontrolling interests	1,798,361	1,711,919	-	(610)	-	-	1,105	-
Unrestricted net assets	19,732,284	15,740,791	96,222	388,138	160,142	233,692	266,570	152,074
Temporarily restricted	468,938	13,422	2,460	11,943	6,576	12,155	10,957	17,604
Permanently restricted	212,902	3,853	6,506	244	461	12,615	1,992	17,831
Total net assets	20,414,124	15,758,066	105,188	400,325	167,179	258,462	279,519	187,509
Total liabilities and net assets	$ 34,320,425	$ 16,979,359	$ 173,064	$ 1,142,082	$ 372,762	$ 405,521	$ 584,341	$ 385,453

Consolidated Indiana	Consolidated Jacksonville	Consolidated Kansas	Consolidated Michigan	Consolidated Mobile	Consolidated Pensacola	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
$ 6,018	$ 3,331	$ 7,388	$ 18,376	$ 897	$ 1,573	$ 5,196	$ 6,496	$ 205,518	$ 1,833	$ 25,593
-	-	-	-	-	-	-	-	-	-	-
260,546	65,741	90,714	296,687	16,926	59,571	109,893	227,620	78,462	21,323	293,753
78,217	1,339	5,589	149,508	1,115	5,714	9,804	47,526	799	4,842	32,287
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
346,512	103,046	103,296	416,242	29,863	98,364	158,245	274,406	132,383	29,791	319,518
691,293	173,457	206,987	880,813	48,801	165,222	283,138	556,048	417,162	57,789	671,151
440,702	247,108	405,358	1,267,780	66,527	116,694	385,386	406,108	260,002	135,978	1,562,545
-	-	2,891	1,689	-	-	-	-	4,122	-	-
162,434	30,592	-	303,160	4,573	27,609	20,154	84,974	69,713	-	345,996
88,836	11,386	59,541	90,421	11,527	28,116	17,582	61,649	35,282	4,627	107,044
691,972	289,086	467,790	1,663,050	82,627	172,419	423,122	552,731	369,119	140,605	2,015,585
1,383,265	462,543	674,777	2,543,863	131,428	337,641	706,260	1,108,779	786,281	198,394	2,686,736
576,265	65,489	437,293	(294,691)	24,203	238,008	248,187	646,334	599,607	(85,112)	153,125
60,264	-	8,920	1,908	595	1,058	8,756	-	-	-	4,446
636,529	65,489	446,213	(292,783)	24,798	239,066	256,943	646,334	599,607	(85,112)	157,571
69,330	15,166	15,550	71,398	2,140	23,373	27,348	88,901	14,157	6,414	60,044
18,285	4,356	5,925	23,652	-	37	3,430	34,291	10,000	-	69,424
724,144	85,011	467,688	(197,733)	26,938	262,476	287,721	769,526	623,764	(78,698)	287,039
$ 2,107,409	$ 547,554	$ 1,142,465	$ 2,346,130	$ 158,366	$ 600,117	$ 993,981	$ 1,878,305	$ 1,410,045	$ 119,696	$ 2,973,775

Ascension

Details of Consolidated Balance Sheet
(Dollars in Thousands)

June 30, 2016

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Reclassification	Consolidated Amsterdam	Consolidated Arlington Heights	Consolidated Baltimore	Consolidated Binghamton	Consolidated Birmingham	Consolidated Bridgeport
Assets									
Current assets:									
Cash and cash equivalents	$ 696,237	$ 40,282	$ -	$ 1,548	$ 4,493	$ 9,792	$ 6,303	$ 16,035	$ 12,284
Interest in investments held by Ascension	-	-	(224,655)	-	-	-	-	-	-
Short-term investments	122,545	(4,426)	-	-	2,406	-	-	-	-
Accounts receivable, less allowance for doubtful accounts	2,746,506	38,349	-	21,321	132,911	50,402	32,441	82,031	49,102
Inventories	349,077	3,493	-	1,450	13,650	7,829	4,478	10,677	4,485
Due from brokers	313,717	313,717	-	-	-	-	-	-	-
Estimated third-party payor settlements	186,354	3,872	-	802	2,047	10	6,015	3,052	-
Other	978,744	242,290	-	5,033	18,346	5,070	8,377	25,525	19,505
Total current assets	5,393,180	637,577	(224,655)	30,154	173,853	73,103	57,614	137,320	85,376
Long-term investments	15,069,123	4,258,570	10,098,218	7,708	21,050	15,326	21,962	14,818	44,070
Interest in investments held by Ascension	-	-	(9,873,563)	61,108	337,927	206,988	169,551	170,383	328,913
Property and equipment, net	9,020,005	522,263	-	59,015	530,630	235,527	98,557	337,641	194,927
Other assets:									
Investment in unconsolidated entities	1,115,871	306,443	-	-	5,087	20,093	762	8,956	60
Capitalized software costs, net	926,710	342,423	-	1,357	7,918	5,562	4,663	19,514	21,543
Other	908,580	100,018	-	6,065	19,170	10,732	12,513	37,405	14,156
Total other assets	2,951,161	748,884	-	7,422	32,175	36,387	17,938	65,875	35,759
Total assets	$ 32,433,469	$ 6,167,294	$ -	$ 165,407	$ 1,095,635	$ 567,331	$ 365,622	$ 726,037	$ 689,045

	Consolidated Indiana	Consolidated Jacksonville	Consolidated Kansas	Consolidated Michigan	Consolidated Mobile	Consolidated Pensacola	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
	$ 76,293	$ 5,674	$ 40,683	$ 137,103	$ 12,720	$ 18,116	$ 20,826	$ 17,034	$ 13,798	$ 5,138	$ 258,115
	-	-	-	-	-	-	-	-	-	-	224,655
	35,216	1,869	7,621	51,089	-	-	1,232	5,599	-	-	21,939
	437,866	108,584	149,403	404,495	33,748	123,310	167,219	312,427	147,492	32,822	422,583
	40,455	18,382	25,215	62,919	5,991	18,987	24,821	32,803	21,683	2,804	48,955
	-	-	-	-	-	-	-	-	-	-	-
	7,283	14,382	16,924	35,278	3,220	19,623	10,924	48,162	3,452	355	10,953
	72,075	18,299	26,649	102,161	10,120	18,026	33,645	52,280	63,514	9,589	248,240
	669,188	167,190	266,495	793,045	65,799	198,062	258,667	468,305	249,939	50,708	1,235,440
	104,563	43,109	6,961	60,547	3,262	14,786	45,669	130,354	50,245	5,800	122,105
	2,950,689	172,615	549,700	1,557,885	150,172	201,115	709,440	1,311,105	282,347	(49,657)	763,282
	630,612	277,584	503,269	1,216,916	63,910	308,229	538,723	981,900	632,732	61,344	1,826,226
	96,491	3,449	100,185	79,363	813	1,350	39,415	81,201	150,961	2,827	218,415
	74,114	12,372	47,284	90,054	9,864	17,257	29,455	44,983	40,290	11,427	146,630
	226,656	24,778	88,405	108,622	9,751	23,504	37,628	54,571	54,048	4,799	75,759
	397,261	40,599	235,874	278,039	20,428	42,111	106,498	180,755	245,299	19,053	440,804
	$ 4,752,313	$ 701,097	$ 1,562,299	$ 3,906,432	$ 303,571	$ 764,303	$ 1,658,997	$ 3,072,419	$ 1,460,562	$ 87,248	$ 4,387,857

Ascension

Details of Consolidated Balance Sheet (continued)
(Dollars in Thousands)

June 30, 2016

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Consolidated Amsterdam	Consolidated Arlington Heights	Consolidated Baltimore	Consolidated Binghamton	Consolidated Birmingham	Consolidated Bridgeport
Liabilities and net assets								
Current liabilities:								
Current portion of long-term debt	$ 96,193	$ (11,189)	$ 111	$ 17,864	$ 999	$ 546	$ 1,477	$ 732
Long-term debt subject to short-term remarketing arrangements	1,666,245	1,666,245	-	-	-	-	-	-
Accounts payable and accrued liabilities	2,500,748	763,876	14,854	84,498	46,571	19,011	57,078	34,284
Estimated third-party payor settlements	513,677	9,583	3,356	106,774	85	14,065	12,994	19,264
Due to brokers	105,660	105,660	-	-	-	-	-	-
Current portion of self-insurance liabilities	219,638	142,280	816	7,361	2,599	1,310	2,094	3,699
Other	292,044	(239,106)	4,652	12,870	9,445	9,698	44,648	11,089
Total current liabilities	5,394,205	2,437,349	23,789	229,367	59,699	44,630	118,291	69,068
Noncurrent liabilities:								
Long-term debt (senior and subordinated)	5,391,908	(859,444)	8,332	428,111	75,168	41,074	111,174	55,113
Self-insurance liabilities	513,985	398,361	386	22,241	2,209	1,380	3,103	3,890
Pension and other postretirement liabilities	1,298,653	148,223	16,095	18,636	15,725	19,060	9,206	26,348
Other	1,241,678	627,183	3,784	7,345	13,394	12,514	64,867	14,070
Total noncurrent liabilities	8,446,224	314,323	28,597	476,333	106,496	74,028	188,350	99,421
Total liabilities	13,840,429	2,751,672	52,386	705,700	166,195	118,658	306,641	168,489
Net assets:								
Unrestricted								
Controlling interest	16,498,086	2,051,136	105,313	378,642	393,958	224,683	376,246	492,664
Noncontrolling interests	1,429,444	1,347,889	-	(610)	-	-	1,111	-
Unrestricted net assets	17,927,530	3,399,025	105,313	378,032	393,958	224,683	377,357	492,664
Temporarily restricted	467,994	12,491	1,202	11,659	6,720	9,666	40,387	14,944
Permanently restricted	197,516	4,106	6,506	244	458	12,615	1,652	12,948
Total net assets	18,593,040	3,415,622	113,021	389,935	401,136	246,964	419,396	520,556
Total liabilities and net assets	$ 32,433,469	$ 6,167,294	$ 165,407	$ 1,095,635	$ 567,331	$ 365,622	$ 726,037	$ 689,045

Consolidated Indiana	Consolidated Jacksonville	Consolidated Kansas	Consolidated Michigan	Consolidated Mobile	Consolidated Pensacola	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
$ 5,934	$ 3,327	$ 7,373	$ 18,235	$ 896	$ 1,571	$ 5,259	$ 6,349	$ 9,890	$ 4,750	$ 22,069
-	-	-	-	-	-	-	-	-	-	-
217,620	65,255	80,573	301,087	16,652	55,413	115,756	199,753	81,192	20,665	326,610
68,965	757	9,702	155,125	1,343	11,472	26,150	27,197	2,727	11,785	32,333
-	-	-	-	-	-	-	-	-	-	-
9,609	4,062	3,958	20,529	1,076	2,565	3,967	4,238	3,598	1,613	4,264
99,950	25,554	25,535	68,392	14,044	26,276	39,454	39,750	39,546	6,186	54,061
402,078	98,955	127,141	563,368	34,011	97,297	190,586	277,287	136,953	44,999	439,337
446,720	250,439	413,305	1,286,155	67,424	118,267	390,581	412,672	478,042	71,893	1,596,882
-	4,719	6,649	34,642	1,626	2,853	2,844	11,972	8,199	2,233	6,678
146,631	28,661	-	296,792	3,912	26,121	20,566	79,232	68,979	1,542	372,924
75,426	11,003	44,932	104,650	9,629	31,804	16,132	67,171	30,216	3,730	103,828
668,777	294,822	464,886	1,722,239	82,591	179,045	430,123	571,047	585,436	79,398	2,080,312
1,070,855	393,777	592,027	2,285,607	116,602	276,342	620,709	848,334	722,389	124,397	2,519,649
3,538,161	280,926	942,373	1,533,428	184,426	471,492	1,000,211	2,108,740	714,376	(43,831)	1,745,142
56,217	-	8,068	1,924	627	1,673	8,783	-	-	-	3,762
3,594,378	280,926	950,441	1,535,352	185,053	473,165	1,008,994	2,108,740	714,376	(43,831)	1,748,904
69,412	22,071	13,906	63,780	1,916	14,759	26,372	81,507	13,797	6,682	56,723
17,668	4,323	5,925	21,693	-	37	2,922	33,838	10,000	-	62,581
3,681,458	307,320	970,272	1,620,825	186,969	487,961	1,038,288	2,224,085	738,173	(37,149)	1,868,208
$ 4,752,313	$ 701,097	$ 1,562,299	$ 3,906,432	$ 303,571	$ 764,303	$ 1,658,997	$ 3,072,419	$ 1,460,562	$ 87,248	$ 4,387,857

Ascension

Details of Consolidated Statement of Operations and Changes in Net Assets
(Dollars in Thousands)

Year Ended June 30, 2017

	Consolidated Ascension	**Consolidated Ascension less Health Ministries Presented**	**Consolidated Amsterdam**	**Consolidated Arlington Heights**	**Consolidated Baltimore**	**Consolidated Binghamton**	**Consolidated Birmingham**	**Consolidated Bridgeport**
Operating revenue:								
Net patient service revenue	$ 22,023,848	$ 371,605	$ 162,524	$ 1,035,290	$ 447,160	$ 317,986	$ 792,317	$ 472,537
Less provision for doubtful accounts	1,083,661	11,679	7,112	30,991	993	13,485	47,748	20,004
Net patient service revenue, less provision for doubtful accounts	20,940,187	359,926	155,412	1,004,299	446,167	304,501	744,569	452,533
Other revenue	1,693,038	248,332	9,708	41,370	11,066	32,604	48,203	47,183
Total operating revenue	22,633,225	608,258	165,120	1,045,669	457,233	337,105	792,772	499,716
Operating expenses:								
Salaries and wages	9,301,057	953,352	87,171	402,367	215,585	138,288	249,591	206,316
Employee benefits	1,829,642	135,742	19,519	90,136	34,454	30,930	52,025	46,184
Purchased services	1,931,021	(1,513,422)	22,192	103,216	52,237	51,851	162,637	75,978
Professional fees	1,299,517	276,618	6,534	52,222	15,587	15,768	27,044	25,191
Supplies	3,267,278	(7,674)	19,644	152,475	56,609	46,483	157,417	59,316
Insurance	177,352	17,826	1,406	14,150	7,549	2,607	6,548	9,331
Interest	223,356	2,166	293	15,710	2,640	1,363	3,948	1,942
Depreciation and amortization	1,083,684	102,140	7,073	46,304	19,651	11,492	34,128	27,027
Other	2,780,838	771,712	8,992	131,191	29,275	32,112	101,982	54,730
Total operating expenses before impairment, restructuring and nonrecurring losses, net	21,893,745	738,460	172,824	1,007,771	433,587	330,894	795,320	506,015
Income (loss) from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring losses, net	739,480	(130,202)	(7,704)	37,898	23,646	6,211	(2,548)	(6,299)
Self-insurance trust fund investment return	43,621	43,499	-	-	-	-	-	-
Impairment, restructuring and nonrecurring losses, net	(230,407)	(107,076)	(10)	(19,661)	(399)	(1,037)	(1,319)	(3,419)
Income (loss) from operations	552,694	(193,779)	(7,714)	18,237	23,247	5,174	(3,867)	(9,718)
Nonoperating gains (losses):								
Investment return	1,420,160	1,282,813	5,000	25,986	2,144	14,430	5,046	4,618
Gain (loss) on extinguishment of debt	10,907	(581)	-	-	-	-	-	-
Gains on interest rate swaps	45,015	44,778	-	155	-	-	-	-
Income (losses) from unconsolidated entities	2,601	859	-	-	6,911	57	-	-
Other	(170,194)	(31,162)	(92)	(484)	(1,579)	(1)	(656)	(1,148)
Total nonoperating gains (losses), net	1,308,489	1,296,707	4,908	25,657	7,476	14,486	4,390	3,470
Excess (deficit) of revenues and gains over expenses and losses	1,861,183	1,102,928	(2,806)	43,894	30,723	19,660	523	(6,248)
Less noncontrolling interests	222,266	148,581	-	-	-	-	831	-
Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest	1,638,917	954,347	(2,806)	43,894	30,723	19,660	(308)	(6,248)

Consolidated Indiana	Consolidated Jacksonville	Consolidated Kansas	Consolidated Michigan	Consolidated Mobile	Consolidated Pensacola	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
$ 3,114,528	$ 868,453	$ 1,052,470	$ 3,690,827	$ 275,718	$ 879,605	$ 1,562,148	$ 2,367,781	$ 1,094,232	$ 243,913	$ 3,274,754
61,076	46,419	65,131	156,164	11,574	17,249	80,422	309,204	90,432	8,817	105,161
3,053,452	822,034	987,339	3,534,663	264,144	862,356	1,481,726	2,058,577	1,003,800	235,096	3,169,593
115,201	27,929	53,753	225,945	10,392	30,407	110,867	204,879	95,341	11,931	367,927
3,168,653	849,963	1,041,092	3,760,608	274,536	892,763	1,592,593	2,263,456	1,099,141	247,027	3,537,520
1,086,400	307,598	389,242	1,429,010	105,207	341,015	516,446	866,628	485,407	114,214	1,407,220
258,622	65,559	84,527	257,448	17,737	65,289	109,526	186,678	84,902	14,472	275,892
484,850	158,082	182,192	665,953	50,678	136,185	251,404	356,912	170,938	62,049	457,089
109,144	32,955	46,061	254,558	3,988	29,916	75,175	146,414	30,026	12,053	140,263
414,305	170,995	181,729	575,499	57,724	169,504	272,527	300,964	187,338	25,313	427,110
16,230	9,640	5,977	26,059	3,492	8,377	9,387	12,822	7,383	7,578	10,990
15,547	8,825	14,371	43,574	2,368	5,576	13,165	11,779	19,633	4,669	55,787
108,486	33,464	69,207	152,744	10,726	30,229	71,693	88,106	61,060	11,046	199,108
270,763	56,654	79,806	270,645	24,816	65,384	154,165	260,391	132,961	19,434	315,825
2,764,347	843,772	1,053,112	3,675,490	276,736	851,475	1,473,488	2,230,694	1,179,648	270,828	3,289,284
404,306	6,191	(12,020)	85,118	(2,200)	41,288	119,105	32,762	(80,507)	(23,801)	248,236
-	-	-	122	-	-	-	-	-	-	-
(6,169)	(4,612)	(4,836)	(14,461)	(286)	(1,830)	(3,682)	(29,611)	(12,161)	(20,207)	369
398,137	1,579	(16,856)	70,779	(2,486)	39,458	115,423	3,151	(92,668)	(44,008)	248,605
22,125	3,857	9,867	16,595	611	2,396	4,202	2,392	11,985	281	5,812
-	-	-	-	-	-	-	-	11,488	-	-
-	-	-	-	-	-	-	-	82	-	-
(7,812)	-	-	(90)	-	-	-	2,436	-	240	-
(6,347)	(1,927)	19	(19,117)	-	(276)	(1,221)	(15,847)	(18,794)	98	(71,660)
7,966	1,930	9,886	(2,612)	611	2,120	2,981	(11,019)	4,761	619	(65,848)
406,103	3,509	(6,970)	68,167	(1,875)	41,578	118,404	(7,868)	(87,907)	(43,389)	182,757
47,909	-	5,424	(16)	-	1,359	18,605	-	-	-	(427)
358,194	3,509	(12,394)	68,183	(1,875)	40,219	99,799	(7,868)	(87,907)	(43,389)	183,184

Ascension

Details of Consolidated Statement of Operations and Changes in Net Assets (continued)
(Dollars in Thousands)

Year Ended June 30, 2017

	Consolidated Ascension	**Consolidated Ascension less Health Ministries Presented**	**Consolidated Amsterdam**	**Consolidated Arlington Heights**	**Consolidated Baltimore**	**Consolidated Binghamton**	**Consolidated Birmingham**	**Consolidated Bridgeport**
Unrestricted net assets, controlling interest:								
Excess (deficit) of revenues and gains over expenses and losses	$ 1,638,917	$ 954,347	$ (2,806)	$ 43,894	$ 30,723	$ 19,660	$ (308)	$ (6,248)
Transfer (to) from sponsors and other affiliates, net	(5,062)	11,049,748	(3,267)	(28,643)	(256,039)	(6,304)	(149,033)	(327,254)
Net assets released from restrictions for property acquisitions	92,104	41	97	81	-	1,083	43,808	110
Pension and other postretirement liability adjustments	(301,182)	(27,053)	(3,103)	(5,227)	(9,173)	(5,430)	(5,726)	(7,164)
Change in unconsolidated entities' net assets	8,039	2,962	-	-	-	-	-	-
Other	2,795	(2,535)	(12)	1	673	-	478	(34)
Increase (decrease) in unrestricted net assets, controlling interest, before gain from discontinued operations	1,435,611	11,977,510	(9,091)	10,106	(233,816)	9,009	(110,781)	(340,590)
Gain from discontinued operations	226	226	-	-	-	-	-	-
Increase (decrease) in unrestricted net assets, controlling interest	1,435,837	11,977,736	(9,091)	10,106	(233,816)	9,009	(110,781)	(340,590)
Unrestricted net assets, noncontrolling interest:								
Excess (deficit) of revenues and gains over expenses and losses	222,266	148,581	-	-	-	-	831	-
Distributions of capital	(139,477)	(68,688)	-	-	-	-	(832)	-
Contributions of capital	285,894	284,054	-	-	-	-	-	-
Membership interest changes, net	210	210	-	-	-	-	-	-
Other	24	(127)	-	-	-	-	(5)	-
Increase (decrease) in unrestricted net assets, noncontrolling interest	368,917	364,030	-	-	-	-	(6)	-
Temporarily restricted net assets, controlling interest:								
Contributions and grants	123,594	1,567	424	4,162	971	2,269	15,603	4,087
Investment return	29,410	83	-	21	301	-	358	1,807
Net assets released from restrictions	(153,648)	(900)	(97)	(3,899)	(1,417)	(1,170)	(45,096)	(1,857)
Contributions from business combinations	-	-	-	-	-	-	-	-
Other	1,588	181	931	-	1	1,390	(295)	(1,377)
Increase (decrease) in temporarily restricted net assets, controlling interest	944	931	1,258	284	(144)	2,489	(29,430)	2,660
Permanently restricted net assets, controlling interest:								
Contributions	8,046	-	-	-	-	-	426	4,883
Investment return	7,263	(1)	-	-	3	-	64	-
Contributions from business combinations	-	-	-	-	-	-	-	-
Other	77	(252)	-	-	-	-	(150)	-
Increase (decrease) in permanently restricted net assets, controlling interest	15,386	(253)	-	-	3	-	340	4,883
Increase (decrease) in net assets	1,821,084	12,342,444	(7,833)	10,390	(233,957)	11,498	(139,877)	(333,047)
Net assets, beginning of year	18,593,040	3,415,622	113,021	389,935	401,136	246,964	419,396	520,556
Net assets, end of year	$ 20,414,124	$ 15,758,066	$ 105,188	$ 400,325	$ 167,179	$ 258,462	$ 279,519	$ 187,509

Consolidated Indiana	Consolidated Jacksonville	Consolidated Kansas	Consolidated Michigan	Consolidated Mobile	Consolidated Pensacola	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
$ 358,194	$ 3,509	$ (12,394)	$ 68,183	$ (1,875)	$ 40,219	$ 99,799	$ (7,868)	$ (87,907)	$ (43,389)	$ 183,184
(3,294,691)	(222,916)	(491,589)	(1,825,642)	(153,601)	(267,533)	(840,097)	(1,448,125)	(21,974)	4,845	(1,722,947)
11,265	9,781	680	5,776	206	423	2,870	11,352	-	942	3,589
(36,156)	(6,852)	(6,850)	(77,751)	(4,950)	(6,604)	(14,840)	(17,765)	(5,884)	(3,679)	(56,975)
-	-	5,342	(265)	-	-	-	-	-	-	-
(508)	1,041	(269)	1,580	(3)	11	244	-	996	-	1,132
(2,961,896)	(215,437)	(505,080)	(1,828,119)	(160,223)	(233,484)	(752,024)	(1,462,406)	(114,769)	(41,281)	(1,592,017)
-	-	-	-	-	-	-	-	-	-	-
(2,961,896)	(215,437)	(505,080)	(1,828,119)	(160,223)	(233,484)	(752,024)	(1,462,406)	(114,769)	(41,281)	(1,592,017)
47,909	-	5,424	(16)	-	1,359	18,605	-	-	-	(427)
(44,385)	-	(4,794)	-	(31)	(1,974)	(18,632)	-	-	-	(141)
589	-	-	-	-	-	-	-	-	-	1,251
-	-	-	-	-	-	-	-	-	-	-
(66)	-	222	-	(1)	-	-	-	-	-	1
4,047	-	852	(16)	(32)	(615)	(27)	-	-	-	684
11,029	1,922	3,922	17,586	566	9,230	4,992	22,293	14,462	2,368	6,141
4,433	2,116	794	2,191	134	-	3,213	10,745	2,164	-	1,050
(15,471)	(11,133)	(3,322)	(10,117)	(476)	(605)	(7,232)	(25,644)	(16,266)	(2,636)	(6,310)
-	-	-	-	-	-	-	-	-	-	-
(73)	190	250	(2,042)	-	(11)	3	-	-	-	2,440
(82)	(6,905)	1,644	7,618	224	8,614	976	7,394	360	(268)	3,321
388	32	-	1,248	-	-	508	454	-	-	107
229	-	-	102	-	-	-	-	-	-	6,866
-	-	-	-	-	-	-	-	-	-	-
-	1	-	609	-	-	-	(1)	-	-	(130)
617	33	-	1,959	-	-	508	453	-	-	6,843
(2,957,314)	(222,309)	(502,584)	(1,818,558)	(160,031)	(225,485)	(750,567)	(1,454,559)	(114,409)	(41,549)	(1,581,169)
3,681,458	307,320	970,272	1,620,825	186,969	487,961	1,038,288	2,224,085	738,173	(37,149)	1,868,208
$ 724,144	$ 85,011	$ 467,688	$ (197,733)	$ 26,938	$ 262,476	$ 287,721	$ 769,526	$ 623,764	$ (78,698)	$ 287,039

Ascension

Details of Consolidated Statement of Operations and Changes in Net Assets
(Dollars in Thousands)

Year Ended June 30, 2016

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Consolidated Amsterdam	Consolidated Arlington Heights	Consolidated Baltimore	Consolidated Binghamton	Consolidated Birmingham	Consolidated Bridgeport
Operating revenue:								
Net patient service revenue	$ 21,301,133	$ 402,336	$ 164,282	$ 1,015,333	$ 447,440	$ 308,852	$ 743,263	$ 480,151
Less provision for doubtful accounts	1,142,289	7,138	8,773	39,473	9,476	17,116	44,781	29,268
Net patient service revenue, less provision for doubtful accounts	20,158,844	395,198	155,509	975,860	437,964	291,736	698,482	450,883
Other revenue	1,739,490	592,469	6,205	42,692	11,112	18,226	35,561	48,391
Total operating revenue	21,898,334	987,667	161,714	1,018,552	449,076	309,962	734,043	499,274
Operating expenses:								
Salaries and wages	9,043,625	960,866	83,597	393,649	215,654	130,688	238,808	222,253
Employee benefits	1,748,110	121,438	18,719	72,027	30,502	29,189	47,661	54,347
Purchased services	1,500,887	(1,158,847)	18,168	116,927	47,425	45,937	124,976	68,939
Professional fees	1,369,103	239,589	4,865	54,574	15,258	13,864	20,381	25,915
Supplies	3,114,261	8,107	19,305	140,394	65,431	44,930	149,970	58,714
Insurance	160,232	11,688	1,268	1,613	5,732	2,295	4,996	10,351
Interest	194,962	3,106	265	15,313	2,388	1,171	7,296	1,751
Depreciation and amortization	1,032,541	84,219	6,481	44,728	19,124	11,195	32,783	27,073
Other	2,737,244	762,056	9,955	110,603	30,089	28,552	102,952	60,458
Total operating expenses before impairment, restructuring and nonrecurring losses, net	20,900,965	1,032,222	162,623	949,828	431,603	307,821	729,823	529,801
Income (loss) from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring losses, net	997,369	(44,555)	(909)	68,724	17,473	2,141	4,220	(30,527)
Self-insurance trust fund investment return	(16,334)	(16,612)	-	-	-	-	-	-
Impairment, restructuring and nonrecurring losses, net	(227,832)	(114,940)	-	(6,137)	(2,590)	-	(2,482)	(1,469)
Income (loss) from operations	753,203	(176,107)	(909)	62,587	14,883	2,141	1,738	(31,996)
Nonoperating gains (losses):								
Investment return	(358,297)	(92,635)	(1,888)	(8,090)	(5,689)	(5,623)	(7,096)	(9,434)
Loss on extinguishment of debt	(13,594)	6,641	-	(3,670)	-	-	-	-
Losses on interest rate swaps	(86,536)	(76,099)	-	(45)	-	-	-	-
(Losses) income from unconsolidated entities	(40,649)	410	-	539	(159)	176	-	-
Contributions from business combinations, net	304,961	(275,824)	-	-	-	-	-	-
Other	(81,339)	(16,177)	(153)	(113)	(1,356)	12	(605)	(1,210)
Total nonoperating (losses) gains, net	(275,454)	(453,684)	(2,041)	(11,379)	(7,204)	(5,435)	(7,701)	(10,644)
Excess (deficit) of revenues and gains over expenses and losses	477,749	(629,791)	(2,950)	51,208	7,679	(3,294)	(5,963)	(42,640)
Less noncontrolling interests	16,365	(40,755)	-	-	-	-	794	-
Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest	461,384	(589,036)	(2,950)	51,208	7,679	(3,294)	(6,757)	(42,640)

Consolidated Indiana	Consolidated Jacksonville	Consolidated Kansas	Consolidated Michigan	Consolidated Mobile	Consolidated Pensacola	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
$ 3,022,330	$ 877,525	$ 1,045,475	$ 3,634,378	$ 277,234	$ 820,737	$ 1,466,994	$ 2,582,761	$ 1,206,208	$ 234,750	$ 2,571,084
123,411	75,868	38,697	164,494	9,448	11,789	77,523	282,418	109,962	8,721	83,933
2,898,919	801,657	1,006,778	3,469,884	267,786	808,948	1,389,471	2,300,343	1,096,246	226,029	2,487,151
125,391	26,225	66,490	204,527	11,284	27,301	100,804	218,705	78,371	13,574	112,162
3,024,310	827,882	1,073,268	3,674,411	279,070	836,249	1,490,275	2,519,048	1,174,617	239,603	2,599,313
1,054,703	308,590	424,353	1,447,227	105,781	319,111	489,333	936,245	477,799	119,290	1,115,678
240,278	61,876	94,457	255,902	16,934	61,400	89,903	193,919	83,038	12,382	264,138
427,130	115,183	136,434	486,835	46,073	99,643	184,874	270,929	124,430	54,402	291,429
121,183	47,488	48,541	291,483	4,305	31,208	89,868	180,694	41,493	16,650	121,744
401,028	163,618	177,686	558,175	59,242	151,418	268,651	300,212	191,426	26,641	329,313
15,249	10,089	6,402	34,674	3,397	7,540	6,663	12,776	7,698	6,780	11,021
14,194	7,233	13,180	36,480	2,142	5,033	11,395	14,572	20,235	2,711	36,497
108,695	33,446	76,339	158,589	13,765	32,460	72,249	83,934	63,740	9,844	153,877
291,552	61,692	80,683	275,418	25,302	74,519	154,474	306,914	124,776	14,838	222,411
2,674,012	809,215	1,058,075	3,544,783	276,941	782,332	1,367,410	2,300,195	1,134,635	263,538	2,546,108
350,298	18,667	15,193	129,628	2,129	53,917	122,865	218,853	39,982	(23,935)	53,205
-	-	-	76	-	-	-	-	-	-	202
(1,095)	(3,710)	(11,872)	(6,505)	(50)	(903)	(1,287)	(20,628)	(21,517)	(947)	(31,700)
349,203	14,957	3,321	123,199	2,079	53,014	121,578	198,225	18,465	(24,882)	21,707
(77,502)	(4,796)	(15,988)	(41,325)	(5,196)	(5,133)	(21,596)	(34,037)	(13,590)	(39)	(8,640)
-	-	-	-	-	-	-	-	-	-	(16,565)
-	-	-	(5)	-	-	-	-	(607)	-	(9,780)
(44,118)	-	-	-	-	(407)	-	2,622	-	288	-
-	-	-	137,912	137,912	137,912	-	-	-	-	167,049
(8,990)	(1,934)	(1,005)	(16,756)	(60)	(463)	(2,188)	(18,375)	(10,802)	235	(1,399)
(130,610)	(6,730)	(16,993)	79,826	132,656	131,909	(23,784)	(49,790)	(24,999)	484	130,665
218,593	8,227	(13,672)	203,025	134,735	184,923	97,794	148,435	(6,534)	(24,398)	152,372
41,352	-	(4,949)	(67)	-	1,816	18,762	-	-	-	(588)
177,241	8,227	(8,723)	203,092	134,735	183,107	79,032	148,435	(6,534)	(24,398)	152,960

Ascension

Details of Consolidated Statement of Operations and Changes in Net Assets (continued)
(Dollars in Thousands)

Year Ended June 30, 2016

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Consolidated Amsterdam	Consolidated Arlington Heights	Consolidated Baltimore	Consolidated Binghamton	Consolidated Birmingham	Consolidated Bridgeport
Unrestricted net assets, controlling interest:								
Excess (deficit) of revenues and gains over expenses and losses	$ 461,384	$ (589,036)	$ (2,950)	$ 51,208	$ 7,679	$ (3,294)	$ (6,757)	$ (42,640)
Transfer (to) from sponsors and other affiliates, net	(8,654)	460,100	(3,521)	(28,819)	(8,959)	(6,993)	(14,404)	(12,017)
Net assets released from restrictions for property acquisitions	45,058	636	7,211	369	-	3,263	3,017	639
Pension and other postretirement liability adjustments	(729,197)	(124,514)	(7,184)	(5,231)	(23,323)	(11,931)	(11,863)	(23,648)
Change in unconsolidated entities' net assets	(6,976)	(1,252)	-	-	-	-	-	-
Other	3,344	275,283	(14)	131	1	-	(46)	-
(Decrease) increase in unrestricted net assets, controlling interest, before loss from discontinued operations	(235,041)	21,217	(6,458)	17,658	(24,602)	(18,955)	(30,053)	(77,666)
Loss from discontinued operations	(16,230)	(16,230)	-	-	-	-	-	-
(Decrease) increase in unrestricted net assets, controlling interest	(251,271)	4,987	(6,458)	17,658	(24,602)	(18,955)	(30,053)	(77,666)
Unrestricted net assets, noncontrolling interest:								
Excess of revenues and gains over expenses and losses	16,365	(40,755)	-	-	-	-	794	-
Distributions of capital	(254,788)	(194,688)	-	-	-	-	(648)	-
Contributions of capital	96,150	94,123	-	-	-	-	263	-
Other	(891)	(4)	-	-	-	-	(436)	-
(Decrease) increase in unrestricted net assets, noncontrolling interest	(143,164)	(141,324)	-	-	-	-	(27)	-
Temporarily restricted net assets, controlling interest:								
Contributions and grants	140,210	565	8,711	10,197	1,134	3,185	32,899	2,835
Investment return	(4,643)	(47)	-	37	(18)	-	(47)	(772)
Net assets released from restrictions	(97,392)	(1,238)	(7,211)	(4,306)	(1,483)	(3,266)	(4,100)	(1,122)
Contributions from business combinations	16,091	-	-	-	-	-	-	-
Other	(4,181)	2,063	(7,536)	-	-	(3,192)	439	(2,729)
Increase (decrease) in temporarily restricted net assets, controlling interest	50,085	1,343	(6,036)	5,928	(367)	(3,273)	29,191	(1,788)
Permanently restricted net assets, controlling interest:								
Contributions	5,298	-	-	-	-	-	148	79
Investment return	(1,706)	(1)	-	-	(3)	-	-	-
Contributions	2,363	-	-	-	-	-	-	-
Other	(1,227)	(107)	5	-	(1)	-	-	-
Increase (decrease) in permanently restricted net assets, controlling interest	4,728	(108)	5	-	(4)	-	148	79
(Decrease) increase in net assets	(339,622)	(135,102)	(12,489)	23,586	(24,973)	(22,228)	(741)	(79,375)
Net assets, beginning of year	18,932,662	3,550,724	125,510	366,349	426,109	269,192	420,137	599,931
Net assets, end of year	$ 18,593,040	$ 3,415,622	$ 113,021	$ 389,935	$ 401,136	$ 246,964	$ 419,396	$ 520,556

Consolidated Indiana	Consolidated Jacksonville	Consolidated Kansas	Consolidated Michigan	Consolidated Mobile	Consolidated Pensacola	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
$ 177,241	$ 8,227	$ (8,723)	$ 203,092	$ 134,735	$ 183,107	$ 79,032	$ 148,435	$ (6,534)	$ (24,398)	$ 152,960
(65,314)	(16,046)	(37,839)	(75,939)	(5,385)	(15,193)	(27,158)	(71,942)	(31,028)	(4,918)	(43,279)
3,910	2,120	320	8,142	284	1,352	1,299	11,376	-	-	1,120
(56,480)	(15,243)	(17,222)	(209,983)	(12,850)	(15,413)	(30,381)	(35,126)	(17,797)	(15,052)	(95,956)
-	-	(5,749)	25	-	-	-	-	-	-	-
2,982	1	(1,414)	553	(138,584)	(132,973)	37	(30)	3,016	-	(5,599)
62,339	(20,941)	(70,627)	(74,110)	(21,800)	20,880	22,829	52,713	(52,343)	(44,368)	9,246
-	-	-	-	-	-	-	-	-	-	-
62,339	(20,941)	(70,627)	(74,110)	(21,800)	20,880	22,829	52,713	(52,343)	(44,368)	9,246
41,352	-	(4,949)	(67)	-	1,816	18,762	-	-	-	(588)
(34,889)	-	(4,360)	-	(22)	(1,698)	(18,449)	-	-	-	(34)
-	-	-	-	-	-	-	-	-	-	1,764
1,185	-	97	-	649	(2,426)	1	-	-	-	43
7,648	-	(9,212)	(67)	627	(2,308)	314	-	-	-	1,185
12,076	2,802	2,681	16,306	562	4,023	2,703	20,296	11,829	3,824	3,582
696	(370)	(509)	527	(10)	-	(1,250)	(3,405)	547	-	(22)
(7,121)	(3,512)	(2,190)	(13,588)	(491)	(1,514)	(3,698)	(19,562)	(13,732)	(4,151)	(5,107)
-	-	-	3,389	-	-	-	-	-	-	12,702
(460)	(630)	264	7	(1)	(3,192)	188	27	-	-	10,571
5,191	(1,710)	246	6,641	60	(683)	(2,057)	(2,644)	(1,356)	(327)	21,726
79	25	-	3,023	-	-	5	1,687	-	-	252
(81)	-	-	(37)	-	-	-	-	-	-	(1,584)
-	-	-	-	-	-	-	-	-	-	2,363
56	-	-	(1)	-	-	1	1	-	-	(1,181)
54	25	-	2,985	-	-	6	1,688	-	-	(150)
75,232	(22,626)	(79,593)	(64,551)	(21,113)	17,889	21,092	51,757	(53,699)	(44,695)	32,007
3,606,226	329,946	1,049,865	1,685,376	208,082	470,072	1,017,196	2,172,328	791,872	7,546	1,836,201
$ 3,681,458	$ 307,320	$ 970,272	$ 1,620,825	$ 186,969	$ 487,961	$ 1,038,288	$ 2,224,085	$ 738,173	$ (37,149)	$ 1,868,208