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UNITED STATES DEPARTMENT OF JUSTICE OFFICE OF THE UNITED STATES TRUSTEE CENTRAL DISTRICT OF CALIFORNIA	ATTACH TO THE FRONT OF THE MONTHLY OPERATING REPORT AND SUBMIT TO UNITED STATES TRUSTEE
In re:	Case Number: 18-20151-ER (See Below)
VERITY HEALTH SYSTEM OF CALIFORNIA, INC, <i>et al.</i> ,  <div style="text-align: right;">Debtors.</div>	MONTHLY OPERATING REPORT DISBURSEMENT SUMMARY  MOR NO. 4 FOR MONTH ENDING: December 2018

1. Total number of Debtor in Possession Bank Accounts for all Debtors.	65
2. TOTAL THIRD PARTY DISBURSEMENTS THIS PERIOD FROM ALL DEBTOR IN POSSESSION ACCOUNTS FOR ALL ENTITIES WITH BANK ACCOUNTS	<div style="border: 1px solid black; padding: 5px; display: inline-block;">\$136,451,382.26</div>

The Debtors in the these chapter 11 cases, along with their case numbers are, Verity Health System of California, Inc. 18-20151-ER, O'Connor Hospital 18-20168-ER, Saint Louise Regional Hospital 18-20162-ER, St. Francis Medical Center 18-20165-ER, St. Vincent Medical Center 18-20164-ER, Seton Medical Center 18-20167-ER, O'Connor Hospital Foundation 18-20179-ER, Saint Louise Regional Hospital Foundation 18-20172-ER, St. Francis Medical Center of Lynwood Foundation 18-20178-ER, St. Vincent Foundation 18-20180-ER, St. Vincent Dialysis Center, Inc. 18-20171-ER Seton Medical Center Foundation 18-20175-ER, Verity Business Services 18-20173-ER, Verity Medical Foundation 18-20169-ER, Verity Holdings, LLC 18-20163-ER, DePaul Ventures, LLC 18-20176-ER, and DePaul Ventures - San Jose Dialysis, LLC 18-20181-ER.

Effective September 1, 2011

USTLA 16



182015119020400000000002

**Verity Bank Account Summary**

For month ending 12/31/2018

\$ in 000's

Debtor Name <sup>1</sup>	Debtor Case #	Beg Balance	Total		Operating		Sweep Inflows	Sweep Outflows	DIP Inflows <sup>2</sup>	DIP Outflows <sup>2</sup>	I/C Inflows	I/C Outflows	Ending Bank Balance	Total Transaction Count
			Receipts	Disbursements	Disbursements	Disbursements								
Verity Health System of California, Inc.	18-20151	\$ 22,779	\$ 255	\$ (34,440)	\$ -	\$ -	\$ 15,000	\$ (13,668)	\$ 132,759	\$ (115,865)	\$ 6,822	622		
O'Connor Hospital	18-20168	5,126	17,111	(16,765)	34,413	(34,413)	-	-	23,769	(26,665)	2,577	1,726		
St. Louise Regional Hospital	18-20162	2,095	5,880	(5,409)	11,422	(11,422)	-	-	7,658	(8,716)	1,507	1,223		
St. Francis Medical Center	18-20165	13,753	38,032	(33,802)	67,220	(67,220)	-	-	49,965	(57,277)	10,672	2,478		
St. Vincent Medical Center	18-20164	6,546	14,916	(15,016)	29,168	(29,168)	-	-	20,104	(21,267)	5,283	1,426		
Seton Medical Center	18-20167	10,723	17,428	(15,959)	34,404	(34,404)	-	-	20,267	(27,403)	5,057	1,784		
O'Connor Hospital Foundation	18-20179	1,719	25	(0)	-	-	-	-	-	(0)	1,743	9		
St. Louise Regional Hospital Foundation	18-20172	656	1	(0)	-	-	-	-	-	(16)	641	7		
St. Francis Medical Center of Lynwood Foundation	18-20178	946	270	-	-	-	-	-	-	(411)	806	9		
St. Vincent Medical Center Foundation	18-20180	1,737	33	-	-	-	-	-	-	(79)	1,691	8		
St. Vincent Dialysis Center, Inc.	18-20171	1,185	546	-	-	-	-	-	-	(521)	1,209	27		
Seton Medical Center Foundation	18-20175	5,984	22	(32)	-	-	-	-	-	(13)	5,961	70		
Verity Business Services	18-20173	2,456	-	(2,895)	-	-	-	-	3,058	(1,558)	1,061	105		
Verity Medical Foundation	18-20169	9,521	6,716	(10,942)	-	-	-	-	9,500	(6,629)	8,166	2,724		
Verity Holdings, LLC	18-20163	6,891	743	(1,192)	-	-	-	-	-	(661)	5,781	170		
<b>Subtotal</b>		<b>\$ 92,118</b>	<b>\$ 101,979</b>	<b>\$ (136,451)</b>	<b>\$ 176,626</b>	<b>\$ (176,626)</b>	<b>\$ 15,000</b>	<b>\$ (13,668)</b>	<b>\$ 267,080</b>	<b>\$ (267,080)</b>	<b>\$ 58,977</b>	<b>12,388</b>		

**Notes**

1) In our monthly submissions, De Paul Ventures, LLC and De Paul Ventures - San Jose Dialysis, LLC are not included above because they do not have bank accounts.

2) Pursuant to the terms of the DIP loan agreement, Verity submits its cash inflows to the Debtors' DIP Lender Ally Bank on a daily basis even when there is no DIP balance outstanding. When this occurs, Ally Bank returns the funds to Verity. Commencing in November 2018, when there was no DIP balance outstanding, funds flowed to Ally Bank from the VHS – DIP Concentration Account and were returned by Ally to the new VHS – DIP Loan Proceeds account. Prior to the implementation of this cash management process, funds flowed to/ from Ally Bank through the VHS – AP account and such activity netted to zero to the extent funds were sent to and received from Ally Bank in the same month. In the month of December, certain funds continued to flow to Ally Bank through the VHS – AP account. The aggregate of the DIP Inflows and DIP Outflows columns above represent cumulative DIP borrowings and DIP repayments, respectively, for the period presented.

**Verity Bank Account Summary**

For month ending 12/31/2018

\$ in 000's

Bank Account Name	Bank Account Number	Beg Balance	Total Receipts	Operating Disbursements	Sweep Inflows	Sweep Outflows	DIP Inflows <sup>2</sup>	DIP Outflows <sup>2</sup>	I/C Inflows	I/C Outflows	Ending Bank Balance	Total Transaction Count
VHS - AP	XXXXXX6440	\$ 3,072	\$ 145	\$ (31,144)	\$ -	\$ -	\$ -	\$ (8,048)	\$ 41,483	\$ (3,319)	\$ 2,189	352
VHS - Self Insurance	XXXXXX9250	43	110	-	-	-	-	-	-	(110)	43	4
VHS - Payroll	XXXXXX1785	267	-	(3,180)	-	-	-	-	3,185	-	272	11
VHS - DIP Concentration Account	XXXXXX2889	134	-	-	-	-	-	(87,090)	87,091	(135)	(0)	186
VHS - DIP Loan Proceeds	XXXXXX4358	19,264	-	(116)	-	-	15,000	81,470	1,000	(112,300)	4,318	69
OCH - Lockbox	XXXXXX2945	449	17,110	-	-	(17,417)	-	-	-	-	142	699
OCH - Gross Revenue	XXXXXX3900	564	-	-	17,417	(16,996)	-	-	1	-	986	41
OCH - AP	XXXXXX6389	3,773	-	(7,077)	16,996	-	-	-	14,100	(26,664)	1,129	740
OCH - Payroll	XXXXXX3007	339	-	(9,688)	-	-	-	-	9,668	-	319	244
OCH - FSA	XXXXXX2284	-	-	-	-	-	-	-	-	-	-	-
OCH - Patient Trust	XXXXXX2662	1	1	-	-	-	-	-	-	(1)	1	2
SLRH - Lockbox	XXXXXX2926	120	5,880	-	-	(5,848)	-	-	-	-	152	646
SLRH - Gross Revenue	XXXXXX3905	102	-	-	5,848	(5,575)	-	-	-	-	375	40
SLRH - AP	XXXXXX6421	1,698	-	(2,277)	5,575	-	-	-	4,516	(8,716)	795	440
SLRH - Payroll	XXXXXX7575	175	-	(3,132)	-	-	-	-	3,142	-	185	97
SLRH - FSA	XXXXXX2307	-	-	-	-	-	-	-	-	-	-	-
SFMC - Lockbox	XXXXXX2940	566	37,999	-	-	(34,127)	-	-	-	-	4,438	424
SFMC - Gross Revenue	XXXXXX3924	1,159	-	-	34,127	(33,092)	-	-	-	-	2,193	40
SFMC - AP	XXXXXX6407	10,188	-	(10,774)	33,092	-	-	-	25,811	(57,246)	1,071	783
SFMC - Payroll	XXXXXX3012	557	-	(19,117)	-	-	-	-	19,349	-	788	334
SFMC - FSA	XXXXXX2487	-	-	-	-	-	-	-	-	-	-	-
SFMC - Cafeteria Deposits	XXXXXX1057	0	32	-	-	-	-	-	-	(31)	2	49
SFMC - Capitation (AppleCare)	XXXXXX1371	747	-	(2,762)	-	-	-	-	3,474	-	1,459	331
SFMC - Capitation (Conifer)	XXXXXX1357	379	-	(938)	-	-	-	-	942	-	384	449
SFMC - Capitation AC	XXXXXX1845	8	-	(4)	-	-	-	-	33	-	37	7
SFMC - Capitation HCLA	XXXXXX1840	109	-	(206)	-	-	-	-	356	-	259	52
SFMC - Career College	XXXXXX2162	40	1	(0)	-	-	-	-	-	-	41	9
SVMC - Lockbox	XXXXXX2964	167	14,914	-	-	(14,926)	-	-	-	-	155	519
SVMC - Gross Revenue	XXXXXX3929	589	-	-	14,926	(14,241)	-	-	-	-	1,274	40
SVMC - AP	XXXXXX6426	3,609	-	(7,980)	14,241	-	-	-	13,079	(21,267)	1,682	566
SVMC - Payroll	XXXXXX3017	148	-	(6,669)	-	-	-	-	6,638	-	116	186
SVMC - FSA	XXXXXX2062	-	-	-	-	-	-	-	-	-	-	-
SVMC - Capitation (CHP)	XXXXXX0553	332	-	-	-	-	-	-	-	-	332	-
SVMC - Capitation (Conifer)	XXXXXX3695	467	-	(366)	-	-	-	-	388	-	489	114
SVMC - Restricted Cash <sup>3</sup>	XXXXXX0989	1,233	1	-	-	-	-	-	-	-	1,234	1
SMC - Lockbox	XXXXXX2902	113	17,115	-	-	(17,031)	-	-	-	-	197	634
SMC - Gross Revenue	XXXXXX3887	940	-	-	17,031	(16,916)	-	-	-	-	1,055	40
SMC - AP	XXXXXX6365	7,057	-	(6,518)	16,916	-	-	-	10,013	(26,169)	1,298	655
SMC - Payroll	XXXXXX3001	1,203	-	(9,245)	-	-	-	-	10,254	(1,000)	1,211	185
SMC - FSA	XXXXXX2289	-	-	-	-	-	-	-	-	-	-	-
SMCC - Lockbox	XXXXX02907	18	298	-	-	(225)	-	-	-	-	92	85
SMCC - Gross Revenue	XXXXXX3882	56	-	-	225	(233)	-	-	-	-	48	40
SMCC - AP	XXXXXX6384	1,315	-	(194)	233	-	-	-	-	(233)	1,120	138
SMCC - FSA	XXXXXX2302	-	-	-	-	-	-	-	-	-	-	-
SMCC - Patient Trust	XXXXX12907	22	16	(1)	-	-	-	-	0	-	37	7

**Verity Bank Account Summary**  
For month ending 12/31/2018  
\$ in 000's

Bank Account Name	Bank Account Number	Beg Balance	Total Receipts	Operating Disbursements	Sweep Inflows	Sweep Outflows	DIP Inflows <sup>2</sup>	DIP Outflows <sup>2</sup>	I/C Inflows	I/C Outflows	Ending Bank Balance	Total Transaction Count
OCH Foundation <sup>3</sup>	XXXXXX3433	1,476	25	-	-	-	-	-	-	(0)	1,501	5
OCH Foundation - Investment <sup>3</sup>	XXXXX2-037	242	0	(0)	-	-	-	-	-	-	242	4
SLRH Foundation <sup>3</sup>	XXXXXX2521	656	1	(0)	-	-	-	-	-	(16)	641	7
SFMC of Lynwood Foundation <sup>3</sup>	XXXXXX2809	946	270	-	-	-	-	-	-	(411)	806	9
SVMC Foundation <sup>3</sup>	XXXXXX3025	966	33	-	-	-	-	-	-	(79)	921	7
SVMC Foundation - EWB <sup>3</sup>	XXXXXX1162	771	0	-	-	-	-	-	-	-	771	1
St. Vincent Dialysis Center	XXXXXX8921	1,185	546	-	-	-	-	-	-	(521)	1,209	27
SMC Foundation <sup>3</sup>	XXXXXX2260	5,560	18	(0)	-	-	-	-	-	(13)	5,565	6
SMC Foundation - SVCS <sup>3</sup>	XXXXXX0089	424	4	(32)	-	-	-	-	-	-	396	64
VBS - AP	XXXXXX6402	2,448	-	(1,344)	-	-	-	-	1,500	(1,558)	1,046	80
VBS - Payroll	XXXXXX2982	8	-	(1,551)	-	-	-	-	1,558	-	15	25
VBS - FSA	XXXXXX3192	-	-	-	-	-	-	-	-	-	-	-
VMF - Checking	XXXXXX9996	9,521	6,716	(10,942)	-	-	-	-	9,500	(6,629)	8,166	2,724
VMF - Payroll ZBA	XXXXXX0010	-	-	-	-	-	-	-	-	-	-	-
VH - AP	XXXXXX1597	6,430	-	(1,187)	-	-	-	-	-	-	5,243	132
VH - MOB	XXXXXX1248	461	743	(5)	-	-	-	-	-	(661)	538	38
VH - Operating	XXXXXX1970	-	-	-	-	-	-	-	-	-	-	-
VH - Savings	XXXXXX1975	-	-	-	-	-	-	-	-	-	-	-
SMCC - Patient Trust - TCB	XXXXXX3611	-	-	-	-	-	-	-	-	-	-	-
SMC Foundation - TCB <sup>3</sup>	XXXXXX8521	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>\$ 92,118</b>	<b>\$ 101,979</b>	<b>\$ (136,451)</b>	<b>\$ 176,626</b>	<b>\$ (176,626)</b>	<b>\$ 15,000</b>	<b>\$ (13,668)</b>	<b>\$ 267,080</b>	<b>\$ (267,080)</b>	<b>\$ 58,977</b>	<b>12,388</b>

**Notes**

1) Sweep inflows and outflows reflect sweeps between lockbox, gross revenue and AP accounts of the same debtor.

2) Pursuant to the terms of the DIP loan agreement, Verity submits its cash inflows to the Debtors' DIP Lender Ally Bank on a daily basis even when there is no DIP balance outstanding. When this occurs, Ally Bank returns the funds to Verity. Commencing in November 2018, when there was no DIP balance outstanding, funds flowed to Ally Bank from the VHS – DIP Concentration Account and were returned by Ally to the new VHS – DIP Loan Proceeds account. Prior to the implementation of this cash management process, funds flowed to/ from Ally Bank through the VHS – AP account and such activity netted to zero to the extent funds were sent to and received from Ally Bank in the same month. In the month of December, certain funds continued to flow to Ally Bank through the VHS – AP account. The aggregate of the DIP Inflows and DIP Outflows columns above represent cumulative DIP borrowings and DIP repayments, respectively, for the period presented.

3) This bank account contains certain funds that are donor restricted, and therefore, are not available for the debtor's general operating activities. Please refer to the attached restricted funds schedule for additional restricted funds recorded by the debtors that are not included in the Verity bank account summary as they are not part of the cash management program.

**Verity Bank Account Cumulative Summary**

For the four months ending 12/31/2018 (including 8/31/2018 activity)

\$ in 000's

Debtor Name <sup>1</sup>	Debtor Case #	Beg Balance	Total		Sweep Inflows	Sweep Outflows	DIP Inflows <sup>2</sup>	DIP Outflows <sup>2</sup>	I/C Inflows	I/C Outflows	Ending Bank Balance	Total Transaction Count
			Receipts	Operating Disbursements								
Verity Health System of California, Inc.	18-20151	\$ 7,529	\$ 885	\$ (120,791)	\$ -	\$ -	\$ 55,000	\$ (53,668)	\$ 334,250	\$ (216,383)	\$ 6,822	1,725
O'Connor Hospital	18-20168	8,981	79,811	(62,366)	160,686	(160,686)	-	-	63,030	(86,880)	2,577	6,471
St. Louise Regional Hospital	18-20162	3,978	25,552	(20,146)	51,216	(51,215)	-	-	20,581	(28,457)	1,507	4,335
St. Francis Medical Center	18-20165	10,077	173,958	(96,939)	338,169	(338,169)	-	-	103,752	(180,177)	10,672	7,727
St. Vincent Medical Center	18-20164	9,936	62,028	(57,739)	123,151	(123,151)	-	-	54,100	(63,042)	5,283	5,183
Seton Medical Center	18-20167	5,884	73,674	(54,294)	146,082	(146,082)	-	-	60,443	(80,650)	5,057	6,601
O'Connor Hospital Foundation	18-20179	1,714	35	(0)	-	-	-	-	-	(6)	1,743	31
St. Louise Regional Hospital Foundation	18-20172	720	12	(1)	-	-	-	-	-	(90)	641	26
St. Francis Medical Center of Lynwood Foundation	18-20178	780	959	(0)	-	-	-	-	-	(932)	806	28
St. Vincent Medical Center Foundation	18-20180	1,613	181	-	-	-	-	-	-	(103)	1,691	26
St. Vincent Dialysis Center, Inc.	18-20171	332	1,779	(7)	-	-	-	-	-	(895)	1,209	86
Seton Medical Center Foundation	18-20175	6,229	52	(68)	-	-	-	-	117	(370)	5,961	188
Verity Business Services	18-20173	1,003	-	(10,242)	-	-	-	-	16,749	(6,449)	1,061	338
Verity Medical Foundation	18-20169	4,493	27,433	(41,583)	-	-	-	-	30,086	(12,262)	8,166	10,845
Verity Holdings, LLC	18-20163	12,778	2,287	(2,873)	-	-	-	-	9,659	(16,069)	5,781	382
<b>Subtotal</b>		<b>\$ 76,048</b>	<b>\$ 448,646</b>	<b>\$ (467,049)</b>	<b>\$ 819,304</b>	<b>\$ (819,304)</b>	<b>\$ 55,000</b>	<b>\$ (53,668)</b>	<b>\$ 692,765</b>	<b>\$ (692,765)</b>	<b>\$ 58,977</b>	<b>43,992</b>

**Notes**

1) In our monthly submissions, De Paul Ventures, LLC and De Paul Ventures - San Jose Dialysis, LLC are not included above because they do not have bank accounts.

2) Pursuant to the terms of the DIP loan agreement, Verity submits its cash inflows to the Debtors' DIP Lender Ally Bank on a daily basis even when there is no DIP balance outstanding. When this occurs, Ally Bank returns the funds to Verity. Commencing in November 2018, when there was no DIP balance outstanding, funds flowed to Ally Bank from the VHS – DIP Concentration Account and were returned by Ally to the new VHS – DIP Loan Proceeds account. Prior to the implementation of this cash management process, funds flowed to/ from Ally Bank through the VHS – AP account and such activity netted to zero to the extent funds were sent to and received from Ally Bank in the same month. In the month of December, certain funds continued to flow to Ally Bank through the VHS – AP account. The aggregate of the DIP Inflows and DIP Outflows columns above represent cumulative DIP borrowings and DIP repayments, respectively, for the period presented.

**Verity Bank Account Cumulative Summary**

For the four months ending 12/31/2018 (including 8/31/2018 activity)

\$ in 000's

Bank Account Name	Bank Account Number	Beg Balance	Total Receipts	Operating Disbursements	Sweep Inflows	Sweep Outflows	DIP Inflows <sup>2</sup>	DIP Outflows <sup>2</sup>	I/C Inflows	I/C Outflows	Ending Bank Balance	Total Transaction Count
VHS - AP	XXXXXX6440	\$ 7,083	\$ 562	\$ (106,126)	\$ -	\$ -	\$ 40,000	\$ (53,512)	\$ 135,283	\$ (21,102)	\$ 2,189	1,141
VHS - Self Insurance	XXXXXX9250	200	189	-	-	-	-	-	-	(346)	43	9
VHS - Payroll	XXXXXX1785	246	-	(14,441)	-	-	-	-	14,468	-	272	75
VHS - DIP Concentration Account	XXXXXX2889	-	134	-	-	-	-	(183,497)	183,498	(135)	0	377
VHS - DIP Loan Proceeds	XXXXXX4358	-	-	(223)	-	-	15,000	183,341	1,000	(194,800)	4,318	123
OCH - Lockbox	XXXXXX2945	188	79,807	-	-	(79,853)	-	-	-	-	142	3,135
OCH - Gross Revenue	XXXXXX3900	1,962	-	-	79,853	(80,833)	-	-	3	-	986	162
OCH - AP	XXXXXX6389	6,499	-	(21,783)	80,833	-	-	-	22,332	(86,752)	1,129	2,267
OCH - Payroll	XXXXXX3007	207	-	(40,583)	-	-	-	-	40,695	-	319	899
OCH - FSA	XXXXXX2284	125	-	-	-	-	-	-	-	(125)	-	2
OCH - Patient Trust	XXXXXX2662	-	5	-	-	-	-	-	-	(3)	1	6
SLRH - Lockbox	XXXXXX2926	24	25,551	-	-	(25,422)	-	-	-	-	152	2,560
SLRH - Gross Revenue	XXXXXX3905	746	0	-	25,422	(25,793)	-	-	-	-	375	161
SLRH - AP	XXXXXX6421	3,047	1	(6,645)	25,793	-	-	-	7,023	(28,424)	795	1,224
SLRH - Payroll	XXXXXX7575	128	-	(13,501)	-	-	-	-	13,558	-	185	389
SLRH - FSA	XXXXXX2307	33	-	-	-	-	-	-	-	(33)	-	1
SFMC - Lockbox	XXXXXX2940	357	173,811	-	-	(169,730)	-	-	-	-	4,438	1,661
SFMC - Gross Revenue	XXXXXX3924	903	-	-	169,730	(168,439)	-	-	-	-	2,193	160
SFMC - AP	XXXXXX6407	7,314	4	(31,776)	168,439	-	-	-	36,621	(179,531)	1,071	2,384
SFMC - Payroll	XXXXXX3012	589	-	(57,349)	-	-	-	-	57,549	-	788	1,420
SFMC - FSA	XXXXXX2487	198	-	-	-	-	-	-	-	(198)	-	1
SFMC - Cafeteria Deposits	XXXXXX1057	312	137	(0)	-	-	-	-	-	(447)	2	182
SFMC - Capitation (AppleCare)	XXXXXX1371	128	-	(5,845)	-	-	-	-	7,176	-	1,459	826
SFMC - Capitation (Conifer)	XXXXXX1357	156	-	(1,512)	-	-	-	-	1,740	-	384	876
SFMC - Capitation AC	XXXXXX1845	10	-	(17)	-	-	-	-	44	-	37	37
SFMC - Capitation HCLA	XXXXXX1840	75	0	(439)	-	-	-	-	623	-	259	138
SFMC - Career College	XXXXXX2162	37	5	(1)	-	-	-	-	-	-	41	42
SVMC - Lockbox	XXXXXX2964	13	62,018	-	-	(61,876)	-	-	-	-	155	2,215
SVMC - Gross Revenue	XXXXXX3929	672	2	-	61,876	(61,275)	-	-	-	-	1,274	162
SVMC - AP	XXXXXX6426	6,943	-	(27,702)	61,275	-	-	-	24,155	(62,989)	1,682	1,770
SVMC - Payroll	XXXXXX3017	116	0	(29,157)	-	-	-	-	29,157	-	116	786
SVMC - FSA	XXXXXX2062	52	-	-	-	-	-	-	-	(52)	-	1
SVMC - Capitation (CHP)	XXXXXX0553	493	-	(161)	-	-	-	-	-	-	332	20
SVMC - Capitation (Conifer)	XXXXXX3695	417	4	(719)	-	-	-	-	788	-	489	224
SVMC - Restricted Cash <sup>3</sup>	XXXXXX0989	1,230	5	-	-	-	-	-	-	-	1,234	5
SMC - Lockbox	XXXXXX2902	14	72,598	-	-	(72,415)	-	-	-	-	197	2,668
SMC - Gross Revenue	XXXXXX3887	370	-	-	72,415	(71,731)	-	-	-	-	1,055	160
SMC - AP	XXXXXX6365	2,911	-	(17,706)	71,731	-	-	-	23,370	(79,007)	1,298	2,011
SMC - Payroll	XXXXXX3001	1,212	-	(36,030)	-	-	-	-	37,029	(1,000)	1,211	830
SMC - FSA	XXXXXX2289	117	1	-	-	-	-	-	-	(117)	-	2
SMCC - Lockbox	XXXXXX02907	2	1,054	-	-	(965)	-	-	-	-	92	354
SMCC - Gross Revenue	XXXXXX3882	54	-	-	965	(971)	-	-	-	-	48	160
SMCC - AP	XXXXXX6384	1,160	-	(549)	971	-	-	-	19	(482)	1,120	392
SMCC - FSA	XXXXXX2302	19	-	-	-	-	-	-	-	(19)	-	1
SMCC - Patient Trust	XXXXXX12907	-	21	(8)	-	-	-	-	25	-	37	21

**Verity Bank Account Cumulative Summary**

For the four months ending 12/31/2018 (including 8/31/2018 activity)

\$ in 000's

Bank Account Name	Bank Account Number	Beg Balance	Total		Operating		Sweep Inflows	Sweep Outflows	DIP Inflows <sup>2</sup>	DIP Outflows <sup>2</sup>	I/C Inflows	I/C Outflows	Ending Bank Balance	Total Transaction Count
			Receipts	Disbursements	Disbursements	Disbursements								
OCH Foundation <sup>3</sup>	XXXXXX3433	1,473	34	-	-	-	-	-	-	-	-	(6)	1,501	19
OCH Foundation - Investment <sup>3</sup>	XXXXX2-037	242	1	(0)	-	-	-	-	-	-	-	-	242	12
SLRH Foundation <sup>3</sup>	XXXXXX2521	720	12	(1)	-	-	-	-	-	-	-	(90)	641	26
SFMC of Lynwood Foundation <sup>3</sup>	XXXXXX2809	780	959	(0)	-	-	-	-	-	-	-	(932)	806	28
SVMC Foundation <sup>3</sup>	XXXXXX3025	844	179	-	-	-	-	-	-	-	-	(103)	921	21
SVMC Foundation - EWB <sup>3</sup>	XXXXXX1162	769	2	-	-	-	-	-	-	-	-	-	771	5
St. Vincent Dialysis Center	XXXXXX8921	332	1,779	(7)	-	-	-	-	-	-	-	(895)	1,209	86
SMC Foundation <sup>3</sup>	XXXXXX2260	5,660	42	(2)	-	-	-	-	-	117	-	(252)	5,565	23
SMC Foundation - SVCS <sup>3</sup>	XXXXXX0089	451	11	(66)	-	-	-	-	-	-	-	-	396	162
VBS - AP	XXXXXX6402	962	-	(3,819)	-	-	-	-	-	10,326	(6,424)	-	1,046	238
VBS - Payroll	XXXXXX2982	15	-	(6,424)	-	-	-	-	-	6,424	-	-	15	99
VBS - FSA	XXXXXX3192	26	-	-	-	-	-	-	-	-	-	(26)	-	1
VMF - Checking	XXXXXX9996	4,493	27,412	(41,562)	-	-	-	-	-	30,086	(12,262)	-	8,166	10,839
VMF - Payroll ZBA	XXXXXX0010	-	21	(21)	-	-	-	-	-	-	-	-	-	6
VH - AP	XXXXXX1597	1,106	-	(1,877)	-	-	-	-	-	6,013	-	-	5,243	248
VH - MOB	XXXXXX1248	1,108	2,286	(5)	-	-	-	-	-	-	-	(2,850)	538	110
VH - Operating	XXXXXX1970	8,321	-	(991)	-	-	-	-	-	3,645	(10,975)	-	-	14
VH - Savings	XXXXXX1975	2,243	1	(0)	-	-	-	-	-	0	(2,244)	-	-	10
SMCC - Patient Trust - TCB	XXXXXX3611	24	0	-	-	-	-	-	-	-	-	(24)	-	2
SMC Foundation - TCB <sup>3</sup>	XXXXXX8521	117	0	-	-	-	-	-	-	-	-	(117)	-	3
<b>Subtotal</b>		<b>\$ 76,048</b>	<b>\$ 448,646</b>	<b>\$ (467,049)</b>	<b>\$ 819,304</b>	<b>\$ (819,304)</b>	<b>\$ 55,000</b>	<b>\$ (53,668)</b>	<b>\$ 692,765</b>	<b>\$ (692,765)</b>	<b>\$ 58,977</b>		<b>43,992</b>	

**Notes**

1) Sweep inflows and outflows reflect sweeps between lockbox, gross revenue and AP accounts of the same debtor.

2) Pursuant to the terms of the DIP loan agreement, Verity submits its cash inflows to the Debtors' DIP Lender Ally Bank on a daily basis even when there is no DIP balance outstanding. When this occurs, Ally Bank returns the funds to Verity. Commencing in November 2018, when there was no DIP balance outstanding, funds flowed to Ally Bank from the VHS – DIP Concentration Account and were returned by Ally to the new VHS – DIP Loan Proceeds account. Prior to the implementation of this cash management process, funds flowed to/ from Ally Bank through the VHS – AP account and such activity netted to zero to the extent funds were sent to and received from Ally Bank in the same month. In the month of December, certain funds continued to flow to Ally Bank through the VHS – AP account. The aggregate of the DIP Inflows and DIP Outflows columns above represent cumulative DIP borrowings and DIP repayments, respectively, for the period presented.

3) This bank account contains certain funds that are donor restricted, and therefore, are not available for the debtor's general operating activities. Please refer to the attached restricted funds schedule for additional restricted funds recorded by the debtors that are not included in the Verity bank account summary as they are not part of the cash management program.

Verity Health System of California, Inc.  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

Bank Account No. (last 4 digits)	VHS - AP / Self Insurance	VHS - Payroll	VHS - DIP Concentration Account	VHS - DIP Loan Proceeds	Debtor Total
	6440 / 9250	1785	2889	4358	
<b>Balance Per Bank</b>	\$ 2,232	\$ 272	\$ -	\$ 4,318	\$ 6,822
<b>Additive Items:</b>					-
Deposits in Transit					-
Other Additive Items					-
<b>Subtractive Items:</b>					-
Outstanding Checks	(850)	(18)			(869)
Other Subtractive Items		(1)			(1)
<b>Reclassifications</b>					-
Negative book balance reclassified to AP					-
<b>Petty Cash</b>					-
<b>Adjusted Bank Balance</b>	<b>1,382</b>	<b>253</b>	<b>-</b>	<b>4,318</b>	<b>5,952</b>
GL Balance	\$ 1,382	\$ 253	\$ -	\$ 4,318	\$ 5,952
<b>Number of Outstanding Checks</b>	<b>105</b>	<b>4</b>			<b>109</b>



O'Connor Hospital  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

Bank Account No. (last 4 digits)	OCH - AP	OCH - Payroll	OCH -Lockbox/GR	OCH - Patient Trust	Petty Cash Total	Debtor Total
	6389	3007	2945 / 3900	2662	N/A	
<b>Balance Per Bank</b>	\$ 1,129	\$ 319	\$ 1,128	\$ 1		\$ 2,577
<b>Additive Items:</b>						-
Deposits in Transit						-
Other Additive Items			99			99
<b>Subtractive Items:</b>						-
Outstanding Checks	(356)	(138)				(494)
Other Subtractive Items			(235)			(235)
<b>Reclassifications</b>						-
Reconciling item						-
<b>Petty Cash</b>					3	3
<b>Adjusted Bank Balance</b>	<b>773</b>	<b>181</b>	<b>992</b>	<b>1</b>	<b>3</b>	<b>1,949</b>
GL Balance	\$ 773	\$ 181	\$ 992	\$ 1	\$ 3	\$ 1,949
<b>Number of Outstanding Checks</b>	<b>250</b>	<b>105</b>				<b>355</b>

Saint Louise Regional Hospital  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

Bank Account No. (last 4 digits)	SLRH - AP	SLRH - Payroll	SLRH - Lockbox/GR	Petty Cash Total	Debtor Total
	6421	7575	2926 / 3905	N/A	
<b>Balance Per Bank</b>	\$ 795	\$ 185	\$ 527		\$ 1,507
<b>Additive Items:</b>					-
Deposits in Transit					-
Other Additive Items	6		43		48
<b>Subtractive Items:</b>					-
Outstanding Checks	(235)	(61)			(296)
Other Subtractive Items					-
<b>Reclassifications</b>					-
Negative book balance reclassified to AP					-
<b>Petty Cash</b>				3	3
					-
<b>Adjusted Bank Balance</b>	<b>565</b>	<b>125</b>	<b>570</b>	<b>3</b>	<b>1,263</b>
GL Balance	\$ 565	\$ 125	\$ 570	\$ 3	\$ 1,263
<b>Number of Outstanding Checks</b>	<b>110</b>	<b>41</b>			<b>151</b>

St. Francis Medical Center  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

Bank Account No. (last 4 digits)	SFMC - AP	SFMC - Payroll	SFMC - Lockbox/GR	SFMC - Capitation (Conifer)	SFMC - Capitation (AppleCare)	SFMC - Capitation HCLA / AC	SFMC - Career College	Petty Cash Total	Debtor Total
	6407	3012	2940 / 3924 / 1057	1357	1371	1840 / 1845	2162	N/A	
<b>Balance Per Bank</b>	\$ 1,071	\$ 788	\$ 6,633	\$ 384	\$ 1,459	\$ 296	\$ 41		\$ 10,672
<b>Additive Items:</b>									
Deposits in Transit					172	40			212
Other Additive Items	0	4,210	318	6		116			4,649
<b>Subtractive Items:</b>									
Outstanding Checks	(692)	(425)		(1,576)	(3,429)	(318)			(6,440)
Other Subtractive Items			(359)	(155)		(21)			(535)
<b>Reclassifications</b>									
Negative book balance reclassified to AP				1,341	1,798				3,140
<b>Petty Cash</b>								3	3
<b>Adjusted Bank Balance</b>	379	4,573	6,592	0	(0)	113	41	3	11,701
GL Balance	\$ 379	\$ 4,573	\$ 6,592	\$ -	\$ -	\$ 112	\$ 43	\$ 3	\$ 11,701
<b>Number of Outstanding Checks</b>	119	462		1,154	292	149			2,176

St Vincent Medical Center  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

Bank Account No. (last 4 digits)	SVMC - AP	SVMC - Payroll	SVMC - Lockbox/GR	SVMC - Capitation (Conifer)	SVMC - Capitation (CHP)	SVMC - Restricted Cash	Petty Cash Total	Debtor Total
	6426	3017	2964 / 3929	3695	0553	0989	N/A	
<b>Balance Per Bank</b>	\$ 1,682	\$ 116	\$ 1,429	\$ 489	\$ 332	\$ 1,234		\$ 5,283
<b>Additive Items:</b>								
Deposits in Transit								-
Other Additive Items								-
<b>Subtractive Items:</b>								
Outstanding Checks	(360)	(63)		(109)	(186)			(719)
Other Subtractive Items			(9)					(9)
<b>Reclassifications</b>								
Negative book balance reclassified to AP								-
<b>Petty Cash</b>							4	4
<b>Adjusted Bank Balance</b>	<b>1,322</b>	<b>53</b>	<b>1,419</b>	<b>380</b>	<b>146</b>	<b>1,234</b>	<b>4</b>	<b>4,559</b>
GL Balance	\$ 1,322	\$ 53	\$ 1,419	\$ 380	\$ 146	\$ 1,234	\$ 4	\$ 4,559
<b>Number of Outstanding Checks</b>	<b>72</b>	<b>62</b>		<b>52</b>	<b>68</b>			<b>254</b>

**Seton Medical Center**  
**Bank Reconciliation Summary**  
**December 31, 2018**  
**\$ in 000's**

Bank Account No. (last 4 digits)					Debtor
	AP Disbursement	Payroll	Lockbox/GR	Petty Cash Total	Total
	6365	3001	2902 / 3887	N/A	
<b>Balance Per Bank</b>	\$ 1,298	\$ 1,211	\$ 1,252		\$ 3,761
<b>Additive Items:</b>					-
Deposits in Transit					-
Other Additive Items		3			3
<b>Subtractive Items:</b>					-
Outstanding Checks	(497)	(244)			(741)
Other Subtractive Items			(225)		(225)
<b>Reclassifications</b>					-
Negative book balance reclassified to AP					-
<b>Petty Cash</b>				4	4
					-
<b>Adjusted Bank Balance</b>	<b>801</b>	<b>970</b>	<b>1,026</b>	<b>4</b>	<b>2,801</b>
GL Balance	\$ 801	\$ 970	\$ 1,026	\$ 4	\$ 2,801
<b>Number of Outstanding Checks</b>	<b>278</b>	<b>172</b>			<b>450</b>

Seton Medical Center Coastside  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

Bank Account No. (last 4 digits)	SMCC -			Debtor Total
	AP Disbursement	Lockbox/GR	Patient Trust	
	6834	02907 / 3882	12907	
<b>Balance Per Bank</b>	\$ 1,120	\$ 140	\$ 37	\$ 1,298
<b>Additive Items:</b>				-
Deposits in Transit			0	0
Other Additive Items		56		56
<b>Subtractive Items:</b>				-
Outstanding Checks	(14)		(4)	(18)
Other Subtractive Items		0	(3)	(2)
<b>Reclassifications</b>				-
Negative book balance reclassified to AP				-
<b>Petty Cash</b>				-
<b>Adjusted Bank Balance</b>	<b>1,107</b>	<b>196</b>	<b>31</b>	<b>1,334</b>
GL Balance	\$ 1,107	\$ 196	\$ 31	\$ 1,334
<b>Number of Outstanding Checks</b>	<b>30</b>		<b>5</b>	<b>35</b>

O'Connor Hospital Foundation  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

Bank Account No. (last 4 digits)	OCH Foundation	OCH Foundation - Investment	Debtor Total
	3433	2-037	
<b>Balance Per Bank</b>	\$ 1,501	\$ 242	\$ 1,743
<b>Additive Items:</b>			-
Deposits in Transit			-
Other Additive Items			-
<b>Subtractive Items:</b>			-
Outstanding Checks			-
Other Subtractive Items			-
<b>Reclassifications</b>			-
Negative book balance reclassified to AP			-
<b>Petty Cash</b>			-
<b>Adjusted Bank Balance</b>	<b>1,501</b>	<b>242</b>	<b>1,743</b>
GL Balance	\$ 1,501	\$ 242	\$ 1,743
<b>Number of Outstanding Checks</b>			-

Saint Louise Regional Hospital Foundation  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

	Debtor Total
<b>Bank Account No. (last 4 digits)</b>	2521
<b>Balance Per Bank</b>	\$ 641
<b>Additive Items:</b>	
Deposits in Transit	1
Other Additive Items	4
<b>Subtractive Items:</b>	
Outstanding Checks	
Other Subtractive Items	(0)
<b>Reclassifications</b>	
Negative book balance reclassified to AP	
<b>Petty Cash</b>	
<b>Adjusted Bank Balance</b>	646
GL Balance	\$ 646
<b>Number of Outstanding Checks</b>	



St. Francis Medical Center of Lynwood Foundation  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

	Debtor Total
Bank Account No. (last 4 digits)	2809
<b>Balance Per Bank</b>	\$ 806
<b>Additive Items:</b>	
Deposits in Transit	0
Other Additive Items	
<b>Subtractive Items:</b>	
Outstanding Checks	
Other Subtractive Items	(23)
<b>Reclassifications</b>	
Negative book balance reclassified to AP	
<b>Petty Cash</b>	
<b>Adjusted Bank Balance</b>	783
GL Balance	\$ 783
<b>Number of Outstanding Checks</b>	

St Vincent Medical Center Foundation  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

	Debtor Total
<b>Bank Account No. (last 4 digits)</b>	3025 / 1162
<b>Balance Per Bank</b>	\$ 1,691
<b>Additive Items:</b>	
Deposits in Transit	49
Other Additive Items	
<b>Subtractive Items:</b>	
Outstanding Checks	
Other Subtractive Items	
<b>Reclassifications</b>	
Negative book balance reclassified to AP	
<b>Petty Cash</b>	
<b>Adjusted Bank Balance</b>	<b>1,740</b>
GL Balance	\$ 1,740
<b>Number of Outstanding Checks</b>	

St. Vincent Dialysis Center, Inc.  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

	Debtor Total
Bank Account No. (last 4 digits)	8921
<b>Balance Per Bank</b>	\$ 1,209
<b>Additive Items:</b>	
Deposits in Transit	
Other Additive Items	
<b>Subtractive Items:</b>	
Outstanding Checks	
Other Subtractive Items	
<b>Reclassifications</b>	
Negative book balance reclassified to AP	
<b>Petty Cash</b>	
<b>Adjusted Bank Balance</b>	1,209
GL Balance	\$ 1,209
<b>Number of Outstanding Checks</b>	

Seton Medical Center Foundation  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

Bank Account No. (last 4 digits)	SMC Foundation		SMC Foundation - SVCS		Debtor
	2260		0089		Total
<b>Balance Per Bank</b>	\$	5,565	\$	396	\$ 5,961
<b>Additive Items:</b>					
Deposits in Transit					-
Other Additive Items		327			327
<b>Subtractive Items:</b>					
Outstanding Checks					-
Other Subtractive Items		(117)		(396)	(513)
<b>Reclassifications</b>					
Negative book balance reclassified to AP					-
<b>Petty Cash</b>					-
<b>Adjusted Bank Balance</b>		5,775		0	5,775
GL Balance	\$	5,775	\$	-	\$ 5,775
<b>Number of Outstanding Checks</b>					-

Verity Business Services  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

Bank Account No. (last 4 digits)	Debtor Total		
	AP Disbursement	Payroll	
	6402	2982	
<b>Balance Per Bank</b>	\$ 1,046	\$ 15	\$ 1,061
<b>Additive Items:</b>			-
Deposits in Transit			-
Other Additive Items		1	1
			-
<b>Subtractive Items:</b>			-
Outstanding Checks	(101)	(4)	(104)
Other Subtractive Items			-
			-
<b>Reclassifications</b>			-
Negative book balance reclassified to AP			-
			-
<b>Petty Cash</b>			-
			-
<b>Adjusted Bank Balance</b>	<b>945</b>	<b>13</b>	<b>958</b>
GL Balance	\$ 945	\$ 13	\$ 958
<b>Number of Outstanding Checks</b>	<b>15</b>	<b>3</b>	<b>18</b>

Verity Medical Foundation  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

Bank Account No. (last 4 digits)	VMF - Checking	VMF - Payroll ZBA	Petty Cash	Debtor Total
	9996	0010	Total	Total
<b>Balance Per Bank</b>	\$ 8,166	\$ -		\$ 8,166
<b>Additive Items:</b>				-
Deposits in Transit				-
Other Additive Items				-
<b>Subtractive Items:</b>				-
Outstanding Checks	(870)			(870)
Other Subtractive Items				-
<b>Reclassifications</b>				-
Negative book balance reclassified to AP				-
<b>Petty Cash</b>			4	4
				-
<b>Adjusted Bank Balance</b>	7,295	-	4	7,299
GL Balance	\$ 7,296	\$ -	\$ 4	\$ 7,299
<b>Number of Outstanding Checks</b>	460			460

Verity Holdings, LLC  
Bank Reconciliation Summary  
December 31, 2018  
\$ in 000's

Bank Account No. (last 4 digits)	AP Disbursement		MOB		Debtor Total	
	1597		1248			
<b>Balance Per Bank</b>	\$ 5,243		\$ 538		\$ 5,781	-
<b>Additive Items:</b>						
Deposits in Transit				1		1
Other Additive Items						-
<b>Subtractive Items:</b>						
Outstanding Checks	(419)				(419)	-
Other Subtractive Items						-
<b>Reclassifications</b>						
Negative book balance reclassified to AP						-
<b>Petty Cash</b>						-
<b>Adjusted Bank Balance</b>	<b>4,824</b>		<b>539</b>		<b>5,363</b>	
GL Balance	\$ 4,824		\$ 539		\$ 5,363	
<b>Number of Outstanding Checks</b>	<b>49</b>					<b>49</b>

**Verity Health System, Inc.**  
**Notes on Bank Reconciliations**  
**December 31, 2018**

1. De Paul Ventures, LLC and De Paul Ventures – San Jose Dialysis, LLC have no bank accounts. Therefore, there is no bank activity reported on the Verity Bank Account Summary or on the Verity Bank Account Cumulative Summary, and accordingly no bank reconciliations.
2. The following bank accounts were closed in September, October and November 2018. Since there was no activity for these accounts in December 2018, these accounts are not reported on the Bank Reconciliation Summary.

<b>Account name</b>	<b>Last four of account #</b>
SMC Foundation - TCB	#XXXXXX8521
SMCC - Patient Trust - TCB	#XXXXXX3611
OCH - FSA	#XXXXX12284
SLRH - FSA	#XXXXX12307
SMC - FSA	#XXXXX12289
SMCC - FSA	#XXXXX12302
SFMC - FSA	#XXXXX12487
SVMC - FSA	#XXXXX12062
VBS - FSA	#XXXXX13192
VH - Operating	#XXXXX11970
VH - Savings	#XXXXX11975

3. The following bank account was closed in December 2018:

<b>Account name</b>	<b>Last four of account #</b>
VMF - Payroll ZBA - Wells Fargo	#XXXXX20010



**Verity Status of Payments to Secured Creditors, Lessors, And Other Parties to Executory Contracts**

For the month ending 12/31/2018

\$ in 000's

#	Creditor, Lessor, Etc.	Frequency of Payments (Mo/Qtr)	Amount of Payment	Post-petition Payments Not Made (Number) <sup>(A)</sup>	Total Due Not Paid According to Postpetition Terms
<b>Secured Debt Holders</b>					
1	Ally Bank <sup>(B)</sup>	Various	\$13,784	-	-
2	Wells Fargo - 2005 Bonds	Monthly	1,226	-	-
3	US Bank 2015 Notes	Monthly	1,044	-	-
4	Verity MOB Financing, LLC	Monthly	398	-	-
5	US Bank 2017 Notes	Monthly	254	-	-
	<b>Subtotal</b>		<b>\$16,706</b>	-	-
<b>Top 20 Vendors</b>					
1	Healthnow Administrative Services	Various	\$7,128	-	-
2	Transamerica	Various	5,673	-	-
3	Marillac Ltd.	Various	3,282	-	-
4	Cardinal Health	Various	2,896	-	-
5	Verity Medical Group	Various	2,320	-	-
6	San Jose Medical Clinic, Inc	Various	1,682	-	-
7	Medline Industries, Inc.	Various	1,637	-	-
8	Sandie Arnott Lee Buffington Tax Collector	Various	1,503	-	-
9	Angeles IPA	Various	1,370	-	-
10	Mckesson	Various	1,300	-	-
11	St. Vincent IPA	Various	897	-	-
12	Sagewell Healthcare Benefits Trust	Various	869	-	-
13	Applecare Medical Group	Various	766	-	-
14	Stryker Corporation	Various	734	-	-
15	Sports, Orthopedic & Rehabilitation Associates	Various	593	-	-
16	Old Republic Insurance Company	Various	511	-	-
17	Zimmer USA	Various	504	-	-
18	Quadramed Corporation	Various	503	-	-
19	Sodexo, Inc & Affiliates	Various	456	-	-
20	Medtronic USA Inc	Various	426	-	-
	<b>Subtotal</b>		<b>\$35,052</b>	-	-

**Notes**

A) See Notes after XI. Questionnaire.

B) In addition to the above payments to Ally Bank, Verity also submits its cash inflows to the Debtors' DIP Lender Ally Bank on a daily basis even when there is no DIP balance outstanding. When this occurs, Ally Bank returns the funds to Verity. To the extent funds are sent to and received from Ally Bank in the same month in the case of a zero DIP balance, the transfers will net out to zero.

II. STATUS OF PAYMENTS TO SECURED CREDITORS, LESSORS AND OTHER PARTIES TO EXECUTORY CONTRACTS

Creditor, Lessor, Etc.	Frequency of Payments (Mo/Qtr)	Amount of Payment	Post-Petition payments not made (Number)	Total Due not paid according to postpetition terms
SEE PRIOR PAGE				
TOTAL DUE:				

III. TAX LIABILITIES - \$ in 000's

FOR THE REPORTING PERIOD - \$ in 000's:

Gross Sales Subject to Sales Tax:	\$	408
Total Wages Paid:	\$	48,124

	Total Post-Petition Amounts Owning	Amount Delinquent	Date Delinquent Amount Due
Federal Withholding	\$ 770	\$ -	
State Withholding	302	-	
FICA- Employee/Employer Share	1,448	-	
State Unemployment	106	-	
State Disability Insurance	71	-	
Sales and Use	37	-	
Real Property	-		
Other:			
<b>TOTAL</b>	<b>\$ 2,734</b>	<b>-</b>	

	*Accounts Payable	Patient Receivables
	Post-Petition	Combined Pre and Post Petition
30 days or less	\$ 13,373	\$97,898
31 - 60 days	1,809	32,323
61 - 90 days	530	17,809
91 - 120 days	382	12,296
Over 120 days	350	41,445
<b>TOTAL:</b>	<b>\$ 16,444</b>	<b>\$ 201,771</b>

V. INSURANCE COVERAGE

	Name of Carrier	Amount of Coverage	Policy Expiration Date	Premium Paid Through (Date)
General Liability				
Worker's Compensation	<b>See Schedule Attached</b>			
Casualty				
Vehicle				
Others:				

VI. UNITED STATES TRUSTEE QUARTERLY FEES - \$ in 000's  
 (TOTAL PAYMENTS)

Quarterly Period Ending (Date)	Total Disbursements	Quarterly Fees	Date Paid	Amount Paid	Quarterly Fees Still Owing
30-Sep-2018	\$ 89,411	\$ 898	31-Oct-2018	\$ 898	\$ - (A)
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
		\$ 898		\$ 898	\$ -

(A) The Debtors did not initially receive an invoice from the U.S. Trustee for quarterly fees for De Paul Ventures – San Jose Dialysis, LLC and therefore \$0.325 thousand of the reported amount paid was paid on November 30, 2018.

See Notes after Section XI., Questionnaire.

Debtor	Account Used	Aggregate Insider Compensation Paid
Verity Health System of California, Inc.	XXXXXX1785	\$ 280,337
O'Connor Hospital	XXXXXX3007	\$ 63,264
Saint Louise Regional Hospital	XXXXXX7575	\$ 10,787
St. Francis Medical Center	XXXXXX3012	\$ 46,132
St. Vincent Medical Center	XXXXXX3017	\$ 61,103
Seton Medical Center	XXXXXX3001	\$ 65,524
O'Connor Hospital Foundation		-
Saint Louise Regional Hospital Foundation		-
St. Francis Medical Center of Lynwood Foundation		-
St. Vincent Foundation		-
St. Vincent Dialysis Center, Inc.		-
Seton Medical Center Foundation		-
Verity Business Services		-
Verity Medical Foundation	XXXXXX9996	\$ 35,577
Verity Holdings, LLC		-
DePaul Ventures, LLC		-
DePaul Ventures - San Jose Dialysis, LLC		-
		\$ 562,724

VIII SCHEDULE OF OTHER AMOUNTS PAID TO INSIDERS

Debtor	Account Used	Aggregate Insider Other Amounts Paid (a)
Verity Health System of California, Inc.	XXXXXX6440	\$ -
O'Connor Hospital	XXXXXX6389	\$ 18,157
Saint Louise Regional Hospital	XXXXXX6421	\$ 10,000
St. Francis Medical Center	XXXXXX6407	\$ 25,458
St. Vincent Medical Center	XXXXXX6426	\$ 7,215
Seton Medical Center	XXXXXX6365	\$ 20,250
O'Connor Hospital Foundation		\$ -
Saint Louise Regional Hospital Foundation		\$ -
St. Francis Medical Center of Lynwood Foundation		\$ -
St. Vincent Foundation		\$ -
St. Vincent Dialysis Center, Inc.		\$ -
Seton Medical Center Foundation		\$ -
Verity Business Services		\$ -
Verity Medical Foundation		\$ -
Verity Holdings, LLC		\$ -
DePaul Ventures, LLC		\$ -
DePaul Ventures - San Jose Dialysis, LLC		\$ -
		\$ 81,080

(a) For the Hospital Debtors, amounts represent payments made by the Hospitals to physician board members associated with medical directorships and on-call coverage provided. Such payments are not associated with services provided as a board member.

VERITY HEALTH SYSTEM  
CONSOLIDATING BALANCE SHEET - UNAUDITED  
AS OF DECEMBER 31, 2018  
(In thousands)

	O'Connor Hospital	Saint Louis Regional Hospital	St. Francis Medical Center	St. Vincent Medical Center	Seton Medical Center	Seton Medical Center Coastsides (Seton Medical Center)	System Office (Verity Health System of CA, Inc.)	System Elimination - Obligated Group	Obligated Group Subtotal	Non-Debtor A	Verity Business Services	DePaul Ventures (Includes DePaul Ventures - San Jose Dialysis, LLC)
<b>ASSETS</b>												
<b>CURRENT ASSETS:</b>												
Cash and cash equivalents	\$ 1,949	\$ 1,263	\$ 11,702	\$ 3,324	\$ 2,801	\$ 1,334	\$ 6,077	\$ -	\$ 28,450	\$ 10,952	\$ 958	\$ 1
Net patient accounts receivable	43,269	16,271	60,369	29,641	41,091	5,341	-	-	195,982	-	-	-
Due from government agencies	1,751	241	2,286	4,432	1,814	-	-	-	10,524	-	-	-
Due from related organizations	13,283	4,985	413,285	10,883	17,749	48	557,002	(958,367)	58,868	-	40,707	3,136
Other current assets	16,902	5,611	35,490	14,644	11,822	419	10,698	-	95,586	5,955	220	377
Other restricted assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>77,154</b>	<b>28,371</b>	<b>523,132</b>	<b>62,924</b>	<b>75,277</b>	<b>7,142</b>	<b>573,777</b>	<b>(958,367)</b>	<b>389,410</b>	<b>16,907</b>	<b>41,885</b>	<b>3,514</b>
<b>ASSETS LIMITED AS TO USE:</b>												
Other investments	-	-	-	2,934	-	-	20	-	2,954	35,823	-	-
Under bond indenture agreements	-	-	-	-	35,272	-	24,569	-	59,841	-	-	-
<b>Total assets limited as to use</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,934</b>	<b>35,272</b>	<b>-</b>	<b>24,589</b>	<b>-</b>	<b>62,795</b>	<b>35,823</b>	<b>-</b>	<b>-</b>
<b>PROPERTY AND EQUIPMENT, Net</b>	<b>29,439</b>	<b>13,860</b>	<b>89,059</b>	<b>46,515</b>	<b>43,265</b>	<b>690</b>	<b>24,026</b>	<b>-</b>	<b>246,854</b>	<b>-</b>	<b>1,595</b>	<b>-</b>
<b>OTHER LONG-TERM ASSETS</b>	<b>570</b>	<b>7</b>	<b>175</b>	<b>34</b>	<b>234</b>	<b>-</b>	<b>4,130</b>	<b>-</b>	<b>5,150</b>	<b>-</b>	<b>-</b>	<b>22</b>
<b>TOTAL ASSETS</b>	<b>\$ 107,163</b>	<b>\$ 42,238</b>	<b>\$ 612,366</b>	<b>\$ 112,407</b>	<b>\$ 154,048</b>	<b>\$ 7,832</b>	<b>\$ 626,522</b>	<b>\$ (958,367)</b>	<b>\$ 704,209</b>	<b>\$ 52,730</b>	<b>\$ 43,480</b>	<b>\$ 3,536</b>
<b>LIABILITIES AND NET (DEFICIT) ASSETS</b>												
<b>CURRENT LIABILITIES:</b>												
Accounts payable	\$ 23,401	\$ 5,789	\$ 18,643	\$ 24,256	\$ 16,677	\$ 476	\$ 19,268	\$ -	\$ 108,510	\$ 33	\$ 5,787	\$ -
Current portion of long-term debt, net of debt issuance costs	774	469	4,076	867	1,801	-	160,458	-	168,445	-	-	-
Due to government agencies	161	2	2,461	1,104	245	-	-	-	3,973	-	-	-
Accrued expenses and other current liabilities	24,554	8,255	72,953	37,635	45,830	2,775	124,334	-	316,336	14,790	7,870	1
Due to related organizations	287,712	78,165	4,543	289,801	185,800	25,717	225,349	(958,367)	138,520	-	27,890	2
<b>Total current liabilities</b>	<b>336,602</b>	<b>92,680</b>	<b>102,676</b>	<b>353,663</b>	<b>250,153</b>	<b>28,968</b>	<b>529,409</b>	<b>(958,367)</b>	<b>735,784</b>	<b>14,823</b>	<b>41,547</b>	<b>3</b>
<b>OTHER LIABILITIES</b>												
Pension and other long-term liabilities	41,769	4,589	78,595	60,160	2,476	25	46,790	-	234,404	33,162	-	-
<b>Total other liabilities</b>	<b>41,769</b>	<b>4,589</b>	<b>78,595</b>	<b>60,160</b>	<b>2,476</b>	<b>25</b>	<b>46,790</b>	<b>-</b>	<b>234,404</b>	<b>33,162</b>	<b>-</b>	<b>-</b>
<b>LONG-TERM DEBT, Net of current portion and debt issuance costs</b>	<b>47,507</b>	<b>28,776</b>	<b>63,436</b>	<b>53,181</b>	<b>96,110</b>	<b>-</b>	<b>40,770</b>	<b>-</b>	<b>329,780</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>425,878</b>	<b>126,045</b>	<b>244,707</b>	<b>467,004</b>	<b>348,739</b>	<b>28,993</b>	<b>616,969</b>	<b>(958,367)</b>	<b>1,299,968</b>	<b>47,985</b>	<b>41,547</b>	<b>3</b>
<b>NET (DEFICIT) ASSETS:</b>												
Unrestricted	(318,715)	(83,807)	367,607	(357,752)	(194,691)	(21,161)	9,553	-	(598,966)	4,745	1,933	3,533
Temporarily restricted	-	-	52	523	-	-	-	-	575	-	-	-
Permanently restricted	-	-	-	2,632	-	-	-	-	2,632	-	-	-
<b>Total net (deficit) assets</b>	<b>(318,715)</b>	<b>(83,807)</b>	<b>367,659</b>	<b>(354,597)</b>	<b>(194,691)</b>	<b>(21,161)</b>	<b>9,553</b>	<b>-</b>	<b>(595,759)</b>	<b>4,745</b>	<b>1,933</b>	<b>3,533</b>
<b>TOTAL LIABILITIES AND NET (DEFICIT) ASSETS</b>	<b>\$ 107,163</b>	<b>\$ 42,238</b>	<b>\$ 612,366</b>	<b>\$ 112,407</b>	<b>\$ 154,048</b>	<b>\$ 7,832</b>	<b>\$ 626,522</b>	<b>\$ (958,367)</b>	<b>\$ 704,209</b>	<b>\$ 52,730</b>	<b>\$ 43,480</b>	<b>\$ 3,536</b>

VERITY HEALTH SYSTEM  
CONSOLIDATING BALANCE SHEET - UNAUDITED  
AS OF DECEMBER 31, 2018  
(In thousands)

	St. Vincent Dialysis Center Inc.	Verity Medical Foundation	O'Connor Hospital Foundation	Seton Medical Center Foundation	St. Francis Medical Center of Lynwood Foundation	Saint Louise Regional Hospital Foundation	St. Vincent Foundation	Verity Holdings, LLC	Non-Debtor B	System Elimination - Non Obligated Group	Verity Total
<b>ASSETS</b>											
<b>CURRENT ASSETS:</b>											
Cash and cash equivalents	\$ 1,209	\$ 7,299	\$ 236	\$ 579	\$ 210	\$ 169	\$ 221	\$ 6,265	\$ 15	\$ -	\$ 56,564
Net patient accounts receivable	724	5,065	-	-	-	-	-	-	-	-	201,771
Due from government agencies	-	-	-	-	-	-	-	-	-	-	10,524
Due from related organizations	3,125	5,308	2	7	4	5	12,502	73,725	-	(197,389)	-
Other current assets	32	4,144	12	106	3,116	39	1,788	1,100	-	(5,353)	107,122
Other restricted assets	-	-	-	-	-	-	-	1,080	-	-	1,080
<b>Total current assets</b>	<b>5,090</b>	<b>21,816</b>	<b>250</b>	<b>692</b>	<b>3,330</b>	<b>213</b>	<b>14,511</b>	<b>82,170</b>	<b>15</b>	<b>(202,742)</b>	<b>377,061</b>
<b>ASSETS LIMITED AS TO USE:</b>											
Other investments	-	-	1,507	5,314	573	477	3,893	-	-	-	50,541
Under bond indenture agreements	-	-	-	-	-	-	-	-	-	-	59,841
<b>Total assets limited as to use</b>	<b>-</b>	<b>-</b>	<b>1,507</b>	<b>5,314</b>	<b>573</b>	<b>477</b>	<b>3,893</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110,382</b>
<b>PROPERTY AND EQUIPMENT, Net</b>	<b>202</b>	<b>4,880</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,205</b>	<b>-</b>	<b>-</b>	<b>275,736</b>
<b>OTHER LONG-TERM ASSETS</b>	<b>-</b>	<b>2,364</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>924</b>	<b>768</b>	<b>-</b>	<b>(1,278)</b>	<b>7,950</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,292</b>	<b>\$ 29,060</b>	<b>\$ 1,757</b>	<b>\$ 6,006</b>	<b>\$ 3,903</b>	<b>\$ 690</b>	<b>\$ 19,328</b>	<b>\$ 105,143</b>	<b>\$ 15</b>	<b>\$ (204,020)</b>	<b>\$ 771,129</b>
<b>LIABILITIES AND NET (DEFICIT) ASSETS</b>											
<b>CURRENT LIABILITIES:</b>											
Accounts payable	\$ -	\$ 1,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,445	\$ -	\$ -	\$ 117,737
Current portion of long-term debt, net of debt issuance costs	-	-	-	-	-	-	-	101	-	-	168,546
Due to government agencies	-	-	-	-	-	-	-	-	-	-	3,973
Accrued expenses and other current liabilities	23	15,447	-	-	-	4	-	3,111	-	(6,612)	350,970
Due to related organizations	9,451	-	7,315	1,042	8,620	5,082	767	(1,300)	-	(197,389)	-
<b>Total current liabilities</b>	<b>9,474</b>	<b>17,409</b>	<b>7,315</b>	<b>1,042</b>	<b>8,620</b>	<b>5,086</b>	<b>767</b>	<b>3,357</b>	<b>-</b>	<b>(204,001)</b>	<b>641,226</b>
<b>OTHER LIABILITIES</b>											
Pension and other long-term liabilities	-	6,443	70	-	-	-	71	17,154	-	(19)	291,285
<b>Total other liabilities</b>	<b>-</b>	<b>6,443</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>17,154</b>	<b>-</b>	<b>(19)</b>	<b>291,285</b>
<b>LONG-TERM DEBT, Net of current portion and debt issuance costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,208</b>	<b>-</b>	<b>-</b>	<b>440,988</b>
<b>Total liabilities</b>	<b>9,474</b>	<b>23,852</b>	<b>7,385</b>	<b>1,042</b>	<b>8,620</b>	<b>5,086</b>	<b>838</b>	<b>131,719</b>	<b>-</b>	<b>(204,020)</b>	<b>1,373,499</b>
<b>NET (DEFICIT) ASSETS:</b>											
Unrestricted	(4,182)	5,208	(6,904)	(275)	(8,401)	(4,889)	11,940	(27,656)	15	-	(623,899)
Temporarily restricted	-	-	941	2,521	3,684	493	4,125	1,080	-	-	13,419
Permanently restricted	-	-	335	2,718	-	-	2,425	-	-	-	8,110
<b>Total net (deficit) assets</b>	<b>(4,182)</b>	<b>5,208</b>	<b>(5,628)</b>	<b>4,964</b>	<b>(4,717)</b>	<b>(4,396)</b>	<b>18,490</b>	<b>(26,576)</b>	<b>15</b>	<b>-</b>	<b>(602,370)</b>
<b>TOTAL LIABILITIES AND NET (DEFICIT) ASSETS</b>	<b>\$ 5,292</b>	<b>\$ 29,060</b>	<b>\$ 1,757</b>	<b>\$ 6,006</b>	<b>\$ 3,903</b>	<b>\$ 690</b>	<b>\$ 19,328</b>	<b>\$ 105,143</b>	<b>\$ 15</b>	<b>\$ (204,020)</b>	<b>\$ 771,129</b>

VERITY HEALTH SYSTEM  
STATEMENT OF OPERATIONS - UNAUDITED  
FOR THE MONTH ENDED DECEMBER 31, 2018  
(In thousands)

	O'Connor Hospital	Saint Louise Regional Hospital	St. Francis Medical Center	St. Vincent Medical Center	Seton Medical Center	Seton Medical Center Coastsides (Seton Medical Center)	System Office (Verity Health System of CA, Inc.)	System Elimination - Obligated Group	Obligated Group Subtotal	Non-Debtor A	Verity Business Services	DePaul Ventures (Includes DePaul Ventures - San Jose Dialysis, LLC)
<b>UNRESTRICTED REVENUES AND OTHER SUPPORT:</b>												
Net patient service revenue	\$ 19,121	\$ 7,051	\$ 34,645	\$ 14,712	\$ 18,241	\$ 2,050	\$ -	\$ (1,837)	\$ 93,983	\$ -	\$ -	\$ -
Provision for doubtful accounts	(871)	(564)	(4,914)	(1,397)	(1,592)	(160)	-	-	(9,498)	-	-	-
Net patient service revenue less provision for doubtful accounts	<b>18,250</b>	<b>6,487</b>	<b>29,731</b>	<b>13,315</b>	<b>16,649</b>	<b>1,890</b>	-	<b>(1,837)</b>	<b>84,485</b>	-	-	-
Premium revenue	-	-	7,854	1,461	-	-	-	(93)	9,222	-	-	-
Other revenue	363	19	211	45	117	105	13,616	(13,616)	860	1,115	3,733	-
Contributions	-	-	388	79	-	-	-	-	467	-	-	-
<b>Total unrestricted revenues and other support</b>	<b>18,613</b>	<b>6,506</b>	<b>38,184</b>	<b>14,900</b>	<b>16,766</b>	<b>1,995</b>	<b>13,616</b>	<b>(15,546)</b>	<b>95,034</b>	<b>1,115</b>	<b>3,733</b>	-
<b>EXPENSES:</b>												
Salaries and benefits	14,057	4,884	19,224	9,548	12,864	1,432	4,747	(1,837)	64,919	-	2,357	-
Supplies	2,574	685	3,916	3,503	2,479	153	12	-	13,322	-	23	-
Purchased services, medical claims and other	8,240	2,667	16,878	9,040	6,085	562	7,119	(13,709)	36,882	1,281	1,331	-
Depreciation and amortization	540	144	736	502	420	11	41	-	2,394	-	22	-
Interest, net	192	137	313	219	565	-	1,783	-	3,209	-	-	-
<b>Total expenses</b>	<b>25,603</b>	<b>8,517</b>	<b>41,067</b>	<b>22,812</b>	<b>22,413</b>	<b>2,158</b>	<b>13,702</b>	<b>(15,546)</b>	<b>120,726</b>	<b>1,281</b>	<b>3,733</b>	-
<b>OPERATING (LOSS) INCOME</b>	<b>(6,992)</b>	<b>(2,010)</b>	<b>(2,884)</b>	<b>(7,913)</b>	<b>(5,646)</b>	<b>(162)</b>	<b>(86)</b>	<b>-</b>	<b>(25,693)</b>	<b>(166)</b>	<b>-</b>	<b>-</b>
INVESTMENT INCOME (LOSS)	-	-	-	-	-	-	86	-	86	51	-	-
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>\$ (6,992)</b>	<b>\$ (2,010)</b>	<b>\$ (2,884)</b>	<b>\$ (7,913)</b>	<b>\$ (5,646)</b>	<b>\$ (162)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(25,607)</b>	<b>(115)</b>	<b>\$ -</b>	<b>\$ -</b>

VERITY HEALTH SYSTEM  
STATEMENT OF OPERATIONS - UNAUDITED  
FOR THE MONTH ENDED DECEMBER 31, 2018  
(In thousands)

	St. Vincent Dialysis Center Inc.	Verity Medical Foundation	O'Connor Hospital Foundation	Seton Medical Center Foundation	St. Francis Medical Center of Lynwood Foundation	Saint Louise Regional Hospital Foundation	St. Vincent Foundation	Verity Holdings, LLC	Non-Debtor B	System Elimination - Non Obligated Group	Verity Total
<b>UNRESTRICTED REVENUES AND OTHER SUPPORT:</b>											
Net patient service revenue	\$ 496	\$ 3,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (128)	\$ 98,291
Provision for doubtful accounts	(85)	(103)	-	-	-	-	-	-	-	-	(9,686)
Net patient service revenue less provision for doubtful accounts	<b>411</b>	<b>3,837</b>	-	-	-	-	-	-	-	<b>(128)</b>	<b>88,605</b>
Premium revenue	-	1,600	-	-	-	-	-	-	-	-	10,822
Other revenue	-	1,013	-	-	-	-	-	1,403	-	(6,211)	1,913
Contributions	-	-	2	11	25	-	28	180	-	-	713
<b>Total unrestricted revenues and other support</b>	<b>411</b>	<b>6,450</b>	<b>2</b>	<b>11</b>	<b>25</b>	<b>-</b>	<b>28</b>	<b>1,583</b>	<b>-</b>	<b>(6,339)</b>	<b>102,053</b>
<b>EXPENSES:</b>											
Salaries and benefits	278	3,172	16	13	35	12	17	-	-	(684)	70,135
Supplies	206	1,530	-	-	-	-	-	9	-	-	15,090
Purchased services, medical claims and other	45	7,710	3	1	21	2	11	781	-	(5,655)	42,413
Depreciation and amortization	2	133	-	-	-	-	-	71	-	-	2,622
Interest, net	-	1	-	-	-	-	-	718	-	-	3,928
<b>Total expenses</b>	<b>531</b>	<b>12,546</b>	<b>19</b>	<b>14</b>	<b>56</b>	<b>14</b>	<b>28</b>	<b>1,579</b>	<b>-</b>	<b>(6,339)</b>	<b>134,188</b>
<b>OPERATING (LOSS) INCOME</b>	<b>(120)</b>	<b>(6,095)</b>	<b>(18)</b>	<b>(2)</b>	<b>(32)</b>	<b>(14)</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>(32,137)</b>
INVESTMENT INCOME (LOSS)	1	-	2	6	1	1	2	-	-	-	150
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>\$ (119)</b>	<b>\$ (6,095)</b>	<b>\$ (16)</b>	<b>\$ 4</b>	<b>\$ (31)</b>	<b>\$ (13)</b>	<b>\$ 2</b>	<b>\$ 3</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (31,987)</b>



VERITY HEALTH SYSTEM  
STATEMENT OF OPERATIONS - UNAUDITED  
FOR THE FOUR MONTHS ENDED DECEMBER 31, 2018  
(In thousands)

	O'Connor Hospital	Saint Louise Regional Hospital	St. Francis Medical Center	St. Vincent Medical Center	Seton Medical Center	Seton Medical Center Coastside (Seton Medical Center)	System Office (Verity Health System of CA, Inc.)	System Elimination - Obligated Group	Obligated Group Subtotal	Non-Debtor A	Verity Business Services	DePaul Ventures (Includes DePaul Ventures - San Jose Dialysis, LLC)
<b>UNRESTRICTED REVENUES AND OTHER SUPPORT:</b>												
Net patient service revenue	\$ 77,912	\$ 25,880	\$ 128,109	\$ 57,800	\$ 70,070	\$ 7,697	\$ -	\$ (6,304)	\$ 361,164	\$ -	\$ -	\$ -
Provision for doubtful accounts	(1,764)	(348)	(6,897)	(4,129)	(3,686)	(340)	-	-	(17,164)	-	-	-
Net patient service revenue less provision for doubtful accounts	<b>76,148</b>	<b>25,532</b>	<b>121,212</b>	<b>53,671</b>	<b>66,384</b>	<b>7,357</b>	-	<b>(6,304)</b>	<b>344,000</b>	-	-	-
Premium revenue	-	-	32,210	5,678	-	-	-	(246)	37,642	-	-	-
Other revenue	1,437	74	639	400	386	239	51,691	(51,684)	3,182	4,388	16,351	-
Contributions	6	11	1,103	103	2	-	-	-	1,225	-	-	-
<b>Total unrestricted revenues and other support</b>	<b>77,591</b>	<b>25,617</b>	<b>155,164</b>	<b>59,852</b>	<b>66,772</b>	<b>7,596</b>	<b>51,691</b>	<b>(58,234)</b>	<b>386,049</b>	<b>4,388</b>	<b>16,351</b>	<b>-</b>
<b>EXPENSES:</b>												
Salaries and benefits	53,109	18,901	74,945	36,763	50,078	5,763	18,408	(6,304)	251,663	-	9,826	-
Supplies	12,138	2,496	13,613	13,465	9,503	575	53	-	51,843	-	94	-
Purchased services, medical claims and other	31,717	10,281	68,536	36,131	24,104	2,136	26,524	(51,930)	147,499	5,093	6,340	3
Depreciation and amortization	2,150	563	2,911	1,999	1,681	41	161	-	9,506	-	91	-
Interest, net	758	543	1,253	879	1,859	-	7,163	-	12,455	-	-	-
<b>Total expenses</b>	<b>99,872</b>	<b>32,784</b>	<b>161,258</b>	<b>89,237</b>	<b>87,225</b>	<b>8,515</b>	<b>52,309</b>	<b>(58,234)</b>	<b>472,966</b>	<b>5,093</b>	<b>16,351</b>	<b>3</b>
<b>OPERATING (LOSS) INCOME</b>	<b>(22,281)</b>	<b>(7,167)</b>	<b>(6,094)</b>	<b>(29,385)</b>	<b>(20,453)</b>	<b>(919)</b>	<b>(618)</b>	<b>-</b>	<b>(86,917)</b>	<b>(705)</b>	<b>-</b>	<b>(3)</b>
INVESTMENT INCOME (LOSS)	-	-	-	-	-	-	620	-	620	185	-	-
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>\$ (22,281)</b>	<b>\$ (7,167)</b>	<b>\$ (6,094)</b>	<b>\$ (29,385)</b>	<b>\$ (20,453)</b>	<b>\$ (919)</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ (86,297)</b>	<b>\$ (520)</b>	<b>\$ -</b>	<b>(3)</b>


VERITY HEALTH SYSTEM  
STATEMENT OF OPERATIONS - UNAUDITED  
FOR THE FOUR MONTHS ENDED DECEMBER 31, 2018  
(In thousands)

	St. Vincent Dialysis Center Inc.	Verity Medical Foundation	O'Connor Hospital Foundation	Seton Medical Center Foundation	St. Francis Medical Center of Lynwood Foundation	Saint Louise Regional Hospital Foundation	St. Vincent Foundation	Verity Holdings, LLC	Non-Debtor B	System Elimination - Non Obligated Group	Verity Total
<b>UNRESTRICTED REVENUES AND OTHER SUPPORT:</b>											
Net patient service revenue	\$ 1,601	\$ 16,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (506)	\$ 379,108
Provision for doubtful accounts	(191)	(363)	-	-	-	-	-	-	-	-	(17,718)
Net patient service revenue less provision for doubtful accounts	<b>1,410</b>	<b>16,486</b>	-	-	-	-	-	-	-	<b>(506)</b>	<b>361,390</b>
Premium revenue	-	6,427	-	-	-	-	-	-	-	-	44,069
Other revenue	-	3,835	-	-	-	-	-	5,140	-	(26,525)	6,371
Contributions	-	-	4	17	25	-	162	720	-	-	2,153
<b>Total unrestricted revenues and other support</b>	<b>1,410</b>	<b>26,748</b>	<b>4</b>	<b>17</b>	<b>25</b>	<b>-</b>	<b>162</b>	<b>5,860</b>	<b>-</b>	<b>(27,031)</b>	<b>413,983</b>
<b>EXPENSES:</b>											
Salaries and benefits	1,033	12,927	64	50	140	47	67	(9)	-	(2,725)	273,083
Supplies	542	6,436	-	(5)	-	-	-	35	-	-	58,945
Purchased services, medical claims and other	176	31,044	10	(3)	29	9	18	3,927	-	(24,307)	169,838
Depreciation and amortization	8	1,075	-	-	-	-	-	304	-	-	10,984
Interest, net	-	9	-	-	-	-	-	2,855	-	-	15,319
<b>Total expenses</b>	<b>1,759</b>	<b>51,491</b>	<b>74</b>	<b>42</b>	<b>169</b>	<b>56</b>	<b>85</b>	<b>7,112</b>	<b>-</b>	<b>(27,032)</b>	<b>528,169</b>
<b>OPERATING (LOSS) INCOME</b>	<b>(349)</b>	<b>(24,743)</b>	<b>(70)</b>	<b>(25)</b>	<b>(144)</b>	<b>(56)</b>	<b>77</b>	<b>(1,252)</b>	<b>-</b>	<b>1</b>	<b>(114,186)</b>
INVESTMENT INCOME (LOSS)	3	-	5	21	4	2	6	492	-	-	1,338
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>\$ (346)</b>	<b>\$ (24,743)</b>	<b>\$ (65)</b>	<b>\$ (4)</b>	<b>\$ (140)</b>	<b>\$ (54)</b>	<b>\$ 83</b>	<b>\$ (760)</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ (112,848)</b>

XI. QUESTIONNAIRE

1. Has the debtor-in-possession made any payments on its pre-petition unsecured debt, except as have been authorized by the court? If "Yes", explain below: No Yes  
  x
- 
2. Has the debtor-in-possession during this reporting period provided compensation or remuneration to any officers, directors, principals, or other insiders without appropriate authorization? If "Yes", explain below: No Yes  
  x
- 
3. State what progress was made during the reporting period toward filing a plan of reorganization  
The Debtors continue to work closely and collaboratively with the Official Committee of Unsecured Creditors and secured creditors on issues related to the sale of their assets and resolution of pending disputes with creditors, vendors, doctors, employees and other parties in interest. Once the sale of the Debtors' assets is more fully progressed, the Debtors will be able to adequately formulate a plan of reorganization.
- 
4. Describe potential future developments which may have a significant impact on the case:  
Pursuant to an order entered on December 27, 2018 [Docket No. 1153], the Bankruptcy Court approved the sale of the Debtors' assets in Santa Clara County to Santa Clara County. In early 2019, hearings are scheduled on the rejection of various collective bargaining agreements related to the sale of the Santa Clara assets. The outcome of these hearings could have a negative economic impact on the sale and these cases if the Court did not grant the rejection motions. Additionally, the California Attorney General filed an appeal from the order in the United States District Court for the Central District of California and asked the Bankruptcy Court to stay the sale pending resolution of his appeal. If the Attorney General were successful, it would have a significant impact on the sale and these cases. The outcome of the sale of the Debtors' remaining hospitals and other assets will have also have a significant impact on these cases.
- 
5. Attach copies of all Orders granting relief from the automatic stay that were entered during the reporting period.  
Attached
- 
6. Did you receive any exempt income this month, which is not set forth in the operating report? If "Yes", please set forth the amounts and sources of the income below. No Yes  
  x
- 
- I, Anita Chou, declare under penalty of perjury that I have fully read and understood the foregoing debtor-in-possession operating report and that the information contained herein is true and complete to the best of my knowledge.

1/31/19  
Date

  
Principal for debtor-in-possession

**Notes**

Creditor, Lessor, Etc. Not Paid According to Postpetition Terms	Frequency of Payments (Mo/Qtr)	Post-Petition payments not made (Number)	Total Due not paid according to postpetition terms	Explanation
None	n/a	-	-	n/a
TOTAL DUE:			0.00	

VI. UNITED STATES TRUSTEE QUARTERLY FEES  
(TOTAL PAYMENTS - 1st QUARTERLY PERIOD)

Quarterly Period Ending (Date)	Debtor	Total Disbursements	Quarterly Fees	Date Paid	Amount Paid	Quarterly Fees Still Owing
		\$ -	\$ -		\$ -	\$ -

Verity Health System of California, Inc.  
Summary of Insurance  
As of 1/1/2019



#	Insurance Coverage	Carrier	First Named Insured	Policy Period	Policy Number	Limits of Liability	Premium Paid Through (Date)
1	Storage Tank Liability	ACE American Insurance Company (Chubb)	O'Connor Hospital	6/30/2018-6/30/2019	G24668538 010	\$1,000,000 Per Storage Tank Incident \$2,000,000 Aggregate for ASTs \$2,000,000 Aggregate for USTs \$4,000,000 Aggregate Limit of Liability for All Storage Tank Incidents \$2,000,000 Aggregate Limit of Liability for Legal Defense Expenses \$6,000,000 Policy Aggregate	6/30/2019
2	Commercial Property	American Guarantee and Liability Insurance Company (Zurich)	Verity Health System of California, Inc.	7/1/2018-7/1/2019	ZMD7067455-00	\$1,000,000,000 Loss Limit	6/30/2019
3	Workers' Compensation and Employers Liability	Old Republic Insurance Company	Verity Health System of California, Inc.	7/1/2018-7/1/2019	MWC 313800-00	Workers' Compensation - Statutory Employers Liability - \$1,000,000 BI Each Accident \$1,000,000 BI Disease Each Employee \$1,000,000 BI Disease Policy Limit	3/31/2019
4	Storage Tank Liability (Consolidated)	ACE American Insurance Company (Chubb)	Saint Louise Regional Hospital St. Vincent Medical Center Seton Medical Center; Verity Holdings, LLC De Paul Center	10/1/2018-10/1/2019	UST G71182654 001	\$1,000,000 Per Storage Tank Incident \$1,000,000 Aggregate for ASTs \$1,000,000 Aggregate for USTs \$2,000,000 Aggregate Limit of Liability for All Storage Tank Incidents \$1,000,000 Aggregate Limit of Liability for Legal Defense Expenses \$3,000,000 Policy Aggregate	10/1/2019
5	Commercial Automobile	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	Verity Health System of California, Inc.	10/1/2018-10/1/2019	CA 087 15 98	\$1,000,000 Combined Single Limit	10/1/2019
6	Helipad Liability & Non-Owned Aircraft Liability	ACE Property and Casualty Insurance Company (Chubb)	Verity Health System of California, Inc.	10/1/2018-10/1/2019	AAP N17935550 001	\$10,000,000 Each Occurrence \$10,000,000 Products-Completed Operations Aggregate \$10,000,000 Personal Injury and Advertising Injury Aggregate \$10,000,000 Hangarkeepers Any One Occurrence \$10,000,000 Hangarkeepers Any One Aircraft \$10,000,000 Non-Owned Aircraft Liability Any One Occurrence	10/1/2019
7	Sexual Misconduct and Molestation Liability	Lloyds of London (Beazley Syndicates #2623/#623)	St. Francis Medical Center (Children's Counseling Center Agreement)	10/1/2018-10/1/2019	GLOPR1801815	\$2,000,000 Any One Victim and in the Aggregate	10/1/2019
8	D&O Liability, Employment Practices Liability, Fiduciary Liability, Crime <i>Primary Layer</i>	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	Verity Health System of California, Inc.	10/1/2017-10/1/2018 (Extended to 10/1/2019)	02-359-65-60	\$10,000,000 D&O Liability and EPL (Shared) \$10,000,000 Fiduciary Liability \$10,000,000 Crime \$20,000,000 Policy Aggregate	10/1/2019
9	D&O Liability and Employment Practices Liability <i>1st Excess Layer</i>	Endurance Risk Solutions Assurance Company	Verity Health System of California, Inc.	10/1/2017-10/1/2018 (Extended to 10/1/2019)	BLX10008286901	\$10,000,000 Excess of \$10,000,000	10/1/2019
10	D&O Liability Only <i>2nd Excess Layer</i>	Argonaut Insurance Company (ARGO Group)	Verity Health System of California, Inc.	10/1/2017-10/1/2018 (Extended to 10/1/2019)	MLX 7602088-01	\$10,000,000 Excess of \$20,000,000 (D&O Liability Only)	10/1/2019
11	Excess Side A D&O Liability	National Union Fire Insurance Company of Pittsburgh, PA	Verity Health System of California, Inc.	10/1/2018-10/1/2019	02-306-61-90	\$2,000,000 Excess of \$30,000,000	10/1/2019
12	Punitive Damages Wrap <i>Primary Layer</i>	American International Reinsurance Company, Ltd.	Verity Health System of California, Inc.	10/1/2017-10/1/2018 (Extended to 10/1/2019)	24542026	\$10,000,000 Each Occurrence \$10,000,000 Aggregate	10/1/2019

Verity Health System of California, Inc.  
Summary of Insurance  
As of 1/1/2019



#	Insurance Coverage	Carrier	First Named Insured	Policy Period	Policy Number	Limits of Liability	Premium Paid Through (Date)	
13	Punitive Damages Wrap <i>1st Excess Layer</i>	Magna Carta Insurance, Ltd.	Verity Health System of California, Inc.	10/1/2017-10/1/2018 (Extended to 10/1/2019)	MCEN204155	\$10,000,000 Excess of \$10,000,000	10/1/2019	
14	Storage Tank Liability	Tokio Marine Specialty Insurance Company (Philadelphia)	St. Francis Medical Center	12/05/2018-12/05/2019	STEP011394-01	\$1,000,000 Remediation Expense \$1,000,000 Bodily Injury and Property Damage Resulting from Contamination \$1,000,000 Defense Expense \$1,000,000 Defense Expense Aggregate \$2,000,000 Total Policy Aggregate	12/5/2019	
15	General Liability	Chubb	St. Francis Medical Center (Lynwood Parking Agreement)	3/31/2018-3/31/2019	HPL G2181684A 011	\$1,000,000 Each Occurrence \$1,000,000 Personal Injury & Advertising Injury \$1,000,000 Products/Completed Operations Aggregate \$3,000,000 General Aggregate	3/31/2019	
<b>Physicians Professional Liability</b>								
16	Professional Liability	NORCAL Mutual Insurance Company	The Contracted Physicians of O'Connor Hospital	1/1/18-1/1/19	728814N	Per Scheduled Provider \$1,000,000 Each Claim; \$3,000,000 Aggregate	1/1/2019	(A)
17	Professional Liability	NORCAL Mutual Insurance Company	The Contracted Physicians of St. Francis Medical Center	1/1/18-1/1/19	728812N	Per Scheduled Provider \$1,000,000 Each Claim; \$3,000,000 Aggregate \$2,000,000 Each Claim; \$4,000,000 Aggregate	1/1/2019	(A)
<b>Captive</b>								
18	Professional and General Liability	Marillac Insurance Company, Ltd.	Verity Health System of California, Inc.	3/31/2018-3/31/2019	DOC PLGL-26000-018	Professional Liability \$2,000,000 Each Claim and Aggregate Buffer Layer xs of \$3,000,000 Each Claim \$10,000,000 Aggregate General Liability \$2,000,000 Each Occurrence \$10,000,000 Aggregate	3/31/2019	
19	Excess Professional and Umbrella Liability (See Reinsurance Below)	Marillac Insurance Company, Ltd.	Verity Health System of California, Inc.	3/31/2018-3/31/2019	DOC XL PLGL-26000-018	Excess Professional Liability \$80,000,000 Each Occurrence \$80,000,000 Aggregate All Other Liability \$80,000,000 Each Claim \$80,000,000 Aggregate	3/31/2019	
20	Workers Compensation Deductible Liability Protection	Marillac Insurance Company, Ltd.	Verity Health System of California, Inc.	7/1/2018-7/1/2019	DED.WC-07.01.18-19	Workers' Compensation \$500,000 Each Occurrence Employers Liability \$500,000 Each Occurrence	3/31/2019	
<b>Reinsurance</b>								
21	Lead Excess Layer	ACE American Insurance Company (Chubb)	Verity Health System of California, Inc.	3/31/2018-3/31/2019	RBN G21816838 011	\$15,000,000 Each Loss Event \$15,000,000 Aggregate Professional Liability \$15,000,000 Aggregate General Liability of Ceding Company Limits	3/31/2019	

Verity Health System of California, Inc.  
Summary of Insurance  
As of 1/1/2019



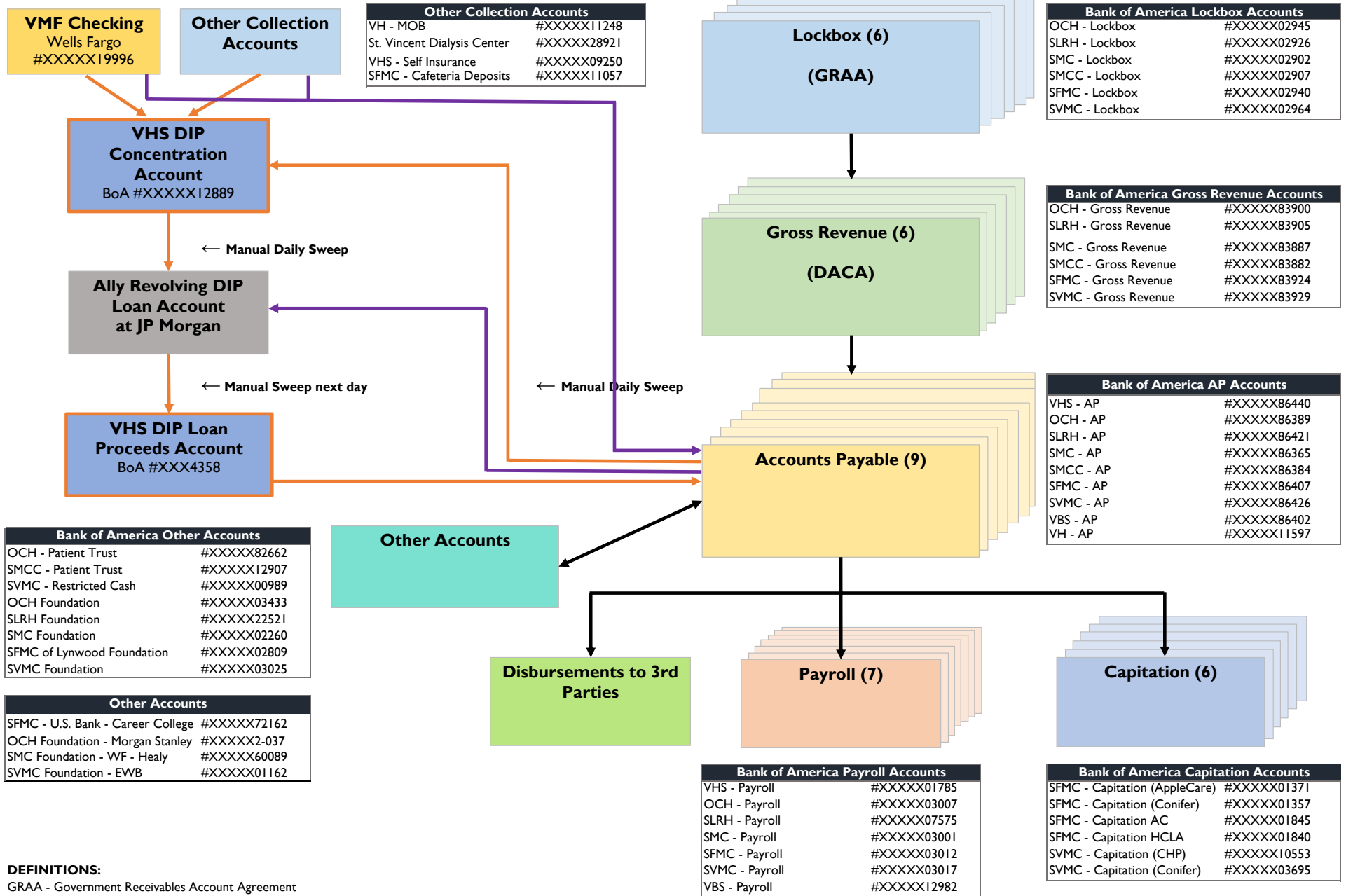
#	Insurance Coverage	Carrier	First Named Insured	Policy Period	Policy Number	Limits of Liability	Premium Paid Through (Date)	
22	2nd Excess Layer	Continental Casualty Company (CNA)	Verity Health System of California, Inc.	3/31/2018-3/31/2019	HMU 2097462209	\$15,000,000 Each Claim \$15,000,000 Aggregate Professional Liability \$15,000,000 Aggregate General Liability Excess of Chubb Underlying Above	3/31/2019	
23	3rd Excess Layer	Berkshire Hathaway Specialty Insurance Company	Verity Health System of California, Inc.	3/31/2018-3/31/2019	47-RHC-304968-01	\$20,000,000 Each Claim \$20,000,000 Aggregate Professional Liability \$20,000,000 Aggregate General Liability Excess of Chubb and CNA Underlying Above	3/31/2019	
24	4th Excess Layer	Zurich American Insurance Company	Verity Health System of California, Inc.	3/31/2018-3/31/2019	HPC 0239123-00	\$10,000,000 Each Claim \$10,000,000 Aggregate Professional Liability \$10,000,000 Aggregate General Liability Excess of Chubb, CNA and Berkshire Underlying Above	3/31/2019	
25	5th Excess Layer	The Medical Protective Company	Verity Health System of California, Inc.	3/31/2018-3/31/2019	XOL2018-023	\$20,000,000 Each Claim \$20,000,000 Aggregate Professional Liability \$20,000,000 Aggregate General Liability Excess of Chubb, CNA, Berkshire and Zurich Underlying Above	3/31/2019	
<b>Surety Bonds</b>								
26	CA DHS Patient Trust Bond	Hartford Fire Insurance Company	Seton Medical Center Coastsde	12/1/2001-12/1/2019	83BSBBF7598	\$75,000 Bond Amount	12/1/2019	
27	CA DHS Patient Trust Bond	Hartford Fire Insurance Company	St. Francis Medical Center	12/1/2001-12/1/2019	83BSBBF7621	\$5,000 Bond Amount	12/1/2019	
28	CA DHS Patient Trust Bond	Hartford Fire Insurance Company	St. Vincent Medical Center	12/1/2001-12/1/2019	83BSBBF7625	\$2,000 Bond Amount	12/1/2019	
29	CA DHS Patient Trust Bond	Hartford Fire Insurance Company	Saint Louise Regional Hospital	12/1/2001-12/1/2019	83BSBBF7637	\$10,000 Bond Amount	12/1/2019	
30	CA DHS Patient Trust Bond	Hartford Fire Insurance Company	O'Connor Hospital	12/1/2001-12/1/2019	83BSBBF7648	\$50,000 Bond Amount	12/1/2019	
31	CA DHS Patient Trust Bond	Hartford Fire Insurance Company	Seton Medical Center	12/1/2001-12/1/2019	83BSBBF7661	\$35,000 Bond Amount	12/1/2019	
<b>Provider Capitation Stop Loss (Managed Care Excess Loss)</b>								
32	Provider Capitation Stop Loss (Applicable to St. Vincent Medical Center and St. Francis Medical Center)	PartnerRe America Insurance Company	Verity Health System of California, Inc.	1/1/2018-1/1/2019	P0312544005	\$1,000,000 Maximum Benefit Per Covered Person 90% Payable in Excess of Specific Deductible if Complete Claim is Received by 2/1/20 50% Payable in Excess of Specific Deductible if Complete Claim is Not Received by 2/1/20 Transplant Services - 50% by a Non-Approved Transplant Network Provider	1/1/2019	(A)
<b>Self-Insured Medical and Pharmacy Stop Loss</b>								
33	Self-Insured Medical and Pharmacy Stop Loss	Reliastar Life Insurance Company (Voya)	Verity Health System of California, Inc.	1/1/18-12/31/18	70037-7	\$325,000 per Individual Coverage Period - Incurred in 12 months 1/1/18 - 12/31/18 and paid in 24 months 1/1/18 - 12/31/19	12/31/2018	(A)

(A) Policy renewed subsequent to December 31, 2018 and required premium payment was made.

**Verity Health System - Debtors' Postpetition Cash Flowchart**

Current Structure as of December 31, 2018

— Funds Flow Structure from Dec 1 to Dec 27, 2018  
— Funds Flow Structure from Dec 28 to Dec 31, 2018



**DEFINITIONS:**

GRAA - Government Receivables Account Agreement  
DACA - Deposit Account Control Agreement

**NOTE:** The current account structure and cash flow procedures as described above are subject to change based on ongoing negotiations with Ally Bank and other secured lenders.



**Verity Health System - Debtors' Postpetition Cash Flowchart**  
**Bank Accounts Closed Since the Petition Date as of December 31, 2018**

Other Accounts	
SMC Foundation - TCB <sup>1</sup>	#XXXXXX8521
SMCC - Patient Trust - TCB <sup>2</sup>	#XXXXXX3611
VMF - Payroll ZBA - Wells Fargo <sup>3</sup>	#XXXXXX20010

Bank of America Accounts	
OCH - FSA <sup>4</sup>	#XXXXX12284
SLRH - FSA <sup>4</sup>	#XXXXX12307
SMC - FSA <sup>4</sup>	#XXXXX12289
SMCC - FSA <sup>4</sup>	#XXXXX12302
SFMC - FSA <sup>4</sup>	#XXXXX12487
SVMC - FSA <sup>4</sup>	#XXXXX12062
VBS - FSA <sup>4</sup>	#XXXXX13192
VH - Operating <sup>4</sup>	#XXXXX11970
VH - Savings <sup>4</sup>	#XXXXX11975

<sup>1</sup> Account identified after petition date. This account was closed Oct 4 and funds were transferred to SMC-F at BoA.

<sup>2</sup> SMCC Patient Trust account at Tri-Counties Bank was closed in Sept 2018 and transferred to SMCC Patient Trust account at BoA.

<sup>3</sup> VMF Payroll ZBA at Wells Fargo was closed in December 2018.

<sup>4</sup> Account closed in November 2018.

**Verity Health System  
Debtor Bank Accounts  
As of 12/31/18**

<b>Number</b>	<b>Group</b>	<b>Bank Account Name</b>	<b>Company</b>	<b>Financial Institution</b>	<b>Account Number</b>	<b>Authorized Signers</b>
1	Obligated Group	VHS - AP	Verity Health System of California, Inc.	Bank of America	XXXXXX6440	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
2	Obligated Group	VHS - Self Insurance	Verity Health System of California, Inc.	Bank of America	XXXXXX9250	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
3	Obligated Group	VHS - Payroll	Verity Health System of California, Inc.	Bank of America	XXXXXX1785	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
4	Obligated Group	VHS - DIP Concentration Account (formerly named Construction Escrow)	Verity Health System of California, Inc.	Bank of America	XXXXXX2889	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
5	Obligated Group	VHS - DIP Loan Proceeds	Verity Health System of California, Inc.	Bank of America	XXXXXX4358	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer <b>(C)</b>
6	Obligated Group	OCH - Lockbox	O'Connor Hospital	Bank of America	XXXXXX2945	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
7	Obligated Group	OCH - Gross Revenue	O'Connor Hospital	Bank of America	XXXXXX3900	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
8	Obligated Group	OCH - AP	O'Connor Hospital	Bank of America	XXXXXX6389	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
9	Obligated Group	OCH - Payroll	O'Connor Hospital	Bank of America	XXXXXX3007	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
10	Obligated Group	OCH - Patient Trust	O'Connor Hospital	Bank of America	XXXXXX2662	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
11	Obligated Group	SLRH - Lockbox	St. Louise Regional Hospital	Bank of America	XXXXXX2926	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer

**Verity Health System  
Debtor Bank Accounts  
As of 12/31/18**

<b>Number</b>	<b>Group</b>	<b>Bank Account Name</b>	<b>Company</b>	<b>Financial Institution</b>	<b>Account Number</b>	<b>Authorized Signers</b>
12	Obligated Group	SLRH - Gross Revenue	St. Louise Regional Hospital	Bank of America	XXXXXX3905	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
13	Obligated Group	SLRH - AP	St. Louise Regional Hospital	Bank of America	XXXXXX6421	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
14	Obligated Group	SLRH - Payroll	St. Louise Regional Hospital	Bank of America	XXXXXX7575	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
15	Obligated Group	SFMC - Lockbox	St. Francis Medical Center	Bank of America	XXXXXX2940	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
16	Obligated Group	SFMC - Gross Revenue	St. Francis Medical Center	Bank of America	XXXXXX3924	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
17	Obligated Group	SFMC - AP	St. Francis Medical Center	Bank of America	XXXXXX6407	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
18	Obligated Group	SFMC - Payroll	St. Francis Medical Center	Bank of America	XXXXXX3012	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
19	Obligated Group	SFMC - Cafeteria Deposits	St. Francis Medical Center	Bank of America	XXXXXX1057	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
20	Obligated Group	SFMC - Capitation (AppleCare)	St. Francis Medical Center	Bank of America	XXXXXX1371	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer; Eleanor Ramirez, SFMC CEO
21	Obligated Group	SFMC - Capitation (Conifer)	St. Francis Medical Center	Bank of America	XXXXXX1357	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer; Eleanor Ramirez, SFMC CEO
22	Obligated Group	SFMC - Capitation AC	St. Francis Medical Center	Bank of America	XXXXXX1845	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer; Eleanor Ramirez, SFMC CEO

**Verity Health System  
Debtor Bank Accounts  
As of 12/31/18**

<b>Number</b>	<b>Group</b>	<b>Bank Account Name</b>	<b>Company</b>	<b>Financial Institution</b>	<b>Account Number</b>	<b>Authorized Signers</b>
23	Obligated Group	SFMC - Capitation HCLA	St. Francis Medical Center	Bank of America	XXXXXX1840	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer; Eleanor Ramirez, SFMC CEO
24	Obligated Group	SFMC - Career College	St. Francis Medical Center	U S Bank	XXXXXX2162	Need to Update Signers <b>(A)</b>
25	Obligated Group	SVMC - Lockbox	St. Vincent Medical Center	Bank of America	XXXXXX2964	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
26	Obligated Group	SVMC - Gross Revenue	St. Vincent Medical Center	Bank of America	XXXXXX3929	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
27	Obligated Group	SVMC - AP	St. Vincent Medical Center	Bank of America	XXXXXX6426	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
28	Obligated Group	SVMC - Payroll	St. Vincent Medical Center	Bank of America	XXXXXX3017	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
29	Obligated Group	SVMC - Capitation (CHP)	St. Vincent Medical Center	Bank of America	XXXXXX0553	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer, Margaret Pfeiffer, SVMC COO
30	Obligated Group	SVMC - Capitation (Conifer)	St. Vincent Medical Center	Bank of America	XXXXXX3695	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer, Margaret Pfeiffer, SVMC COO
31	Obligated Group	SVMC - Restricted Cash	St. Vincent Medical Center	Bank of America	XXXXX00989	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer <b>(B)</b>
32	Obligated Group	SMC - Lockbox	Seton Medical Center	Bank of America	XXXXXX2902	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
33	Obligated Group	SMC - Gross Revenue	Seton Medical Center	Bank of America	XXXXXX3887	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer

**Verity Health System  
Debtor Bank Accounts  
As of 12/31/18**

<b>Number</b>	<b>Group</b>	<b>Bank Account Name</b>	<b>Company</b>	<b>Financial Institution</b>	<b>Account Number</b>	<b>Authorized Signers</b>
34	Obligated Group	SMC - AP	Seton Medical Center	Bank of America	XXXXXX6365	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
35	Obligated Group	SMC - Payroll	Seton Medical Center	Bank of America	XXXXXX3001	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
36	Obligated Group	SMCC - Lockbox	Seton Medical Center	Bank of America	XXXXX02907	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
37	Obligated Group	SMCC - Gross Revenue	Seton Medical Center	Bank of America	XXXXXX3882	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
38	Obligated Group	SMCC - AP	Seton Medical Center	Bank of America	XXXXXX6384	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
39	Obligated Group	SMCC - Patient Trust	Seton Medical Center	Bank of America	XXXXX12907	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
40	Charitable Foundation	OCH Foundation	O'Connor Hospital Foundation	Bank of America	XXXXXX3433	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer <b>(B)</b>
41	Charitable Foundation	OCH Foundation - Investment	O'Connor Hospital Foundation	Morgan Stanley	XXXXX2-037	Ty Conner, Treasurer <b>(B)</b>
42	Charitable Foundation	SLRH Foundation	St. Louise Regional Hospital Foundation	Bank of America	XXXXXX2521	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer <b>(B)</b>
43	Charitable Foundation	SFMC of Lynwood Foundation	St. Francis Medical Center Foundation	Bank of America	XXXXXX2809	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer <b>(B)</b>
44	Charitable Foundation	SVMC Foundation	St. Vincent Medical Center Foundation	Bank of America	XXXXXX3025	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer <b>(B)</b>

**Verity Health System  
Debtor Bank Accounts  
As of 12/31/18**

<b>Number</b>	<b>Group</b>	<b>Bank Account Name</b>	<b>Company</b>	<b>Financial Institution</b>	<b>Account Number</b>	<b>Authorized Signers</b>	
45	Charitable Foundation	SVMC Foundation - EWB	St. Vincent Medical Center Foundation	EastWest Bank	XXXXXX1162	Rich Adcock, CEO; and Ty Conner, Treasurer	<b>(B)</b>
46	Non-Obligated Group	St. Vincent Dialysis Center	St. Vincent Dialysis Center	Bank of America	XXXXXX8921	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
47	Charitable Foundation	SMC Foundation	Seton Medical Center Foundation	Bank of America	XXXXXX2260	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	<b>(B)</b>
48	Charitable Foundation	SMC Foundation - SVCS	Healy, James T/U/A	Wells Fargo	XXXXX60089	Need to Update Signers <b>(A)</b>	<b>(B)</b>
49	Non-Obligated Group	VBS - AP	Verity Business Services	Bank of America	XXXXXX6402	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
50	Non-Obligated Group	VBS - Payroll	Verity Business Services	Bank of America	XXXXXX2982	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
51	Physician Foundation	VMF - Checking	Verity Medical Foundation	Wells Fargo	XXXXXX9996	Steve Campbell, CEO; Randall Roisman, CFO; and Fariba Shahbazi, Tony Armada	
52	Non-Obligated Group	VH - AP	Verity Holdings LLC	Bank of America	XXXXXX1597	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
53	Non-Obligated Group	VH - MOB	Verity Holdings LLC	Bank of America	XXXXXX1248	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
<b>Bank Account Closed Since the Petition Date</b>							
54	Obligated Group	SMCC - Patient Trust - TCB	Seton Medical Center	Tri Counties Bank	XXXXXX3611	Not applicable	
55	Obligated Group	OCH - FSA	O'Connor Hospital	Bank of America	XXXXXX2284	Not applicable	

**Verity Health System  
Debtor Bank Accounts  
As of 12/31/18**

<b>Number</b>	<b>Group</b>	<b>Bank Account Name</b>	<b>Company</b>	<b>Financial Institution</b>	<b>Account Number</b>	<b>Authorized Signers</b>
56	Obligated Group	SLRH - FSA	St. Louise Regional Hospital	Bank of America	XXXXXX2307	Not applicable
57	Obligated Group	SFMC - FSA	St. Francis Medical Center	Bank of America	XXXXXX2487	Not applicable
58	Obligated Group	SVMC - FSA	St. Vincent Medical Center	Bank of America	XXXXXX2062	Not applicable
59	Obligated Group	SMC - FSA	Seton Medical Center	Bank of America	XXXXXX2289	Not applicable
60	Obligated Group	SMCC - FSA	Seton Medical Center	Bank of America	XXXXXX2302	Not applicable
61	Non-Obligated Group	VBS - FSA	Verity Business Services	Bank of America	XXXXXX3192	Not applicable
62	Non-Obligated Group	VH - Operating	Verity Holdings LLC	Bank of America	XXXXXX1970	Not applicable
63	Non-Obligated Group	VH - Savings	Verity Holdings LLC	Bank of America	XXXXXX1975	Not applicable
64	Physician Foundation	VMF - Payroll ZBA	Verity Medical Foundation	Wells Fargo	XXXXXX0010	Not applicable

**Verity Health System  
Debtor Bank Accounts  
As of 12/31/18**

<b>Number</b>	<b>Group</b>	<b>Bank Account Name</b>	<b>Company</b>	<b>Financial Institution</b>	<b>Account Number</b>	<b>Authorized Signers</b>
<b>Bank Account Identified After the Petition Date (Closed 10/4/18)</b>						
65		SMC Foundation - TCB	Seton Medical Center Foundation	Tri Counties Bank	XXXXXX8521	Not applicable

(A) Authorized signors are to be updated to current signors on the other Debtor accounts.

(B) This bank account contains certain funds that are donor restricted, and therefore, are not available for the Debtor's general operating activities.

Please refer to the attached Restricted Funds schedule for additional restricted funds recorded by the Debtors that are not included in this schedule of Debtor Bank Accounts as they are not part of the cash management program.

(C) New bank account opened in October 2018 to be used for DIP loan proceeds beginning in November 2018.



**Verity Health System, Inc.**  
**Restricted Funds Schedule**  
**At November 30, 2018 and December 31, 2018**  
\$ in 000's

No.	Debtor Name	Institution Name	Type of Account	Last 4 of A/C	11/30/2018 Balance	12/31/2018 Balance	Description of Restrictions
1R	Verity Health System of California	Wells Fargo	Checking (Restricted Funds)	0300	\$ 2,000	\$ 2,000	Escrow Account - funds held in trust under bond indenture; only trustee can authorize disbursements
2R	Verity Health System of California	Wells Fargo	Checking (Restricted Funds)	8703	20,834	20,870	Debt Reserve Account - funds held in trust under bond indenture; only trustee can authorize disbursements
3R	Verity Health System of California	Wells Fargo	Checking (Restricted Funds)	8803	804	805	Debt Reserve Account - funds held in trust under bond indenture; only trustee can authorize disbursements
4R	Verity Health System of California	Wells Fargo	Checking (Restricted Funds)	8903	886	888	Debt Reserve Account - funds held in trust under bond indenture; only trustee can authorize disbursements
5R	Verity Health System of California	Bank of America	Certificate of Deposit	n/a	125	125	Certificate of Deposit - Signatories are Rich Adcock, Anthony Armada, Anita Chou and Ty Connor
6R	St. Vincent Foundation	Green Oak Consulting Group	Endowment Fund (Restricted Funds)	a541a	3,061	2,891	Donor restricted funds controlled by third party; Debtor does not control disbursements from this account
7R	St. Vincent Medical Center	Northern Trust	Endowment Fund (Restricted Funds)	4098	1,778	1,699	Donor restricted funds controlled by third party; Debtor does not control disbursements from this account
8R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7000	-	-	Escrow Account - funds held in trust under bond indenture; only trustee can authorize disbursements
9R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7001	892	892	Escrow Account - funds held in trust under bond indenture; only trustee can authorize disbursements
10R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7002	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
11R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7003	16,755	16,755	Escrow Account - funds held in trust under bond indenture; only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
12R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7004	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
13R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7005	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
14R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7006	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
15R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7007	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
16R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1000	-	-	Escrow Account - funds held in trust under bond indenture; only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
17R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1001	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.

**Verity Health System, Inc.**  
**Restricted Funds Schedule**  
**At November 30, 2018 and December 31, 2018**  
 \$ in 000's

No.	Debtor Name	Institution Name	Type of Account	Last 4 of A/C	11/30/2018 Balance	12/31/2018 Balance	Description of Restrictions
18R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1002	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
19R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1003	17,625	17,625	Escrow Account - funds held in trust under bond indenture; only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
20R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1004	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
21R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1005	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
22R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1006	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
23R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1007	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address  Mariam Danielyan (SBN: 276555) LAW OFFICE OF MARIAM DANIELYAN 100 N. Brand Blvd., #3 Glendale, CA 91203 Tel.: (818) 806-8506 Fax: (818) 273-9005 Email: md@danielyanlawoffie.com	FOR COURT USE ONLY  <div style="border: 1px solid black; padding: 10px; text-align: center;"> <p style="color: blue; font-weight: bold; font-size: 1.2em;">FILED &amp; ENTERED</p> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin: 5px 0;"> <p style="color: red; font-weight: bold; font-size: 1.5em;">DEC 12 2018</p> </div> <p style="color: blue; font-size: 0.8em;">CLERK U.S. BANKRUPTCY COURT                      Central District of California                      BY gonzalez DEPUTY CLERK</p> </div>
<p><b>UNITED STATES BANKRUPTCY COURT</b>  <b>CENTRAL DISTRICT OF CALIFORNIA -<u>LOS ANGELES</u> DIVISION</b></p>	
In re:  VERITY HEALTH SYSTEM OF CALIFORNIA, INC., et al.	CASE NO.: 2:18-bk-20151-ER CHAPTER: 11
Affects St. Francis Medical Center	<p><b>ORDER GRANTING MOTION FOR RELIEF FROM THE AUTOMATIC STAY UNDER 11 U.S.C. § 362 (Action in Nonbankruptcy Forum)</b></p>
Debtor(s).	DATE: 11/26/2018 TIME: 10:00 a.m. COURTROOM: 1568 PLACE: 255 East Temple Street Los Angeles, CA 90012
<p><b>MOVANT:</b> Aida Iniguez and Francisco Iniguez</p>	

1. The Motion was:     Opposed     Unopposed     Settled by stipulation

2. The Motion affects the following Nonbankruptcy Action:

Name of Nonbankruptcy Action: Aida Iniguez, et al. v. Domingo C. Barrientos, St. Francis Medical Center, et al.

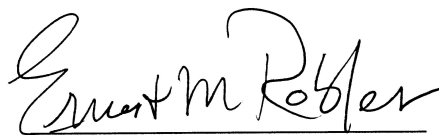
Docket number: BC616038

Nonbankruptcy court or agency where the Nonbankruptcy Action is pending: Los Angeles Superior Court  
 Compton Courthouse

3. The Motion is granted under 11 U.S.C. § 362(d)(1).
4. As to Movant, its successors, transferees and assigns, the stay of 11 U.S.C. § 362(a) is:
  - a.  Terminated as to the Debtor and the Debtor's bankruptcy estate.
  - b.  Modified or conditioned as set forth in Exhibit \_\_\_\_\_ to the Motion.
  - c.  Annulled retroactively to the bankruptcy petition date. Any postpetition acts taken by Movant to enforce its remedies regarding the nonbankruptcy action do not constitute a violation of the stay.
5. **Limitations on Enforcement of Judgment:** Movant may proceed in the nonbankruptcy forum to final judgment (including any appeals) in accordance with applicable nonbankruptcy law. Movant is permitted to enforce its final judgment only by (*specify all that apply*):
  - a.  Collecting upon any available insurance in accordance with applicable nonbankruptcy law.
  - b.  Proceeding against the Debtor as to property or earnings that are not property of this bankruptcy estate.
6. This order is binding and effective despite any conversion of this bankruptcy case to a case under any other chapter of the Bankruptcy Code.
7.  The co-debtor stay of 11 U.S.C. § 1201(a) or § 1301(a) is terminated, modified or annulled as to the co-debtor, on the same terms and conditions as to the Debtor.
8.  The 14-day stay prescribed by FRBP 4001(a)(3) is waived.
9.  This order is binding and effective in any bankruptcy case commenced by or against the Debtor for a period of 180 days, so that no further automatic stay shall arise in that case as to the nonbankruptcy action.
10.  This order is binding and effective in any future bankruptcy case, no matter who the debtor may be, without further notice.
11.  Other (*specify*): The Court incorporates the findings in its Tentative Ruling attached hereto as Exhibit "A" into this Order.

###

Date: December 12, 2018



Ernest M. Robles  
United States Bankruptcy Judge

# **EXHIBIT “A”**

**United States Bankruptcy Court  
Central District of California  
Los Angeles  
Judge Ernest Robles, Presiding  
Courtroom 1568 Calendar**

**Monday, November 26, 2018**

**Hearing Room 1568**

10:00 AM

**2:18-20151 Verity Health System of California, Inc.**

**Chapter 11**

**#101.00** HearingRE: [717] Notice of motion and motion for relief from automatic stay with supporting declarations ACTION IN NON-BANKRUPTCY FORUM RE: Medical Negligence. (Danielyan, Mariam)

Docket 717

**Tentative Ruling:**

11/22/2018:

For the reasons set forth below, the Motion is GRANTED.

**Pleadings Filed and Reviewed:**

- 1) Notice of Motion and Motion for Relief from the Automatic Stay Under 11 U.S.C. §362 [Doc. No. 717] (the "Motion")
- 2) Debtors' Response to Motion for Relief from the Automatic Stay Filed on Behalf of Aida Iniguez and Francisco Iniguez [Doc. No. 811]
- 3) Reply of Movants Aida Iniguez and Francisco Iniguez to Debtors' Response to Motion for Relief from the Automatic Stay [Doc. No. 843] (the "Reply")

**I. Facts and Summary of Pleadings**

On August 31, 2018 (the "Petition Date"), Verity Health Systems of California ("VHS") and certain of its subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. On August 31, 2018, the Court entered an order granting the Debtors' motion for joint administration of the Debtors' Chapter 11 cases. Doc. No. 17.

Aida Iniguez and Francisco Iniguez ("Movants") seek stay-relief, pursuant to § 362(d)(1), for the purpose of litigating a medical malpractice action against Debtor St. Francis Medical Center ("St. Francis"). Movants commenced the action, captioned *Aida Iniguez et al. v. Domingo C. Barrientos, St. Francis Medical Center, et al.* (the "State Court Action"), on May 4, 2016. The State Court Action alleges that had St. Francis and its doctors properly diagnosed Movant Aida Iniguez, it would not have been necessary for Ms. Iniguez to have undergone the amputation of both her legs.

A status conference in the State Court Action is set for December 12, 2018. Prior to the commencement of the Debtors' bankruptcy cases, trial in the State Court Action

**United States Bankruptcy Court  
Central District of California  
Los Angeles  
Judge Ernest Robles, Presiding  
Courtroom 1568 Calendar**

**Monday, November 26, 2018**

**Hearing Room 1568**

10:00 AM

**CONT... Verity Health System of California, Inc.**

**Chapter 11**

was set for October 9, 2018. Movants seek recovery only from applicable insurance, and waive any deficiency or other claim against the estate.

Debtors oppose the Motion, arguing that being required to defend against the State Court Action would be disruptive to the Debtors' operations and would distract the Debtors from aggressively pursuing sales of the Debtors' hospitals.

Movant makes the following arguments in reply to the Debtors' opposition:

- 1) There is no merit to the contention that Debtors would be distracted from prosecuting the bankruptcy cases if the State Court Action proceeded. St. Francis is represented by insurance counsel and Movants seek recovery only from applicable insurance. Insurance counsel has been defending against the State Court Action for more than two years.
- 2) Debtors have taken inconsistent and contradictory positions in response to similar stay-relief motions. In another non-bankruptcy action also involving a tort claims against St. Francis, Debtors stated that they would consider stipulating to stay-relief if Movant sought recovery only from insurance. Here, Movants seek recovery only from insurance, yet Debtors oppose the Motion.

## **II. Findings and Conclusions**

As explained by the Ninth Circuit Bankruptcy Appellate Panel in *Kronemyer v. American Contractors Indemnity Co. (In re Kronemyer)* (internal citations omitted): "What constitutes 'cause' for granting relief from the automatic stay is decided on a case-by-case basis. Among factors appropriate to consider in determining whether relief from the automatic stay should be granted to allow state court proceedings to continue are considerations of judicial economy and the expertise of the state court, ... as well as prejudice to the parties and whether exclusively bankruptcy issues are involved." 405 B.R. 915, 921. The factors articulated in *In re Curtis*, 40 B.R. 795, 799-800 (Bankr. D. Utah 1984) and adopted by the bankruptcy court in *Truebro, Inc. v. Plumberex Specialty Prods., Inc. (In re Plumberex Specialty Prods., Inc.)*, 311 B.R. 551, 559-60 (Bankr. C.D. Cal. 2004) are also "appropriate, nonexclusive factors to consider in deciding whether to grant relief from the automatic stay to allow pending litigation to continue in another forum." *Kronemyer*, 405 B.R. at 921. The *Curtis* factors are as follows:

- 1) Whether the relief will result in a partial or complete resolution of the issues;
- 2) The lack of any connection with or interference with the bankruptcy case;

**United States Bankruptcy Court  
Central District of California  
Los Angeles  
Judge Ernest Robles, Presiding  
Courtroom 1568 Calendar**

**Monday, November 26, 2018**

**Hearing Room 1568**

10:00 AM

**CONT...**

**Verity Health System of California, Inc.**

**Chapter 11**

- 3) Whether the foreign proceeding involves the debtor as a fiduciary;
- 4) Whether a specialized tribunal has been established to hear the particular cause of action and whether that tribunal has the expertise to hear such cases;
- 5) Whether the debtor's insurance carrier has assumed full financial responsibility for defending the litigation;
- 6) Whether the action essentially involves third parties, and the debtor functions only as a bailee or conduit for the goods or proceeds in question;
- 7) Whether the litigation in another forum would prejudice the interests of other creditors, the creditors' committee and other interested parties;
- 8) Whether the judgment claim arising from the foreign action is subject to equitable subordination under Section 510(c);
- 9) Whether movant's success in the foreign proceeding would result in a judicial lien avoidable by the debtor under Section 522(f);
- 10) The interests of judicial economy and the expeditious and economical determination of litigation for the parties;
- 11) Whether the foreign proceedings have progressed to the point where the parties are prepared for trial, and
- 12) The impact of the stay on the parties and the "balance of hurt."

*Plumberex*, 311 B.R. at 599.

Having considered the applicable *Curtis* factors, the Court finds that immediate stay-relief is appropriate. The Court's conclusion is driven primarily by the fact that Movants seek recovery only from applicable insurance and waive any deficiency or other claim against the Debtors or property of the estates (the fifth *Curtis* factor). The Court is cognizant of the reality that Debtors' bankruptcy counsel and its professionals may be required to devote some attention to the litigation, even though it is being defended by insurance counsel. However, having reviewed the the State Court Complaint, the Court finds that allowing the State Court Action to go forward at this time will not unduly distract the Debtors from pursuing other pressing matters in these bankruptcy cases. Requiring Movants to wait for stay-relief until the Debtors have made further progress selling the hospitals would mean that the trial, initially scheduled to go forward in October 2018, would likely be delayed until March 2019 or even later. In view of Movants' agreement to limit recovery to applicable insurance, the "balance of hurt" (factor twelve) warrants granting stay-relief now.

The remaining *Curtis* factors likewise support immediate stay-relief. Allowing the State Court Action to proceed will result in a complete resolution of the issues (factor



**United States Bankruptcy Court  
Central District of California  
Los Angeles  
Judge Ernest Robles, Presiding  
Courtroom 1568 Calendar**

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one). The State Court is the tribunal best suited to adjudicate the litigation (factor three). The parties are at an advanced stage of the litigation (factor eleven). Stay-relief will facilitate the expeditious determination of the State Court Action (factor ten). Finally, given the Court's finding that allowing the State Court Action to proceed will not unduly distract the Debtors from other pressing matters, stay-relief will not prejudice the interests of creditors by interfering with the case and reducing creditor recoveries (factor seven).

Movants' request that the order granting stay-relief be binding and effective in any bankruptcy case commenced by or against the Debtors for a period of 180 days is DENIED. So that the status conference set for December 12, 2018 in the State Court Action may proceed, the order granting stay-relief shall be effective immediately upon entry, notwithstanding Bankruptcy Rule 4001(a)(3). Movants are permitted to enforce any final judgment only by collecting upon available insurance in accordance with applicable nonbankruptcy law. Movants may not pursue any deficiency claim or any other claim against the Debtors or property of the estates. The stay shall remain in effect with respect to the enforcement of any judgment against the Debtors or property of the Debtors' estates.

Movants shall submit a conforming order, incorporating this tentative ruling by reference, within seven days of the hearing. **[Note 1]**

No appearance is required if submitting on the court's tentative ruling. If you intend to submit on the tentative ruling, please contact Jessica Vogel or Daniel Koontz at 213-894-1522. **If you intend to contest the tentative ruling and appear, please first contact opposing counsel to inform them of your intention to do so.** Should an opposing party file a late opposition or appear at the hearing, the court will determine whether further hearing is required. If you wish to make a telephonic appearance, contact Court Call at 888-882-6878, no later than one hour before the hearing.

**Note 1**

To ensure that the Debtors have the opportunity to review Movants' proposed order as to form, Movants shall either (a) submit a *Notice of Lodgment* of the proposed order in accordance with the procedure set forth in Local Bankruptcy Rule 9021-1(b)(3)(A) or, in the alternative, shall (b) obtain Debtors' endorsement as to the form of the proposed order pursuant to the procedure set forth in Local Bankruptcy Rule 9021-1(b)(3)(C).

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**Party Information**

**Debtor(s):**

Verity Health System of California,

Represented By

Samuel R Maizel

John A Moe II

Tania M Moyron

Claude D Montgomery

Sam J Alberts