

Quarterly Financial Disclosure For the Six Month Periods Ended February 28, 2018 and 2017

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APPENDIX A – Bond Issues and Related CUSIP Numbers	A-1



Pursuant to the following Continuing Disclosure Agreements (collectively, the "Disclosure Agreements") executed and delivered in connection with the related bond issues (collectively, the "Bonds"), Stanford Health Care (the "Corporation") hereby provides financial and utilization information for the Six-month periods ended February 28, 2018 and 2017:

- Continuing Disclosure Agreement dated June 2, 2008, relating to the original issue of \$156,200,000
 California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics) 2008
 Series A-1 and A-3:
- Continuing Disclosure Agreement dated June 16, 2010, relating to the original issue of \$296,055,000 California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics) 2010 Series A and B;
- Continuing Disclosure Agreement dated June 15, 2011, relating to the reoffering of \$272,365,000 California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics) 2008 Series A-2. A-3 and B-2:
- Continuing Disclosure Agreement dated May 23, 2012, relating to the original issue of \$408,320,000
 California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics) 2012
 Series A and B; and
- Continuing Disclosure Agreement dated May 23, 2012, relating to the original issue of \$60,000,000 California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics) 2012 Series C; and
- Continuing Disclosure Agreement dated June 30, 2015, relating to the original issue of \$100,000,000 California Health Facilities Financing Authority Revenue Bonds (Stanford Health Care) 2015 Series A.
- Continuing Disclosure Agreement dated December 28, 2017, relating to the original issue of \$454,200,000
 California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Health Care), 2017
 Series A.



The Bonds are identified together with their corresponding CUSIPs in <u>Appendix A</u> of this quarterly disclosure report. Additionally, the Treasury department of the Corporation maintains a world-wide web site to which it makes certain disclosure documents available to the general public at https://stanfordhealthcare.org/about-us/bondholder-general-financial-information.html.

This quarterly disclosure was prepared by management from records maintained by the Corporation and has not been compiled, reviewed or audited by external auditors.

For further information please contact:

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Stanford Health Care Consolidated Balance Sheet - Unaudited As of February 28, 2018 and 2017 (In Thousands)

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emporarily restricted 617,212 602,628 ermanently restricted 8,233 8,144 Total net assets 3,761,134 3,333,780	Noncontrolling interests	22,705	19,538
ermanently restricted 8,233 8,144 Total net assets 3,761,134 3,333,780	Total unrestricted	3,135,689	2,723,008
Total net assets 3,761,134 3,333,780	Temporarily restricted	617,212	602,628
	Permanently restricted	8,233	8,144
Total liabilities and net assets \$ 6,902,869 \$ 5,892,327	Total net assets	3,761,134	3,333,780
	Total liabilities and net assets	\$ 6,902,869	\$ 5,892,327

Stanford Health Care Consolidated Statement of Operations and Changes in Net Assets – Unaudited For the Six-Month Periods Ended February 28, 2018 and 2017 (In Thousands)

	2018	2017
Operating revenues:	Φ 0.00=.005	A A A A A A B A B B B B B B B B B B
Net patient service revenue	\$ 2,285,988	\$ 2,149,496
Provision for doubtful accounts	(23,981)	(66,496
Net patient service revenue less provision for doubtful accounts	2,262,007	2,083,000
Premium revenue	44,631	40,274
Other revenue	68,257	63,214
Net assets released from restrictions used for operations	3,292	3,514
Total operating revenues	2,378,187	2,190,002
Operating expenses:		
Salaries and benefits	1,004,512	982,266
Professional services	18,940	22,037
Supplies	313,916	286,747
Purchased services	591,243	564,243
Depreciation and amortization	84,511	71,738
Interest	14,354	21,595
Other	220,673	194,271
Expense recoveries from related parties	(61,203)	(53,123
Total operating expenses	2,186,946	2,089,774
Income from operations	191,241	100,228
Interest and investment income	9,797	6,487
Earnings on equity method investments	1,479	-
Increase in value of University managed pools	59,978	56,322
Swap interest and change in value of swap agreements	52,400	104,031
Loss on extinguishment of debt	(48,541)	-
Excess of revenues over expenses	266,354	267,068
Other changes in unrestricted net assets:		
Transfer to Stanford University	(21,382)	(14,092
Change in net unrealized gains on investments	(1,265)	552
Net assets released from restrictions used for:		
Purchase of property and equipment	20	9
Noncontrolling capital (distributions) contributions	(1,211)	301
Increase in unrestricted net assets	242,516	253,838
Changes in temporarily restricted net assets:		
Transfer from Stanford University	97	2,190
Contributions and other	16,257	24,697
Investment income	277	306
Gains on University managed pools	642	1,872
Net assets released from restrictions used for:		
Operations	(3,292)	(3,514
Purchase of property and equipment	(20)	(9
Increase in temporarily restricted net assets	13,961	25,542
Changes in permanently restricted net assets:		-
Contributions	89	250
Increase in permanently restricted net assets	89	250
	256,566	279,630
Increase in net assets	=00,000	-,
Increase in net assets Net assets, beginning of year	3,504,568	3,054,150

All information is preliminary and subject to change.

Stanford Health Care Consolidated Statement of Cash Flows – Unaudited For the Six Month Periods Ended February 28, 2018 and 2017

(In Thousands)

Change in Infoach pricipal Stanford Health Care net assets \$ 255,921 \$ 280,025 Change in noncontrolling interests 266,566 267,060 Adjustments to reconcile change in net assets to net cash provided by operating activities: 279,030 Loss on extinguishment of debt 48,541 70,944 Depreciation and amortization 83,170 70,944 Provision for doubtful accounts 23,981 66,048 Change in fair value of interest rate swaps (60,633) (104,031) Increase in value of University managed pools 555 (62,386) Realized losses (gains) on investments 556 (2,386) Realized losses (gains) on investments 734 (8,219) Deficit of income of equity method investees over distributions received 293 7.344 (8,219) Premiums received from bond issuance 7,384 (8,219) (8,239) (8,249) Patient accounts receivable 4,4705 142,017 (10,163) (11,201) (11,201) (11,201) (11,201) (11,201) (10,201) (10,201) (10,201) (10,201) (10,201) (10,201)	- -	2018	2017	
Change in noncontrolling interests 6.65 6.55 7.65	· · · · · · · · · · · · · · · · · · ·	Φ 055.004	Ф 000 005	
Total change in net assets to net cash provided by operating activities: Loss on extinguishment of debt 48,541				
Adjustments to reconcile change in net assets to net cash provided by operating activities:	-			
Loss on exinguishment of debt	•	250,566	279,630	
Loss on exinguishment of debt				
Depreciation and amortization 23,911 64,96	· · · · · · · · · · · · · · · · · · ·	19 5 1 1		
Provision for doubtful accounts 66,408 Change in fair value of University managed pools (50,978) (56,322) Unrealized losses (gains) on investments 565 (2,386) Realized losses (gains) on investments 565 (2,386) Realized losses on investments 565 (2,386) Deficit of income of equity method investees over distributions received 293 - Contributions received for long lived assets or endowment and net equity transfers to/from related parties 7,384 (8,219) Premiums received from bond issuance 76,138 - Changes in operating assets and liabilities: 46,210 142,017 Patient accounts receivable robustics (53,533) (24,907) Other receivables, inventory, other assets, prepaid expenses and other (51,448) 12,610 Accounts payable, accrued liabilities and pension liabilities 99,229 519 Accrued salaries and related benefits (11,201) (10,533) Third-party payor settlements (30,43) (31,493) Self-insurance reserves 5,218 5,218 5,627 Cash provided by operating activities <t< td=""><td>•</td><td>· ·</td><td>70.044</td></t<>	•	· ·	70.044	
Change in fair value of interest rate swaps	·	· ·	· ·	
Increase in value of University managed pools			,	
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Cash and cash equivalents, end of year\$ 880,553\$ 610,326Supplemental disclosures of cash flow information: Interest paid, net of amounts capitalized\$ 16,708\$ 22,319Supplemental disclosures of non cash information: Increase (decrease) in payables for property and equipment\$ 38,092\$ (3,755)Equity transfers from related parties, net202362Assets and liabilities acquired under capital leases346379	Net increase (decrease) in cash and cash equivalents	170,444	(80,134)	
Supplemental disclosures of cash flow information: Interest paid, net of amounts capitalized \$ 16,708 \$ 22,319 Supplemental disclosures of non cash information: Increase (decrease) in payables for property and equipment \$ 38,092 \$ (3,755) Equity transfers from related parties, net 202 362 Assets and liabilities acquired under capital leases 346 379	Cash and cash equivalents, beginning of year	710,109	690,460	
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Assets and liabilities acquired under capital leases 346 379				
	· ·			
		340	318	

Stanford Health Care Historical Utilization Statistics For the Six Month Periods Ended February 28, 2018 and 2017

	Three Months Ended	
	Febru	arv.
	2018	2017
Discharges		
Acute	12,978	12,382
Behavioral Health	399	381
Total	13,377	12,763
Patient Days		
Acute	71,056	73,990
Behavioral Health	4,463	4,758
subtotal	75,519	78,748
Short Stay OP	7,416	8,155
Total	82,935	86,903
Average Daily Census		
Acute	392.6	408.8
Behavioral Health	24.7	26.3
Total	417.2	435.1
Average Length of Stay		
Acute	5.5	6.0
Behavioral Health	11.2	12.5
Total	<u> 5.6</u>	6.2
Case Mix Index	2.43	2.40
Emergency room visits*	38,511	36,213
Short Stay OP procedures	21,376	20,008
Other Outpatient visits	388,634	371,125
Other Outpatient visits	300,034	3/1,123
Surgeries		
Inpatient	6,512	6,734
Outpatient	11,763	10,915
Total	18,275	17,649

Source: Corporation records

^{*} ER visits include patients who got admited as inpatients.

APPENDIX A

Bond Issues and Related CUSIP Numbers

California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics) 2008 Series A-1

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LHM2	11/15/2018	4.00	475,000
13033LHN0	11/15/2019	4.00	225,000
13033LHP5	11/15/2020	4.00	675,000

California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics) 2008 Series A-2

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LNC7	11/15/2018	4.00	700,000
13033LND5	11/15/2019	4.00	325,000
13033LNE3	11/15/2020	5.00	1,000,000
13033LNF0	11/15/2021	5.00	450,000

California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics) 2008 Series A-3

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LNQ6	11/15/2018	3.00	550,000
13033LNR4	11/15/2019	4.00	275,000
13033LNS2	11/15/2020	5.00	800,000
13033LNT0	11/15/2021	4.00	375,000

California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics) 2008 Series B-2-1

		Current	Original
	Maturity	Commercial Paper	Principal
CUSIP	Date	Interest Rate (%)	Amount
13033LNX1	11/15/2045	0.72	\$ 42,050,000

California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics) 2008 Series B-2-2

		Current	Original
	Maturity	Commercial Paper	Principal
CUSIP	Date	Interest Rate (%)	Amount
13033LNY9	11/15/2045	1.20	\$ 42,050,000

California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics) 2010 Series A

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LHZ3	11/15/2018	5.00	6,130,000
13033LJA6	11/15/2019	5.00	6,435,000
13033LJB4	11/15/2020	5.00	6,760,000

California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics) 2012 Series A

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LYQ4	08/15/2032	5.00	\$ 1,960,000
13033LYR2	08/15/2042	5.00	43,380,000
13033LZS0	08/15/2051	5.00	294,660,000

California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics) 2012 Series B

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LYY7	08/15/2018	3.00	2,000,000
13033LZG5	08/15/2018	5.00	3,920,000
13033LYZ4	08/15/2019	5.00	6,650,000
13033LZA8	08/15/2020	4.00	2,500,000
13033LZH3	08/15/2020	5.00	4,475,000
13033LZB6	08/15/2021	4.00	6,810,000
13033LZC4	08/15/2022	4.00	875,000
13033LZJ9	08/15/2022	5.00	6,680,000
13033LZD2	08/15/2023	5.00	7,430,000

California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics) 2012 Series C

		Initial Windows	Original
	Maturity	Spread to	Principal
CUSIP	Date	SIFMA (%)	Amount
13033LZN0	08/15/2051	0.08	\$ 60,000,000

California Health Facilities Financing Authority Revenue Bonds (Stanford Health Care) 2015 Series A

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033L8Q3	08/15/2052	4.25	\$ 25,000,000
13033L8P5	08/15/2054	5.00	\$ 75,000,000

California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Health Care) 2017 Series A

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13032UPY8	11/15/2021	5.00	\$7,125,000
13032UPZ5	11/15/2022	5.00	\$9,635,000
13032UQA9	11/15/2023	5.00	\$13,475,000
13032UQB7	11/15/2024	5.00	\$17,615,000
13032UQC5	11/15/2025	5.00	\$18,480,000
13032UQD3	11/15/2026	5.00	\$19,320,000
13032UQE1	11/15/2027	5.00	\$20,260,000
13032UQF8	11/15/2028	5.00	\$21,225,000
13032UQG6	11/15/2029	5.00	\$22,270,000
13032UQH4	11/15/2030	5.00	\$23,340,000
13032UQJ0	11/15/2031	5.00	\$24,465,000
13032UQK7	11/15/2032	5.00	\$25,695,000
13032UQL5	11/15/2033	5.00	\$26,805,000
13032UQM3	11/15/2034	5.00	\$23,390,000
13032UQN1	11/15/2035	5.00	\$19,310,000
13032UQP6	11/15/2036	5.00	\$26,160,000
13032UQQ4	11/15/2037	5.00	\$30,225,000
13032UQR2	11/15/2040	4.00	\$105,405,000