MERCY MARICOPA INTEGRATED CARE

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

Year Ended September 30, 2016

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CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

MERCY MARICOPA INTEGRATED CARE

We have audited the accompanying financial statements of ***Mercy Maricopa Integrated Care***, which comprise the statement of financial position as of September 30, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 financial position of ***Mercy Maricopa Integrated Care*** as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Mayer Hoffman McCann P.C.

April 18, 2017

MERCY MARICOPA INTEGRATED CARE

STATEMENT OF FINANCIAL POSITION

September 30, 2016

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 236,322,921
Receivables:	
Pharmacy rebate receivables	1,789,005
Risk share settlement	1,095,606
Provider advances	30,000
Other accounts receivable, net	2,128,041
Due from AHCCCS	17,080,877
Prepaid assets	1,387,799
TOTAL CURRENT ASSETS	259,834,249
RESTRICTED SECURITIES	520,099
CAPITALIZED SOFTWARE COSTS, net	1,922,707
TOTAL ASSETS	$ 262,277,055

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Claims payable	$ 64,276,907
Payable to providers	22,293,161
Due to AHCCCS	15,057,119
Due to Aetna	1,759,010
Due to District	18,065,658
Deferred revenue	10,435,806
Other current liabilities	4,687,230
TOTAL CURRENT LIABILITIES	136,574,891
UNRESTRICTED NET ASSETS	125,702,164
TOTAL LIABILITIES AND NET ASSETS	$ 262,277,055

See Notes to Financial Statements

MERCY MARICOPA INTEGRATED CARE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended September 30, 2016

OPERATING REVENUES	
Arizona Health Care Cost Containment System contract revenues	$ 1,214,639,165
Centers for Medicare and Medicaid Services contract revenues	6,088,844
Other revenue	92,693
Reinsurance	(48,663)
TOTAL OPERATING REVENUES	1,220,772,039
HEALTH CARE EXPENSES	1,098,538,414
GENERAL AND ADMINISTRATIVE EXPENSES	103,340,210
TOTAL EXPENSES	1,201,878,624
OPERATING INCOME	18,893,415
NONOPERATING INCOME	
Investment income	1,600
TOTAL NONOPERATING INCOME	1,600
CHANGE IN NET ASSETS PRIOR TO UNREALIZED GAINS ON INVESTMENTS	18,895,015
UNREALIZED GAINS ON INVESTMENTS	214
CHANGE IN NET ASSETS PRIOR TO CAPITAL CONTRIBUTIONS AND CHANGE IN NET ASSETS ATTRIBUTABLE TO DISTRICT	18,895,229
CONTRIBUTIONS FROM MEMBER ORGANIZATION	-
CHANGE IN NET ASSETS ATTRIBUTABLE TO DISTRICT	(2,834,697)
CHANGE IN NET ASSETS	16,060,532
NET ASSETS, BEGINNING OF YEAR	109,641,632
NET ASSETS, END OF YEAR	$ 125,702,164

See Notes to Financial Statements

MERCY MARICOPA INTEGRATED CARE

STATEMENT OF CASH FLOWS

Year Ended September 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets prior to capital contributions and amount attributable to District	$ 18,895,229
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	769,083
Net unrealized gains on investments	(214)
Changes in operating assets and liabilities:	
Decrease (increase) in:	
Pharmacy rebate receivables	440,010
Risk share settlement	367,509
Provider advances	(30,000)
Other accounts receivable	282,689
Due from AHCCCS	4,754,700
Due from Aetna	1,124,607
Prepaid assets	(639,588)
Increase (decrease) in:	
Claims payable	13,865,294
Payable to providers	9,999,073
Due to AHCCCS	(4,988,140)
Due to Aetna	1,759,010
Deferred revenue	10,435,806
Other current liabilities	1,790,985
Net cash provided by operating activities	58,826,053
NET CHANGE IN CASH AND CASH EQUIVALENTS	58,826,053
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	177,496,868
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 236,322,921

(1) Organization operations and significant accounting policies

Organization operations - Effective January 22, 2013, ***Mercy Maricopa Integrated Care*** (Mercy Maricopa or the Organization), was incorporated in the State of Arizona with a dissolution date of the later of December 31, 2021 or six months after the expiration of the Regional Behavioral Health Authority (RBHA) contract. The initial members of Mercy Maricopa are Southwest Catholic Health Network Corporation dba Mercy Care Plan (SCHN), Dignity Health (Dignity), Carondelet Health Network (Carondelet), and Maricopa County Special Health Care District (District). The by-laws provide that Mercy Maricopa shall have one class of members initially; however, the current members may decide to create additional classes of membership or to add new members with unanimous consent of existing members. Relative interests of the members and the formula for distributions to members effective September 9, 2013 is as follows:

SCHN	85%
District	15%

The agreements also provide that SCHN serve as the managing member of Mercy Maricopa.

The Organization was formed to provide physical and behavioral health care services on an integrated basis to Medicaid eligible adults with serious mental illness, and to operate as the RBHA to coordinate the delivery of health care services to eligible persons in Maricopa County, Arizona. Mercy Maricopa was initially funded through a $30 million capital contribution from SCHN and a $10 million capital contribution from District. SCHN contributed additional capital totaling $37.5 million through September 30, 2015. No additional capital contributions occurred during the year ended September 30, 2016.

On March 25, 2013, Mercy Maricopa was awarded a $3 billion three year contract with the Arizona Department of Health Services (ADHS) to serve as the designated RBHA for the geographical service area (GSA) of Maricopa County. This new contract was to take effect October 1, 2013; however, the prior contract holder filed a legal challenge and requested and received a stay order requiring the contract to remain with the prior contract holder until the legal challenge had been decided. On December 3, 2013, the Deputy Director of the Arizona Department of Administration issued an Order affirming the Arizona Department of Health Services award of the GSA 6 Integrated Care RBHA contract to Mercy Maricopa effective April 1, 2014. Effective July 1, 2016 the contact with ADHS was transferred to the Arizona Health Care Cost Containment System (AHCCCS). The Organization's contract has been renewed through September 30, 2017.

Mercy Maricopa is responsible for managing and maintaining an organized, comprehensive integrated healthcare delivery system for the benefit of eligible members within its assigned geographical service area. Effective October 1, 2015, due to changes in the RBHA contract with ADHS, Mercy Maricopa no longer provides General Mental Health and Substance Abuse services to the dually eligible membership population. The General Mental Health and Substance Abuse dually eligible membership total approximately 57,000 with the annualized revenue of approximately $27,000,000 for the year ended September 30, 2015.

The Organization also operated a Medicare Advantage Plan (Medicare Advantage) with the Centers for Medicare and Medicaid Services (CMS), offering medical and prescription drug benefits to qualified members. Medicare Advantage operated as a special needs plan under CMS guidelines. The populations covered under Medicare Advantage were members who were eligible for both Medicare and Medicaid coverage. Mercy Maricopa did not renew its Medicare Advantage Plan with CMS and discontinued the plan effective December 31, 2015. For the year ended September 30, 2016, capitation revenue for the Medicare Advantage Plan was approximately $6,089,000 and the net loss of the program was approximately $719,000.

(1) Organization operations and significant accounting policies (continued)

The Organization entered into a five year management agreement with Aetna effective May 1, 2013. The agreement automatically renews for a second five year term and thereafter for successive one-year periods. SCHN also contracts with Aetna separately to provide management services. Under the terms of Mercy Maricopa's management agreement, the Organization pays a monthly fee to Aetna, as defined in the agreement, to cover the employee salary and benefit costs and general and administrative expenses incurred to operate the Organization. Mercy Maricopa incurred management fees per the management agreement of $93,246,547 for the year ended September 30, 2016. These amounts are included in general and administrative expenses in the accompanying statement of activities and changes in net assets. At September 30, 2016, unpaid management fees totaled $1,815,190 and are included in due to Aetna in the accompanying statement of financial position, net of amounts due from Aetna at September 30, 2016.

Concurrent with the management agreement, the Organization executed a letter of agreement that remained in effect until the one year anniversary of the start date of the ADHS/AHCCCS contract (April 1, 2014). Under the terms of the letter of agreement, Aetna assumed the costs incurred by the Organization in pursuit of any protest filed in connection with the ADHS/AHCCCS contract and any defense thereof. In addition, Aetna paid for certain implementation costs, as defined in the letter of agreement, to cover employee salary and benefit costs and general and administrative expense incurred as start-up expenses. Upon termination of the letter of agreement, the Organization reimbursed Aetna an amount equal to the lesser of the implementation costs incurred or $20,000,000. During the period from contract inception (April 1, 2014) through September 30, 2015, Aetna paid implementation costs totaling $727,966. During the period from contract inception (April 1, 2014) through September 30, 2015, upon a full reconciliation of implementation costs, Aetna reduced the amount due from Mercy Maricopa by $1,582,636 of previously billed implementation costs. Total amounts repaid to Aetna in accordance with the agreement for implementation costs totaled $5,613,599 for the period from contract inception (April 1, 2014) through September 30, 2015. No additional implementation costs were incurred or paid during the year ended September 30, 2016.

The significant accounting policies followed by the Organization are summarized below:

Basis of presentation - The accompanying financial statements have been prepared in accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 954-205, *Health Care Entities – Presentation of Financial Statements*. The Organization's financial statements are also presented in accordance with FASB ASC 958-205, *Not-for-Profit Entities – Presentation of Financial Statements.* Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As of September 30, 2016, there were no temporarily restricted or permanently restricted net assets.

Management's use of estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - Cash includes cash deposits in banks and cash equivalents. Mercy Maricopa considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Amounts at each institution are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC).

(1) Organization operations and significant accounting policies (continued)

Revenue recognition - Mercy Maricopa receives substantially all of its revenue from its contracts with AHCCCS and CMS. Operating revenue includes funding in the form of capitation revenue, which is recognized over the applicable coverage period on a per member basis for covered members. Under this arrangement, the Organization is paid a per member fee for all enrolled members, and this fee is recorded as revenue in the month in which members are entitled to services. Any fees received prior to the month of service are recorded as deferred revenue. Capitation revenues from AHCCCS and CMS totaled $1,076,068,175 for the year ended September 30, 2016. The AHCCCS contract is partially funded by federal, state, county and block grants (non-title revenue), which represent annual appropriations. Mercy Maricopa recognizes revenue from this funding ratably over the period to which the funding applies. Non-Title revenues, including block grants, totaled $138,570,990 for the year ended September 30, 2016.

AHCCCS contract revenue is also limited by the terms of the AHCCCS contract to a maximum profit percentage of four percent. AHCCCS contract revenue that cannot be recognized due to the profit limits for the contract period of October 1, 2015 through September 30, 2016 as of September 30, 2016 totaled $2,646,883. Additionally, AHCCCS contract revenue that could be not recognized due to the profit limits for the contract period from April 1, 2014 through September 30, 2015 and unpaid to ADHS/AHCCCS as of September 30, 2016 totaled $12,410,236. These amounts are included in due to AHCCCS on the accompanying statement of financial position and represent a reduction in operating revenue over the applicable time periods.

Due from AHCCCS - At September 30, 2016, due from AHCCCS consists primarily of amounts due for the provisions of housing and other services and for capitation payments under the Organization's contract. Amounts due from AHCCCS are stated at the amount management expects to collect. The Organization establishes an allowance for doubtful accounts, if necessary, based upon factors including credit risk, historical trends, and other information. As of September 30, 2016, amounts due from AHCCCS are considered by management to be fully collectible and, accordingly, an allowance for doubtful accounts has not been provided.

Reinsurance revenue - The Organization contracts with a commercial reinsurer to provide reinsurance for the Medicare Advantage Plan to provide a stop-loss reinsurance program for partial reimbursement of reinsurable covered medical services incurred for members. The program includes a deductible of $500,000 and has an annual reinsurance limit of $2,000,000 per member. The commercial reinsurer reimburses the Organization based on a coinsurance amount for reinsurable covered services incurred above the deductible of 90%. Reinsurance revenue is stated at the actual and estimated amounts due to the Organization pursuant to the Medicare Advantage Plan contract. As a result of current year claim adjustments, Mercy Maricopa recognized a net reinsurance expense of $48,663 for the year ended September 30, 2016. At September 30, 2016, no amounts were due related to reinsurance.

Pharmacy rebate receivables - Mercy Maricopa receives rebates from pharmaceutical companies based on the volume of drugs purchased. Mercy Maricopa records a receivable and a reduction of health care expenses for estimated rebates due based on purchase information. During the year ended September 30, 2016, health care expenses were reduced by $2,657,562 for pharmacy rebates. At September 30, 2016, management believes the pharmacy rebate receivables are fully collectible and accordingly, an allowance has not been established.

(1) Organization operations and significant accounting policies (continued)

Provider advances - Upon request, Mercy Maricopa, in accordance with AHCCCS contract limitations, may advance monies to high-volume providers based on cash flow needs and timing of claims payments. Advances are stated at the amount management expects to collect or offset against future claims. Advances are non-interest bearing and are expected to be settled within 12 months. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to provider advances receivable. As of September 30, 2016, provider advances are considered by management to be fully collectible and accordingly, an allowance for doubtful accounts has not been provided.

Risk share settlement - The risk share settlement includes expected payments to be paid to or received from CMS in connection with the pharmacy component of Medicare Advantage, Medicare Part D. This balance is reviewed and monitored by management and adjusted as necessary as experience develops or new information becomes available. Such adjustments are netted against revenues on the statement of activities and changes in net assets. The pharmacy risk share settlement for calendar year 2015, recorded at September 30, 2016, is expected to be finalized in 2017. Amounts earned under this program totaled approximately $1,096,000 for the year ended September 30, 2016, which are included in revenues in the accompanying statement of activities and changes in net assets. The risk share settlement receivable balance is considered by management to be fully collectible and, accordingly, an allowance for doubtful accounts has not been provided.

Restricted securities - Mercy Maricopa accounts for its investments in accordance with FASB ASC 958-320, *Not-for-Profit Entities – Investments – Debt and Equity Securities*. Under FASB ASC 958-320, Mercy Maricopa is required to report investments in equity securities that have readily determinable fair values, and all investments in debt securities, at fair value. The fair value of investments is based on quoted market prices. At September 30, 2016, restricted securities consists of U.S. Treasury notes held by a bank required to remain in trust by the State of Arizona, Department of Insurance for the duration of the Organization's contract with AHCCCS. The Organization may not make withdrawals on the account without prior approval from the State of Arizona, Department of Insurance. Accordingly, restricted securities are classified as long-term assets in the accompanying statement of financial position. The purchases and sales of restricted securities are recorded on a trade-date basis. Interest is recognized on the accrual basis.

Premium deficiency reserve - Mercy Maricopa evaluates possible losses on its contracts through the end of each contract year. If necessary, a premium deficiency reserve is recorded within claims payable on the statement of financial position. As of September 30, 2016 no premium deficiency reserve was considered necessary.

Healthcare service cost recognition - Mercy Maricopa contracts with various providers for the provision of a full range of integrated healthcare services to eligible adults and children for Title XIX, Title XXI, and Non-Title programs, and physical healthcare services to Seriously Mental Ill Title XIX eligible adults. Healthcare services are purchased under fee-for-service or block purchase arrangements. Fee-for-service contract expenses are accrued as incurred. Healthcare services provided under block purchase arrangements are accrued based upon contract terms. From time to time, Mercy Maricopa amends the provider contracts. The effects of these amendments are recorded in the period in which the amendment was executed.

(1) Organization operations and significant accounting policies (continued)

The estimate for claims payable is developed using actuarial methods based on enrollment data, utilization statistics, and authorized health care services. The estimate for claims payable is continually reviewed by management and adjusted as necessary based on current claims data, and medical cost completion factors. Such adjustments are included in health care expenses in the statement of activities and changes in net assets in each period when necessary. While management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. There is at least a reasonable possibility that the recorded estimates will change by a material amount, in the near future.

Expense allocation - Certain direct and indirect administrative expenses are incurred which benefit more than one program. Such common expenses are allocated based upon an AHCCCS approved cost allocation plan as submitted by Mercy Maricopa, which is primarily based upon enrollment, claims and costs by lines of business.

Payable to providers - Mercy Maricopa compensates providers for authorized healthcare and substance abuse services to covered beneficiaries. Mercy Maricopa uses a variety of methods to estimate the amount payable to providers including authorizations for services to be provided, payments to be made under contract arrangements currently in force, and correspondence with significant providers to ascertain the level of care being provided to beneficiaries for which a claim has not yet been submitted.

Capitalized software costs - Research and development costs are charged to expense as incurred. However, the costs incurred for the development or purchase of computer software that relate to the implementation of the claims processing system are capitalized when technological feasibility has been established. These capitalized costs are subject to an ongoing assessment of recoverability based on anticipated useful lives and changes in hardware and software technologies. Costs that are capitalized include direct labor and related overhead.

Amortization of capitalized software development costs begins when the product is available for release and installation. Amortization is provided on a straight-line method over periods not exceeding five to seven years. Unamortized capitalized software development costs determined to be in excess of net realizable value of the product is expensed immediately. Capitalized software cost totaled $3,845,414 at September 30, 2016. Effective April 1, 2014, the software was completed and placed into service, at which time Mercy Maricopa commenced amortization. Amortization expense totaled $769,083 for the year ended September 30, 2016. Accumulated amortization was $1,922,707 as of September 30, 2016.

Fair value measurements - FASB ASC 820, *Fair Value Measurements*, establishes a common definition for fair value to be applied to accounting principles generally accepted in the United States of America requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. FASB ASC 820 also establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values by requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

(1) <u>Organization operations and significant accounting policies (continued)</u>

U.S. Treasury notes are valued using proprietary models incorporating live data from active market makers and inter-dealer brokers as reported on electronic communication networks. The valuation models incorporate benchmark yields, reported trades, broker/dealer quotes, bids, offers and other data. These valuation inputs are considered Level 2.

Income taxes - Mercy Maricopa qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, there is no provision for income taxes included in the accompanying financial statements. Income determined to be unrelated business taxable income would be taxable.

FASB ASC 740-10, *Income Taxes*, relates to the accounting for uncertainty in income taxes which requires the application of a “more likely than not” threshold recognition and de-recognition of uncertain tax positions in operations in the year of such change. The Organization evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax flings, and discussions with outside experts. At September 30, 2016, the Organization did not have any uncertain tax positions.

Mercy Maricopa’s Federal Exempt Organization Business Income Tax Returns (Form 990) for 2013, 2014 and 2015 are subject to examination by the IRS, generally for the three years after they were filed. As of the date of this report, the fiscal 2016 tax return had not yet been filed.

Mercy Maricopa is subject to a 2% premium tax on all payments received from AHCCCS for premiums, reinsurance, and reconciliations. Total premium tax expense for the year ended September 30, 2016 was $5,943,690. At September 30, 2016, premium tax payable totaled $493,421 and is included in other current liabilities in the accompanying statement of financial position.

Performance indicator - The statement of activities and changes in net assets includes the performance indicator operating income. The performance indicator excludes nonoperating income and net unrealized investment losses, which is consistent with industry practice.

Recent accounting pronouncement - In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, that will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. Additionally, the guidance requires disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized.

In August 2015, the FASB issued FASB ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which changed the effective date of the provisions of FASB ASU No. 2014-09. As a result, the new effective dates for public business entities, certain not-for-profit entities, and certain employee benefit plans to apply the guidance in FASB ASU No. 2014-09 is for annual reporting periods beginning after December 15, 2017. All other entities should apply the guidance in FASB ASU No. 2014-09 to annual reporting periods beginning after December 15, 2018. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016. Transition to the new guidance may be done using either a full or modified retrospective method. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

(1) Organization operations and significant accounting policies (continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842).* ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Organization is currently evaluating the effect that the adoption of this standard will have on the financial statements.

In January 2015, the FASB issued ASU No. 2016-01*, Financial Instruments – Overall (Subtopic 825-10).* ASU 2016-01 requires all equity investments to be measured at fair value with changes in the fair value recognized through net income (other than those accounted for under equity method of accounting or those that result in consolidation of the investee). ASU 2016-01 also requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. In addition, ASU 2016-01 eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities and the requirement to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the statement of financial position for public business entities. The amendments in ASU 2016-01 are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. All entities that are not public business entities may adopt the amendments in ASU 2016-01 earlier as of the fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early application by public business entities to financial statements of fiscal years or interim periods that have not yet been issued or, by all other entities, that have not yet been made available for issuance of the following amendments in this Update are permitted as of the beginning of the fiscal year of adoption:

1. An entity should present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk if the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments.

2. Entities that are not public business entities are not required to apply the fair value of financial instruments disclosure guidance in the General Subsection of Section 825-10-50.

The Organization has elected to early adopt ASU 2016-01 relative to the requirement to apply the fair value of financial instruments disclosure guidance in the General Subsection of Section 825-10-50.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 improves the current net asset classification requirement and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application is permitted. The amendments of this ASU are to be applied on a retrospective basis in the year that the ASU is first applied. The Organization is currently evaluating the full effect that adoption of this standard will have on the financial statements.

(1) Organization operations and significant accounting policies (continued)

Subsequent events - The Organization has evaluated subsequent events through April 18, 2017, which is the date the financial statements were available to be issued.

(2) Claims payable

At September 30, 2016, claims outstanding to third parties for health care services provided to members, including estimates for incurred but not reported claims, totaled approximately $64.3 million. The balances at September 30, 2016 were certified by an actuary. Activity in the liability for claims payable and health care expense for the year ended September 30, 2016 is as follows:

Balance at September 30, 2015	$ 50,411,613
Incurred related to:	
Current year	389,781,353
Prior years	6,879,761
Total incurred	396,661,114
Paid related to:	
Current year	(331,567,357)
Prior years	(51,228,463)
Total paid	(382,795,820)
Balance at September 30, 2016	$ 64,276,907

Estimates for incurred claims are based on historical enrollment, cost trends, and consider operational changes. Future actual results will typically differ from the estimates. Differences could be due to factors such as an overall change in medical expenses per member or a change in client mix affecting medical costs due to the addition of new members.

The liability for claims payable at September 30, 2015 was less than the actual claims incurred related to the contract period from inception (April 1, 2014) through September 30, 2015 by approximately $817,000 or 2%. The primary drivers of the unfavorable claim development include member mix changes, higher than anticipated member utilization, and enrollment changes. Mercy Maricopa continues to incur claims for prior periods. The claims payable is adjusted each period end as more information becomes available.

(3) Due to/from District

During the period from formation (January 22, 2013) through June 30, 2013, District contributed $5 million towards the initial funding of the Organization. Additionally, in accordance with a promissory note agreement between Mercy Maricopa and District dated September 9, 2013, District agreed to pay Mercy Maricopa an additional $5 million for a total of $10 million contributed. The promissory note was due April 1, 2015, one year after the implementation of the RBHA contract for GSA 6 was awarded to Mercy Maricopa. The promissory note bore no interest through the maturity date and was unsecured. The promissory note was funded by District in full prior to September 30, 2015.

In accordance with the membership agreement, any time after three years from the commencement of the ADHS RBHA contract (April 1, 2014), District may require that Mercy Maricopa purchase the membership interest of District. The purchase price of District’s membership interest under the District put option shall be the sum of District’s capital contributions to Mercy Maricopa, without interest, and any remaining accrued or deferred distributions to District (a 15% relative interest), plus interest, if any. As a result of the put option within the membership agreement, $18,065,658 (the $10,000,000, plus District’s share of the changes in Mercy Maricopa’s net assets since formation of $8,065,658) is included in Due to District, within the accompanying statement of financial position at September 30, 2016.

(3) Due to/from District (continued)

In accordance with the membership agreement, payment to District for its Membership Interest under the District put option shall be made, at the option of Mercy Maricopa, either in cash at closing, or by payment of all remaining accrued or deferred distributions to District, plus interest, at closing, along with repayment of fifty percent (50%) of District's capital contributions, with the balance represented by a promissory note, secured by the assets of the Corporation (whether the Corporation or the Non-Public Members is the purchaser) and payable in one (1) year, with interest on the unpaid balance at the JPMorgan Chase "prime rate," or such other rate as may be unanimously agreed upon by the Members. Accordingly, based on the membership agreement and management's intent, the entire balance owed to District has been classified in the accompanying statement of financial position as a current liability at September 30, 2016.

(4) Related party transactions

For the year ended September 30, 2016, the Organization paid $7,866,982 to Dignity and its affiliates, $690,642 to Carondelet and its affiliates and $48,278,842 to District for behavioral health and other medical services provided to its members.

(5) Commitments and contingencies

Performance bonds - In accordance with the terms of its contract with AHCCCS, Mercy Maricopa is required to post a performance bond with AHCCCS equal to 80% of the expected monthly Title capitation and Non-Title payments, as specified in the contract. The amount of the bond is subject to adjustment as certain conditions change and its method of calculation is specified in the contract. The performance bond must be maintained to guarantee payment of Mercy Maricopa's obligations under the contract. The performance bond requirement was $72,100,000 for the year ended September 30, 2016. The performance bond requirement was met through the purchase of three performance bonds totaling $72,100,000 at September 30, 2016.

Litigation - Periodically, the Organization is involved in litigation and claims arising in the normal course of operations. In the opinion of management based on consultation with legal counsel, losses, if any, from these matters are covered by insurance or are immaterial. Management believes that the resulting liability, if any, will not materially affect the Organization's financial position.

On March 25, 2013, the Organization was awarded a contract with ADHS covering the GSA of Maricopa County. This new contract was to take effect October 1, 2013; however, the prior contract holder filed a legal challenge and requested and received a stay order requiring the contract to remain with the prior contract holder until the legal challenge had been decided. On December 3, 2013, the Deputy Director of the Arizona Department of Administration issued an Order affirming the ADHS award of the GSA 6 Integrated Care RBHA contract to Mercy Maricopa effective April 1, 2014.

Liability insurance - Mercy Maricopa maintains directors and officers, errors and omissions, and cyber liability insurance coverage under claims-made policies. Mercy Maricopa is insured for losses up to $20 million per claim and in the aggregate under its directors and officers liability policy. Mercy Maricopa is insured for losses up to $10 million per claim and in the aggregate under each of its errors and omissions and cyber liability policies. Claims reported endorsement (tail) coverage is available if the policy is not renewed to cover claims incurred but not reported. Mercy Maricopa anticipates that renewal coverage will be available at expiration of the current policy.

(5) Commitments and contingencies (continued)

Healthcare regulation - The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Organization is in compliance with fraud and abuse laws and regulations, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future reviews and interpretation as well as regulatory actions unknown or unasserted at this time.

Health reform legislation at both the federal and state levels continues to evolve. Changes continue to impact existing and future laws and rules. Such changes may impact the way the Organization does business, restrict revenue and enrollment growth in certain products and market segments, restrict growth rates for certain products and market segments, increase medical, administrative and capital costs, and expose the Organization to increased risk of loss or further liabilities. The Organization's operating results, financial position and cash flows could be adversely impacted by such changes.

Community reinvestment program - In accordance with the AHCCCS contract, Mercy Maricopa has approved a Community Reinvestment program. Under the program, Mercy Maricopa will place 5% of its total change in net assets for the purposes of community reinvestment. The program funds community projects that enhance the lives of people in the communities in Mercy Maricopa's geographic service area. These funds are for projects and services not eligible for service or prevention dollars from Mercy Maricopa.

For the year ended September 30, 2016, Mercy Maricopa accrued an additional amount totaling approximately $1,032,000 to be spent on various healthcare community projects. These amounts are included in general and administrative expenses in the accompanying statement of activities and changes in net assets. At September 30, 2016, Mercy Maricopa had not yet spent all of the funds appropriated since contract inception (April 1, 2014) through September 30, 2016. Accordingly, at September 30, 2016, Mercy Maricopa has recorded a liability for unspent community reinvestment program funds of $3,647,158, which is included in other current liabilities in the accompanying statement of financial position.

(6) Contract requirements

In accordance with the AHCCCS contract, the Organization is required to maintain certain minimum financial reporting and viability measures.

The Organization must maintain unrestricted minimum capitalization of at least 90% of the monthly capitation and block payments received under the Contract. As of September 30, 2016, the Organization was in compliance with this requirement.

The Contract contains various quarterly financial performance requirements, including a required minimum liquidity ratio, an administrative cost percentage, and service expense percentages. As of September 30, 2016 the Organization was in compliance with these requirements.

As discussed in Note 1, the Organization is limited by the terms of its contract with AHCCCS to profit that can be earned under the various programs.

(6) Contract requirements (continued)

Should the Organization be in default of any material obligations under the Contract, AHCCCS may, at its discretion, in addition to other remedies, either adjust the amount of future payments or withhold future payment until satisfactory resolution of the default or exception. Further, if monies are not appropriated by the State or are not otherwise available, the Contract may be cancelled upon written notice until such monies are so appropriated or available.

Mercy Maricopa is required to meet quarterly and contract year end minimum encounter submission percentages, or be subject to sanction by AHCCCS. Typically, Mercy Maricopa has up to eight months after the contract period end to meet the minimum number of encounters. For the year ended September 30, 2016, Mercy Maricopa anticipates meeting the required encounter threshold for the contract period October 1, 2015 through September 30, 2016. Accordingly, as of September 30, 2016, Mercy Maricopa did not record a liability associated with an encounter sanction.

AHCCCS has a right to sanction Mercy Maricopa for other matters of non-compliance of the Contract, as determined by AHCCCS. Mercy Maricopa received sanctions of $153,000 from AHCCCS for the year ended September 30, 2016. Sanctions are included in Mercy Maricopa’s management agreement with Aetna and as such, no additional expense is reflected in the accompanying financial statements.

(7) Concentration of credit risk

Mercy Maricopa currently holds a contract with the AHCCCS to provide services through September 2017, with one additional one year renewal option. Failure to renew this contract could have a significant impact on operations.

SUPPLEMENTAL SCHEDULES

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL SCHEDULES

To the Board of Directors of

MERCY MARICOPA INTEGRATED CARE

Report on the Supplemental Schedules

We have audited the accompanying supplemental schedule of activities – GSA 6 and the supplemental schedule of activities – disclosures – GSA 6 on pages 18 to 21 (as defined in the contract dated July 1, 2016, between ***Mercy Maricopa Integrated Care*** and the Arizona Health Care Cost Containment System ("AHCCCS") of ***Mercy Maricopa Integrated Care*** for the year ended September 30, 2016.

Management's Responsibility for the Supplemental Schedules

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

Auditors' Responsibility

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

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

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 supplemental schedule of activities – GSA 6 and the supplemental schedule of activities - disclosures – GSA 6 referred to above present fairly, in all material respects, the activities of ***Mercy Maricopa Integrated Care*** for the year ended September 30, 2016, as defined in the contract referred to in the first paragraph.

This report is intended solely for the information and use of the Board of Directors, management of ***Mercy Maricopa Integrated Care***, others within the entity, the state of Arizona and AHCCCS, and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

April 18, 2017

MERCY MARICOPA INTEGRATED CARE
SUPPLEMENTAL SCHEDULE OF ACTIVITIES - GSA 6
YEAR ENDED SEPTEMBER 30, 2016

*DISCLOSE ON SCHEDULE A

		TXIX/XXI Non CMDP Child	TXIX/XXI CMDP Child	TXIX/XXI DD Child	TXIX/XXI GMH/SA Non Dual	TXIX/XXI DD Adult	TXIX/XXI SMI Integrated	TXIX/XXI SMI Non Integrated	NTXIX/XXI Crisis	NTXIX/XXI SMI	NTXIX/XXI Other	Supported Housing for TXIX SMI	SB1616 Housing	MHBG SED	MHBG SMI	SABG	Other Federal	County	PASRR/ ADOH	Sub-Total	Mgmt & Gen	AHCCCS Total	Medicare	Total
	REVENUE																							
401	**Revenue Under AHCCCS Contract**																							
a	AHCCCS Revenue	153,528,092	106,706,636	12,259,373	244,567,990	14,475,725	522,252,093	15,362,905	9,129,167	52,073,522	200,002	3,008,612	178,496	3,458,197	2,536,355	18,765,727	-	51,288,512	30,908	1,209,822,312	-	1,209,822,312	-	1,209,822,312
b	Reconciliation Settlement/Profit Risk Adjustment	-	-	-	-	-	6,915,361	-	33,989	(2,478,519)	-	6,026	-	(322,758)	-	(511,025)	-	163,993	-	3,807,067	-	3,807,067	-	3,807,067
402	Specialty & Other Grants*	-	-	-	-	-	-	-	-	-	761,674	-	-	-	-	-	248,112	-	-	1,009,786	-	1,009,786	-	1,009,786
403	Interest/Investment Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,600	1,600
404	CMS Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,088,844	6,088,844
490	**TOTAL REVENUE**	153,528,092	106,706,636	12,259,373	244,567,990	14,475,725	529,167,454	15,362,905	9,163,156	49,595,003	961,676	3,014,638	178,496	3,135,439	2,536,355	18,254,702	248,112	51,452,505	30,908	1,214,639,165	-	1,214,639,165	6,090,444	1,220,729,609
	EXPENSES																							
	Service Expenses:																							
501	**Treatment Services**																							
a	Counseling																							
1	Counseling, Individual	7,029,191	4,442,888	101,428	8,890,131	536,561	7,291,476	205,707	-	-	-	-	-	157,460	120,577	481,117	-	293,336	-	29,549,872	-	29,549,872	-	29,549,872
2	Counseling, Family	7,070,836	2,936,653	99,323	466,316	73,536	349,043	11,835	-	-	-	-	-	111,188	1,435	20,914	-	21,733	-	11,162,812	-	11,162,812	-	11,162,812
3	Counseling, Group	1,766,121	779,922	9,987	9,530,969	99,959	2,375,473	62,900	-	-	-	-	-	18,366	291,341	1,689,193	-	203,950	-	16,828,181	-	16,828,181	-	16,828,181
b	Assessment, Evaluation and Screening	11,831,444	4,749,650	180,989	14,649,030	1,552,336	7,061,721	468,821	-	1,676,994	-	-	-	392,407	279,499	867,718	-	1,030,628	-	44,741,237	-	44,741,237	-	44,741,237
c	Other Professional	817,893	99,029	2,217	250,787	-	11,296	1,402	-	239	-	-	-	13,621	-	169,595	-	8	-	1,366,087	-	1,366,087	-	1,366,087
d	**Total Treatment Services**	28,515,485	13,008,142	393,944	33,787,233	2,262,392	17,089,009	750,665	-	1,677,233	-	-	-	693,042	692,852	3,228,537	-	1,549,655	-	103,648,189	-	103,648,189	-	103,648,189
502	**Rehabilitation Services**																							
a	Living Skills Training	17,623,817	10,371,038	820,492	1,131,281	743,027	17,677,328	849,197	-	1,811,573	-	-	-	212,403	165,361	93,695	-	163,614	-	51,662,826	-	51,662,826		51,662,826
b	Cognitive Rehabilitation	-	-	-	-	-	42	-	-	-	-	-	-	-	-	-	-	-	-	42	-	42		42
c	Health Promotion	1,279,792	637,156	6,650	932,779	122,288	5,142,524	219,557	-	994,720	-	-	-	69,372	33,709	119,943	-	60,019	-	9,618,509	-	9,618,509		9,618,509
d	Supported Employment Services	143,185	130,868	1,116	1,743,915	38,424	11,937,771	935,214	-	2,157,203	-	-	-	2,995	43,980	7,258	-	82,959	-	17,224,888	-	17,224,888		17,224,888
e	**Total Rehabilitation Services**	19,046,794	11,139,062	828,258	3,807,975	903,739	34,757,665	2,003,968	-	4,963,496	-	-	-	284,770	243,050	220,896	-	306,592	-	78,506,265	-	78,506,265	-	78,506,265
503	**Medical Services**																							
a	Medication Services	207	1	-	6,005,123	160	800,409	14,307	-	8,926	-	-	-	-	5,316	1,532,844	-	9,231	-	8,376,524	-	8,376,524		8,376,524
b	Medical Management	4,765,576	1,009,405	114,526	7,421,386	1,776,915	21,302,558	750,455	-	3,661,334	-	-	-	94,404	278,390	812,254	-	262,397	-	42,249,600	-	42,249,600		42,249,600
c	Laboratory, Radiology & Medical Imaging	82,971	24,132	11,368	347,098	13,598	2,763,813	14,489	-	120,608	-	-	-	-	-	43,141	-	1,863,126	-	5,284,344	-	5,284,344		5,284,344
d	Electro-Convulsive Therapy	-	-	-	124,180	1,397	1,055,780	17,179	-	-	-	-	-	-	-	-	-	-	-	1,198,536	-	1,198,536		1,198,536
e	**Total Medical Services**	4,848,754	1,033,538	125,894	13,897,787	1,792,070	25,922,560	796,430	-	3,790,868	-	-	-	94,404	283,706	2,388,239	-	2,134,754	-	57,109,004	-	57,109,004	-	57,109,004
504	**Support Services**																							
a	Case Management	24,052,252	20,341,699	598,126	12,353,754	2,374,000	50,294,369	2,724,578	-	12,236,696	-	-	-	941,815	944,068	1,086,955	-	1,105,304	-	129,053,616	-	129,053,616	1,552,268	130,605,884
b	Personal Care Services	146,655	36,873	20,106	496,236	10,503	13,130,616	336,748	-	761,988	-	-	-	319	72,289	13,921	-	32,470	-	15,058,724	-	15,058,724		15,058,724
c	Family Support	3,764,432	1,345,453	226,166	48,781	73,149	270,691	24,594	-	54,819	-	-	-	56,771	15,402	24,379	-	2,590	-	5,907,227	-	5,907,227		5,907,227
d	Peer Support	615,166	142,574	2,449	1,099,100	223,736	6,077,360	350,521	-	1,115,473	-	-	-	188,067	98,471	180,415	-	94,535	-	10,187,867	-	10,187,867		10,187,867
e	Home Care Training to Home Care Client	598,197	4,553,315	141,594	5,506	-	512,772	193	-	-	-	-	-	-	-	-	-	-	-	5,811,577	-	5,811,577		5,811,577
f	Unskilled Respite Care	3,018,267	679,413	20,814	233,560	10,605	467,179	41,880	-	44,329	-	-	-	12,301	33,974	-	-	1,469	-	4,563,791	-	4,563,791		4,563,791
g	Supported Housing*	-	-	-	-	-	-	-	-	9,743,861	-	2,699,231	170,040	-	-	-	-	(611,227)	-	12,001,905	-	12,001,905		12,001,905
h	Flex Fund Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	114,703	-	114,703	-	114,703		114,703
i	Transportation	6,058,736	2,132,988	303,689	12,445,668	181,497	39,272,441	776,932	-	1,338,431	-	-	-	10,165	107,915	174,581	-	883,083	-	63,686,126	-	63,686,126		63,686,126
j	**Total Support Services**	38,253,705	29,232,315	1,312,944	26,682,605	2,873,490	110,025,428	4,255,446	-	25,295,597	-	2,699,231	170,040	1,209,438	1,272,119	1,480,251	-	1,622,927	-	246,385,536	-	246,385,536	1,552,268	247,937,804
505	**Crisis Intervention Services**																							
a	Crisis Intervention - Mobile	4,480,497	5,228,893	1,041,131	7,987,494	-	5,156,406	-	3,545,613	-	-	-	-	-	-	233,334	-	6,766,663	-	34,440,031	-	34,440,031		34,440,031
b	Crisis Intervention - Stabilization	2,173,170	689,483	253,035	29,957,653	-	20,021,794	-	3,751,040	314,577	185,012	-	-	-	-	3,999,689	-	8,629,211	-	69,974,664	-	69,974,664		69,974,664
c	Crisis Intervention - Telephone	-	-	-	1,856,809	-	2,571,755	-	1,173,801	-	-	-	-	-	-	-	-	2,197,635	-	7,800,000	-	7,800,000		7,800,000
d	**Total Crisis Intervention Services**	6,653,667	5,918,376	1,294,166	39,801,956	-	27,749,955	-	8,470,454	314,577	185,012	-	-	-	-	4,233,023	-	17,593,509	-	112,214,695	-	112,214,695	-	112,214,695
506	**Inpatient Services**																							
a	Hospital																							
1	Psychiatric (Provider Types 02 & 71)	16,780,207	11,581,058	909,912	54,559,042	435,816	56,530,976	2,800,680	-	-	-	-	-	-	-	-	-	5,875,319	-	149,473,010	-	149,473,010		149,473,010
2	Detoxification (Provider Types 02 & 71)	31,081	10,525	125	5,374,855	8,935	445,063	21,137	-	-	-	-	-	-	-	-	-	22,830	-	5,914,551	-	5,914,551		5,914,551
b	Sub acute Facility																			-		-		-
1	Psychiatric (Provider Types B5 & B6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
2	Detoxification (Provider Types B5 & B6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
c	Residential Treatment Center (RTC)																			-		-		-
1	Psychiatric - Secure & Non-Secure (Provider Types 78,B1,B2,B3)	-	-	108,575	-	-	73	-	-	-	-	-	-	-	-	-	-	-	-	108,648	-	108,648		108,648
2	Detoxification - Secure & Non-Secure (Provider Types (78,B1,B2,B3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
d	Inpatient Services, Professional	1,456,701	385,286	82,976	5,519,145	31,030	7,543,542	150,551	-	-	-	-	-	-	-	-	-	390,364	-	15,559,595	-	15,559,595		15,559,595
e	**Total Inpatient Services**	18,267,989	11,976,869	1,101,588	65,453,042	475,781	64,519,654	2,972,368	-	-	-	-	-	-	-	-	-	6,288,513	-	171,055,804	-	171,055,804	-	171,055,804
507	**Residential Services**																							
a	Behavioral Health Residential Facilities	1,345,274	3,721,153	261,023	10,931,762	19,339	45,969,635	897,656	-	-	-	-	-	-	-	1,205,344	-	1,691,773	-	66,042,959	-	66,042,959		66,042,959
b	Reserved for Future Use	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-		-
c	Room and Board	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,142,098	-	14,142,098	-	14,142,098		14,142,098
d	**Total Residential Services**	1,345,274	3,721,153	261,023	10,931,762	19,339	45,969,635	897,656	-	-	-	-	-	-	-	1,205,344	-	15,833,871	-	80,185,057	-	80,185,057	-	80,185,057
508	**Behavioral Health Day Program**																							
a	Supervised Day Program	-	-	-	43,824	-	2,468,651	66,182	-	547,325	-	-	-	-	-	-	-	18,135	-	3,144,117	-	3,144,117		3,144,117
b	Therapeutic Day Program	359,017	145,576	4,063	553,573	-	917,939	40,580	-	145,015	-	-	-	-	465,117	79,766	-	4,805	-	2,715,451	-	2,715,451		2,715,451
c	Medical Day Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
d	**Total Behavioral Health Day Program**	359,017	145,576	4,063	597,397	-	3,386,590	106,762	-	692,340	-	-	-	-	465,117	79,766	-	22,940	-	5,859,568	-	5,859,568	-	5,859,568
509	**Prevention Services**																							
a	Prevention	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,421,157	-	-	-	2,421,157	-	2,421,157		2,421,157
b	HIV	-	-	-	-	-	-	-	-	-	-	-	-	-	-	893,935	-	-	-	893,935	-	893,935		893,935
c	**Total Prevention Services**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,315,092	-	-	-	3,315,092	-	3,315,092	-	3,315,092
510	**Pharmacy Expenses**																							
a	Pharmacy Expense	17,909,026	2,898,408	4,192,050	30,802,811	4,314,790	50,125,824	2,181,543	-	9,018,599	-	-	-	-	-	-	-	3,315,014	-	124,758,065	-	124,758,065	1,815,186	126,573,251
b	**Less** Pharmacy Rebate Received	(262,152)	(45,008)	(61,346)	(404,125)	(65,916)	(1,130,478)	(37,724)	-	(150,494)	-	-	-	-	-	-	-	(51,348)	-	(2,208,591)	-	(2,208,591)	(448,971)	(2,657,562)
c	Pharmacy Rebate Related Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	**Total Pharmacy Expense**	17,646,874	2,853,400	4,130,704	30,398,686	4,248,874	48,995,346	2,143,819	-	8,868,105	-	-	-	-	-	-	-	3,263,666	-	122,549,474	-	122,549,474	1,366,215	123,915,689
511	Other AHCCCS Service Expenses Not Rpt'd Above*	142,274	93,916	99,208	9,526,037	58,283	8,024,192	-	-	-	-	76,224	-	-	-	-	-	-	30,900	18,051,034	-	18,051,034	-	18,051,034
512	FQHC/RHC Services	273,749	13,235	1,454	1,320,182	1,382	5,088,821	1,728	-	-	-	-	-	-	-	-	-	-	-	6,700,551	-	6,700,551	-	6,700,551
513	**Subtotal Behavioral Health Service Expenses**	135,353,582	79,135,582	9,553,246	236,204,662	12,635,350	391,528,855	13,928,842	8,470,454	45,602,216	185,012	2,775,455	170,040	2,281,654	2,956,844	16,151,148	-	48,616,427	30,900	1,005,580,269	-	1,005,580,269	2,918,483	1,008,498,752
520	Specialty and Other Grant Expenses*	-	-	-	-	-	-	-	-	-	740,790	-	-	-	-	-	222,460	-	-	963,250		963,250		963,250
540	**Total Behavioral Health Services Expense**	135,353,582	79,135,582	9,553,246	236,204,662	12,635,350	391,528,855	13,928,842	8,470,454	45,602,216	925,802	2,775,455	170,040	2,281,654	2,956,844	16,151,148	222,460	48,616,427	30,900	1,006,543,519	-	1,006,543,519	2,918,483	1,009,462,002
580	**Total Physical Health Services Expense**						85,619,672													85,619,672		85,619,672	3,503,107	89,122,779
585	**BH and PH Service Expense**	135,353,582	79,135,582	9,553,246	236,204,662	12,635,350	477,148,527	13,928,842	8,470,454	45,602,216	925,802	2,775,455	170,040	2,281,654	2,956,844	16,151,148	222,460	48,616,427	30,900	1,092,163,191	-	1,092,163,191	6,421,590	1,098,584,781
588	Less: Reinsurance	-	-	-	-	-	(48,663)	-	-	-	-	-	-	-	-	-	-	-	-	(48,663)		(48,663)		(48,663)
589	Less: Third Party Liability	-	-	-	6,125	-	152,209	-	-	-	-	-	-	-	-	-	-	-	-	158,334		158,334	24,487	182,821
590	**Net Total Service Expense**	135,353,582	79,135,582	9,553,246	236,198,537	12,635,350	477,044,981	13,928,842	8,470,454	45,602,216	925,802	2,775,455	170,040	2,281,654	2,956,844	16,151,148	222,460	48,616,427	30,900	1,092,053,520	-	1,092,053,520	6,397,103	1,098,450,623
599	**Gross Profit/(Loss) from Operations**	18,174,510	27,571,054	2,706,127	8,369,453	1,840,375	52,122,473	1,434,063	692,702	3,992,787	35,874	239,183	8,456	853,785	(420,489)	2,103,554	25,652	2,836,078	8	122,585,645	-	122,585,645	(306,659)	122,278,986

NOTE: The Supplemental Schedule of Activities – were prepared using an AHCCCS approved allocation plan, as submitted to AHCCCS by Mercy Maricopa

MERCY MARICOPA INTEGRATED CARE
STATEMENT OF ACTIVITIES
CONTRACT YEAR TO DATE AS OF: September 30, 2016

***DISCLOSE ON SCHEDULE A**

		TXIX/XXI Non CMDP Child	TXIX/XXI CMDP Child	TXIX/XXI DD Child	TXIX/XXI GMH/SA Non Dual	TXIX/XXI DD Adult	TXIX/XXI SMI Integrated	TXIX/XXI SMI Non Integrated	NTXIX/XXI Crisis	NTXIX/XXI SMI	NTXIX/XXI Other	Supported Housing for TXIX SMI	SB1616 Housing	MHBG SED	MHBG SMI	SABG	Other Federal	County	PASRR/ ADOH	Sub-Total	Mgmt & Gen	AHCCCS Total	Medicare	Total
	Administrative Expenses:																							
601	Compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
602	Management Fee	11,707,366	8,146,981	936,291	18,659,620	1,104,232	40,352,854	1,169,241	713,376	3,876,707	15,360	232,062	12,693	240,743	202,420	1,401,704	-	3,965,044	-	92,736,694	-	92,736,694	389,847	93,126,541
603	Professional & Outside Services	116,587	68,163	8,229	203,450	10,883	410,860	11,998	7,296	39,279	797	2,391	146	1,965	2,547	13,912	-	41,876	-	940,379	-	940,379	5,509	945,888
604	Interpreter/Translation Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
605	Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
606	Depreciation	94,794	55,422	6,691	165,421	8,849	334,062	9,755	5,932	31,937	648	1,944	119	1,598	2,071	11,311	-	34,048	-	764,602	-	764,602	4,480	769,082
607	Care Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
608	All Other Operating Expenses not reported above*	188,168	111,046	12,647	352,299	16,720	855,709	24,165	9,910	60,594	1,067	3,199	196	2,689	3,467	18,874	-	56,039	-	1,716,789	-	1,716,789	10,853	1,727,642
610	**Subtotal Administrative Expenses**	12,106,915	8,381,612	963,858	19,380,790	1,140,684	41,953,485	1,215,159	736,514	4,008,517	17,872	239,596	13,154	246,995	210,505	1,445,801	-	4,097,007	-	96,158,464	-	96,158,464	410,689	96,569,153
650	Encounter Evaluation Sanctions*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
651	Administrative Expenses from Specialty and Other Grants*	863,942	830,928	76,609	1,250,231	76,062	2,767,285	78,633	-	-	-	-	-	-	-	-	-	-	-	5,943,690	-	5,943,690		5,943,690
690	**Total Administrative Expense**	12,970,857	9,212,540	1,040,467	20,631,021	1,216,746	44,720,770	1,293,792	736,514	4,008,517	17,872	239,596	13,154	246,995	210,505	1,445,801	-	4,097,007	-	102,102,154	-	102,102,154	410,689	102,512,843
700	**Profit (Loss) from Operations**	5,203,655	18,358,515	1,665,662	(12,261,568)	623,629	7,401,700	140,271	(43,978)	(12,505)	18,001	(120)	(4,730)	606,745	(630,992)	657,805	25,652	(1,260,930)	-	20,486,812	-	20,486,812	(717,348)	19,769,464
710	Profit (Loss) from Other, Non-AHCCCS, Non-Operating & Unrelated Business*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(871,126)	(871,126)		(871,126)
720	**Net Pre-Tax Profit/(Loss)**	5,203,655	18,358,515	1,665,662	(12,261,568)	623,629	7,401,700	140,271	(43,978)	(12,505)	18,001	(120)	(4,730)	606,745	(630,992)	657,805	25,652	(1,260,930)	-	20,486,812	(871,126)	19,615,686	(717,348)	18,898,338
750	**Income Tax**																							
a	AHCCCS Income Tax																			-		-		-
b	Non AHCCCS Income Tax																			-		-		-
799	**Total Income Taxes**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
800	**Net After-Tax Profit/(Loss)**	5,203,655	18,358,515	1,665,662	(12,261,568)	623,629	7,401,700	140,271	(43,978)	(12,505)	18,001	(120)	(4,730)	606,745	(630,992)	657,805	25,652	(1,260,930)	-	20,486,812	(871,126)	19,615,686	(717,348)	18,898,338

***Disclose on Schedule A**

Physical Health Services

		TXIX/XXI Non CMDP Child	TXIX/XXI CMDP Child	TXIX/XXI DD Child	TXIX/XXI GMH/SA Non Dual	TXIX/XXI DD Adult	TXIX/XXI SMI Integrated	TXIX/XXI SMI Non Integrated	NTXIX/XXI Crisis	NTXIX/XXI SMI	NTXIX/XXI Other	Supported Housing for TXIX SMI	SB1616 Housing	MHBG SED	MHBG SMI	SABG	Other Federal	County	PASRR/ ADOH	Sub-Total	Mgmt & Gen	AHCCCS Total	Medicare	Total
	EXPENSES																							
550	**Hospitalization**																							
a	Hospital Inpatient	-	-	-	-	-	21,988,920	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,313,221	-
b	**Total Hospitalization**	-	-	-	-	-	21,988,920	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,313,221	-
560	**Medical Compensation**																							
a	Primary Care Physician	-	-	-	-	-	2,246,595	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	Referral Physician	-	-	-	-	-	4,890,060	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c	PH FQHC/RHC Services	-	-	-	-	-	1,017,684	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
d	Other Professional	-	-	-	-	-	5,292,321	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e	**Total Medical Compensation**	-	-	-	-	-	13,446,660	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
570	**Other Medical Expenses**																							
a	Emergency Facility Services	-	-	-	-	-	14,727	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	Pharmacy	-	-	-	-	-	28,779,844	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,189,886	-
c	less: Pharmacy Rebates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	Lab, X-ray, & Medical Imaging	-	-	-	-	-	2,392,468	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e	Outpatient Facility	-	-	-	-	-	16,809,623	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
f	Durable Medical Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
g	Dental	-	-	-	-	-	153,002	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
h	Transportation	-	-	-	-	-	25,933	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i	Nursing Facility, Home Health Care	-	-	-	-	-	413,976	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
j	Physical Therapy	-	-	-	-	-	77,787	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
k	Value Based Purchasing Initiatives Provider Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
l	Miscellaneous Medical Expenses	-	-	-	-	-	1,516,732	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
m	**Total Other Medical Expenses**	-	-	-	-	-	50,184,092	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,189,886	-
580	**Total Physical Health Services Expense**	-	-	-	-	-	85,619,672	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,503,107	-

NOTE: The Supplemental Schedule of Activities – were prepared using an AHCCCS approved allocation plan, as submitted to AHCCCS by Mercy Maricopa

MERCY MARICOPA INTEGRATED CARE
SUPPLEMENTAL SCHEDULE OF ACTIVITIES - DISCLOSURES - GSA 6
YEAR ENDED SEPTEMBER 30, 2016

Schedule A Disclosure

	TXIX/XXI Non CMDP Child	TXIX/XXI CMDP Child	TXIX/XXI DD Child	TXIX/XXI GMH/SA Non Dual	TXIX/XXI DD Adult	TXIX/XXI SMI Integrated	TXIX/XXI SMI Non Integrated	NTXIX/XXI Crisis	NTXIX/XXI SMI	NTXIX/XXI Other	Supported Housing for TXIX SMI	SB1616 Housing	MHBG SED	MHBG SMI	SABG	Other Federal	County	PASRR/ ADOH	Sub-Total	Mgmt & Gen	AHCCCS Total
DISCLOSURE OF PCP PARITY, NTXIX/XXI OTHER and OTHER FEDERAL AHCCCS REVENUE																					
City of Phoenix LARC	-	-	-	-	-	-	-	-	-	200,002	-	-	-	-	-	-	-	-	200,002	-	200,002
Total - PCP Parity, NTXIX/XXI Other and OTHER FEDERAL Column	-	-	-	-	-	-	-	-	-	200,002	-	-	-	-	-	-	-	-	200,002	-	200,002
DISCLOSURE OF SPECIALTY AND OTHER GRANTS REPORTED ON LINE 402																					
Arizona Youth - SA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,462	-	-	36,462	-	36,462
CABHI States Enhancement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	211,650	-	-	211,650	-	211,650
HIE Connectivity Funding	-	-	-	-	-	-	-	-	-	730,388	-	-	-	-	-	-	-	-	730,388	-	730,388
City of Phoenix LARC Renovation Project	-	-	-	-	-	-	-	-	-	31,286	-	-	-	-	-	-	-	-	31,286	-	31,286
Total Other Grants	-	-	-	-	-	-	-	-	-	761,674	-	-	-	-	-	248,112	-	-	1,009,786	-	1,009,786
DISLOSURE OF SUPPORTED HOUSING ON LINE 504g:																					
Rent Subsidy									5,402,113		1,496,486						(338,871)		6,559,728		6,559,728
Management Fees									2,810,517		778,566						(176,302)		3,412,781		3,412,781
Utility Payments									529,160		146,587						(33,194)		642,553		642,553
Other/Repairs & Maintenance									608,453		168,553						(38,168)		738,838		738,838
Damages									249,934		69,236						(15,678)		303,492		303,492
Deposits									107,855		29,878						(6,766)		130,967		130,967
Start Up									-		-						-		-		-
Eviction Prevention									35,830		9,926						(2,248)		43,508		43,508
SB1616 Housing - Construction/Improvements									-		-	170,040					-		170,040		170,040
Total Supported Housing	-	-	-	-	-	-	-	-	9,743,862	-	2,699,232	170,040	-	-	-	-	(611,227)	-	12,001,907	-	12,001,907
DISCLOSURE OF ALL OTHER AHCCCS Services Expenses ON LINE 511																					
PASRRR																		30,900	30,900		30,900
Physical Health Expenses - OPS400	142,274	93,916	99,208	7,756,251	58,283	-	-	-	-	-	-	-	-	-	-	-	-	-	8,149,932		8,149,932
Value Based Incentives				1,769,786		8,024,192					76,224								9,870,202		9,870,202
Total All Other Behavioral Health Services	142,274	93,916	99,208	9,526,037	58,283	8,024,192	-	-	-	-	76,224	-	-	-	-	-	-	30,900	18,051,034	-	18,051,034
DISCLOSURE OF SERVICES EXPENSES FROM NON AHCCCS SOURCES ON LINE 520																					
LARC Renovation Project	-	-	-	-	-	-	-	-	-	38,556	-	-	-	-	-	-	-	-	38,556	-	38,556
Arizona Youth - SA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,489	-	-	26,489	-	26,489
CABHI States Enhancement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	195,971	-	-	195,971	-	195,971
HIE Connectivity Funding	-	-	-	-	-	-	-	-	-	702,234	-	-	-	-	-	-	-	-	702,234	-	702,234
Total Service Expenses Non AHCCCS Sources	-	-	-	-	-	-	-	-	-	740,790	-	-	-	-	-	222,460	-	-	963,250	-	963,250
DISCLOSURE OF ALL OTHER OPERATING ON LINE 608																					
Board Meeting Expenses	134	78	9	233	12	471	14	8	45	1	3	-	2	3	16	-	48	-	1,077		1,077
Dues & Filing Fees	4,625	2,704	326	8,071	432	16,299	476	289	1,558	32	95	6	78	101	552	-	1,661	-	37,305	-	37,305
Training	99	58	7	172	9	347	10	6	33	1	2	-	2	2	12	-	35	-	795	-	795
Reinsurance Premiums	-	-	-	-	-	143,717	-	-	-	-	-	-	-	-	-	-	-	-	143,717	-	143,717
Bank Service Charges	138	81	10	240	13	485	14	9	46	1	3	-	2	3	16	-	49	-	1,110	-	1,110
License Renewal, maint fees	3,392	1,983	239	5,920	317	11,955	349	212	1,143	23	70	4	57	74	405	-	1,218	-	27,361	-	27,361
Meeting Expense	5,751	3,362	406	10,036	537	20,267	592	360	1,938	39	118	7	97	126	686	-	2,066	-	46,388	-	46,388
Marketing	188	110	13	329	18	663	19	12	63	1	4	-	3	4	22	-	68	-	1,517	-	1,517
Promotions & Sponsorships	37,485	21,916	2,646	65,413	3,499	132,099	3,857	2,346	12,629	256	769	47	632	819	4,473	-	13,464	-	302,350	-	302,350
Insurance - General Liab	104,208	60,926	7,355	181,848	9,728	367,235	10,724	6,521	35,109	713	2,137	131	1,757	2,276	12,435	-	37,429	-	840,532	-	840,532
Interest on Claims	13,234	10,090	492	52,855	407	106,921	3,518	-	7,116	-	-	-	-	-	-	-	-	-	194,633	-	194,633
Sanctions	18,915	9,739	1,143	27,183	1,749	55,250	4,591	146	914	-	-	-	59	59	257	-	-	-	120,005	-	120,005
Total All Other Operating	188,169	111,047	12,646	352,300	16,721	855,709	24,164	9,909	60,594	1,067	3,201	195	2,689	3,467	18,874	-	56,038	-	1,716,790	-	1,716,790

NOTE: The Supplemental Schedule of Activities – Disclosures were prepared using an AHCCCS approved allocation plan, as submitted to AHCCCS by Mercy Maricopa

MERCY MARICOPA INTEGRATED CARE
SUPPLEMENTAL SCHEDULE OF ACTIVITIES - DISCLOSURES - GSA 6
YEAR ENDED SEPTEMBER 30, 2016

Schedule A Disclosure

	TXIX/XXI Non CMDP Child	TXIX/XXI CMDP Child	TXIX/XXI DD Child	TXIX/XXI GMH/SA Non Dual	TXIX/XXI DD Adult	TXIX/XXI SMI Integrated	TXIX/XXI SMI Non Integrated	NTXIX/XXI Crisis	NTXIX/XXI SMI	NTXIX/XXI Other	Supported Housing for TXIX SMI	SB1616 Housing	MHBG SED	MHBG SMI	SABG	Other Federal	County	PASRR/ ADOH	Sub-Total	Mgmt & Gen	AHCCCS Total
DISCLOSURE OF ENCOUNTER EVALUTION SANCTIONS ON LINE 650																					
Itemization of Items Reported on Line 650	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Encounter Evaluation Sanctions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DISCLOSURE OF ADMINISTRATIVE EXPENSES FROM SPECIALTY AND OTHER GRANTS ON LINE 651																					
Itemization of Items Reported on Line 651																					
Premium Taxes	863,942	830,928	76,609	1,250,231	76,062	2,767,285	78,633	-	-	-	-	-	-	-	-	-	-	-	5,943,690	-	5,943,690
Total Adm Expenses from Specialty and Other Grants	863,942	830,928	76,609	1,250,231	76,062	2,767,285	78,633	-	-	-	-		-	-	-	-	-	-	5,943,690	-	5,943,690
DISCLOSURE OF OTHER, NON-AHCCCS, NON-OPERATING AND UNRELATED BUSINESS EXPENSES LINE 710																					
Community Reinvestment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,032,229)	(1,032,229)
TCPI - CMS Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,103	8,103
RHBA Assessed Sanctions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	153,000	153,000
Total Other, Non-AHCCCS, Non-Operating and Unrelated Business Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(871,126)	(871,126)

EXPENSES LINE 501C Expenses for TXIX Child, TXIX CMDP & DD Child, TXXI Child & TXIX GMHSA reported on this line were not for traditional healing or Auricular Acupuncture.

EXPENSES LINE 570I - MISCELLANEOUS MEDICAL EXP TXIX/XXI SMI Integrated Miscellaneous Medical are Outpatient expenses not specifically identified in any other service expense category.

NOTE: The Supplemental Schedule of Activities – Disclosures were prepared using an AHCCCS approved allocation plan, as submitted to AHCCCS by Mercy Maricopa