CHIEF FINANCIAL OFFICER’S REPORT
Year to date June 30, 2020

The enclosed package represents the consolidated financial statements for Spectrum Health System and Affiliates (the System). The financial statements have been summarized by the System’s care delivery, coverage and other operations. Total Health became a wholly-owned subsidiary of Priority Health effective January 1, 2020. Total Health operating results are included in the following Priority Health results from the effective date of the transaction.

THE CORONAVIRUS DISEASE (COVID-19)

The worldwide pandemic caused by the Coronavirus Disease (COVID-19) has affected the global economy, the healthcare industry, the State of Michigan and Spectrum Health. To respond to COVID-19 and in accordance with Michigan Governor Gretchen Whitmer’s executive order, in March 2020 the System canceled all non-essential and elective surgeries and procedures to prepare for a possible surge of patients which continued into May 2020. West and Southwest Michigan did not experience a patient surge comparable to other parts of the state and country, but the cancelation of non-essential and elective surgeries had a significant impact on the System’s health care delivery operations. Beginning in May 2020, the System began executing its clinical recovery plan to safely ramp up services. While volumes have begun to recover, it is unknown whether these volumes will continue once the backlog created as a result of the cancelation of non-essential and elective surgeries earlier in the year is eliminated. It is expected that the System’s diversified lines of business will provide some mitigation to the losses experienced within the health care delivery operations. Health care coverage operations have experienced lower than anticipated claims, which has resulted in improved earnings, even after premium credits were issued to health plan members to share in excess margin.

A variety of federal and state relief programs have been initiated in response to COVID-19. On March 27, 2020, the United States President signed into law the Coronavirus Aid, Relief and Economic Securities Act (CARES Act) which provides economic assistance to a wide array of industries, including health care. In addition, the Centers for Medicare and Medicaid Services has expanded its Accelerated and Advance Payment Program which allows participants to receive expedited payments during periods of national emergencies. Finally, the System is pursuing funding relief under the Federal Emergency Management Act (FEMA). As of August 12, 2020, the System received approximately $225 million in Medicare advanced payments, $174 million from the CARES Act and $15 million from FEMA. As of June 30, 2020, the System recognized approximately $124.2 million from the various federal and state relief programs, which is included in the attached financial statements as Federal and State Funding.

The effects of COVID-19 will continue to impact operations and financial performance, including volatility in the investment and capital markets. Several actions have been taken to improve financial performance including managing expenses with various initiatives and re-evaluating all non-COVID-19 capital expenditures. Management has prioritized strategic initiatives that will drive our work for the remainder of 2020. These priorities will allow us to focus, be deliberate on how we spend our time and financial resources to best serve our communities.

VOLUME

Adjusted (for outpatient and CMI) admissions were behind June 2019 levels and Plan levels across all System care delivery markets. This reduced volume is related to the elimination of non-essential services in March and April 2020 as a result of COVID-19. With some of the restrictions loosened in May, volumes in June continue to recover. While volumes on the care delivery side of our business are down, we continue to see growth in membership at the Health Plan. Health insurance membership was ahead of Plan by 1.7% as of June 30, 2020. Excluding the addition of Total Health members, membership was 8.1% ahead of prior year.
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OPERATING MARGIN

The System’s operating margin prior to Federal and State Funding was $95.1 million, or 2.5% of net operating revenue. Operating margin including the funding was $219.3 million, which was $17.6 million favorable to Plan and $76.3 million favorable to prior year. The operating margin percentage of 5.5% was favorable to Plan of 4.9%.

Spectrum Health West Michigan’s operating margin, including Federal and State Funding, was $32.3 million, or 2.0%, which was unfavorable to Plan and prior year by $52.2 million and $28.4 million, respectively. Unfavorable results to Plan were due to lower volumes as a result of cancelling surgeries, procedures and appointments due to COVID-19. Patient volumes continued to come back in June as net patient revenue was favorable to Plan by 6.2% compared to 15.4% unfavorable in May.

Spectrum Health Lakeland’s operating margin, including Federal and State Funding, was $6.2 million, or 2.2%, which was unfavorable to Plan and prior year by $4.8 million and $4.4 million, respectively. Unfavorable results to Plan were due to lower volumes as a result of cancelling surgeries, procedures and appointments due to COVID-19. Patient volumes continued to come back in June as net patient revenue was unfavorable to Plan by 5.5% compared to 18.2% unfavorable in May.

Priority Health’s operating margin was $179.4 million, or 7.2%, which was favorable to Plan and prior year by $70.7 million and $98.7 million, respectively. Favorable results to Plan were driven by a favorable medical yield as a result of reduced utilization due to COVID-19, offset by premium credits issued to individuals and groups in order to share excess margin.

<table>
<thead>
<tr>
<th></th>
<th>6/30/2020</th>
<th>Plan</th>
<th>6/30/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>SH West Michigan</td>
<td>$32.3</td>
<td>$84.5</td>
<td>$60.7</td>
</tr>
<tr>
<td>SH Lakeland</td>
<td>$6.2</td>
<td>$11.0</td>
<td>$10.6</td>
</tr>
<tr>
<td>Priority Health</td>
<td>$179.4</td>
<td>$108.7</td>
<td>$80.7</td>
</tr>
<tr>
<td>System Total</td>
<td>$219.3</td>
<td>$201.7</td>
<td>$143.0</td>
</tr>
</tbody>
</table>

TOTAL MARGIN

The System’s excess of revenue over expense as of June 30, 2020 was $123.1 million or 3.2% of total revenue. Net other expense of $83.2 million was comprised primarily of $18.9 million of net investment losses (interest, dividends, realized gains and unrealized losses) and interest rate swap losses of $56.6 million. The $83.2 million net other expense was $303.5 million worse than June 30, 2019 and reflects the volatility in the market.

LIQUIDITY AND CASH FLOW

At June 30, 2020 total cash and investments for the System were $5.0 billion, an increase of $762.6 million from December 31, 2019. The increase to cash was driven by an increase in working capital of $580.7 million, an operating cash flow margin of $359.8 million, the CMS accelerated payments of $225.0 million (which will begin to be repaid in September 2020), and cash of $112.9 million received in the integration of Total Health. These were offset by facility, information technology, and equipment additions totaling $232.1 million, non-operating investment losses of $33.1 million, payments on long term obligations of $20.8 million, and other net asset activity of $4.8 million. The $112.9 million cash received in the integration of Total Health in January 2020 was offset by $105.0 million cash paid in December 2019, resulting in net cash provided by the acquisition of $7.9 million.
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Year to date June 30, 2020

**RATIOS**

Days cash on hand for the System increased 29.3 days to 259.5 at June 30, 2020 from 230.2 days at December 31, 2019. Excluding the CMS accelerated payments of $225.0 million, days cash on hand for the System was 247.8 at June 30, 2020. Priority Health’s risk-based capital (RBC) was 697.0%. Operating cash flow margin was 9.1%, which was higher than Moody’s 2018 Aa3 median of 8.3%.

![Days Cash on Hand](image)

<table>
<thead>
<tr>
<th></th>
<th>12/31/2019</th>
<th>6/30/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Total</td>
<td>230.2</td>
<td>259.5</td>
</tr>
<tr>
<td>Plan*</td>
<td>209.2</td>
<td>205.0</td>
</tr>
</tbody>
</table>

*Plan represents the DCOH expected at 12/31/2020.

![Priority Health RBC %](image)

<table>
<thead>
<tr>
<th></th>
<th>12/31/2019</th>
<th>6/30/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Based Capital %</td>
<td>600.0%</td>
<td>697.0%</td>
</tr>
<tr>
<td>Plan %</td>
<td>589.0%</td>
<td>595.0%</td>
</tr>
</tbody>
</table>

**EQUITY STRUCTURE**

Debt was approximately $1.1 billion at the end of June and fund balance was approximately $5.2 billion. The debt to capitalization ratio for the System was 18.0%, which was lower than the Moody's 2018 Aa3 median of 29.7%. Total assets for the System were approximately $8.6 billion.

Respectfully submitted,

Matthew E. Cox
Senior Vice President & Chief Financial Officer
(matthew.cox@spectrumhealth.org)
## Ratio Analysis - Total System

**June 30, 2020**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profitability Ratios</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating margin</td>
<td>5.5%</td>
<td>4.6%</td>
<td>3.2%</td>
<td>4.4%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Total margin</td>
<td>3.2%</td>
<td>8.1%</td>
<td>4.4%</td>
<td>6.7%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Return on assets</td>
<td>2.9%</td>
<td>7.8%</td>
<td>4.5%</td>
<td>n/a</td>
<td>4.7%</td>
</tr>
<tr>
<td>Operating cash flow margin</td>
<td>9.1%</td>
<td>8.5%</td>
<td>6.9%</td>
<td>n/a</td>
<td>8.3%</td>
</tr>
<tr>
<td><strong>Liquidity Indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Days in patient receivables</td>
<td>43.6</td>
<td>49.1</td>
<td>46.0</td>
<td>51.7</td>
<td>47.4</td>
</tr>
<tr>
<td>Days cash (unrestricted) on hand</td>
<td>259.5</td>
<td>230.2</td>
<td>205.0</td>
<td>314.1</td>
<td>237.6</td>
</tr>
<tr>
<td>Days cash excluding Medicare advanced payments</td>
<td>247.8</td>
<td>230.2</td>
<td>205.0</td>
<td>314.1</td>
<td>237.6</td>
</tr>
<tr>
<td>Current ratio</td>
<td>1.5</td>
<td>1.6</td>
<td>1.8</td>
<td>n/a</td>
<td>1.7</td>
</tr>
<tr>
<td>Cash to debt %</td>
<td>463.7%</td>
<td>385.9%</td>
<td>410.6%</td>
<td>n/a</td>
<td>222.0%</td>
</tr>
<tr>
<td><strong>Capital Structure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total debt to capitalization</td>
<td>18.0%</td>
<td>18.7%</td>
<td>17.4%</td>
<td>22.7%</td>
<td>29.7%</td>
</tr>
<tr>
<td>Debt to cash flow</td>
<td>2.2</td>
<td>1.3</td>
<td>1.7</td>
<td>n/a</td>
<td>2.3</td>
</tr>
<tr>
<td>Risk based capital (PH only)</td>
<td>697.0%</td>
<td>589.0%</td>
<td>556.0%</td>
<td>n/a</td>
<td>506.0% (a)</td>
</tr>
<tr>
<td>Average age of plant</td>
<td>9.8</td>
<td>9.0</td>
<td>9.5</td>
<td>10.5</td>
<td>10.2</td>
</tr>
<tr>
<td>Capital expenditures to depreciation</td>
<td>2.0</td>
<td>1.3</td>
<td>1.6</td>
<td>1.5</td>
<td>1.3</td>
</tr>
</tbody>
</table>

(a) Provider Sponsored Health Plan benchmark which consists of seven similar sized health plans. RBC benchmark data is based on December 31, 2019 statutory filings.

Note: Moody's figures are medians for freestanding hospitals, single-state & multi-state healthcare systems with Aa3 bond ratings for 2018. Spectrum Health's current rating from Moody's is Aa3. S&P figures are medians for not-for-profit health care systems with AA bond ratings for 2018. Spectrum Health's current rating for S&P is AA.
### Key Statistics
Year to date through June 30, 2020

#### Spectrum Health Grand Rapids

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Better (Worse)</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admissions</td>
<td>29,582</td>
<td>(5,508)</td>
<td>34,855</td>
</tr>
<tr>
<td>Patient days - acute care</td>
<td>145,573</td>
<td>(15,299)</td>
<td>162,390</td>
</tr>
<tr>
<td>Patient days - observation</td>
<td>7,760</td>
<td>994</td>
<td>7,085</td>
</tr>
<tr>
<td>Patient days - long term care</td>
<td>35,549</td>
<td>(2,697)</td>
<td>38,246</td>
</tr>
<tr>
<td>Adjusted admissions (CMI adjusted)</td>
<td>102,124</td>
<td>(9,274)</td>
<td>112,398</td>
</tr>
<tr>
<td>Net revenue per adjusted patient admission*</td>
<td>$10,761</td>
<td>$264</td>
<td>$10,126</td>
</tr>
<tr>
<td>Cost per adjusted patient admission</td>
<td>$10,824</td>
<td>$(825)</td>
<td>$9,686</td>
</tr>
</tbody>
</table>

#### Spectrum Health Regional Hospitals

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Better (Worse)</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admissions</td>
<td>7,418</td>
<td>(1,057)</td>
<td>8,147</td>
</tr>
<tr>
<td>Patient days - acute care</td>
<td>18,685</td>
<td>(3,319)</td>
<td>21,486</td>
</tr>
<tr>
<td>Patient days - observation</td>
<td>2,599</td>
<td>321</td>
<td>2,920</td>
</tr>
<tr>
<td>Patient days - long term care</td>
<td>19,924</td>
<td>142</td>
<td>20,245</td>
</tr>
<tr>
<td>Adjusted admissions (CMI adjusted)</td>
<td>61,915</td>
<td>(2,810)</td>
<td>65,599</td>
</tr>
<tr>
<td>Net revenue per adjusted patient admission*</td>
<td>$5,223</td>
<td>$350</td>
<td>$4,873</td>
</tr>
<tr>
<td>Cost per adjusted patient admission</td>
<td>$4,420</td>
<td>$28</td>
<td>$4,306</td>
</tr>
</tbody>
</table>

#### Spectrum Health Post Acute Care

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Better (Worse)</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient days - Kalamazoo</td>
<td>28,472</td>
<td>873</td>
<td>31,299</td>
</tr>
<tr>
<td>Home health admissions</td>
<td>8,211</td>
<td>3,408</td>
<td>4,514</td>
</tr>
<tr>
<td>Hospice days</td>
<td>70,482</td>
<td>3,142</td>
<td>65,011</td>
</tr>
<tr>
<td>Hours of care - Neuro homecare</td>
<td>114,601</td>
<td>(4,678)</td>
<td>128,759</td>
</tr>
</tbody>
</table>

#### Spectrum Health Physician Services

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Better (Worse)</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Health assigned lives</td>
<td>120,149</td>
<td>N/A</td>
<td>98,776</td>
</tr>
</tbody>
</table>

#### Spectrum Health Medical Group

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Better (Worse)</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encounters</td>
<td>1,262,677</td>
<td>(228,988)</td>
<td>1,491,666</td>
</tr>
<tr>
<td>wRVUs</td>
<td>1,920,083</td>
<td>(453,520)</td>
<td>2,373,603</td>
</tr>
<tr>
<td>wRVUs / encounter</td>
<td>1.52</td>
<td>(0.07)</td>
<td>1.59</td>
</tr>
<tr>
<td>Net patient revenue per wRVU</td>
<td>$86.52</td>
<td>$1.60</td>
<td>$82.82</td>
</tr>
<tr>
<td>Cost per wRVU</td>
<td>$172.27</td>
<td>$(23.72)</td>
<td>$147.47</td>
</tr>
</tbody>
</table>

#### Spectrum Health Hospital Group Physician Services

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Better (Worse)</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encounters</td>
<td>312,257</td>
<td>(55,363)</td>
<td>369,920</td>
</tr>
<tr>
<td>wRVUs</td>
<td>434,860</td>
<td>(94,815)</td>
<td>525,884</td>
</tr>
<tr>
<td>wRVUs / encounter</td>
<td>1.39</td>
<td>(0.05)</td>
<td>1.42</td>
</tr>
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</table>

#### Spectrum Health Lakeland

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Better (Worse)</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admissions</td>
<td>6,511</td>
<td>(893)</td>
<td>7,235</td>
</tr>
<tr>
<td>Patient days - acute care</td>
<td>29,909</td>
<td>(2,082)</td>
<td>31,990</td>
</tr>
<tr>
<td>Patient days - observation</td>
<td>4,339</td>
<td>(191)</td>
<td>4,530</td>
</tr>
<tr>
<td>Patient days - long term care</td>
<td>72,888</td>
<td>3,788</td>
<td>69,136</td>
</tr>
<tr>
<td>Adjusted admissions (CMI adjusted)</td>
<td>26,275</td>
<td>(4,734)</td>
<td>31,009</td>
</tr>
<tr>
<td>Net revenue per adjusted patient admission*</td>
<td>$9,977</td>
<td>$1,301</td>
<td>$8,676</td>
</tr>
<tr>
<td>Cost per adjusted patient admission</td>
<td>$9,365</td>
<td>$(1,250)</td>
<td>$7,767</td>
</tr>
<tr>
<td>Encounters</td>
<td>177,229</td>
<td>(30,053)</td>
<td>193,282</td>
</tr>
<tr>
<td>wRVUs</td>
<td>315,068</td>
<td>(49,564)</td>
<td>333,641</td>
</tr>
<tr>
<td>wRVUs / encounter</td>
<td>1.78</td>
<td>0.02</td>
<td>1.70</td>
</tr>
<tr>
<td>Net patient revenue per wRVU</td>
<td>$71.07</td>
<td>$(4.28)</td>
<td>$66.79</td>
</tr>
<tr>
<td>Cost per wRVU</td>
<td>$102.36</td>
<td>$(9.44)</td>
<td>$88.31</td>
</tr>
</tbody>
</table>

*Net revenue per adjusted patient admission includes the Federal and State Funding revenue.*
# Key Statistics
Year to date through June 30, 2020

## Membership

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Better (Worse) than Plan</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>392,208</td>
<td>(521)</td>
<td>337,637</td>
</tr>
<tr>
<td>Individual</td>
<td>101,068</td>
<td>(10,125)</td>
<td>88,364</td>
</tr>
<tr>
<td>ASO stop loss</td>
<td>101,122</td>
<td>6,777</td>
<td>108,257</td>
</tr>
<tr>
<td>Total commercial</td>
<td>594,398</td>
<td>(3,869)</td>
<td>534,258</td>
</tr>
<tr>
<td>Senior products (Medicare and Medigap)</td>
<td>194,906</td>
<td>(754)</td>
<td>169,158</td>
</tr>
<tr>
<td>Medicaid</td>
<td>195,316</td>
<td>20,795</td>
<td>123,079</td>
</tr>
<tr>
<td><strong>Total membership</strong></td>
<td>984,620</td>
<td>16,172</td>
<td>826,495</td>
</tr>
</tbody>
</table>

## Medical cost ratio

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total commercial</td>
<td>86.7%</td>
<td>(3.0)%</td>
<td>82.9%</td>
</tr>
<tr>
<td>Senior products (Medicare and Medigap)</td>
<td>79.1%</td>
<td>11.5%</td>
<td>91.1%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>85.5%</td>
<td>6.1%</td>
<td>86.4%</td>
</tr>
<tr>
<td>Total Health</td>
<td>81.4%</td>
<td>2.3%</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total medical cost ratio</strong></td>
<td>83.0%</td>
<td>4.1%</td>
<td>86.5%</td>
</tr>
</tbody>
</table>
## Spectrum Health System
### Liquidity Worksheet*
#### June 30, 2020

*(in thousands)*

<table>
<thead>
<tr>
<th>Assets</th>
<th>Assets With Same-Day Liquidity</th>
<th>Assets With Next-Day Liquidity</th>
<th>Assets &gt; Next-Day Liquidity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>$241,475</td>
<td>$</td>
<td>$</td>
<td>$241,475</td>
</tr>
<tr>
<td>S&amp;P Rated Money Market Funds (&gt; Am)</td>
<td>434,554</td>
<td>6,427</td>
<td>440,981</td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury Debt Obligations (&gt; 1 year)</td>
<td>92,582</td>
<td>92,582</td>
<td>92,582</td>
<td></td>
</tr>
<tr>
<td>U.S. Agencies (&gt; 1 year)</td>
<td>-</td>
<td>-</td>
<td>148,993</td>
<td>148,993</td>
</tr>
<tr>
<td>Investment Grade Debt (not included above)</td>
<td>-</td>
<td>87,900</td>
<td>218,190</td>
<td>306,089</td>
</tr>
<tr>
<td>Equities</td>
<td>99,238</td>
<td>358,684</td>
<td>457,922</td>
<td></td>
</tr>
<tr>
<td>Non-Investment Grade Debt</td>
<td>-</td>
<td>-</td>
<td>1,522</td>
<td>1,522</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$676,029</strong></td>
<td><strong>$286,147</strong></td>
<td><strong>$727,388</strong></td>
<td><strong>$1,689,565</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Self-Liquidity Backed Debt</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2015A Variable Rate Demand Obligation (Windows)</td>
<td>$</td>
<td>-</td>
<td>-</td>
<td>$78,400</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$78,400</td>
</tr>
</tbody>
</table>

*The table represents assets that would be reasonably available to Spectrum Health System to satisfy a liquidity event. The table does not include assets held by affiliates that would not be reasonably available to satisfy a liquidity event, including assets held by Spectrum Health Foundation, Spectrum Health Lakeland and Priority Health, among others. Approximately $176 million received under the Centers for Medicare and Medicaid Services Accelerated/Advanced Payment Program is excluded from liquidity as the funds must be paid back.
### Consolidating Balance Sheets

**June 30, 2020**

*(in thousands)*

<table>
<thead>
<tr>
<th>Spectrum Health West Michigan</th>
<th>Spectrum Health Lakeland</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>$ 750,624</td>
<td>$ 139,120</td>
<td>$ 802,738</td>
<td>$ 7,649</td>
<td>$ 1,680,785</td>
</tr>
<tr>
<td><strong>Short term investments</strong></td>
<td>-</td>
<td>28</td>
<td>339,687</td>
<td>-</td>
<td>339,715</td>
</tr>
<tr>
<td><strong>Patient accounts receivable, net</strong></td>
<td>316,102</td>
<td>56,601</td>
<td>197,528</td>
<td>1,741</td>
<td>368,060</td>
</tr>
<tr>
<td><strong>Other accounts receivable, net</strong></td>
<td>14,169</td>
<td>6,617</td>
<td>13,833</td>
<td>-</td>
<td>220,055</td>
</tr>
<tr>
<td><strong>Pledges receivable</strong></td>
<td>3,977</td>
<td>754</td>
<td></td>
<td>197,528</td>
<td>18,564</td>
</tr>
<tr>
<td><strong>Inventory</strong></td>
<td>60,777</td>
<td>10,310</td>
<td></td>
<td>-</td>
<td>71,087</td>
</tr>
<tr>
<td><strong>Prepaid expenses and other current assets</strong></td>
<td>19,724</td>
<td>7,813</td>
<td>24,228</td>
<td>38,363</td>
<td>90,128</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>1,165,373</td>
<td>221,243</td>
<td>1,364,181</td>
<td>61,586</td>
<td>2,788,394</td>
</tr>
<tr>
<td><strong>Due from affiliates</strong></td>
<td>87,618</td>
<td>-</td>
<td>47,667</td>
<td>336,040</td>
<td>229,927</td>
</tr>
<tr>
<td><strong>Investment in system</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,238</td>
<td>-</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>24,316</td>
<td>381,212</td>
<td>810,794</td>
<td>1,757,262</td>
<td>2,952,323</td>
</tr>
<tr>
<td><strong>Donor and restricted assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Restricted Investments</strong></td>
<td>-</td>
<td>28,653</td>
<td>4,505</td>
<td>196,769</td>
<td>-</td>
</tr>
<tr>
<td><strong>Assets designated for affiliates</strong></td>
<td>189,897</td>
<td>-</td>
<td>-</td>
<td>(189,897)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Pledges receivable</strong></td>
<td>23,671</td>
<td>287</td>
<td>-</td>
<td>21,592</td>
<td>45,550</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>213,568</td>
<td>28,940</td>
<td>4,505</td>
<td>218,361</td>
<td>275,477</td>
</tr>
<tr>
<td><strong>Property and equipment, net</strong></td>
<td>1,518,893</td>
<td>449,431</td>
<td>26,610</td>
<td>104,228</td>
<td>2,099,162</td>
</tr>
<tr>
<td><strong>Right of use assets, net</strong></td>
<td>95,365</td>
<td>6,509</td>
<td>-</td>
<td>3,799</td>
<td>105,673</td>
</tr>
<tr>
<td><strong>Other assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investment in joint ventures</strong></td>
<td>31,390</td>
<td>402</td>
<td>-</td>
<td>5,108</td>
<td>-</td>
</tr>
<tr>
<td><strong>Goodwill, net</strong></td>
<td>1,442</td>
<td>-</td>
<td>63,881</td>
<td>6,922</td>
<td>72,245</td>
</tr>
<tr>
<td><strong>Other long term assets</strong></td>
<td>23,078</td>
<td>19,517</td>
<td>7,700</td>
<td>204,192</td>
<td>254,545</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>55,910</td>
<td>19,919</td>
<td>71,581</td>
<td>216,222</td>
<td>363,690</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 3,161,043</td>
<td>$ 1,107,254</td>
<td>$ 2,325,338</td>
<td>$ 2,717,736</td>
<td>$ 8,584,719</td>
</tr>
</tbody>
</table>
**Consolidating Balance Sheets**

*June 30, 2020*

*(in thousands)*

<table>
<thead>
<tr>
<th>Account</th>
<th>Spectrum Health West Michigan</th>
<th>Spectrum Health Lakeland</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$376,930</td>
<td>$72,451</td>
<td>$497,037</td>
<td>$82,545</td>
<td>($24,124)</td>
<td>$1,004,839</td>
</tr>
<tr>
<td>Accrued salaries, wages and related withholdings</td>
<td>156,918</td>
<td>23,663</td>
<td>-</td>
<td>88,273</td>
<td>-</td>
<td>268,854</td>
</tr>
<tr>
<td>Health plan claims payable</td>
<td>-</td>
<td>-</td>
<td>442,639</td>
<td>-</td>
<td>(4,643)</td>
<td>437,996</td>
</tr>
<tr>
<td>Short term debt</td>
<td>78,400</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>78,400</td>
</tr>
<tr>
<td>Current maturities of long term debt</td>
<td>16,101</td>
<td>4,654</td>
<td>1,245</td>
<td>1,270</td>
<td>-</td>
<td>23,270</td>
</tr>
<tr>
<td>Lease liability, current portion</td>
<td>19,477</td>
<td>1,034</td>
<td>-</td>
<td>1,160</td>
<td>-</td>
<td>21,671</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>$647,826</td>
<td>$101,802</td>
<td>$940,921</td>
<td>$173,248</td>
<td>($28,767)</td>
<td>$1,835,030</td>
</tr>
<tr>
<td>Due to affiliates</td>
<td>303,083</td>
<td>-</td>
<td>100,885</td>
<td>84,000</td>
<td>(487,968)</td>
<td>-</td>
</tr>
<tr>
<td>Third party settlement liabilities</td>
<td>55,500</td>
<td>10,976</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>66,476</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>1,033</td>
<td>21,545</td>
<td>-</td>
<td>151,788</td>
<td>-</td>
<td>174,366</td>
</tr>
<tr>
<td>Long term debt, less current portion</td>
<td>414,767</td>
<td>88,702</td>
<td>18,785</td>
<td>448,586</td>
<td>-</td>
<td>970,840</td>
</tr>
<tr>
<td>Lease liability, less current portion</td>
<td>101,768</td>
<td>5,477</td>
<td>-</td>
<td>2,694</td>
<td>-</td>
<td>109,939</td>
</tr>
<tr>
<td>Professional liability accrual</td>
<td>-</td>
<td>15,552</td>
<td>-</td>
<td>74,157</td>
<td>-</td>
<td>89,709</td>
</tr>
<tr>
<td>Other long term liabilities</td>
<td>7,796</td>
<td>16,556</td>
<td>724</td>
<td>148,594</td>
<td>-</td>
<td>173,670</td>
</tr>
<tr>
<td><strong>Net assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>-</td>
<td>-</td>
<td>19</td>
<td>-</td>
<td>(19)</td>
<td>-</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>67,024</td>
<td>-</td>
<td>53,993</td>
<td>-</td>
<td>(121,017)</td>
<td>-</td>
</tr>
<tr>
<td>Net assets without donor restrictions</td>
<td>1,342,115</td>
<td>838,284</td>
<td>1,210,011</td>
<td>1,463,240</td>
<td>22,456</td>
<td>4,876,106</td>
</tr>
<tr>
<td>Net assets with donor restrictions</td>
<td>217,950</td>
<td>8,360</td>
<td>-</td>
<td>171,429</td>
<td>(189,898)</td>
<td>207,841</td>
</tr>
<tr>
<td><strong>Total System net assets</strong></td>
<td>1,627,089</td>
<td>846,644</td>
<td>1,264,023</td>
<td>1,634,669</td>
<td>(286,478)</td>
<td>5,083,947</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>2,181</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>78,561</td>
<td>80,742</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>1,629,270</td>
<td>846,644</td>
<td>1,264,023</td>
<td>1,634,669</td>
<td>(209,917)</td>
<td>5,164,689</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$3,161,043</td>
<td>$1,107,254</td>
<td>$2,325,338</td>
<td>$2,717,736</td>
<td>($726,652)</td>
<td>$8,584,719</td>
</tr>
</tbody>
</table>
### Consolidating Statements of Activities
#### Year to date through June 30, 2020
(in thousands)

#### OPERATING REVENUE (net of deductions)

<table>
<thead>
<tr>
<th></th>
<th>Spectrum Health West Michigan</th>
<th>Lakeland Health</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium revenue</td>
<td>$</td>
<td>-</td>
<td>$2,458,518</td>
<td>$</td>
<td>(97,874)</td>
<td>$2,360,644</td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>1,502,847</td>
<td>254,072</td>
<td>-</td>
<td>(337,447)</td>
<td>1,419,472</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>44,410</td>
<td>3,594</td>
<td>16,591</td>
<td>10,438</td>
<td>(8,575)</td>
<td>66,458</td>
</tr>
<tr>
<td><strong>Total operating revenue</strong></td>
<td><strong>1,547,257</strong></td>
<td><strong>257,666</strong></td>
<td><strong>2,475,109</strong></td>
<td><strong>10,438</strong></td>
<td>(443,896)</td>
<td><strong>3,846,574</strong></td>
</tr>
</tbody>
</table>

#### OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Expense</th>
<th>Spectrum Health West Michigan</th>
<th>Lakeland Health</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages and employee benefits</td>
<td>855,842</td>
<td>162,422</td>
<td>(15)</td>
<td>262,205</td>
<td>(107,168)</td>
<td>1,173,286</td>
</tr>
<tr>
<td>Supplies and other</td>
<td>658,859</td>
<td>95,928</td>
<td>294,413</td>
<td>(272,030)</td>
<td>69</td>
<td>777,239</td>
</tr>
<tr>
<td>Health care claims expense</td>
<td>-</td>
<td>-</td>
<td>1,997,304</td>
<td>-</td>
<td>(336,797)</td>
<td>1,660,507</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>87,343</td>
<td>19,058</td>
<td>3,795</td>
<td>14,260</td>
<td>-</td>
<td>124,456</td>
</tr>
<tr>
<td>Interest</td>
<td>10,256</td>
<td>899</td>
<td>233</td>
<td>4,604</td>
<td>-</td>
<td>15,992</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>1,612,300</strong></td>
<td><strong>278,307</strong></td>
<td><strong>2,295,730</strong></td>
<td><strong>9,039</strong></td>
<td><strong>(443,896)</strong></td>
<td><strong>3,751,480</strong></td>
</tr>
</tbody>
</table>

#### Net operating income (loss) before Federal and State Funding

<table>
<thead>
<tr>
<th></th>
<th>Spectrum Health West Michigan</th>
<th>Lakeland Health</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(65,043)</td>
<td>(20,641)</td>
<td>179,379</td>
<td>1,399</td>
<td>-</td>
<td>95,094</td>
<td></td>
</tr>
</tbody>
</table>

#### Net operating margin % before Federal and State Funding

<table>
<thead>
<tr>
<th></th>
<th>Spectrum Health West Michigan</th>
<th>Lakeland Health</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(4.2)%</td>
<td>(8.0)%</td>
<td>7.2%</td>
<td>-</td>
<td>-</td>
<td>2.5%</td>
<td></td>
</tr>
</tbody>
</table>

#### Federal and State Funding

<table>
<thead>
<tr>
<th></th>
<th>Spectrum Health West Michigan</th>
<th>Lakeland Health</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>97,337</td>
<td>26,877</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>124,214</td>
<td></td>
</tr>
</tbody>
</table>

#### Net operating income (loss) after Federal and State Funding

<table>
<thead>
<tr>
<th></th>
<th>Spectrum Health West Michigan</th>
<th>Lakeland Health</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>32,294</td>
<td>6,236</td>
<td>179,379</td>
<td>1,399</td>
<td>-</td>
<td>219,308</td>
<td></td>
</tr>
</tbody>
</table>

#### Net operating margin % after Federal and State Funding

<table>
<thead>
<tr>
<th></th>
<th>Spectrum Health West Michigan</th>
<th>Lakeland Health</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0%</td>
<td>2.2%</td>
<td>7.2%</td>
<td>-</td>
<td>-</td>
<td>5.5%</td>
<td></td>
</tr>
</tbody>
</table>

#### OTHER REVENUE (EXPENSE):

<table>
<thead>
<tr>
<th>Expense</th>
<th>Spectrum Health West Michigan</th>
<th>Lakeland Health</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income, net</td>
<td>1,432</td>
<td>(6,885)</td>
<td>21,238</td>
<td>(34,652)</td>
<td>-</td>
<td>(18,867)</td>
</tr>
<tr>
<td>Gain (loss) on interest rate swaps, net</td>
<td>(258)</td>
<td>(6,132)</td>
<td>-</td>
<td>(50,220)</td>
<td>-</td>
<td>(56,610)</td>
</tr>
<tr>
<td>Other income (expense)</td>
<td>576</td>
<td>(1,719)</td>
<td>(4,839)</td>
<td>(1,062)</td>
<td>(644)</td>
<td>(7,688)</td>
</tr>
<tr>
<td><strong>Total other revenue (expenses)</strong></td>
<td><strong>1,750</strong></td>
<td>(14,736)</td>
<td>16,399</td>
<td>(85,934)</td>
<td>(644)</td>
<td>(83,165)</td>
</tr>
</tbody>
</table>

#### EXCESS OF REVENUE OVER (UNDER) EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>Spectrum Health West Michigan</th>
<th>Lakeland Health</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>34,044</td>
<td>(8,500)</td>
<td>195,778</td>
<td>(84,535)</td>
<td>(644)</td>
<td>136,143</td>
<td></td>
</tr>
</tbody>
</table>

#### Less: Excess of revenue (over) under expenses attributable to noncontrolling interest

<table>
<thead>
<tr>
<th></th>
<th>Spectrum Health West Michigan</th>
<th>Lakeland Health</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(354)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(12,727)</td>
<td>(13,081)</td>
</tr>
</tbody>
</table>

#### EXCESS OF REVENUE OVER (UNDER) EXPENSES ATTRIBUTABLE TO SYSTEM

<table>
<thead>
<tr>
<th></th>
<th>Spectrum Health West Michigan</th>
<th>Lakeland Health</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$33,690</td>
<td>$8,500</td>
<td>$195,778</td>
<td>$84,535</td>
<td>$13,371</td>
<td>$123,062</td>
<td></td>
</tr>
</tbody>
</table>

#### Total margin %

<table>
<thead>
<tr>
<th></th>
<th>Spectrum Health West Michigan</th>
<th>Lakeland Health</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2%</td>
<td>(3.5)%</td>
<td>7.9%</td>
<td>112.0%</td>
<td>3.0%</td>
<td>3.3%</td>
<td></td>
</tr>
</tbody>
</table>
## Consolidating Statements of Activities (continued)

Year to date through June 30, 2020

*(in thousands)*

<table>
<thead>
<tr>
<th>Net asset balance (deficit) at beginning of year</th>
<th>Spectrum Health West Michigan</th>
<th>Spectrum Health Lakeland</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>System Sub-Total</th>
<th>Controlling Interest</th>
<th>System Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of revenue over (under) expenses</td>
<td>$33,690</td>
<td>$(8,500)</td>
<td>$195,778</td>
<td>$(84,535)</td>
<td>$(13,371)</td>
<td>$123,062</td>
<td>$13,081</td>
<td>$136,143</td>
</tr>
<tr>
<td>Contributions</td>
<td>2,545</td>
<td>1,242</td>
<td>-</td>
<td>17,132</td>
<td>-</td>
<td>20,919</td>
<td>-</td>
<td>20,919</td>
</tr>
<tr>
<td>Expenditures of donor sponsored programs</td>
<td>(3,231)</td>
<td>(4)</td>
<td>-</td>
<td>(13,337)</td>
<td>-</td>
<td>(16,572)</td>
<td>-</td>
<td>(16,572)</td>
</tr>
<tr>
<td>Capital transfers (to affiliate) from Foundation</td>
<td>3,738</td>
<td>-</td>
<td>-</td>
<td>(3,738)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investment income (loss) from restricted net assets</td>
<td>(2,504)</td>
<td>(136)</td>
<td>-</td>
<td>(6,026)</td>
<td>-</td>
<td>(8,666)</td>
<td>-</td>
<td>(8,666)</td>
</tr>
<tr>
<td>Assets designated for affiliates - current year activity</td>
<td>(2,527)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,527</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transfers:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>(43,826)</td>
<td>-</td>
<td>-</td>
<td>43,826</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foundation</td>
<td>(1,275)</td>
<td>-</td>
<td>-</td>
<td>1,275</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other activity</td>
<td>132</td>
<td>(367)</td>
<td>-</td>
<td>415</td>
<td>-</td>
<td>180</td>
<td>(663)</td>
<td>(483)</td>
</tr>
<tr>
<td><strong>Net asset balance at end of year</strong></td>
<td>$1,560,065</td>
<td>$846,644</td>
<td>$1,210,011</td>
<td>$1,634,869</td>
<td>$(167,442)</td>
<td>$5,083,947</td>
<td>$80,742</td>
<td>$5,164,689</td>
</tr>
</tbody>
</table>
## Consolidating Statements of Cash Flows

**Year to date through June 30, 2020**

*(in thousands)*

### OPERATING ACTIVITIES AND OTHER REVENUE

<table>
<thead>
<tr>
<th>Spectrum Health West Michigan</th>
<th>Spectrum Health Lakeland</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ (13,567)</td>
<td>$ (7,765)</td>
<td>$ 195,778</td>
<td>$ (44,968)</td>
<td>$ 1,883</td>
</tr>
<tr>
<td>Contributions and other net asset activity</td>
<td>3,721</td>
<td>(739)</td>
<td>-</td>
<td>1,816</td>
<td>-</td>
</tr>
<tr>
<td>Unrealized (gain) loss in market value of interest rate swaps</td>
<td>107</td>
<td>4,719</td>
<td>-</td>
<td>45,280</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>87,343</td>
<td>19,058</td>
<td>3,795</td>
<td>14,260</td>
<td>-</td>
</tr>
<tr>
<td>Change in operating assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading securities: Investments</td>
<td>(634)</td>
<td>43,215</td>
<td>(37,071)</td>
<td>99,963</td>
<td>(549)</td>
</tr>
<tr>
<td>Donor and other restricted investments</td>
<td>-</td>
<td>3,086</td>
<td>2,014</td>
<td>2,708</td>
<td>-</td>
</tr>
<tr>
<td>Changes in assets designated for affiliates</td>
<td>2,527</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,527)</td>
</tr>
<tr>
<td>Decrease (increase) in net accounts receivable, inventories, prepaid expenses, and other operating assets</td>
<td>50,443</td>
<td>4,485</td>
<td>(34,182)</td>
<td>(16,120)</td>
<td>(1,178)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable, accrued expenses, accrued salaries and related withholdings, health plan claims payable, third-party settlement liabilities and other operating liabilities</td>
<td>245,487</td>
<td>39,732</td>
<td>281,536</td>
<td>20,890</td>
<td>(5,108)</td>
</tr>
<tr>
<td>Other</td>
<td>(2,421)</td>
<td>140</td>
<td>-</td>
<td>2,548</td>
<td>-</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities and other revenue</td>
<td>373,006</td>
<td>105,935</td>
<td>411,870</td>
<td>126,357</td>
<td>(7,479)</td>
</tr>
</tbody>
</table>

### INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Spectrum Health West Michigan</th>
<th>Spectrum Health Lakeland</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions to property and equipment, net</td>
<td>(200,373)</td>
<td>(10,944)</td>
<td>-</td>
<td>(20,746)</td>
<td>-</td>
<td>(232,063)</td>
</tr>
<tr>
<td>Investment in System</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(645)</td>
<td>645</td>
<td>-</td>
</tr>
<tr>
<td>Integration of affiliates</td>
<td>-</td>
<td>-</td>
<td>112,918</td>
<td>-</td>
<td>-</td>
<td>112,918</td>
</tr>
<tr>
<td>Other</td>
<td>1,089</td>
<td>-</td>
<td>-</td>
<td>217</td>
<td>-</td>
<td>1,306</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>(199,284)</td>
<td>(10,944)</td>
<td>112,918</td>
<td>(21,174)</td>
<td>645</td>
<td>(117,839)</td>
</tr>
</tbody>
</table>

### FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Spectrum Health West Michigan</th>
<th>Spectrum Health Lakeland</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and other net asset activity</td>
<td>(3,721)</td>
<td>735</td>
<td>-</td>
<td>(1,816)</td>
<td>-</td>
<td>(4,802)</td>
</tr>
<tr>
<td>Payment of long term debt</td>
<td>(12,247)</td>
<td>(4,322)</td>
<td>(622)</td>
<td>(1,228)</td>
<td>-</td>
<td>(18,419)</td>
</tr>
<tr>
<td>Payment of financing lease obligation</td>
<td>(2,372)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,372)</td>
</tr>
<tr>
<td>Inter-company activity</td>
<td>96,793</td>
<td>-</td>
<td>6,864</td>
<td>(110,292)</td>
<td>4,635</td>
<td>-</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>80,453</td>
<td>(3,587)</td>
<td>6,242</td>
<td>(113,336)</td>
<td>4,635</td>
<td>(25,593)</td>
</tr>
<tr>
<td>Increase (decrease) in cash, cash equivalents and restricted cash</td>
<td>254,175</td>
<td>91,404</td>
<td>531,030</td>
<td>(8,153)</td>
<td>(2,199)</td>
<td>866,257</td>
</tr>
<tr>
<td>Cash, cash equivalents, and restricted cash beginning of year</td>
<td>496,810</td>
<td>55,322</td>
<td>276,213</td>
<td>16,995</td>
<td>(17,147)</td>
<td>828,193</td>
</tr>
<tr>
<td>Cash, cash equivalents, and restricted cash end of year</td>
<td>$ 750,985</td>
<td>$ 146,726</td>
<td>$ 807,243</td>
<td>$ 8,842</td>
<td>(19,346)</td>
<td>$ 1,694,450</td>
</tr>
</tbody>
</table>

### NON CASH ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Spectrum Health West Michigan</th>
<th>Spectrum Health Lakeland</th>
<th>Priority Health</th>
<th>Corporate &amp; Subsidiaries</th>
<th>Reclass &amp; Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right of use assets obtained in exchange for new operating lease liabilities, net</td>
<td>(44,107)</td>
<td>(2,258)</td>
<td>-</td>
<td>333</td>
<td>-</td>
<td>(46,032)</td>
</tr>
<tr>
<td>Right of use assets obtained in exchange for new finance lease liabilities, net</td>
<td>600</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>600</td>
<td>-</td>
</tr>
</tbody>
</table>