ASCENSION

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2019 and 2018
With Reports of Independent Auditors

Ascension

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2019 and 2018

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Report of Independent Auditors

The 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, 2019 and 2018, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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.

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, 2019 and 2018, and the consolidated results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

September 11, 2019

Ascension

Consolidated Balance Sheets

(Dollars in Thousands)

	June 30, 2019		June 30, 2018	
Assets				
Current assets:				
Cash and cash equivalents	**$**	**896,262**	$	850,958
Short-term investments		**92,072**		83,166
Accounts receivable		**3,172,747**		3,163,172
Inventories		**409,129**		414,169
Due from brokers *(see Notes 4 and 5)*		**324,977**		91,919
Estimated third-party payor settlements		**178,556**		129,693
Other *(see Notes 4 and 5)*		**959,477**		780,713
Total current assets		**6,033,220**		5,513,790
Long-term investments *(see Notes 4 and 5)*		**19,786,061**		19,404,559
Property and equipment, net		**10,851,422**		10,597,730
Other assets:				
Investment in unconsolidated entities		**1,233,209**		1,139,306
Capitalized software costs, net		**641,533**		793,322
Other *(see Notes 4 and 5)*		**1,173,051**		1,078,905
Total other assets		**3,047,793**		3,011,533
Total assets	**$**	**39,718,496**	$	38,527,612

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Ascension

Consolidated Balance Sheets (continued)

(Dollars in Thousands)

	June 30, 2019	June 30, 2018
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	**$ 125,577**	$ 100,919
Long-term debt subject to short-term remarketing arrangements*	**1,043,150**	738,770
Accounts payable and accrued liabilities *(see Notes 4 and 5)*	**2,951,322**	2,915,838
Estimated third-party payor settlements	**599,959**	683,229
Due to brokers *(see Notes 4 and 5)*	**369,213**	253,264
Current portion of self-insurance liabilities	**269,561**	288,975
Other	**465,499**	407,496
Total current liabilities	**5,824,281**	5,388,491
Noncurrent liabilities:		
Long-term debt (senior and subordinated)	**6,760,464**	7,123,611
Self-insurance liabilities	**675,860**	756,028
Pension and other postretirement liabilities	**1,580,867**	914,045
Other *(see Notes 4 and 5)*	**1,352,740**	1,227,680
Total noncurrent liabilities	**10,369,931**	10,021,364
Total liabilities	**16,194,212**	15,409,855
Net assets:		
Without donor restrictions:		
Controlling interest	**20,776,747**	20,446,065
Noncontrolling interests	**1,988,121**	1,930,466
Total net assets without donor restrictions	**22,764,868**	22,376,531
Net assets with donor restrictions	**759,416**	741,226
Total net assets	**23,524,284**	23,117,757
Total liabilities and net assets	**$ 39,718,496**	$ 38,527,612

*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, 2020. 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 $300 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, 2019	Year Ended June 30, 2018
Operating revenue:		
Net patient service revenue	**$ 23,706,590**	$ 21,665,860
Other revenue	**1,616,217**	1,493,096
Total operating revenue	**25,322,807**	23,158,956
Operating expenses:		
Salaries and wages	**10,133,885**	9,407,216
Employee benefits	**1,996,444**	1,856,103
Purchased services	**2,730,431**	2,320,700
Professional fees	**1,306,585**	1,258,652
Supplies	**3,721,362**	3,387,222
Insurance	**288,598**	237,275
Interest	**268,338**	238,981
Provider tax	**629,983**	531,703
Depreciation and amortization	**1,212,908**	1,132,378
Other	**2,499,162**	2,518,918
Total operating expenses before impairment, restructuring and nonrecurring losses, net	**24,787,696**	22,889,148
Income from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring losses, net	**535,111**	269,808
Self-insurance trust fund investment return	**24,554**	28,000
Income from recurring operations	**559,665**	297,808
Impairment, restructuring and nonrecurring losses, net	**(177,157)**	(193,047)
Income from operations	**382,508**	104,761
Nonoperating gains (losses):		
Investment return, net	**1,108,597**	1,589,337
Contributions from business combinations	**26,025**	734,127
Other	**(112,774)**	(53,239)
Total nonoperating gains (losses), net	**1,021,848**	2,270,225
Excess of revenues and gains over expenses and losses	**1,404,356**	2,374,986
Less noncontrolling interests	**177,741**	213,948
Excess of revenues and gains over expenses and losses attributable to controlling interest	**1,226,615**	2,161,038

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Ascension

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

(Dollars in Thousands)

	Year Ended June 30, 2019	2018
Net assets without donor restrictions, controlling interest:		
Excess of revenues and gains over expenses and losses	**$ 1,226,615**	$ 2,161,038
Transfers to sponsors and other affiliates, net	**(4,958)**	(5,189)
Net assets released from restrictions for property acquisitions	**69,958**	51,458
Pension and other postretirement liability adjustments	**(956,059)**	313,638
Change in unconsolidated entities' net assets	**4,242**	1,612
Other	**(12,289)**	5,740
Increase in net assets without donor restrictions, controlling interest	**327,509**	2,528,297
Gain (loss) from discontinued operations	**3,173**	(16,155)
Increase in net assets without donor restrictions, controlling interest	**330,682**	2,512,142
Net assets without donor restrictions, noncontrolling interest:		
Excess of revenues and gains over expenses and losses	**177,741**	213,948
Net distributions of capital	**(133,501)**	(57,689)
Membership interest changes, net	**18,603**	(27,653)
Contributions from business combinations	**-**	5,478
Other	**(5,188)**	(1,979)
Increase in net assets without donor restrictions, noncontrolling interests	**57,655**	132,105
Net assets with donor restrictions:		
Contributions and grants	**120,536**	109,466
Investment return	**19,595**	27,398
Net assets released from restrictions	**(118,869)**	(104,873)
Contributions from business combinations	**-**	31,350
Other	**(3,072)**	(3,955)
Increase in net assets with donor restrictions	**18,190**	59,386
Increase in net assets	**406,527**	2,703,633
Net assets, beginning of year	**23,117,757**	20,414,124
Net assets, end of year	**$ 23,524,284**	$ 23,117,757

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, 2019	2018
Operating activities		
Increase in net assets	**$ 406,527**	$ 2,703,633
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	**1,212,908**	1,132,378
Amortization of bond premiums and debt issuance costs	**(23,881)**	(18,814)
Loss on extinguishment of debt	**100**	9,850
Pension and other postretirement liability adjustments	**956,059**	(313,638)
Contributions from business combinations	**(17,938)**	(770,955)
Unrealized (gains) losses on investments, net	**(494,356)**	(506,736)
Change in fair value of interest rate swaps	**27,459**	(49,019)
Change in equity of unconsolidated entities	**(188,337)**	(95,224)
Gain on sale of assets, net	**(35,262)**	(34,796)
Impairment and nonrecurring expenses	**7,780**	11,482
Transfers to sponsor and other affiliates, net	**4,958**	5,189
Donor restricted contributions, investment return and other	**(132,339)**	(152,401)
Other restricted activity	**1,405**	(31,988)
Distributions of noncontrolling interest, net	**133,501**	57,689
Other	**(273)**	(234)
Increase (decrease) in:		
Short-term investments	**(8,906)**	64,739
Accounts receivable	**(49,101)**	(63,629)
Inventories and other current assets	**49,825**	43,202
Due from brokers	**(233,058)**	105,276
Investments classified as trading	**85,377**	(1,170,443)
Other assets	**(86,800)**	(134,160)
Increase (decrease) in:		
Accounts payable and accrued liabilities	**68,556**	(153,406)
Estimated third-party payor settlements, net	**(129,989)**	31,963
Due to brokers	**115,949**	137,481
Other current liabilities	**38,125**	35,633
Self-insurance liabilities	**(99,582)**	(30,182)
Other noncurrent liabilities	**(194,891)**	(196,950)
Net cash provided by continuing operating activities	**1,413,816**	615,940
Net cash provided by discontinued operations	**14,278**	14,540
Net cash provided by operating activities	**1,428,094**	630,480

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Ascension

Consolidated Statements of Cash Flows (continued)

(Dollars in Thousands)

	Year Ended June 30,	
	2019	**2018**
Investing activities		
Property, equipment, and capitalized software additions, net	**(1,447,151)**	$ (1,170,085)
Proceeds from sale of property and equipment	**44,076**	15,335
Distributions from unconsolidated entities, net	**99,148**	208,663
Net proceeds from sale/acquisition of other assets	**12,500**	298,825
Net cash used in investing activities	**(1,291,427)**	(647,262)
Financing activities		
Issuance of debt	**225,236**	695,501
Repayment of debt	**(312,502)**	(789,442)
Debt issuance costs paid	**(573)**	(3,091)
Decrease in assets under bond indenture agreements	**2,596**	15,869
Transfers to sponsors and other affiliates, net	**(4,958)**	(5,189)
Donor restricted contributions, investment return, and other	**132,339**	154,176
Distributions of noncontrolling interest, net	**(133,501)**	(57,689)
Net cash (used in) provided by financing activities	**(91,363)**	10,135
Net increase (decrease) in cash and cash equivalents	**45,304**	(6,647)
Cash and cash equivalents at beginning of year	**850,958**	857,605
Cash and cash equivalents at end of year	**$ 896,262**	$ 850,958

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 21 states and the District of Columbia.

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

- Ascension Care Management
- AscensionConnect
- Ascension Global Mission
- Ascension Healthcare
- Ascension Holdings
- Ascension Technologies
- Ascension Investment Management (AIM)
- Ascension Leadership Academy
- Ascension Associate Assistance 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 Ascension 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 $605,987 and $576,267 for the year ended June 30, 2019 and 2018, 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 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,	
	2019	**2018**
Other revenue	**$ 181,427**	$ 106,584
Nonoperating gains	**8,019**	5,248

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.

2. Significant Accounting Policies (continued)

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.

New Accounting Standards Adopted

The System adopted Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the full retrospective method of application, and our accounting policies related to revenues were revised accordingly effective July 1, 2018, as discussed below. The most significant impact of adopting the new standard is to the presentation of the System's Consolidated Statements of Operations and Changes in Net Assets, where the provision for doubtful accounts is no longer a separate line item and net patient service revenue is presented net of estimated implicit price concessions (formerly referred to as bad debt allowance). While the standard requires disclosure of the aggregate amount of transaction price allocated to performance obligations that are partially satisfied at the end of the reporting period and adjustments of expected consideration from patients and third party payors for the effects of any financing components, management elected not to disclose as the effects of both are not considered significant. The adoption of the new standard did not have an impact on the System's recognition of net revenues for any periods prior to adoption and eliminated the presentation of the allowance for doubtful accounts on the Consolidated Balance Sheets.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* This ASU is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. In adoption of the standard, Ascension revised the disclosures of net assets with and without donor restrictions, liquidity resources, presentation of investment income, net of investment expenses, and presentation of expenses by both their natural and functional classification. On July 1, 2018, this standard was adopted by the System on a retrospective basis. The prior period consolidated financial statements presented were adjusted to reflect the changes in net assets with and without donor restrictions.

2. Significant Accounting Policies (continued)

New Accounting Standards Not Yet Adopted

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, and a related ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, in July 2018. The guidance in these ASUs requires the rights and obligations arising from all lease contracts to be recognized as assets and liabilities on the balance sheet and provides an option to apply the guidance on an entity's effective date instead of the earliest comparative period presented in the entity's financial statements. This standard is effective for the System, beginning July 1, 2019. The System is finalizing its analysis of certain key assumptions that will be utilized to transition to this guidance on the effective date, including discount rates. The primary effect of adopting this guidance will be the recognition of right-of-use assets and obligations for current operating leases.

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits (Topic 715)*. This standard is effective for the System, beginning July 1, 2019. This ASU changes how employers that sponsor defined benefit pension and post-retirement benefit plans present the cost of the benefits in the consolidated statements of operations and changes in net assets. The service cost component of net periodic benefit cost related to these plans will be reported in the same financial statement line as other compensation costs arising from services rendered during the period. The other components of net periodic benefit cost are required to be presented separately from service cost and outside of operating income.

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 $1,343,000 and $1,391,000 at June 30, 2019 and June 30, 2018, 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 for the year ended June 30, 2019 and 2018 was $986,864 and $900,676, respectively.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

A summary of property and equipment is as follows:

	June 30, 2019	June 30, 2018
Land and improvements	**$ 1,256,944**	$ 1,252,833
Buildings and equipment	**19,309,205**	18,684,610
	20,566,149	19,937,443
Less accumulated depreciation	**10,605,708**	10,019,090
	9,960,441	9,918,353
Construction in progress	**890,981**	679,377
Total property and equipment, net	**$ 10,851,422**	$ 10,597,730

Several capital projects have remaining construction and related equipment purchase commitments of approximately $590,100 as of June 30, 2019.

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 following table include software in progress of $96,717 and $143,562 at June 30, 2019 and June 30, 2018, respectively:

	June 30, 2019	June 30, 2018
Capitalized software costs	**$ 2,342,789**	$ 2,319,947
Less accumulated amortization	**1,701,256**	1,526,625
Capitalized software costs, net	**641,533**	793,322
Goodwill	**255,581**	212,061
Other, net	**44,319**	23,361
Intangible assets included in other assets	**299,900**	235,422
Total intangible assets, net	**$ 941,433**	$ 1,028,744

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

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 for the year ended June 30, 2019 and 2018 was $226,044 and $231,702, respectively.

Estimated future amortization of intangible assets with definite lives, excluding software in progress, as of June 30, 2019 is as follows:

Year ending June 30:	
2019	$ 191,260
2020	154,299
2021	113,218
2022	61,151
2023	23,630
Thereafter	36,425
Total	$ 579,983

During the year ended June 30, 2018, the System substantially completed a significant multi-year, System-wide enterprise resource planning project (Symphony). Capitalized costs of Symphony were approximately $363,000 at both June 30, 2019 and June 30, 2018 and are being amortized on a straight-line basis over the expected useful life of the software. Accumulated amortization of Symphony was approximately $235,000 and $195,000 at June 30, 2019 and June 30, 2018, 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%.

2. Significant Accounting Policies (continued)

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those whose use by the System has not been limited by donors and are available for general operating use.

Net Assets With Donor Restrictions

Net assets with donor restrictions include those whose use by the System has been limited by donors for a specific time period or purpose, primarily for patient care, operations, and property and equipment. This category also includes net assets restricted by donors to be maintained in perpetuity, which include endowment funds. The income from these funds is used 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 net assets without donor restrictions. Net assets with donor restrictions consist solely of controlling interests of the System.

Performance Indicator

The performance indicator is the excess of revenues and gains over expenses and losses. Changes in net assets without donor restrictions 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.

2. Significant Accounting Policies (continued)

Net Patient Service Revenue and Accounts Receivable

Net patient service revenue relates to contracts with patients and in most cases involve a third-party payor (Medicare, Medicaid, commercial and other managed care insurance companies) in which the System's performance obligations are to provide health care services. Net patient service revenues are recorded at expected collectible amounts over the time in which obligations to provide health care services are satisfied. Revenue is accrued to estimate the amount of revenue earned to date for patients who have not been discharged and whose care services are not complete as of the reporting period. Substantially all the System's performance obligations are satisfied in one year.

The transaction price is determined based on gross charges for services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured patients in accordance with our charity care policy, and implicit price concessions provided primarily to uninsured patients. Patients who have health care insurance may also have discounts applied related to their copayment or deductible. Implicit price concessions are recorded as a direct reduction to net patient service revenue and are based primarily on historical collection experience. Estimates of contractual adjustments and discounts are determined by major payor classes for inpatient and outpatient revenues based on contractual agreements, discount policies and historical experience. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and frequent changes in commercial and managed care contractual terms resulting from contract renegotiations and renewals.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable 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 $127,562 and $60,037 for the year ended June 30, 2019 and 2018, respectively.

Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and our historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews and investigations.

Net patient service revenue earned for the years ended June 30, 2019 and 2018, is as follows:

	Year Ended June 30,	
	2019	**2018**
Inpatient care	**$ 11,483,963**	$ 10,466,751
Ambulatory care	**9,067,023**	8,238,071
Physician practices	**2,677,659**	2,591,780
Long-term care	**477,945**	369,258
Total net patient service revenue	**$ 23,706,590**	$ 21,665,860

The System grants credit without collateral to its patients. Net patient service revenues earned by payor and significant concentrations of accounts receivable are as follows:

	Net Patient Service Revenue June 30,		Accounts Receivable	
			June 30,	June 30,
	2019	**2018**	**2019**	**2018**
Medicare - traditional and managed	**36 %**	36 %	**28 %**	27 %
Medicaid - traditional and managed	**14**	13	**11**	12
Other commercial and managed care	**44**	44	**41**	40
Self-Pay and other	**6**	7	**20**	21
	100 %	100 %	**100 %**	100 %

Deductibles, copayments, and coinsurance under third-party payment programs which are the patient's responsibility are included within the primary payor category in the preceding table. The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient deductibles and copayments remain outstanding.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Implicit price concessions relate primarily to amounts due directly from patients. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the aging of those accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed.

The estimates for implicit price concessions are based upon management's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators. Management relies on the results of detailed reviews of historical write-offs and collections of revenues and accounts receivable as a primary source of information in estimating the collectability of our accounts receivable. Management updates the hindsight analysis at least quarterly, using primarily a rolling twelve-month collection history and write-off data. These routine, quarterly changes in estimates have not resulted in material adjustments to the valuations of accounts receivable or period-to-period comparisons of results of operations.

Other Operating Revenue

Other operating revenues are recorded at amounts the System expects to collect in exchange for providing goods or services not directly associated with patient care and recorded over the time in which obligations to provide goods or services are satisfied. The amounts recognized reflect consideration due from customers, third party payors, and others. Components of other operating revenue are included in the following table for the years ended June 30, 2019 and 2018:

	Year Ended June 30,	
	2019	**2018**
Cafeteria and vending	**84,226**	80,254
Contracted services	**180,971**	165,954
Donations and grants	**146,508**	146,461
Gains on sales of property and equipment	**49,251**	47,624
Insurance plans	**79,368**	74,623
Joint venture income	**181,427**	106,584
Lab services	**81,789**	77,447
Rental income	**98,210**	82,776
Retail pharmacy	**317,805**	280,824
Supplemental care programs	**204,197**	200,468
Other	**192,465**	230,081
Total other revenue	**$ 1,616,217**	$ 1,493,096

2. Significant Accounting Policies (continued)

Supplemental care is revenue related to expansion and improvement of care through programs including accountable care organizations, shared savings, and other similar arrangements. Contracted services primarily include revenue from services provided under third party arrangements.

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.

Nonrecurring expenses associated with Symphony primarily include deployment costs to implement Symphony in certain Health Ministries.

During the year ended June 30, 2019, the System recorded total impairment, restructuring, and nonrecurring losses, net of $177,157. This amount was comprised primarily of $12,801 of nonrecurring expenses associated with Symphony, one-time termination benefits and other restructuring expenses of $93,979, and other nonrecurring expenses of $70,377.

During the year ended June 30, 2018, the System recorded total impairment, restructuring, and nonrecurring losses, net of $193,047. This amount was comprised primarily of $11,881 of nonrecurring expenses associated with Symphony, one-time termination benefits and other restructuring expenses of $97,565, and other nonrecurring expenses of $83,601.

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.

2. Significant Accounting Policies (continued)

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, 2019.

In compliance with the Tax Cuts and Jobs Act of 2017 (The Act), enacted December 22, 2017, the federal components of both the deferred tax assets and the valuation allowance were revalued from 35% to 21%.

The System had deferred tax assets of approximately $399,000 and $386,000 for federal and state income tax purposes primarily related to net operating loss carryforwards for the years ended June 30, 2019 and 2018, respectively. Net operating losses incurred prior to July 1, 2018 have expiration dates through 2038, while net operating losses incurred during the current fiscal year and in any future periods can be carried forward indefinitely, under The Act. A valuation allowance of approximately $394,000 and $384,000 was recorded due to the uncertainty regarding use of the deferred tax assets for the years ended June 30, 2019 and 2018, respectively.

Regulatory Compliance

Ascension periodically undergoes investigations or audits by federal, state and local agencies involving compliance with a variety of laws and regulations. These investigations seek to determine compliance with, among other things, laws and regulations relating to Medicare and Medicaid reimbursement, including billing practice for certain services. While no assurance can be given concerning the outcome of any current investigation, management believes that adequate reserves have been established, when available information indicates that a loss is probable and the range of loss can be reasonably estimated, and the outcome of any current investigations will not have a material effect on the accompanying consolidated financial statements of the System.

Reclassifications

Certain reclassifications were made to the accompanying June 30, 2018 consolidated financial statements to conform to the June 30, 2019 presentation.

2. Significant Accounting Policies (continued)

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, 2019, the System evaluated subsequent events through September 11, 2019, representing the date on which the accompanying consolidated financial statements were issued.

3. Organizational Changes

Business Combinations

Bay County Health System, LLC – Florida

Effective March 14, 2019, Sacred Heart Health System, Inc. (Sacred Heart), a subsidiary of Ascension Healthcare, acquired the remaining interest in a joint venture previously owned by LHP Bay County, LLC and Sacred Heart.

Presence Health Network – Illinois

Effective March 1, 2018, certain entities formerly controlled by Presence Health Network (Presence) were acquired by Ascension Healthcare in a series of transactions. These transactions were accounted for as an acquisition during the year ended June 30, 2018 in accordance with Accounting Standards Codification (ASC) Topic 958-805, *Business Combinations – Not-for-Profit Entities* and acquired assets and liabilities were recorded at fair value.

The fair value of net assets of $770,955 was recognized in the Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2018, as a nonoperating contribution from business combinations of $734,127, contributions of net assets without donor restrictions, noncontrolling interests of $5,478, and contributions of net assets with donor restrictions of $31,350.

For the year ended June 30, 2018, Ascension recognized four months of revenues from Presence totaling $802,573, and a deficit of revenues and gains over expenses and losses totaling $18,395, of which $18,714 was attributable to controlling interest.

(Dollars in Thousands)

3. Organizational Changes (continued)

The following unaudited pro forma financial information presents the combined results of operations of Ascension and Presence for the year ended June 30, 2018 as though the business combination transaction had occurred on June 30, 2017. 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 those periods, nor is it necessarily indicative of future operating results.

	Year Ending June 30, 2018
Total operating revenue	**$ 24,780,242**
Excess of revenues and gains over expenses and losses attributable to controlling interest	**1,462,912**
Increase in net assets without donor restrictions, controlling interest	**1,841,128**
Increase in net assets without donor restrictions, noncontrolling interest	**126,428**
Increase in net assets with donor restrictions, controlling interest	**17,842**

The pro forma excess of revenues and gains over expenses and losses and other changes in net assets above includes certain adjustments attributable to the business combination transactions.

Divestitures

During the year ended June 30, 2019 and 2018, Ascension, including certain of its wholly owned subsidiaries, completed the sale of, or undertook actions to sell or transfer ownership of, certain assets and liabilities in Bridgeport, Connecticut and Pasco, Washington, as follows.

Assets Held for Sale

On September 28, 2018, Ascension Healthcare entered into an asset sale agreement to sell certain assets and liabilities and substantially all related operations of St. Vincent's Medical Center, an Ascension Healthcare subsidiary located in Bridgeport, Connecticut, to Hartford HealthCare Corporation. The sale is expected to close after all necessary regulatory approvals are obtained. Assets and liabilities held for sale at June 30, 2019 were $265,816 and $39,938, respectively, and are included in other current assets and other current liabilities in the accompanying Consolidated Balance Sheet.

3. Organizational Changes (continued)

Discontinued Operations

On September 1, 2018, Ascension completed the sale of substantially all assets and certain liabilities of Our Lady of Lourdes Hospital at Pasco in Pasco, Washington, d/b/a Lourdes Health Network, to RCCH HealthCare Partners. Assets and liabilities held for sale, included in other current assets and other current liabilities at June 30, 2018 were $33,184 and $24,518, respectively.

The gain (loss) from discontinued operations was $3,173 and ($16,155) for the years ended June 30, 2019 and 2018, respectively.

Other

On January 3, 2018, Ascension sold its interest in Health City Cayman Islands LTD under a contribution and redemption agreement with Narayana Hrudayalaya Limited, Narayana Cayman Holdings LTD and Health City Cayman Islands LTD.

4. Pooled Investment Fund

At June 30, 2019 and June 30, 2018, 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 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.

4. Pooled Investment Fund (continued)

Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2019, contractual agreements of the Alpha Fund expire between July 2019 and March 2025. The remaining unfunded capital commitments of the Alpha Fund total approximately $1,721,000 for 216 individual funds as of June 30, 2019. 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.

In the normal course of business, the Fund enters into derivative contracts (derivatives) for trading purposes following Fund guidelines. Derivatives in which the Fund may invest include options, futures contracts, swaps, forward settling mortgage-backed securities, and index-based instruments. Advisers selected by AIM to manage the Fund's assets may actively trade futures contracts, options, and foreign currency forward contracts. AIM may direct these advisers to execute derivative transactions. These transactions are used to hedge against changes in the interest rates, security prices, currency fluctuations, and other market developments to manage risk or for the purposes of earning additional income. Derivatives are either exchange-traded or over the counter contracts. Exchange-traded derivatives are standard contracts traded on a regulated exchange. Over the counter contracts are private contracts negotiated with counterparties. See the Fair Value Measurements note for a discussion of how fair value for the Alpha Fund's derivatives is determined. At June 30, 2019 and June 30, 2018, the gross notional value of Alpha Fund derivatives outstanding was approximately $9,347,000 and $7,215,000, respectively.

The fair value of Alpha Fund derivatives in an asset position was $75,647 and $27,533 at June 30, 2019 and June 30, 2018, respectively, while the fair value of Alpha Fund derivatives in a liability position was $57,771 and $71,584 at June 30, 2019 and June 30, 2018, respectively. These derivatives are included in long-term investments in the accompanying Consolidated Balance Sheets at June 30, 2019 and June 30, 2018.

The Alpha Fund also participates in a securities lending program, whereby a portion of the Alpha Fund's investments are loaned to selected established brokerage firms in return for securities from the brokers as collateral for the investments loaned, usually on a short-term basis. The fair value of collateral held by the Alpha Fund associated with such lending agreements amounts to $391,125 at June 30, 2019.

Due from brokers and due to brokers on the Consolidated Balance Sheets at June 30, 2019 and June 30, 2018, 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, 2019	June 30, 2018
Cash and cash equivalents	**$ 896,262**	$ 850,958
Short-term investments	**92,072**	83,166
Long-term investments	**19,786,061**	19,404,559
Subtotal	**20,774,395**	20,338,683
Other Alpha Fund assets and liabilities:		
In other current assets	**41,461**	38,161
In accounts payable and other accrued liabilities	**(11,542)**	(12,403)
In other noncurrent liabilities	**(20)**	(3,321)
Due (to) from brokers, net	**(44,236)**	(161,345)
Total cash and investments, net	**20,760,058**	20,199,775
Less noncontrolling interests of Alpha Fund	**1,755,068**	1,714,371
System cash and investments, including assets limited as to use	**19,004,990**	18,485,404
Less assets limited as to use:		
Under bond indenture agreement	**1,039**	3,635
Self-insurance trust funds	**639,006**	697,588
With donor restrictions	**703,017**	689,988
Total assets limited as to use	**1,343,062**	1,391,211
System unrestricted cash and investments, net	**$ 17,661,928**	$ 17,094,193

(Dollars in Thousands)

5. Cash and Investments (continued)

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, 2019	June 30, 2018
Cash and cash equivalents and short-term investments	**$ 1,089,466**	$ 1,137,098
Pooled short-term investment funds	**728,104**	965,960
U.S. government, state, municipal and agency obligations	**2,741,689**	2,752,951
Corporate and foreign fixed income securities	**1,675,874**	1,983,790
Asset-backed securities	**3,078,928**	1,610,733
Equity securities	**5,358,824**	5,766,018
Alternative investments and other investments:		
Private equity and real estate funds	**2,768,605**	2,334,655
Hedge funds	**1,839,334**	2,325,236
Commodities funds and other investments	**1,493,571**	1,462,242
Total alternative investments and other investments	**6,101,510**	6,122,133
Total cash and cash equivalents, short-term investments, and long-term investments	**$ 20,774,395**	$ 20,338,683

Investment return recognized by the System for the year ended June 30, 2019 and 2018, 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.

	Year Ended June 30, 2019	Year Ended June 30, 2018
Interest and dividends	**$ 441,982**	$ 363,227
Net gains on investments reported at fair value	**691,169**	1,254,110
Restricted investment return and unrealized gains, net	**19,595**	27,398
Investment return, net	**1,152,746**	1,644,735
Less return earned by noncontrolling interests of Alpha Fund	**80,592**	113,207
System investment return, net	**$ 1,072,154**	$ 1,531,528

Investment return is reduced by external and direct internal investment expenses.

(Dollars in Thousands)

6. Financial Assets and Liquidity Resources

As of June 30, 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, principal payments on debt, and capital expenditures not financed with debt, are as follows:

	June 30, 2019
Financial assets:	
Cash and cash equivalents	$ 896,262
Short term investments	92,072
Accounts receivable	3,172,747
Due from brokers	324,977
Other current assets	959,477
Long term investments	19,786,061
Total financial assets	25,231,596
Less:	
Assets limited as to use and other restricted funds	(1,456,257)
Noncontrolling interests of Alpha Fund	(1,755,068)
Investments with liquidity more than one year	(3,516,214)
Total financial assets available within one year	18,504,057
Liquidity resources:	
Unused lines of credit	1,000,000
Total financial assets and liquidity resources available within one year	$ 19,504,057

As part of the System's investment policy, highly liquid investments are held to enhance the System's ability to satisfy liquidity. The System also maintains lines of credit as further discussed in the Long-Term Debt note.

7. 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.

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 and other sources 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.

7. Fair Value Measurements (continued)

There were no significant transfers between Levels 1 and 2 during the year ended June 30, 2019 and 2018.

As of June 30, 2019, and June 30, 2018, 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.

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).

7. Fair Value Measurements (continued)

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 based on readily available quoted market prices or represent fair value estimates determined by an external fund manager based on market prices, operating results, balance sheet stability, growth, dividend, dividend yield, and other business and market sector fundamentals.

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 the time value of money, counterparty credit risk, interest rates, Treasury yields, volatilities, credit spreads, maturity date, recovery rates, and the current market and contractual prices of the underlying financial instruments.

7. Fair Value Measurements (continued)

Benefit Plan Assets

The fair value of benefit plan assets is based on original investment into a guaranteed 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.

Interest Rate Swap Assets and Liabilities

The fair value of interest rate swaps is primarily determined using techniques consistent with the income method. Under the income method, fair values are calculated based on present value of expected future cash flows using discount rates appropriate with risks involved.

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)

7. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2019, 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, 2019				
Cash equivalents	$ 51,440	$ 702	$ -	$ 52,142
Short-term investments	52,989	20,206	-	73,195
Pooled short-term investment funds	728,104	-	-	728,104
U.S. government, state, municipal and agency obligations	-	2,741,689	-	2,741,689
Corporate and foreign fixed income securities	-	1,622,233	3,655	1,625,888
Asset-backed securities	-	2,875,234	203,694	3,078,928
Equity securities	4,212,135	64,892	8,386	4,285,413
Alternative investments and other investments:				
Private equity and real estate funds	2,868	2,500	333,434	338,802
Commodities funds and other investments	23,150	24,507	1,247	48,904
Assets at net asset value:				
Corporate and foreign fixed income securities				49,986
Equity securities				1,073,411
Private equity and real estate funds				2,429,803
Hedge funds				1,839,334
Commodities funds and other investments				1,363,501
Cash and other investments not at fair value				1,045,295
Cash and investments				$ 20,774,395
Benefit plan assets, in other noncurrent assets	$ 461,534	$ -	$ 50,078	$ 511,612
Interest rate swaps, in other noncurrent assets	-	3,174	-	3,174
Investments sold, not yet purchased, in other noncurrent liabilities	-	20	-	20
Interest rate swaps, included in other noncurrent liabilities	-	137,484	-	137,484

(Dollars in Thousands)

7. Fair Value Measurements (continued)

For the year ended June 30, 2019, 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, 2019							
Beginning balance	$ 1,130	$ 11,956	$ 305,278	$ 29,239	$ 295,109	$ 1,121	$ 47,827
Total realized and unrealized gains (losses):							
Included in nonoperating gains (losses)	-	(233)	(4,101)	(12,700)	118,049	17,631	-
Included in changes in net assets	-	-	-	-	-	44	-
Purchases	-	1,128	144,734	18,942	61,215	(1,197)	4,185
Issuances	-	-	-	-	615	-	-
Sales	-	(11,273)	(124,160)	(5,919)	(141,295)	(14,537)	(9,686)
Transfers into Level 3	-	5,189	4,642	128	44	-	9,907
Transfers out of Level 3	(1,130)	(3,112)	(122,699)	(21,304)	(303)	(1,815)	(2,155)
Ending balance	$ -	$ 3,655	$ 203,694	$ 8,386	$ 333,434	$ 1,247	$ 50,078
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, 2019	$ -	$ (604)	$ (4,904)	$ (10,038)	$ -	$ 317	$ -

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. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2018, 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, 2018				
Cash equivalents	$ 43,822	$ 370	$ -	$ 44,192
Short-term investments	49,070	100,793	1,130	150,993
Pooled short-term investment funds	965,960	-	-	965,960
U.S. government, state, municipal and agency obligations	-	2,752,951	-	2,752,951
Corporate and foreign fixed income securities	-	1,971,834	11,956	1,983,790
Asset-backed securities	-	1,305,455	305,278	1,610,733
Equity securities	4,705,172	44,329	29,239	4,778,740
Alternative investments and other investments:				
Private equity and real estate funds	1,952	2,400	295,109	299,461
Commodities funds and other investments	(13,648)	(12,221)	1,121	(24,748)
Assets at net asset value:				
Corporate and foreign fixed income securities				-
Equity securities				987,278
Private equity and real estate funds				2,035,194
Hedge funds				2,325,236
Commodities funds and other investments				1,390,328
Cash and other investments not at fair value				1,038,575
Cash and investments				$ 20,338,683
Benefit plan assets, in other noncurrent assets	$ 453,193	$ 762	$ 47,827	$ 501,782
Interest rate swaps, in other noncurrent assets	-	1,930	-	1,930
Investments sold, not yet purchased, in other noncurrent liabilities	2,912	409	-	3,321
Interest rate swaps, included in other noncurrent liabilities	-	108,781	-	108,781

(Dollars in Thousands)

7. Fair Value Measurements (continued)

For the year ended June 30, 2018, 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, 2018							
Beginning balance	$ 345	$ 28,119	$ 193,211	$ 4,738	$ 241,420	$ 7,493	$ 54,698
Total realized and unrealized gains (losses):							
Included in nonoperating gains (losses)	-	383	1,585	7,856	101,835	(11,994)	-
Included in changes in net assets	-	-	-	-	-	(173)	-
Purchases	1,130	8,255	239,778	18,547	55,733	3,161	61,744
Issuances	-	-	-	-	650	-	-
Sales	-	(27,625)	(134,369)	(1,902)	(84,658)	2,448	(56,111)
Transfers into Level 3	-	13,638	5,073	-	-	186	44,057
Transfers out of Level 3	(345)	(10,814)	-	-	(19,871)	-	(56,561)
Ending balance	$ 1,130	$ 11,956	$ 305,278	$ 29,239	$ 295,109	$ 1,121	$ 47,827
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, 2018	$ -	$ (735)	$ (2,029)	$ 7,725	$ (6,243)	$ (3,783)	$ -

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)

8. Long-Term Debt

Long-term debt at June 30, 2019 and 2018 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 Mercy Regional Health Center, Inc. Master Trust Indenture.

	June 30, 2019	June 30, 2018
Tax-exempt hospital revenue bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture:		
Variable rate demand bonds, subject to a seven-day put provision, payable through November 2047; interest (1.90% to 2.00% at June 30, 2019) set at prevailing market rates	**$ 532,815**	$ 519,965
Fixed rate serial, term and mode bonds fixed to maturity payable in installments through November 2051; interest at 3.00% to 5.00%	**3,892,290**	3,854,395
Fixed rate serial mode bonds payable through 2047 with purchase dates ranging from August 2019 through July 2024; interest at 1.10% to 5.00% through the purchase dates	**1,104,500**	1,210,955
Tax-exempt hospital revenue bonds – unsecured under Ascension Health Alliance Subordinate Master Trust Indenture:		
Variable rate demand bonds, subject to a seven-day put provision, payable through November 2025; interest (2.00% at June 30, 2019) set at prevailing market rates	**30,915**	35,065
Fixed rate serial mode bonds with maturity payable installments through November 2027; interest at 4.00%	**50,575**	51,955
Fixed rate serial mode bonds payable through 2027 with purchase dates through August 2020; interest at 1.25% to 2.80%	**269,520**	298,140
Taxable bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture:		
Taxable fixed rate term bonds payable as of November 2053; interest at 4.847%	**425,000**	425,000
Taxable fixed rate term bonds payable as of November 2046; interest at 3.945%	**1,170,000**	1,170,000
Total hospital revenue bonds under Senior Master Trust Indenture and Subordinate Master Trust Indenture	**7,475,615**	7,565,475
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 5.00%	**18,385**	19,615
Total hospital revenue bonds – all Master Trust Indentures	**$ 7,494,000**	$7,585,080

(Dollars in Thousands)

8. Long-Term Debt (continued)

	June 30, 2019	June 30, 2018
Total hospital revenue bonds – all Master Trust Indentures	**$ 7,494,000**	$ 7,585,080
Other debt:		
Obligations under capital leases	**100,253**	10,340
Other	**31,025**	46,803
	7,625,278	7,642,233
Unamortized premium, net	**341,179**	360,164
Less debt issuance cost, net	**(37,266)**	(39,097)
Less current portion	**(125,577)**	(100,919)
Less long-term debt subject to short-term remarketing arrangements	**(1,043,150)**	(738,770)
Long-term debt, less current portion and long-term debt subject to short-term remarketing arrangements	**$ 6,760,464**	$ 7,123,611

	June 30, 2019	June 30, 2018
Ascension Health Alliance Senior Master Trust Indenture long-term debt obligations, including unamortized premium and cost of issuance, net	**$ 6,528,206**	$ 6,741,328
Ascension Health Alliance Subordinate Master Trust Indenture long-term debt obligations, including unamortized premium and cost of issuance, net	**95,761**	323,050
Mercy Regional Health Center, Inc. Master Trust Indenture long-term debt obligations, including unamortized premium, net	**18,141**	19,664
Other	**118,356**	39,569
Long-term debt, less current portion, and long-term debt subject to short-term remarketing arrangements	**$ 6,760,464**	$ 7,123,611

(Dollars in Thousands)

8. 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, 2019, are as follows:

	Ascension Health Alliance MTIs	Mercy Regional Health Center, Inc. MTI	Other Debt	Total
Year Ending June 30:				
2020	$ 111,370	$ 1,285	$ 12,922	$ 125,577
2021	122,805	1,350	12,432	136,587
2022	130,555	1,420	10,179	142,154
2023	136,020	1,495	10,118	147,633
2024	142,265	1,570	22,513	166,348
Thereafter	6,832,600	11,265	63,114	6,906,979
Total	$ 7,475,615	$ 18,385	$ 131,278	$ 7,625,278

The carrying values of fixed rate bonds were $6,930,270 and $7,030,060 at June 30, 2019 and 2018, respectively. The fair values of these fixed rate bonds were $7,567,480 and $7,391,287 at June 30, 2019 and 2018, 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, 2019 and 2018, interest paid was approximately $299,000 and $248,000, respectively. Capitalized interest was approximately $3,500 and $1,500 for the years ended June 30, 2019 and 2018, respectively.

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.

8. Long-Term Debt (continued)

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.

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, 2019, 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.

In September and October 2017, all previously outstanding bonds issued under the Alexian Brothers and St. John Health System Master Trust Indentures were defeased. Certain entities of Alexian Brothers and St. John Health System have been added to the Ascension Senior Credit Group. In October 2017, Ascension issued $245,000 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 the Series 2012 St. John Health System bonds and the Series 2008 and Series 2010 Alexian Brothers bonds. The only remaining bond series outside of the Ascension Master Trust Indenture is the Master Trust Indenture dated January 15, 2013, between Mercy Regional Health Center, Inc. and the Mercy Regional Health Center, Inc. Master Trustee.

8. Long-Term Debt (continued)

In May 2018, Ascension issued an Ascension Credit Group Master Trust Indenture Obligation (the "Ascension Obligation") to secure the $1,000,000 Illinois Finance Authority Revenue Bonds, Series 2016C (Presence Health Network) (the "Presence Bonds"). As permitted by the bond trust indenture for the Presence Bonds, the Direct Note Obligation originally issued under the Presence Master Trust Indenture dated as of August 1, 2016 was surrendered and cancelled concurrent with the execution of the Ascension Obligation. The Presence Master Trust Indenture was also cancelled simultaneously.

Due to aggregate financing activity during the fiscal years ended June 30, 2019 and 2018, losses on extinguishment of debt of $100 and $9,850, 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, 2019, the Senior Credit Group had two lines of credit totaling $1,000,000. The first line of credit totals $300,000 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 $700,000 which may be used for general corporate purposes. Both lines are committed to December 4, 2020 and as of June 30, 2019 and 2018, there were no borrowings under either line of credit.

As of June 30, 2019, the Senior Credit Group had 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 14, 2019. 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 $79,337 have been issued as of June 30, 2019. No borrowings were outstanding under the letters of credit as of June 30, 2019 and 2018.

9. 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 Indenture of the System. 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, 2019 and June 30, 2018, the notional values of outstanding interest rate swaps were $1,020,775 and $1,084,975, respectively.

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.

9. Derivative Instruments (continued)

The fair value of interest rate swaps in an asset position was $3,174 and $1,930 at June 30, 2019 and June 30, 2018, respectively. The fair value of interest rate swaps in a liability position was $137,484 and $108,781 at June 30, 2019 and June 30, 2018, respectively.

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 calculated based on the System's credit ratings. 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, 2019 and June 30, 2018.

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.

10. Retirement 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. At June 30, 2019, primarily all of the System Plans' assets are invested in the Master Pension Trust (the Trust). At June 30, 2018, the System Plans' assets were also invested in one additional other trust (the Other Trust).

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. Two of the System Plans remain ongoing at June 30, 2019.

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.

(Dollars in Thousands)

10. Retirement Plans (continued)

The following table sets forth the combined benefit obligations and assets of the System Plans at June 30, 2019 and 2018, 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,	
	2019	**2018**
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	**$ 9,441,554**	$ 9,173,650
Service Cost	**682**	6,418
Interest Cost	**389,386**	352,931
Assumption change	**711,560**	(535,210)
Actuarial loss	**40,486**	51,229
Acquisitions	**-**	893,732
Curtailment	**-**	(3,780)
Benefits paid	**(572,020)**	(497,416)
Projected benefit obligation at end of year	**10,011,648**	9,441,554
Change in plan assets:		
Fair value of plan assets at beginning of year	**8,602,710**	7,919,767
Actual return on plan assets	**468,256**	405,550
Employer contributions	**4,157**	5,601
Acquisitions	**-**	769,208
Benefits paid	**(572,020)**	(497,416)
Fair value of plan assets at end of year	**8,503,103**	8,602,710
Net amount recognized at end of year and funded status	**$ (1,508,545)**	$ (838,844)
Accumulated benefit obligation at end of year	**$ 10,010,998**	$ 9,438,370

(Dollars in Thousands)

10. Retirement Plans (continued)

The System Plans' funded status as a percentage of both the projected and accumulated benefit obligations was 84.9% and 91.1% at June 30, 2019 and 2018, respectively.

Included in net assets without donor restrictions at June 30, 2019 and 2018, are the following amounts that have not yet been recognized in net periodic pension cost for the System Plans:

	Year Ended June 30, 2019	Year Ended June 30, 2018
Unrecognized prior service credit	**$ 8**	$ (2,509)
Unrecognized actuarial loss	**2,506,799**	1,576,969
	$ 2,506,807	$ 1,574,460

Changes in plan assets and benefit obligations recognized in net assets without donor restrictions for System Plans during 2019 and 2018 include:

	Year Ended June 30, 2019	Year Ended June 30, 2018
Current year actuarial (gain) loss	**$ 1,001,500**	$ (206,792)
Amortization of actuarial (loss) gain	**(71,671)**	(73,786)
Amortization of prior service credit	**2,518**	2,776
	$ 932,347	$ (277,802)

	Year Ended June 30, 2019	Year Ended June 30, 2018
Components of net periodic benefit cost		
Service cost	**$ 682**	$ 6,418
Interest cost	**389,386**	352,931
Expected return on plan assets	**(717,710)**	(686,518)
Amortization of prior service credit	**(2,518)**	(2,776)
Amortization of actuarial loss	**65,952**	74,540
Settlement loss (gain)	**5,719**	(754)
Net periodic benefit cost	**$ (258,489)**	$ (256,159)

(Dollars in Thousands)

10. Retirement Plans (continued)

The prior service credit and actuarial loss included in net assets without donor restrictions and expected to be recognized in net periodic pension cost during the year ending June 30, 2019, are $700 and $111,170, respectively.

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

	June 30,	
	2019	**2018**
To determine benefit obligations:		
Discount rate	**3.55%**	**4.30%**
To determine net periodic benefit cost:		
Discount rate	**4.30%**	**3.87%**
Expected return on plan assets	**8.37%**	**8.37%**

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.

(Dollars in Thousands)

10. Retirement Plans (continued)

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 180 days. Due to redemption restrictions, investments of certain private funds, whose fair value was approximately $1,176,000 at June 30, 2019, 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.

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, 2019, investment periods expire between August 2019 and January 2025. The remaining unfunded capital commitments of the Trust total approximately $695,000 for 133 individual contracts as of June 30, 2019. The weighted-average asset allocation for the System Plans in the Trust at the end of fiscal 2019 and 2018 and the target allocation for fiscal 2019, by asset category, are as follows:

	Target Allocation	Percentage of Plan Assets at June 30,	
Asset Category	**2020**	**2019**	**2018**
Growth	57%	57%	60%
Deflation	28%	31%	25%
Inflation	15%	12%	15%
Total	100%	100%	100%

(Dollars in Thousands)

10. Retirement Plans (continued)

The System Plans' assets in the Other Trust were invested in portfolios designated to best serve the participants of the System Plans' through a long-term investment strategy designed to ensure that funds are available to pay benefits as they become due and to maximize the total return at a prudent level of investment risk. The System Plans' assets invested in the Other Trust were diversified among various asset classes based upon established investment guidelines. All of the assets in the Other Trust were transferred to the Trust during the year ended June 30, 2019. The allocation of the System Plans' assets in the Other Trust at the end of fiscal 2018, by asset category, are as follows:

Asset Category	Percentage of Plan Assets at June 30, 2018
Equity securities	68%
Fixed-income securities and real assets	31%
Cash and cash equivalents	1%
Total	100%

The following tables summarize fair value measurements at June 30, 2019 and 2018, 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.

(Dollars in Thousands)

10. Retirement Plans (continued)

	Level 1	Level 2	Level 3	Total
June 30, 2019				
Short-term investments	$ 614,483	$ 12,993	$ -	$ 627,476
Derivatives receivable	2,123	144,629	1,590	148,342
U.S. government, state, municipal and agency obligations	-	1,594,359	-	1,594,359
Corporate and foreign fixed income securities	-	539,310	1,057	540,367
Asset-backed securities	-	1,353,768	18,134	1,371,902
Equity securities	1,959,773	4,434	14	1,964,221
Assets at net value:				
Corporate and foreign fixed income securities				13,097
Equity securities				138,360
Private equity and real estate funds				1,314,431
Hedge funds				900,388
Commodities funds and other investments				32,396
Other receivables				187,571
Total				8,832,910
Derivatives payable	2,841	210,938	641	214,420
Other payables				115,387
Total				329,807
Fair value of plan assets				$ 8,503,103

(Dollars in Thousands)

10. Retirement Plans (continued)

	Level 1	Level 2	Level 3	Total
June 30, 2018				
Short-term investments	$ 480,368	$ 57,743	$ -	$ 538,111
Derivatives receivable	3,461	93,046	-	96,507
U.S. government, state, municipal and agency obligations	-	1,392,245	-	1,392,245
Corporate and foreign fixed income securities	-	741,841	1,034	742,875
Asset-backed securities	-	676,429	6,078	682,507
Equity securities	2,702,687	7,073	1,778	2,711,538
Assets at net value:				
Corporate and foreign fixed income securities				10,256
Equity securities				238,192
Private equity and real estate funds				1,091,535
Hedge funds				1,057,421
Commodities funds and other investments				131,694
Other receivables				336,253
Total				9,029,134
Derivatives payable	5,061	313,649	391	319,101
Investments sold, not yet purchased	1,110	-	-	1,110
Other payables				106,213
Total				426,424
Fair value of plan assets				$ 8,602,710

(Dollars in Thousands)

10. Retirement Plans (continued)

For the years ended June 30, 2018 and 2017, 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, 2019				
Beginning balance	**$ (391)**	**$ 1,034**	**$ 6,078**	**$ 1,778**
Total actual return on assets	**1,447**	**1,040**	**(84)**	**(2,023)**
Purchases, issuances, and settlements	**(107)**	**(1,017)**	**14,101**	**475**
Transfers into Level 3	**-**	**-**	**(1,961)**	**(216)**
Ending balance	**$ 949**	**$ 1,057**	**$ 18,134**	**$ 14**
Actual return on plan assets relating to plan assets still held at June 30, 2019	**$ 1,590**	**$ -**	**$ (236)**	**$ (1,917)**

	Net Derivatives	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities
June 30, 2018				
Beginning balance	$ (203)	$ 931	$ 4,523	$ 12,481
Total actual return on assets	8,376	(472)	640	1,166
Purchases, issuances, and settlements	(8,564)	(1,044)	617	(12,420)
Transfers (out of) into Level 3	-	1,619	298	551
Ending balance	$ (391)	$ 1,034	$ 6,078	$ 1,778
Actual return on plan assets relating to plan assets still held at June 30, 2018	$ -	$ 4	$ 638	$ (4)

(Dollars in Thousands)

10. Retirement Plans (continued)

The Trust has entered into a series of swap agreements with a net notional amount of approximately $2,706,100. 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 2020	$ 702
Expected benefit payments:	
2020	868,402
2021	669,920
2022	692,403
2023	680,410
2024	668,360
2025-2029	3,112,170

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.

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 over time. Expenses for the defined-contribution plans were $382,456 and $391,397 during 2019 and 2018, respectively, and are included in employee benefits in the Consolidated Statements of Operations and Changes in Net Assets.

11. 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. Within these pooled risk programs, various insurance policies have been purchased to provide coverage in excess of the self-insured limits. The System provides this 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 associated 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% in 2019 and 2018.

Entities acquired in the Presence business combination did not participate in the Ascension pooled risk program prior to July 1, 2018 At June 30, 2019, the loss reserves for estimated self-insured professional, general liability, and workers' compensation claims reported prior to July 1, 2018 for Presence entities were actuarially determined and recorded on an undiscounted basis. The self-insured professional and general liabilities for these claims are retained up to $20,000 per occurrence with no aggregate and subject to reinsurance by commercial carriers up to $170,000.

Professional and General Liability Programs

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

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 $250,000. AHIL retains 75% of the first $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, and Wisconsin are provided coverage by ProAssurance Corporation (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.

11. Self-Insurance Programs (continued)

Effective July 1, 2014, the reinsurance of Ascension's independent physician professional liability program with ProAssurance, the System's partner insurance company, was transferred from AHIL to Sunflower Assurance, Ltd. (Sunflower), a wholly owned subsidiary of Ascension Risk Services.

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, and Wisconsin.

Included in operating expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets is professional and general liability claim and insurance expense of $258,473 and $185,050 for the years ended June 30, 2019 and 2018, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are professional and general liability loss reserves of $785,021 and $867,297 at June 30, 2019 and 2018, respectively.

Workers' Compensation

Workers' compensation coverage is primarily 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.

Included in employee benefits in the accompanying Consolidated Statements of Operations and Changes in Net Assets is workers' compensation claim and insurance expense of $60,092 and $31,064 for the years ended June 30, 2019 and 2018, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are workers' compensation loss reserves of $135,809 and $135,052 at June 30, 2019 and 2018, respectively.

(Dollars in Thousands)

12. 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.

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:			
2020	$ 238,801	$ 40,062	$ 198,739
2021	220,172	31,590	188,582
2022	185,614	25,784	159,830
2023	153,824	20,259	133,565
2024	117,774	15,059	102,715
Thereafter	494,523	249,120	245,403
Total	$1,410,708	$ 381,874	$ 1,028,834

Rental expense under operating leases amounted to $460,426 and $425,750 in 2019 and 2018, respectively.

13. Related Parties

The System has agreements with related parties for revenue cycle management services and clinical engineering services. The System expensed approximately $1,076,000 and $877,000 for these services during the years ended June 30, 2019 and 2018.

(Dollars in Thousands)

14. Contingencies and Commitments

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. 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 maximum amount of future payments that the System could be required to make under these guarantees is approximately $6,000.

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 $234,700.

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 21 years. The following represents the remaining guarantees and other commitments of the Senior and Subordinate Credit Groups at June 30, 2019:

Hospital de la Concepción 2017 Series A debt guarantee	$	23,330
St. Vincent de Paul Series 2000 A debt guarantee		28,300
Other guarantees and commitments		28,800

(Dollars in Thousands)

15. Functional Expenses

Ascension provides healthcare services, including inpatient, outpatient, ambulatory, long-term care and community-based services. Management support services include administration, finance and accounting, revenue cycle, information technology, public relations, human resources, legal, supply chain, risk management, compliance and other functions. Expenses are allocated to healthcare services and management support services based on the functional department for which they are incurred. Departmental expenses may include various allocations of costs based on direct assignment, expenses or other methods.

Expenses by functional classification for the year ended June 30, 2019 consist of the following:

	Health care services	Management support services	Total
Salaries, wages, and employee benefits	$ 11,223,019	$ 907,310	$ 12,130,329
Purchased services and professional fees	2,969,789	1,067,227	4,037,016
Supplies	3,718,193	3,169	3,721,362
Other	4,443,955	455,034	4,898,989
Total operating expenses	**$ 22,354,956**	**$ 2,432,740**	**$ 24,787,696**

Expenses by functional classification for the year ended June 30, 2018 consist of the following:

	Health care services	Management support services	Total
Salaries, wages, and employee benefits	$ 10,418,477	$ 844,842	$ 11,263,319
Purchased services and professional fees	2,617,701	961,651	3,579,352
Supplies	3,385,079	2,143	3,387,222
Other	4,171,544	487,711	4,659,255
Total operating expenses	**$ 20,592,801**	**$ 2,296,347**	**$ 22,889,148**

Supplementary Information

(unaudited)

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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 Schedule of Net Cost of Providing Care of Persons Living in Poverty and Other Community Benefit Programs, 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 are 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 11, 2019

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, 2019 and 2018

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

	Year Ended June 30,	
	2019	**2018***
Traditional charity care provided	**$ 605,987**	$ 576,267
Unpaid cost of public programs for persons living in poverty	**904,895**	1,061,482
Other programs for persons living in poverty and other vulnerable persons	**154,552**	171,757
Community benefit programs	**343,486**	320,817
Care of persons living in poverty and other community benefit programs	**$2,008,920**	$2,130,323

*Restated

Ascension

Details of Consolidated Balance Sheet
(Dollars in Thousands)

June 30, 2019

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Reclassification	Consolidated Alabama	Consolidated Amsterdam	Consolidated Arlington Heights	Consolidated Chicago	Consolidated Baltimore
Assets								
Current assets:								
Cash and cash equivalents	$ 896,262	$ 67,385	$ -	$ 6,469	$ 592	$ 28,272	$ 242,960	$ 11,559
Short-term investments	92,072	(29,493)	-	15,120	-	2,361	1,197	-
Accounts receivable	3,172,747	42,657	-	109,487	20,963	147,169	294,421	58,539
Inventories	409,129	2,384	-	18,300	2,460	14,369	43,348	7,406
Due from brokers	324,977	324,977	-	-	-	-	-	-
Estimated third-party payor settlements	178,556	4,624	-	10,031	518	1,239	8,420	-
Other	959,477	35,750	-	30,480	5,549	56,101	30,302	13,602
Total current assets	6,033,220	448,284	-	189,887	30,082	249,511	620,648	91,106
Long-term investments	19,786,061	17,881,191	1,036,138	23,012	11,492	42,569	3,050	18,285
Interest in investments held by Ascension	-	-	(1,036,138)	49,766	70,895	54	-	2,707
Property and equipment, net	10,851,422	581,377	-	441,575	53,875	540,413	1,199,055	220,547
Other assets:								
Investment in unconsolidated entities	1,233,209	311,135	-	11,351	-	4,866	25,884	31,078
Capitalized software costs, net	641,533	277,941	-	50,309	623	5,430	-	2,699
Other	1,173,051	629,321	-	12,586	3,625	17,289	16,933	132
Total other assets	3,047,793	1,218,397	-	74,246	4,248	27,585	42,817	33,909
Total assets	$ 39,718,496	$ 20,129,249	$ -	$ 778,486	$ 170,592	$ 860,132	$ 1,865,570	$ 366,554

Continued on next page.

Consolidated Binghamton	Consolidated Bridgeport	Consolidated Florida	Consolidated Indiana	Consolidated Kansas	Consolidated Michigan	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
$ 16,867	$ 4,049	$ 161,843	$ 95,596	$ 13,203	$ 127,715	$ 23,966	$ 14,797	$ 23,853	$ 1,467	$ 55,669
-	-	-	29,660	7,965	37,488	5,870	15,715	2,532	-	3,657
41,464	5	273,277	547,466	146,411	415,250	184,792	393,600	124,823	8,783	363,640
5,115	215	42,808	50,486	19,955	59,643	28,005	36,734	19,380	667	57,854
-	-	-	-	-	-	-	-	-	-	-
3,748	2,964	45,674	12,133	1,271	38,753	11,120	21,954	758	701	14,648
17,014	269,975	39,989	86,324	21,228	92,071	63,214	97,167	32,167	5,603	62,941
84,208	277,208	563,591	821,665	210,033	770,920	316,967	579,967	203,513	17,221	558,409
24,852	40,695	70,958	131,133	24,243	63,506	67,142	154,809	48,565	3,035	141,386
176,776	25,847	25,772	303,386	162,278	107,392	2,186	(2,092)	103,519	2,410	5,242
112,360	381	758,721	926,079	534,811	1,279,231	620,286	1,194,860	614,962	46,783	1,726,106
(95)	-	6,412	93,443	129,897	89,825	60,357	81,881	154,296	2,740	230,139
1,672	-	40,749	39,661	20,240	46,872	12,695	40,929	24,040	669	77,004
14,477	3,513	67,102	235,734	25,201	82,011	12,373	17,574	10,339	293	24,548
16,054	3,513	114,263	368,838	175,338	218,708	85,425	140,384	188,675	3,702	331,691
$ 414,250	$ 347,644	$ 1,533,305	$ 2,551,101	$ 1,106,703	$ 2,439,757	$ 1,092,006	$ 2,067,928	$ 1,159,234	$ 73,151	$ 2,762,834

Ascension

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

June 30, 2019

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Consolidated Alabama	Consolidated Amsterdam	Consolidated Arlington Heights	Consolidated Chicago	Consolidated Baltimore	Consolidated Binghamton
Liabilities and net assets								
Current liabilities:								
Current portion of long-term debt	$ 125,577	$ (8,549)	$ 2,997	$ 140	$ 6,873	$ 18,091	$ 1,261	$ 689
Long-term debt subject to short-term remarketing arrangement	1,043,150	1,043,150	-	-	-	-	-	-
Accounts payable and accrued liabilities	2,951,322	952,783	70,496	15,906	127,035	226,104	50,423	27,144
Estimated third-party payor settlements	599,959	8,852	7,796	1,710	85,923	192,519	-	4,289
Due to brokers	369,213	369,213	-	-	-	-	-	-
Current portion of self-insurance liabilities	269,561	208,420	-	-	-	61,141	-	-
Other	465,499	(1,802,791)	126,015	16,852	34,962	36,978	45,739	39,774
Total current liabilities	5,824,281	771,078	207,304	34,608	254,793	534,833	97,423	71,896
Noncurrent liabilities:								
Long-term debt (senior and subordinated)	6,760,464	(206,111)	170,829	7,970	391,748	1,015,427	71,898	39,287
Self-insurance liabilities	675,860	500,538	-	-	-	171,209	-	-
Pension and other postretirement liabilities	1,580,867	1,341,197	-	-	34,708	194,492	-	31
Other	1,352,740	444,262	18,223	19,079	6,240	52,910	8,386	26,434
Total noncurrent liabilities	10,369,931	2,079,886	189,052	27,049	432,696	1,434,038	80,284	65,752
Total liabilities	16,194,212	2,850,964	396,356	61,657	687,489	1,968,871	177,707	137,648
Net assets:								
Without donor restrictions:								
Controlling interest	20,776,747	15,376,378	363,888	97,443	120,905	(103,838)	182,596	250,086
Noncontrolling interests	1,988,121	1,889,137	1,940	-	-	-	-	-
Total net assets without donor restrictions	22,764,868	17,265,515	365,828	97,443	120,905	(103,838)	182,596	250,086
Net assets with donor restrictions	759,416	12,770	16,302	11,492	51,738	537	6,251	26,516
Total net assets	23,524,284	17,278,285	382,130	108,935	172,643	(103,301)	188,847	276,602
Total liabilities and net assets	$ 39,718,496	$ 20,129,249	$ 778,486	$ 170,592	$ 860,132	$ 1,865,570	$ 366,554	$ 414,250

Consolidated Bridgeport	Consolidated Florida	Consolidated Indiana	Consolidated Kansas	Consolidated Michigan	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
$ 925	$ 6,187	$ 16,788	$ 8,701	$ 23,227	$ 6,554	$ 6,975	$ 7,876	$ 193	$ 26,649
-	-	-	-	-	-	-	-	-	-
(170)	160,654	260,076	73,790	306,143	137,714	237,210	69,220	17,408	219,386
19,704	13,436	59,111	5,956	121,381	1,436	32,656	3,468	6,460	35,262
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
74,032	209,060	363,933	96,455	386,410	140,661	286,327	102,726	14,701	293,665
94,491	389,337	699,908	184,902	837,161	286,365	563,168	183,290	38,762	574,962
52,716	352,667	509,059	389,296	1,226,903	373,591	383,523	451,611	11,025	1,519,025
-	-	-	2,072	82	-	-	1,959	-	-
1,394	-	-	-	8,782	-	-	-	-	263
13,425	50,376	144,255	10,802	192,955	2,168	97,818	48,127	215	217,065
67,535	403,043	653,314	402,170	1,428,722	375,759	481,341	501,697	11,240	1,736,353
162,026	792,380	1,353,222	587,072	2,265,883	662,124	1,044,509	684,987	50,002	2,311,315
149,978	689,512	1,040,025	485,987	77,158	375,311	892,496	442,633	20,557	315,632
-	1,529	67,541	10,900	(102)	12,736	-	-	-	4,440
149,978	691,041	1,107,566	496,887	77,056	388,047	892,496	442,633	20,557	320,072
35,640	49,884	90,313	22,744	96,818	41,835	130,923	31,614	2,592	131,447
185,618	740,925	1,197,879	519,631	173,874	429,882	1,023,419	474,247	23,149	451,519
$ 347,644	$ 1,533,305	$ 2,551,101	$ 1,106,703	$ 2,439,757	$ 1,092,006	$ 2,067,928	$ 1,159,234	$ 73,151	$ 2,762,834

Ascension

Details of Consolidated Balance Sheet
(Dollars in Thousands)

June 30, 2018

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Reclassification	Consolidated Alabama	Consolidated Amsterdam	Consolidated Arlington Heights	Consolidated Chicago	Consolidated Baltimore
Assets								
Current assets:								
Cash and cash equivalents	$ 850,958	$ 213,777	$ -	$ 31,043	$ 585	$ 18,470	$ 210,759	$ 7,681
Short-term investments	83,166	(33,354)	-	-	-	2,313	1,117	-
Accounts receivable	3,163,172	48,036	-	130,561	19,198	198,277	331,161	50,998
Inventories	414,169	2,548	-	17,054	2,582	15,204	52,225	7,244
Due from brokers	91,919	(31,367)	-	-	-	-	-	-
Estimated third-party payor settlements	129,693	(610,282)	-	10,117	737	3,653	5,757	-
Other	780,713	903,999	-	29,430	6,183	60,599	50,832	6,194
Total current assets	5,513,790	493,357	-	218,205	29,285	298,516	651,851	72,117
Long-term investments	19,404,559	17,454,190	1,067,597	21,430	10,134	8,268	104,212	18,330
Interest in investments held by Ascension	-	-	(1,067,597)	54,785	73,032	-	-	2,676
Property and equipment, net	10,597,730	568,055	-	417,431	55,196	525,590	1,281,493	222,826
Other assets:								
Investment in unconsolidated entities	1,139,306	(184,683)	-	10,684	-	5,132	13,801	26,124
Capitalized software costs, net	793,322	(127,312)	-	59,643	860	8,345	-	4,143
Other	1,078,905	1,553,577	-	11,190	4,392	13,223	40,697	106
Total other assets	3,011,533	1,241,582	-	81,517	5,252	26,700	54,498	30,373
Total assets	$ 38,527,612	$ 19,757,184	$ -	$ 793,368	$ 172,899	$ 859,074	$ 2,092,054	$ 346,322

Continued on next page.

Consolidated Binghamton	Consolidated Bridgeport	Consolidated Florida	Consolidated Indiana	Consolidated Kansas	Consolidated Michigan	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.
$ 12,819	$ 18,226	$ 57,498	$ 72,823	$ 18,419	$ 63,014	$ 24,064	$ 17,264	$ 24,165	$ 9,838
-	-	-	32,571	7,609	56,865	18	10,282	-	-
41,674	46,567	253,334	468,202	140,925	403,699	189,354	316,231	116,703	21,884
4,853	4,584	36,697	46,381	22,029	59,362	29,602	35,855	18,077	2,875
-	-	-	-	-	-	-	-	-	-
2,472	407	13,969	3,561	6,318	37,873	11,964	5,965	906	1,223
11,807	9,262	30,915	67,685	24,596	85,111	34,417	77,601	40,990	7,278
73,625	79,046	392,413	691,223	219,896	705,924	289,419	463,198	200,841	43,098
25,175	38,885	67,428	126,739	9,631	71,918	66,298	146,511	50,886	4,064
179,506	37,109	32,502	257,333	155,433	96,229	5,608	(1,431)	143,397	(128)
105,028	187,527	673,323	763,773	524,656	1,188,673	551,748	1,131,505	620,522	55,486
154	154	5,591	102,699	116,841	79,363	53,721	79,650	142,686	1,477
2,747	13,776	48,078	50,403	28,174	56,674	16,992	54,072	31,347	4,447
15,165	6,960	44,391	168,947	21,897	60,542	12,881	18,660	12,670	1,348
18,066	20,890	98,060	322,049	166,912	196,579	83,594	152,382	186,703	7,272
$ 401,400	$ 363,457	$ 1,263,726	$ 2,161,117	$ 1,076,528	$ 2,259,323	$ 996,667	$ 1,892,165	$ 1,202,349	$ 109,792

Ascension

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

June 30, 2018

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Consolidated Alabama	Consolidated Amsterdam	Consolidated Arlington Heights	Consolidated Chicago	Consolidated Baltimore	Consolidated Binghamton
Liabilities and net assets								
Current liabilities:								
Current portion of long-term debt	$ 100,919	$ (17,994)	$ 2,477	$ 116	$ 5,681	$ 29,121	$ 1,043	$ 570
Long-term debt subject to short-term remarketing arrangement	738,770	738,770	-	-	-	-	-	-
Accounts payable and accrued liabilities	2,915,838	923,610	68,892	15,191	141,931	295,141	49,331	23,056
Estimated third-party payor settlements	683,229	8,463	12,516	1,955	102,411	188,282	-	3,757
Due to brokers	253,264	253,264	-	-	-	-	-	-
Current portion of self-insurance liabilities	288,975	225,221	-	-	-	63,754	-	-
Other	407,496	(1,754,261)	121,359	17,102	34,192	36,923	40,803	37,522
Total current liabilities	5,388,491	377,073	205,244	34,364	284,215	613,221	91,177	64,905
Noncurrent liabilities:								
Long-term debt (senior and subordinated)	7,123,611	45,114	173,826	8,110	398,620	1,033,957	73,160	39,976
Self-insurance liabilities	756,028	478,112	-	-	(14)	273,256	-	-
Pension and other postretirement liabilities	914,045	757,306	-	-	29,892	115,840	-	66
Other	1,227,680	(160,027)	29,965	22,075	6,812	70,062	18,744	35,408
Total noncurrent liabilities	10,021,364	1,120,505	203,791	30,185	435,310	1,493,115	91,904	75,450
Total liabilities	15,409,855	1,497,578	409,035	64,549	719,525	2,106,336	183,081	140,355
Net assets:								
Without donor restrictions:								
Controlling interest	20,446,065	16,411,602	368,162	98,216	125,106	(51,452)	155,781	235,600
Noncontrolling interests	1,930,466	1,834,711	1,826	-	(610)	5,797	-	-
Total net assets without donor restrictions	22,376,531	18,246,313	369,988	98,216	124,496	(45,655)	155,781	235,600
Net assets with donor restrictions	741,226	13,293	14,345	10,134	15,053	31,373	7,460	25,445
Total net assets	23,117,757	18,259,606	384,333	108,350	139,549	(14,282)	163,241	261,045
Total liabilities and net assets	$ 38,527,612	$ 19,757,184	$ 793,368	$ 172,899	$ 859,074	$ 2,092,054	$ 346,322	$ 401,400

Consolidated Bridgeport	Consolidated Florida	Consolidated Indiana	Consolidated Kansas	Consolidated Michigan	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
$ 764	$ 5,114	$ 6,196	$ 7,544	$ 19,310	$ 5,418	$ 5,821	$ 6,568	$ 1,141	$ 22,029
-	-	-	-	-	-	-	-	-	-
35,813	133,300	236,265	69,495	271,518	110,118	209,163	71,285	19,364	242,365
25,521	12,881	85,760	9,297	123,825	7,994	58,314	4,160	5,065	33,028
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
44,201	206,482	298,843	103,865	347,681	157,680	273,245	102,299	24,909	314,651
106,299	357,777	627,064	190,201	762,334	281,210	546,543	184,312	50,479	612,073
53,641	358,854	434,784	397,749	1,249,016	380,145	390,497	460,439	80,048	1,545,675
-	-	-	2,260	82	-	-	2,332	-	-
1,527	-	-	-	9,175	-	-	-	-	239
34,647	70,840	191,980	14,394	312,606	9,832	124,447	72,633	269	372,993
89,815	429,694	626,764	414,403	1,570,879	389,977	514,944	535,404	80,317	1,918,907
196,114	787,471	1,253,828	604,604	2,333,213	671,187	1,061,487	719,716	130,796	2,530,980
131,875	420,590	754,740	438,364	(162,701)	276,292	704,419	454,584	(25,896)	110,783
-	1,700	62,872	10,189	(80)	9,723	-	-	-	4,338
131,875	422,290	817,612	448,553	(162,781)	286,015	704,419	454,584	(25,896)	115,121
35,468	53,965	89,677	23,371	88,891	39,465	126,259	28,049	4,892	134,086
167,343	476,255	907,289	471,924	(73,890)	325,480	830,678	482,633	(21,004)	249,207
$ 363,457	$ 1,263,726	$ 2,161,117	$ 1,076,528	$ 2,259,323	$ 996,667	$ 1,892,165	$ 1,202,349	$ 109,792	$ 2,780,187

Ascension

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

Year Ended June 30, 2019

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Consolidated Alabama	Consolidated Amsterdam	Consolidated Arlington Heights	Consolidated Chicago	Consolidated Baltimore
Operating revenue:							
Net patient service revenue	$ 23,706,590	$ 471,350	$ 1,056,517	$ 163,345	$ 1,031,883	$ 2,004,410	$ 435,704
Other revenue	1,616,217	193,681	39,540	15,045	85,811	79,698	11,138
Total operating revenue	25,322,807	665,031	1,096,057	178,390	1,117,694	2,084,108	446,842
Operating expenses:							
Salaries and wages	10,133,885	1,308,773	338,680	90,883	438,417	822,917	206,907
Employee benefits	1,996,444	45,997	72,815	20,315	98,719	160,716	37,577
Purchased services	2,730,431	28,428	169,341	13,025	125,564	253,611	33,815
Professional fees	1,306,585	162,152	35,134	4,597	93,840	66,250	15,481
Supplies	3,721,362	(24,268)	209,628	20,690	153,648	316,730	55,553
Insurance	288,598	57,553	12,104	1,644	17,872	47,081	8,633
Interest	268,338	2,607	6,644	310	15,234	40,498	2,796
Provider tax	629,983	11,589	48,460	1,409	45,683	99,884	1,492
Depreciation and amortization	1,212,908	134,537	57,486	7,102	45,351	116,345	21,100
Other	2,499,162	(1,012,233)	175,965	22,965	181,221	135,907	63,846
Total operating expenses before impairment, restructuring and nonrecurring losses, net	24,787,696	715,135	1,126,257	182,940	1,215,549	2,059,939	447,200
Income (loss) from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring losses, net	535,111	(50,104)	(30,200)	(4,550)	(97,855)	24,169	(358)
Self-insurance trust fund investment return	24,554	24,438	-	-	-	-	-
Income (loss) from recurring operations	559,665	(25,666)	(30,200)	(4,550)	(97,855)	24,169	(358)
Impairment, restructuring and nonrecurring losses, net	(177,157)	(77,524)	(632)	(200)	(12,135)	(15,804)	(1,322)
Income (loss) from operations	382,508	(103,190)	(30,832)	(4,750)	(109,990)	8,365	(1,680)
Nonoperating gains (losses):							
Investment return, net	1,108,597	1,070,151	1,531	823	64	1,622	2,318
Contributions from business combinations	26,025	(561,808)	-	-	579,746	-	-
Other	(112,774)	(55,275)	(1,288)	(28)	(52)	(7,469)	3,494
Total nonoperating gains (losses), net	1,021,848	453,068	243	795	579,758	(5,847)	5,812
Excess (deficit) of revenues and gains over expenses and losses	1,404,356	349,878	(30,589)	(3,955)	469,768	2,518	4,132
Less noncontrolling interests	177,741	113,005	1,024	-	-	-	-
Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest	1,226,615	236,873	(31,613)	(3,955)	469,768	2,518	4,132

Continued on next page.

Consolidated Binghamton	Consolidated Bridgeport	Consolidated Florida	Consolidated Indiana	Consolidated Kansas	Consolidated Michigan	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
$ 331,123	$ 448,783	$ 1,835,923	$ 3,168,028	$ 1,046,958	$ 3,801,533	$ 1,590,197	$ 2,417,634	$ 1,072,534	$ 95,450	$ 2,735,218
61,860	40,764	68,527	133,347	53,137	218,050	116,008	174,645	88,280	7,965	228,721
392,983	489,547	1,904,450	3,301,375	1,100,095	4,019,583	1,706,205	2,592,279	1,160,814	103,415	2,963,939
162,439	187,693	672,394	1,035,027	360,748	1,393,797	552,329	861,379	452,379	65,741	1,183,382
35,308	47,798	143,233	262,449	88,421	317,024	111,923	178,576	87,092	11,446	277,035
33,623	25,963	212,771	379,752	102,440	448,113	182,552	262,872	115,575	26,594	316,392
20,882	32,073	69,476	125,000	49,644	289,275	67,354	135,023	34,062	5,911	100,431
47,979	55,695	388,391	477,884	185,351	599,959	286,993	346,416	194,832	9,628	396,253
3,194	7,958	21,961	20,210	5,215	41,573	10,138	10,478	9,687	4,299	8,998
1,474	2,050	14,539	16,446	15,289	44,360	14,212	13,231	17,641	1,747	59,260
2,925	35,061	36,412	98,141	9,161	96,126	44,231	19,410	22,258	3,225	54,516
12,465	11,315	77,017	110,444	68,077	141,941	72,610	107,718	59,224	7,399	162,777
68,402	62,893	273,147	443,205	164,400	582,973	248,617	425,308	203,256	33,309	425,981
388,691	468,499	1,909,341	2,968,558	1,048,746	3,955,141	1,590,959	2,360,411	1,196,006	169,299	2,985,025
4,292	21,048	(4,891)	332,817	51,349	64,442	115,246	231,868	(35,192)	(65,884)	(21,086)
-	-	-	-	-	116	-	-	-	-	-
4,292	21,048	(4,891)	332,817	51,349	64,558	115,246	231,868	(35,192)	(65,884)	(21,086)
-	(349)	(5,123)	(2,402)	(106)	(6,997)	(687)	(814)	(378)	(38,590)	(14,094)
4,292	20,699	(10,014)	330,415	51,243	57,561	114,559	231,054	(35,570)	(104,474)	(35,180)
1,961	1,029	2,613	12,174	2,514	1,293	2,406	2,060	2,473	180	3,385
-	-	-	-	-	-	-	-	-	-	8,087
(241)	(790)	(2,816)	(8,665)	(422)	(19,985)	(1,248)	(12,347)	(3,176)	355	(2,821)
1,720	239	(203)	3,509	2,092	(18,692)	1,158	(10,287)	(703)	535	8,651
6,012	20,938	(10,217)	333,924	53,335	38,869	115,717	220,767	(36,273)	(103,939)	(26,529)
-	-	1,196	38,339	6,529	(22)	18,550	-	-	-	(880)
6,012	20,938	(11,413)	295,585	46,806	38,891	97,167	220,767	(36,273)	(103,939)	(25,649)

Ascension

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

Year Ended June 30, 2019

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Consolidated Alabama	Consolidated Amsterdam	Consolidated Chicago	Consolidated Chicago	Consolidated Baltimore
Net assets without donor restrictions, controlling interest:							
Excess (deficit) of revenues and gains over expenses and losse	$ 1,226,615	$ 236,873	$ (31,613)	$ (3,955)	$ 469,768	$ 2,518	$ 4,132
Transfer (to) from sponsors and other affiliates, net	(4,958)	(987,496)	25,361	2,913	114,303	33,537	21,383
Net assets released from restrictions for property acquisitions	69,958	6	1,623	281	293	30	1,300
Pension and other postretirement liability adjustments	(956,059)	(855,031)	-	-	(6,255)	(90,484)	-
Change in unconsolidated entities' net assets	4,242	5,170	-	-	-	-	-
Other	(12,289)	562,079	356	(14)	(582,309)	2,013	-
Increase in net assets without donor restrictions, controlling interes before gain from discontinued operations	327,509	(1,038,399)	(4,273)	(775)	(4,200)	(52,386)	26,815
Increase in net assets without donor restrictions, controlling interes	3,173	3,173	-	-	-	-	-
Increase (decrease) in unrestricted net assets, controlling interest	330,682	(1,035,226)	(4,273)	(775)	(4,200)	(52,386)	26,815
Net assets without donor restrictions, noncontrolling interest:							
Excess of revenues and gains over expenses and losses	177,741	113,005	1,024	-	-	-	-
Net distributions of capital	(133,501)	(58,578)	(910)	-	-	-	-
Membership interest changes, net	18,603	-	-	-	-	-	-
Contributions from business combinations	-	-	-	-	-	-	-
Other	(5,188)	1	(1)	2	609	(5,797)	-
Increase (decrease) in net assets wtihout donor restrictions, non controlling interests	57,655	54,428	113	2	609	(5,797)	-
Net assets with donor restrictions:							
Contributions and grants	120,536	541	4,674	675	13,582	103	907
Investment return	19,595	10	304	-	644	-	372
Net assets released from restrictions	(118,869)	(631)	(3,153)	(281)	(8,372)	(109)	(2,488)
Contributions from business combinations	-	-	-	-	-	-	-
Other	(3,072)	(443)	132	964	30,831	(30,830)	-
Increase in net assets with donor restrictions	18,190	(523)	1,957	1,358	36,685	(30,836)	(1,209)
Increase (decrease) in net assets	406,527	(981,321)	(2,203)	585	33,094	(89,019)	25,606
Net assets, beginning of year	23,117,757	18,259,606	384,333	108,350	139,549	(14,282)	163,241
Net assets, end of year	$ 23,524,284	$ 17,278,285	$ 382,130	$ 108,935	$ 172,643	$ (103,301)	$ 188,847

	Consolidated Binghamton	Consolidated Bridgeport	Consolidated Florida	Consolidated Indiana	Consolidated Kansas	Consolidated Michigan	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
	$ 6,012	$ 20,938	$ (11,413)	$ 295,585	$ 46,806	$ 38,891	$ 97,167	$ 220,767	$ (36,273)	$ (103,939)	$ (25,649)
	7,794	(3,623)	239,319	887	(570)	199,007	(925)	(46,913)	25,083	150,114	214,868
	679	788	24,542	7,330	1,311	7,836	2,777	14,222	611	278	6,051
	-	-	-	-	-	(4,289)	-	-	-	-	-
	-	-	-	-	(916)	(12)	-	-	-	-	-
	1	-	16,474	(18,516)	993	(1,574)	-	1	(1,371)	(1)	9,579
	14,486	18,103	268,922	285,286	47,624	239,859	99,019	188,077	(11,950)	46,452	204,849
	-	-	-	-	-	-	-	-	-	-	-
	14,486	18,103	268,922	285,286	47,624	239,859	99,019	188,077	(11,950)	46,452	204,849
	-	-	1,196	38,339	6,529	(22)	18,550	-	-	-	(880)
	-	-	(1,367)	(52,273)	(5,818)	-	(15,537)	-	-	-	982
	-	-	-	18,603	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(1)	(1)	-	-	-	(1)	1	-
	-	-	(171)	4,668	710	(22)	3,013	-	(1)	1	102
	2,030	1,742	20,841	9,057	3,426	17,964	6,935	21,576	10,186	(956)	7,253
	-	1,140	792	2,970	-	1,933	1,868	4,815	890	-	3,857
	(679)	(2,697)	(27,833)	(10,611)	(3,543)	(11,958)	(6,482)	(21,726)	(7,513)	(1,344)	(9,449)
	-	-	-	-	-	-	-	-	-	-	-
	(280)	(13)	2,119	(780)	(510)	(12)	49	(1)	2	-	(4,300)
	1,071	172	(4,081)	636	(627)	7,927	2,370	4,664	3,565	(2,300)	(2,639)
	15,557	18,275	264,670	290,590	47,707	247,764	104,402	192,741	(8,386)	44,153	202,312
	261,045	167,343	476,255	907,289	471,924	(73,890)	325,480	830,678	482,633	(21,004)	249,207
	$ 276,602	$ 185,618	$ 740,925	$ 1,197,879	$ 519,631	$ 173,874	$ 429,882	$ 1,023,419	$ 474,247	$ 23,149	$ 451,519

Ascension

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

Year Ended June 30, 2018

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Consolidated Alabama	Consolidated Amsterdam	Consolidated Arlington Heights	Consolidated Chicago	Consolidated Baltimore
Operating revenue:							
Net patient service revenue	$ 21,665,860	$ 384,879	$ 1,015,964	$ 159,342	$ 1,018,957	$ 677,579	$ 449,001
Other revenue	1,493,096	183,436	40,024	12,494	61,990	59,125	9,379
Total operating revenue	23,158,956	568,315	1,055,988	171,836	1,080,947	736,704	458,380
Operating expenses:							
Salaries and wages	9,407,216	1,013,346	357,116	86,792	420,733	318,963	216,742
Employee benefits	1,856,103	(61,646)	76,836	16,805	89,042	65,703	40,206
Purchased services	2,320,700	20,682	152,578	11,234	101,698	63,135	24,467
Professional fees	1,258,652	212,676	34,425	4,625	72,692	27,474	15,885
Supplies	3,387,222	(37,717)	202,708	19,922	145,351	120,613	57,879
Insurance	237,275	35,703	11,818	1,676	12,652	16,425	8,724
Interest	238,981	1,910	6,515	300	15,347	13,021	2,705
Provider tax	531,703	7,412	43,692	1,326	39,898	37,456	1,439
Depreciation and amortization	1,132,377	113,120	49,297	7,104	44,689	37,986	20,177
Other	2,518,919	(1,086,336)	184,712	23,432	148,574	62,285	63,549
Total operating expenses before impairment, restructuring and nonrecurring losses, net	22,889,148	219,150	1,119,697	173,216	1,090,676	763,061	451,773
Income (loss) from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring losses, net	269,808	349,165	(63,709)	(1,380)	(9,729)	(26,357)	6,607
Self-insurance trust fund investment return	28,000	27,875	-	-	-	-	-
Income (loss) from recurring operations	297,808	377,040	(63,709)	(1,380)	(9,729)	(26,357)	6,607
Impairment, restructuring and nonrecurring losses, net	(193,047)	(78,279)	(1,540)	(54)	(39,356)	(3,044)	(323)
Income (loss) from operations	104,761	298,761	(65,249)	(1,434)	(49,085)	(29,401)	6,284
Nonoperating gains (losses):							
Investment return, net	1,589,337	1,504,290	3,237	2,513	11,568	7,101	1,880
Contributions from business combinations, net	734,127	734,127	-	-	-	-	-
Other	(53,239)	13,572	(850)	(86)	(1,785)	578	(2,422)
Total nonoperating gains (losses), net	2,270,225	2,251,989	2,387	2,427	9,783	7,679	(542)
Excess (deficit) of revenues and gains over expenses and losses	2,374,986	2,550,750	(62,862)	993	(39,302)	(21,722)	5,742
Less noncontrolling interests	213,948	148,829	628	-	-	319	-
Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest	2,161,038	2,401,921	(63,490)	993	(39,302)	(22,041)	5,742

Continued on next page.

Consolidated Binghamton	Consolidated Bridgeport	Consolidated Florida	Consolidated Indiana	Consolidated Kansas	Consolidated Michigan	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
$ 312,432	$ 467,773	$ 1,768,095	$ 3,014,765	$ 1,017,023	$ 3,640,211	$ 1,527,389	$ 2,136,008	$ 1,054,003	$ 202,175	$ 2,820,264
49,932	42,149	69,334	110,841	50,455	225,760	103,802	204,841	71,770	12,875	184,889
362,364	509,922	1,837,429	3,125,606	1,067,478	3,865,971	1,631,191	2,340,849	1,125,773	215,050	3,005,153
154,745	192,600	673,595	1,041,283	362,487	1,411,668	537,217	815,273	478,055	100,780	1,225,821
34,715	51,026	143,513	276,921	94,077	321,365	114,388	190,209	88,317	18,275	296,351
27,311	24,664	194,009	344,282	99,331	402,625	157,661	245,808	124,181	41,035	285,999
16,317	28,705	63,790	116,133	46,533	269,378	67,393	129,335	39,705	7,103	106,483
48,311	59,487	365,698	422,523	183,450	580,894	278,735	318,837	200,591	21,966	397,974
2,928	8,583	20,347	21,261	6,208	38,148	10,168	12,344	9,994	7,376	12,920
1,381	1,983	13,454	16,009	14,475	44,218	13,779	14,873	16,893	4,801	57,317
2,868	35,061	18,135	113,517	9,155	89,000	44,231	4,145	24,164	3,449	56,755
12,413	27,226	66,108	110,405	67,484	158,019	72,695	103,072	59,723	8,804	174,055
66,703	82,271	278,397	461,768	176,119	622,171	256,957	436,897	228,552	42,103	470,765
367,692	511,606	1,837,046	2,924,102	1,059,319	3,937,486	1,553,224	2,270,793	1,270,175	255,692	3,084,440
(5,328)	(1,684)	383	201,504	8,159	(71,515)	77,967	70,056	(144,402)	(40,642)	(79,287)
-	-	-	-	-	125	-	-	-	-	-
(5,328)	(1,684)	383	201,504	8,159	(71,390)	77,967	70,056	(144,402)	(40,642)	(79,287)
(771)	(2,232)	(7,258)	(17,173)	(38)	(7,747)	(2,460)	(3,716)	(576)	(1,930)	(26,550)
(6,099)	(3,916)	(6,875)	184,331	8,121	(79,137)	75,507	66,340	(144,978)	(42,572)	(105,837)
6,924	3,464	3,983	17,597	4,544	4,487	3,062	1,524	9,876	46	3,241
-	-	-	-	-	-	-	-	-	-	-
(391)	(997)	(2,696)	(3,256)	(365)	(20,408)	(2,670)	(14,835)	(11,289)	(702)	(4,637)
6,533	2,467	1,287	14,341	4,179	(15,921)	392	(13,311)	(1,413)	(656)	(1,396)
434	(1,449)	(5,588)	198,672	12,300	(95,058)	75,899	53,029	(146,391)	(43,228)	(107,233)
-	-	1,107	36,280	6,306	(10)	20,967	-	-	-	(478)
434	(1,449)	(6,695)	162,392	5,994	(95,048)	54,932	53,029	(146,391)	(43,228)	(106,755)

Ascension

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

Year Ended June 30, 2018

	Consolidated Ascension	Consolidated Ascension less Health Ministries Presented	Consolidated Alabama	Consolidated Amsterdam	Consolidated Chicago	Consolidated Chicago	Consolidated Baltimore
Net assets without donor restrictions, controlling interest:							
Excess (deficit) of revenues and gains over expenses and losse	$ 1,226,615	$ 236,873	$ (31,613)	$ (3,955)	$ 469,768	$ 2,518	$ 4,132
Transfer (to) from sponsors and other affiliates, net	(5,189)	269,179	139,650	9	(221,663)	(613,313)	(10,105)
Net assets released from restrictions for property acquisitions	51,458	483	2,221	1,006	(25)	439	-
Pension and other postretirement liability adjustments	313,638	311,160	-	-	(2,791)	3,718	-
Change in unconsolidated entities' net assets	1,612	(1,538)	-	-	-	-	-
Other	940,163	1,582,728	(31,763)	4,935	(508,930)	555,186	1,610
Increase in net assets without donor restrictions, controlling interes before gain from discontinued operations	2,528,297	2,398,885	78,495	1,995	(263,641)	(51,452)	(4,363)
Increase in net assets without donor restrictions, controlling interes	(16,155)	(16,155)	-	-	-	-	-
Increase (decrease) in unrestricted net assets, controlling interest	2,512,142	2,382,730	78,495	1,995	(263,641)	(51,452)	(4,363)
Net assets without donor restrictions, noncontrolling interest:							
Excess of revenues and gains over expenses and losses	177,741	113,005	1,024	-	-	-	-
Net distributions of capital	(57,689)	2,487	(502)	-	-	-	-
Membership interest changes, net	(27,653)	(28,523)	-	-	-	-	-
Contributions from business combinations	5,478	-	-	-	-	5,478	-
Other	34,228	35,824	(396)	(1)	(1)	319	2
Increase (decrease) in net assets wtihout donor restrictions, non controlling interests	132,105	122,793	126	(1)	(1)	5,797	2
Net assets with donor restrictions:							
Contributions and grants	109,466	2,536	2,443	1,725	6,934	1,127	1,266
Investment return	27,398	38	249	-	75	67	265
Net assets released from restrictions	(104,873)	(2,612)	(3,469)	(1,006)	(4,142)	(911)	(1,108)
Contributions from business combinations	31,350	260	-	-	-	31,090	-
Other	(3,955)	(4,204)	32	449	(1)	-	-
Increase in net assets with donor restrictions	59,386	(3,982)	(745)	1,168	2,866	31,373	423
Increase (decrease) in net assets	2,703,633	2,501,541	77,876	3,162	(260,776)	(14,282)	(3,938)
Net assets, beginning of year	20,414,124	15,758,065	306,457	105,188	400,325	-	167,179
Net assets, end of year	$ 23,117,757	$ 18,259,606	$ 384,333	$ 108,350	$ 139,549	$ (14,282)	$ 163,241

Consolidated Binghamton	Consolidated Bridgeport	Consolidated Florida	Consolidated Indiana	Consolidated Kansas	Consolidated Michigan	Consolidated Tennessee	Consolidated Texas	Consolidated Tulsa	Consolidated Washington D.C.	Consolidated Wisconsin
$ 6,012	$ 20,938	$ (11,413)	$ 295,585	$ 46,806	$ 38,891	$ 97,167	$ 220,767	$ (36,273)	$ (103,939)	$ (25,649)
-	(20,149)	118,687	729	(8,990)	211,227	(27,338)	(8,292)	70	102,225	62,885
1,475	1,399	4,248	8,047	1,862	13,291	412	13,348	-	219	3,033
-	-	-	-	-	1,619	-	(1)	-	-	(67)
-	-	-	-	3,219	(69)	-	-	-	-	-
(5,579)	(22,386)	5,569	(125,886)	(41,827)	(132,968)	(42,137)	(167,736)	(108,820)	60,711	(82,544)
1,908	(20,198)	117,091	178,475	1,070	131,991	28,104	58,086	(145,023)	59,216	(42,342)
-	-	-	-	-	-	-	-	-	-	-
1,908	(20,198)	117,091	178,475	1,070	131,991	28,104	58,086	(145,023)	59,216	(42,342)
-	-	1,196	38,339	6,529	(22)	18,550	-	-	-	(880)
-	-	(464)	(34,543)	(5,037)	-	(20,000)	-	-	-	370
-	-	-	870	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	(1)	(90)	(2,058)	(222)	(1,967)	2,418	(1)	-	-	402
-	(1)	642	2,608	1,270	(1,989)	968	(1)	-	-	(108)
242	2,185	16,943	11,794	4,593	13,203	8,395	19,145	12,447	1,174	3,314
-	2,244	1,330	3,010	591	2,318	2,591	7,143	1,674	-	5,803
(1,475)	(3,256)	(5,481)	(11,341)	(3,847)	(21,696)	(2,302)	(23,224)	(10,228)	(2,696)	(6,079)
-	-	-	-	-	-	-	-	-	-	-
1,908	(1,140)	(1,758)	(1,401)	559	16	3	3	(1)	-	1,580
675	33	11,034	2,062	1,896	(6,159)	8,687	3,067	3,892	(1,522)	4,618
2,583	(20,166)	128,767	183,145	4,236	123,843	37,759	61,152	(141,131)	57,694	(37,832)
258,462	187,509	347,488	724,144	467,688	(197,733)	287,721	769,526	623,764	(78,698)	287,039
$ 261,045	$ 167,343	$ 476,255	$ 907,289	$ 471,924	$ (73,890)	$ 325,480	$ 830,678	$ 482,633	$ (21,004)	$ 249,207