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Form **990****Return of Organization Exempt From Income Tax****2010****Open to Public Inspection**Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2010 calendar year, or tax year beginning**04/01, 2010, and ending****03/31, 2011****B** Check if applicable

- ☐ Address change
☐ Name change
☐ Initial return
☐ Terminated
☐ Amended return
☐ Application pending

C Name of organization

FREEMAN HEALTH SYSTEM

Doing Business As FREEMAN HOSPITAL

Number and street (or P O box if mail is not delivered to street address)

Room/suite

1102 WEST 32ND STREET

City or town, state or country, and ZIP + 4

JOPLIN, MO 64804

F Name and address of principal officer

GARY DUNCAN

1102 WEST 32ND STREET JOPLIN, MO 64804

D Employer identification number

43-1704371

E Telephone number

(417) 347-1111

G Gross receipts \$ 481,077,837.**H(a)** Is this a group return for affiliates? ☐ Yes ☒ No**H(b)** Are all affiliates included? ☐ Yes ☐ No

If "No," attach a list (see instructions)

I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no) ☐ 4947(a)(1) or ☐ 527**J** Website: ▶ WWW.FREEMANHEALTH.COM**H(c)** Group exemption number ▶**K** Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶**L** Year of formation 1999 **M** State of legal domicile MO**Part I Summary**

Activities & Governance	1	Briefly describe the organization's mission or most significant activities. FREEMAN HEALTH SYSTEM PROVIDES WORLD-CLASS, COMPASSIONATE HEALTHCARE SERVICES WHERE IT MATTERS MOST, CLOSE TO HOME. SEE SCHEDULE O FOR ADDITIONAL INFORMATION.		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	14.
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	10.
	5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	3,929.
	6	Total number of volunteers (estimate if necessary)	6	273.
	7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	7a	10,014,662.
7b	Net unrelated business taxable income from Form 990-T, line 34	7b	-355,217.	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	875,201.	812,547.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	422,143,471.	396,193,811.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	9,128,472.	9,948,528.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,434,862.	2,040,224.
	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	434,582,006.	408,995,110.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	988,435.	781,403.
Expenses	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	214,675,774.	206,730,711.
	16b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 574,178.	0.	0.
	17	Other expenses (Part IX, column (A), lines 11d, 11f-14f)	207,555,455.	199,020,442.
	18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	423,219,664.	406,532,556.
	19	Revenue less expenses Subtract line 18 from line 12	11,362,342.	2,462,554.
	Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year
21		Total liabilities (Part X, line 26)	341,443,410.	343,516,979.
22		Net assets or fund balances Subtract line 21 from line 20	199,678,246.	199,332,578.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here ▶ *Steven W Grady* CFO Date *12/13/2012*
 ▶ *Steven W Grady* CFO
 Type or print name and title

Paid Preparer Use Only
 Print/Type preparer's name: *Brian D Todd* Preparer's signature: *Brian D Todd, CPA* Date: *2/10/12* Check if self-employed ☐ PTIN:
 Firm's name: ▶ *BKD, LLP* Firm's EIN: ▶
 Firm's address: ▶ *910 E ST LOUIS #200/PO BOX 1190 SPRINGFIELD, MO 65806-2523* Phone no.: *417 865-8701*

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Form **990** (2010)

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III ☐**1** Briefly describe the organization's mission:

TO IMPROVE THE HEALTH OF THE COMMUNITIES WE SERVE THROUGH
CONTEMPORARY, INNOVATIVE, QUALITY HEALTHCARE SOLUTIONS.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses.

Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code:) (Expenses \$ 259,124,605. including grants of \$ 781,403.) (Revenue \$ 190,182,956.)

FREEMAN OFFERS OUTPATIENT SERVICES INCLUDING CANCER CARE,
EMERGENCY MEDICINE, WOMEN'S SERVICES, DIALYSIS, HYPERBARIC OXYGEN
THERAPY AND WOUND CARE, NEUROLOGY, ORTHOPAEDICS, OTOLARYNGOLOGY,
GERIATRIC CARE, PHARMACIES, WALK-IN CLINICS, HOME CARE,
OCCUPATIONAL MEDICINE, OUTPATIENT SURGERY, REHABILITATION
THERAPIES, HEART AND VASCULAR SERVICES, RADIOLOGY, LABORATORY
SERVICES, AND MORE. SEE SCHEDULE O FOR ADDITIONAL INFORMATION.

4b (Code:) (Expenses \$ 101,997,864. including grants of \$) (Revenue \$ 178,590,285.)

FREEMAN'S HOSPITALS IN JOPLIN PROVIDE A WIDE ARRAY OF INPATIENT
SERVICES INCLUDING GENERAL, NEUROLOGICAL, ORTHOPAEDIC, AND HEART
SURGERIES. FREEMAN PROVIDES SERVICE TO PATIENTS THROUGH GENERAL
MEDICAL, ONCOLOGY, INTENSIVE CARE, MATERNAL, PEDIATRIC, CANCER,
PSYCHIATRIC, GERIATRIC PSYCHIATRIC, SKILLED NURSING, AND
REHABILITATION UNITS. MATERNAL SERVICES IS EXPLORED IN DEPTH IN A
SEPARATE SECTION OF THIS NARRATIVE. SEE SCHEDULE O FOR ADDITIONAL
INFORMATION.

4c (Code:) (Expenses \$ 17,671,323. including grants of \$) (Revenue \$ 17,405,908.)

DESIGNED TO GIVE NEW MOTHERS AND THEIR FAMILIES THE COMFORTS OF
HOME WITHIN THE SECURITY OF A HOSPITAL, FREEMAN MATERNITY CENTER
DELIVERED 2,437 BABIES IN FY 2011. THE UNIT INCLUDES
BOARD-CERTIFIED OBSTETRICIANS AVAILABLE 24 HOURS A DAY AND THE
REGION'S ONLY BOARD-CERTIFIED PERINATOLOGIST CARING FOR PATIENTS
WITH HIGH-RISK PREGNANCIES. FREEMAN OFFERS FREE PRENATAL
EDUCATION, INCLUDING CHILDBIRTH CLASSES, SIBLING CLASSES, AND
LACTATION CONSULTANTS TO PATIENTS. SEE SCHEDULE O FOR ADDITIONAL
INFORMATION.

4d Other program services. (Describe in Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses ▶ 378,793,792.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors? (see instructions)	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	X	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		
6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	X	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		X
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX		X
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X		X
12 a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII		X
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14 a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Parts I and IV		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	X	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20 a Did the organization operate one or more hospitals? If "Yes," complete Schedule H	X	
b If "Yes" to line 20a, did the organization attach its audited financial statements to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	X	

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II.</i>	21 X	
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III.</i>	22 X	
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J.</i>	23 X	
24 a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25.</i>	24a X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	X
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	X
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	X
25 a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I.</i>	25a	X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I.</i>	25b	X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II.</i>	26	X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III.</i>	27	X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>	28a	X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>	28b X	
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV.</i>	28c	X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M.</i>	29	X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M.</i>	30	X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I.</i>	31	X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II.</i>	32	X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I.</i>	33 X	
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1.</i>	34 X	
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35 X	
a Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2.</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2.</i>	36	X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI.</i>	37	X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O.	38 X	

Form 990 (2010)

Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response to any question in this Part V. ☐

	Yes	No
1a Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a 183	
b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b 1	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c X	
2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a 3,929	
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file. (see instructions)	2b X	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a X	
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b X	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	X
b If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	X
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	X
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7 Organizations that may receive deductible contributions under section 170(c).		
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a X	
b If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b X	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	X
d If "Yes," indicate the number of Forms 8282 filed during the year	7d	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	X
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	X
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9 Sponsoring organizations maintaining donor advised funds.		
a Did the organization make any taxable distributions under section 4966?	9a	
b Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10 Section 501(c)(7) organizations. Enter:		
a Initiation fees and capital contributions included on Part VIII, line 12	10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11 Section 501(c)(12) organizations. Enter:		
a Gross income from members or shareholders	11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.		
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c Enter the amount of reserves on hand	13c	
14a Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI ☒

Section A. Governing Body and Management

	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year 1a 14		
b Enter the number of voting members included in line 1a, above, who are independent 1b 10		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6 Does the organization have members or stockholders?		X
7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		X
b Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body?	X	
b Each committee with authority to act on behalf of the governing body?	X	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
10a Does the organization have local chapters, branches, or affiliates?		X
b If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?		
11a Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	X	
b Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a Does the organization have a written conflict of interest policy? If "No," go to line 13	X	
b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	X	
13 Does the organization have a written whistleblower policy?	X	
14 Does the organization have a written document retention and destruction policy?	X	
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official	X	
b Other officers or key employees of the organization	X	
If "Yes" to line 15a or 15b, describe the process in Schedule O. (See instructions)		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	X	
b If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	X	

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
☐ Own website ☐ Another's website ☒ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ▶ STEVE GRADY 1102 WEST 32ND STREET JOPLIN, MO 64804
 417-347-6678

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response to any question in this Part VII. ☒ X**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.

- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.

- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) LANCE BESHORE PHD CHAIR	1.00	X		X				0.	0.	0.
(2) DIAN DOODY MD VICE CHAIR	1.00	X		X				0.	0.	0.
(3) LARRY MCINTIRE DO SECRETARY/TREASURER	60.00	X		X				540,226.	0.	7,375.
(4) JOHN M COX DO DIRECTOR	60.00	X						932,738.	0.	19,439.
(5) RODNEY MCFARLAND MD DIRECTOR	60.00	X						449,131.	0.	16,439.
(6) JIM ARMSTRONG DIRECTOR	1.00	X						0.	0.	0.
(7) GLENN (MITCH) MCCUMBER DIRECTOR	1.00	X						0.	0.	0.
(8) SCOTT BROTHERS DIRECTOR	1.00	X						0.	0.	0.
(9) GLENN BROWN DIRECTOR	1.00	X						0.	0.	0.
(10) RICHARD CAMPBELL DIRECTOR	1.00	X						0.	0.	0.
(11) MARK WILLIAMS DIRECTOR	1.00	X						0.	0.	0.
(12) JAMES FLEISCHAKER DIRECTOR	1.00	X						0.	0.	0.
(13) LARRY NEFF DIRECTOR	1.00	X						0.	0.	0.
(14) GARY D DUNCAN PRESIDENT & CEO	54.00	X		X				902,465.	0.	55,248.
(15) JAMES R BRACHT DIRECTOR ENDING 7/2010	1.00	X						0.	0.	0.
(16) JOE L KIRK EXECUTIVE VICE PRESIDENT	60.00			X				461,451.	0.	84,004.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees(continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(17) STEVE W GRADDY CFO	50.00			X				421,556.	0.	84,622.
(18) PAULA F BAKER CCO	54.00				X			279,966.	48,931.	58,047.
(19) PHILIP WILLCOXON SENIOR VP ADMINISTRATION	45.00				X			193,259.	61,699.	42,847.
(20) RICHARD D SCHOOLER CHIEF MEDICAL OFFICER	60.00				X			446,638.	0.	78,418.
(21) DEBRA M KOELKEBECK VP RETAIL/CLINICAL OPERATIONS	60.00				X			233,800.	0.	45,240.
(22) MICHAEL J LEONE CONTROLLER	60.00				X			256,453.	0.	45,116.
(23) JEFFREY M CARRIER CHIEF NURSING OFFICER	60.00				X			186,263.	0.	26,062.
(24) COLEEN S CAMERON CHIEF REGULATORY OFFICER	60.00				X			156,555.	0.	21,352.
(25) KEVIN P GAUDETTE DIRECTOR OF PRACTICE MGMT	60.00				X			207,171.	0.	28,513.
(26) DAVID L BLACK PHYSICIAN	60.00					X		1,250,322.	0.	16,439.
(27) THOMAS B COY PHYSICIAN	60.00					X		1,612,020.	0.	16,439.
(28) WILLIAM J NICHOLAS PHYSICIAN	60.00					X		1,815,897.	0.	13,932.
1b Sub-total								10,345,911.	110,630.	659,532.
c Total from continuation sheets to Part VII, Section A								3,778,563.	0.	358,378.
d Total (add lines 1b and 1c)								14,124,474.	110,630.	1,017,910.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **239**

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization.

(A) Name and business address	(B) Description of services	(C) Compensation
CROTHAL SERVICES GROUP WAYEN, PA 19087	CLEANING	4,784,332.
PREMIER ANESTHESIA LLC ALPHARETTA, GA 30009	LOCUM ANESTHESIA	1,492,793.
WATHERBY LOCUMS INC DALLAS, TX 75397	LOCUM	774,956.
SOUTHWEST RADIOLOGY LTD JOPLIN, MO 64804	RADIOLOGY	724,887.
TRUE MEDIA COLUMBIA, MO 65201	MARKETING	722,318.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **22**

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	12,901			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	799,646			
	g	Noncash contributions included in lines 1a-1f. \$					
	h	Total. Add lines 1a-1f		812,547.			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICES	900099	377,214,926.	377,214,926		
	b	CAFETERIA & VENDING	722210	1,246,074	1,246,074.		
	c	UNRELATED HEALTH ESSENTIALS	900099	4,259,391		4,259,391.	
	d	UNRELATED RETAIL PHARMACY	446110	5,006,262		5,006,262.	
	e	UNRELATED LAB SERVICES	621500	496,443.		496,443.	
	f	All other program service revenue	900099	7,970,715.	7,718,149.	252,566.	
	g	Total. Add lines 2a-2f		396,193,811.			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		2,408,924			2,408,924.
	4	Income from investment of tax-exempt bond proceeds		0.			
	5	Royalties		0.			
			(i) Real (ii) Personal				
	6a	Gross Rents.	2,093,355.	154,356			
	b	Less rental expenses	356,258				
	c	Rental income or (loss)	1,737,097	154,356.			
	d	Net rental income or (loss)		1,891,453			1,891,453.
			(i) Securities (ii) Other				
	7a	Gross amount from sales of assets other than inventory	78,402,601.	126,648			
	b	Less cost or other basis and sales expenses	70,727,386.	262,259.			
	c	Gain or (loss)	7,675,215	-135,611			
	d	Net gain or (loss)		7,539,604			7,539,604.
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a	528,490			
	b	Less direct expenses	b	362,687			
	c	Net income or (loss) from fundraising events		165,803.			165,803.
	9a	Gross income from gaming activities See Part IV, line 19	a	3,245.			
	b	Less direct expenses	b	1,150			
c	Net income or (loss) from gaming activities		2,095.			2,095.	
10a	Gross sales of inventory, less returns and allowances	a	677,268.				
b	Less cost of goods sold	b	372,987.				
c	Net income or (loss) from sales of inventory		304,281.			304,281	
Miscellaneous Revenue		Business Code					
11a	INVESTMENT IN SUBSIDIARY	900099	-323,408			-323,408.	
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d		-323,408				
12	Total revenue. See instructions		408,995,110.	386,179,149	10,014,662.	11,988,752.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21 . . .	625,257.	625,257.		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	156,146.	156,146.		
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0.			
4 Benefits paid to or for members	0.			
5 Compensation of current officers, directors, trustees, and key employees	6,261,389.	1,965,348.	4,296,041.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	1,296,334.	1,296,334.		
7 Other salaries and wages	171,142,284.	166,151,459.	4,678,955.	311,870.
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,429,535.	2,124,569.	295,674.	9,292.
9 Other employee benefits	15,159,695.	13,401,630.	1,727,572.	30,493.
10 Payroll taxes	10,441,474.	9,146,505.	1,272,909.	22,060.
11 Fees for services (non-employees)				
a Management	0.			
b Legal	459,653.		459,653.	
c Accounting	179,404.		179,404.	
d Lobbying	0.			
e Professional fundraising services See Part IV, line 17	0.			
f Investment management fees	231,447.		231,447.	
g Other	27,531,373.	24,820,247.	2,598,917.	112,209.
12 Advertising and promotion	1,041,301.	883,944.	123,785.	33,572.
13 Office expenses	15,173,993.	14,756,578.	385,801.	31,614.
14 Information technology	3,318,377.	2,914,049.	404,328.	
15 Royalties	0.			
16 Occupancy	8,125,674.	6,527,181.	1,598,493.	
17 Travel	685,461.	622,428.	56,666.	6,367.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0.			
19 Conferences, conventions, and meetings	964,500.	812,316.	147,887.	4,297.
20 Interest	6,744,004.	5,969,431.	774,573.	
21 Payments to affiliates	0.			
22 Depreciation, depletion, and amortization	14,296,051.	12,654,097.	1,641,954.	
23 Insurance	10,059,323.	4,674,342.	5,384,981.	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24f. If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O.)				
a <u>BAD DEBT</u>	30,620,984.	30,620,984.		
b <u>TAXES, LICENSES & DUES</u>	466,250.	342,416.	122,860.	974.
c <u>RECRUITING & RETENTION</u>	884,538.	699,341.	185,197.	
d <u>MEDICAL SUPPLIES & DRUGS</u>	60,137,263.	60,137,263.		
e <u>PROVIDER TAXES & FEES</u>	17,491,484.	17,491,484.		
f All other expenses	609,362.	443.	597,489.	11,430.
25 Total functional expenses. Add lines 1 through 24f	406,532,556.	378,793,792.	27,164,586.	574,178.
26 Joint Costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	16,417,282.	1	3,607,309.
	2 Savings and temporary cash investments	15,069,856.	2	31,062,862.
	3 Pledges and grants receivable, net	4,207,532.	3	3,778,720.
	4 Accounts receivable, net	50,072,172.	4	46,013,698.
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		6	
	7 Notes and loans receivable, net	272,772.	7	129.
	8 Inventories for sale or use	7,416,825.	8	7,170,061.
	9 Prepaid expenses and deferred charges	2,047,438.	9	1,790,271.
	10 a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D 10a 326,432,744.			
	b Less: accumulated depreciation 10b 189,938,501.			
		142,419,171.	10c	136,494,243.
	11 Investments - publicly traded securities	96,175,099.	11	106,854,903.
	12 Investments - other securities. See Part IV, line 11	1,436,087.	12	450,000.
	13 Investments - program-related. See Part IV, line 11	1,097,826.	13	1,205,684.
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	4,811,350.	15	5,089,099.
	16 Total assets. Add lines 1 through 15 (must equal line 34)	341,443,410.	16	343,516,979.
Liabilities	17 Accounts payable and accrued expenses	38,302,180.	17	35,585,911.
	18 Grants payable		18	
	19 Deferred revenue	8,641,105.	19	8,810,772.
	20 Tax-exempt bond liabilities	127,599,284.	20	131,315,896.
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	5,008,791.	23	2,496,587.
	24 Unsecured notes and loans payable to unrelated third parties	4,792,214.	24	3,171,464.
	25 Other liabilities. Complete Part X of Schedule D	15,334,672.	25	17,951,948.
	26 Total liabilities. Add lines 17 through 25	199,678,246.	26	199,332,578.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	134,703,614.	27	137,340,428.
	28 Temporarily restricted net assets	7,061,550.	28	6,843,973.
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	141,765,164.	33	144,184,401.
	34 Total liabilities and net assets/fund balances	341,443,410.	34	343,516,979.

Form 990 (2010)

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response to any question in this Part XI ☒

1	Total revenue (must equal Part VIII, column (A), line 12)	1	408,995,110.
2	Total expenses (must equal Part IX, column (A), line 25)	2	406,532,556.
3	Revenue less expenses. Subtract line 2 from line 1	3	2,462,554.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	141,765,164.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-43,317.
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	144,184,401.

Part XII Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII ☐

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant?		X
b Were the organization's financial statements audited by an independent accountant?	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

Form **990** (2010)

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

**Open to Public
Inspection**

Name of the organization

FREEMAN HEALTH SYSTEM

Employer identification number

43-1704371

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)
- 3 ☒ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 ☐ An organization that normally receives: (1) more than 33 1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III)
- 10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h
- a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Other
- e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
- (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? ☐
- (ii) A family member of a person described in (i) above? ☐
- (iii) A 35% controlled entity of a person described in (i) or (ii) above? ☐
- h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2010

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f).						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2009 Schedule A, Part II, line 14	15	%
16a 33 1/3 % support test - 2010. If the organization did not check the box on line 13, and line 14 is 33 1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
b 33 1/3 % support test - 2009. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
17a 10%-facts-and-circumstances test - 2010. If the organization did not check a box on line 13, 16a or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
b 10%-facts-and-circumstances test - 2009. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions	<input type="checkbox"/>	

Schedule A (Form 990 or 990-EZ) 2010

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II.
If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10 a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ► <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2010 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	%

19 a 33 1/3 % support tests - 2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3 %, and line 17 is not more than 33 1/3 %, check this box and **stop here**. The organization qualifies as a publicly supported organization ► ☐

b 33 1/3 % support tests - 2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3 %, and line 18 is not more than 33 1/3 %, check this box and **stop here**. The organization qualifies as a publicly supported organization ► ☐

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► ☐

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

► **Complete if the organization is described below.**

► **Attach to Form 990 or Form 990-EZ.** ► **See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, line 3, or Form 990-EZ, Part VI, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations. Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of organization

FREEMAN HEALTH SYSTEM

Employer identification number

43-1704371

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV.

2 Political expenditures ► \$ _____

3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

- 1** Enter the amount of any excise tax incurred by the organization under section 4955 ► \$ _____
- 2** Enter the amount of any excise tax incurred by organization managers under section 4955 ► \$ _____
- 3** If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No
- 4a** Was a correction made? ☐ Yes ☐ No
- b** If "Yes," describe in Part IV.

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

- 1** Enter the amount directly expended by the filing organization for section 527 exempt function activities ► \$ _____
- 2** Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ► \$ _____
- 3** Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ► \$ _____
- 4** Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No
- 5** Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990 or 990-EZ) 2010

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Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**A** Check ☐ if the filing organization belongs to an affiliated group.**B** Check ☐ if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1 a	Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b	Total lobbying expenditures to influence a legislative body (direct lobbying)														
c	Total lobbying expenditures (add lines 1a and 1b)														
d	Other exempt purpose expenditures														
e	Total exempt purpose expenditures (add lines 1c and 1d)														
f	Lobbying nontaxable amount Enter the amount from the following table in both columns.														
<table border="1"> <thead> <tr> <th>If the amount on line 1e, column (a) or (b) is:</th> <th>The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000.														
g	Grassroots nontaxable amount (enter 25% of line 1f)														
h	Subtract line 1g from line 1a. If zero or less, enter -0-														
i	Subtract line 1f from line 1c. If zero or less, enter -0-														
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?														

☐ Yes ☐ No**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2 a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column (e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Schedule C (Form 990 or 990-EZ) 2010

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities? If "Yes," describe in Part IV	X		20,130.
j Total. Add lines 1c through 1i			20,130.
2 a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carryover lobbying and political expenditures from the prior year?	3	

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes."

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a Current year	2a	
b Carryover from last year	2b	
c Total	2c	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5 Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; and Part II-B, line 1i.

Also, complete this part for any additional information.

OTHER LOBBYING ACTIVITIES

SCHEDULE C, PART II-B, LINE 1(I)

THE ORGANIZATION PAYS DUES TO THE MISSOURI HOSPITAL ASSOCIATION (MHA),

THE AMERICAN HOSPITAL ASSOCIATION (AHA), AND THE SAFETY NET HOSPITALS FOR

PHARMACEUTICAL ACCESS (SNHPA). A PORTION OF THESE DUES, TOTALING \$20,130,

ARE ATTRIBUTABLE TO LOBBYING PURPOSES.

Part IV Supplemental Information *(continued)*

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization

FREEMAN HEALTH SYSTEM

Supplemental Financial Statements

► Complete if the organization answered "Yes," to Form 990,
Part IV, line 6, 7, 8, 9, 10, 11, or 12.

► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2010

Open to Public
Inspection

Employer identification number

43-1704371

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► _____

4 Number of states where property subject to conservation easement is located ► _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ► _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ► \$ _____

(ii) Assets included in Form 990, Part X ► \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ► \$ _____

b Assets included in Form 990, Part X ► \$ _____

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule D (Form 990) 2010

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Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a ☐ Public exhibition d ☐ Loan or exchange programs
 b ☐ Scholarly research e ☐ Other _____
 c ☐ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XI V and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XI V.

Part V Endowment Funds. Complete if organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as:

- a Board designated or quasi-endowment ▶ _____ %
 b Permanent endowment ▶ _____ %
 c Term endowment ▶ _____ %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations
 (ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	4,606,034.	5,412,375.		10,018,409.
b Buildings		160,461,512.	83,613,535.	76,847,977.
c Leasehold improvements				
d Equipment		140,034,987.	101,644,867.	38,390,120.
e Other		15,917,836.	4,680,099.	11,237,737.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				136,494,243.

Schedule D (Form 990) 2010

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other _____		
(A) _____		
(B) _____		
(C) _____		
(D) _____		
(E) _____		
(F) _____		
(G) _____		
(H) _____		
(I) _____		
Total. (Column (b) must equal Form 990, Part X, col (B) line 12.) ▶		

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 13.) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15.) ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Amount
(1) Federal income taxes	
(2) EST SELF INSURANCE COST	14,225,440.
(3) DUE TO RELATED PARTY	462,717.
(4) DUE TO 3RD PRY PAYERS	3,263,791.
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25.) ▶	

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	408,995,110.
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	406,532,556.
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	2,462,554.
4	Net unrealized gains (losses) on investments	4	-43,317.
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV.)	8	
9	Total adjustments (net). Add lines 4 through 8	9	-43,317.
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10	2,419,237.

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	410,036,509.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	-43,317.
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV.)	2d	-8,366.
e	Add lines 2a through 2d	2e	-51,683.
3	Subtract line 2e from line 1	3	410,088,192.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV.)	4b	-1,093,082.
c	Add lines 4a and 4b	4c	-1,093,082.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	408,995,110.

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	407,617,272.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV.)	2d	1,093,082.
e	Add lines 2a through 2d	2e	1,093,082.
3	Subtract line 2e from line 1	3	406,524,190.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	105,866.
b	Other (Describe in Part XIV.)	4b	-97,500.
c	Add lines 4a and 4b	4c	8,366.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5	406,532,556.

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information

SEE PAGE 5

Part XIV Supplemental Information (continued)

UNCERTAIN TAX POSITION

SCHEDULE D, PART X, LINE 2

MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740. BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS.

OTHER RECONCILING ITEMS

SCHEDULE D, PART XII, LINE 2D

THE FOLLOWING WERE INCLUDED WITH REVENUE ON THE AUDIT REPORT; HOWEVER, HAVE BEEN EXCLUDED FROM THE STATEMENT OF REVENUE ON THE TAX RETURN:

\$	(105,866)	INVESTMENT FEES
	97,500	PAYMENTS FROM FHS HOLDINGS

\$	(8,366)	

Part XIV Supplemental Information (continued)

OTHER RECONCILING ITEMS

SCHEDULE D, PART XII, LINE 4B

THE FOLLOWING WERE INCLUDED WITH EXPENSES ON THE AUDIT REPORT; HOWEVER,
HAVE BEEN MOVED TO BE PROPERLY INCLUDED ON THE STATEMENT OF REVENUE ON
THE TAX RETURN:

\$ (372,987) COST OF GOODS SOLD
(356,258) RENTAL EXPENSES RELATED TO RENTAL INCOME
(362,687) SPECIAL EVENTS EXPENSE
(1,150) EXPENSES FROM GAMING EVENT

\$ (1,093,082)

OTHER RECONCILING ITEMS

SCHEDULE D, PART XIII, LINE 2D

\$ 372,987 COST OF GOODS SOLD
356,258 RENTAL EXPENSES RELATED TO RENTAL INCOME
362,687 SPECIAL EVENTS EXPENSE
1,150 EXPENSES FROM GAMING EVENT

\$ 1,093,082

OTHER RECONCILING ITEMS

SCHEDULE D, PART XIII, LINE 4B

\$ (97,500) PAYMENTS FROM FHS HOLDINGS

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

FREEMAN HEALTH SYSTEM

**Supplemental Information Regarding
Fundraising or Gaming Activities**

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

**Open To Public
Inspection**

Employer identification number

43-1704371

Part I

Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.
Form 990-EZ filers are not required to complete this part.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- | | |
|--|---|
| a <input type="checkbox"/> Mail solicitations | e <input type="checkbox"/> Solicitation of non-government grants |
| b <input type="checkbox"/> Internet and email solicitations | f <input type="checkbox"/> Solicitation of government grants |
| c <input type="checkbox"/> Phone solicitations | g <input type="checkbox"/> Special fundraising events |
| d <input type="checkbox"/> In-person solicitations | |

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ Yes ☐ No

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total						

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

	(a) Event #1 JEWELRY SALE (event type)	(b) Event #2 GADGET SALE (event type)	(c) Other Events 11. (total number)	(d) Total events (add col (a) through col (c))
	Revenue			
1 Gross receipts	139,407.	117,719.	271,364.	528,490.
2 Less: Charitable contributions				
3 Gross income (line 1 minus line 2)	139,407.	117,719.	271,364.	528,490.
Direct Expenses				
4 Cash prizes				
5 Noncash prizes			2,185.	2,185.
6 Rent/facility costs			600.	600.
7 Food and beverages			102.	102.
8 Entertainment				
9 Other direct expenses	100,620.	94,772.	164,408.	359,800.
10 Direct expense summary. Add lines 4 through 9 in column (d)				(362,687.)
11 Net income summary. Combine line 3, column (d), and line 10				165,803.

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

	(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Revenue				
1 Gross revenue				
Direct Expenses				
2 Cash prizes				
3 Noncash prizes				
4 Rent/facility costs				
5 Other direct expenses				
6 Volunteer labor	Yes _____ % No _____ %	Yes _____ % No _____ %	Yes _____ % No _____ %	
7 Direct expense summary. Add lines 2 through 5 in column (d)				()
8 Net gaming income summary. Combine line 1, column d, and line 7				

9 Enter the state(s) in which the organization operates gaming activities: _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain: _____

10 a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain: _____

- 11** Does the organization operate gaming activities with nonmembers? ☐ Yes ☐ No
- 12** Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No
- 13** Indicate the percentage of gaming activity operated in:
- | | | |
|--------------------------------------|------------|---|
| a The organization's facility | 13a | % |
| b An outside facility | 13b | % |
- 14** Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ▶ _____

Address ▶ _____

- 15 a** Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No
- b** If "Yes," enter the amount of gaming revenue received by the organization **\$** _____ and the amount of gaming revenue retained by the third party **\$** _____.
- c** If "Yes," enter name and address of the third party:

Name ▶ _____

Address ▶ _____

16 Gaming manager information:

Name ▶ _____

Gaming manager compensation **\$** _____

Description of services provided ▶ _____

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions:

- a** Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No
- b** Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year **\$** _____

Part IV **Supplemental Information.** Complete this part to provide the explanation required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**

Name of the organization

FREEMAN HEALTH SYSTEM

Employer identification number

43-1704371

Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	X	
1b If "Yes," was it a written policy?	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year.		
<input checked="" type="checkbox"/> Applied uniformly to all hospital facilities		
<input type="checkbox"/> Applied uniformly to most hospital facilities		
<input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care	X	
<input type="checkbox"/> 100% <input checked="" type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %		
b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care:	X	
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %		
c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
5b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		X
5c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a Did the organization prepare a community benefit report during the tax year?	X	
6b If "Yes," did the organization make it available to the public?	X	

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			5,521,518.		5,521,518.	1.47
b Unreimbursed Medicaid (from Worksheet 3, column a)			70,237,028.	55,367,775.	14,869,253.	3.96
c Unreimbursed costs - other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			75,758,546.	55,367,775.	20,390,771.	5.43
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			561,531.	83,984.	477,547.	0.00
f Health professions education (from Worksheet 5)			1,170,604.	139,424.	1,031,180.	.27
g Subsidized health services (from Worksheet 6)			2,141,828.		2,141,828.	.57
h Research (from Worksheet 7)			341,921.		341,921.	.09
i Cash and in-kind contributions to community groups (from Worksheet 8)			630,641.		630,641.	.17
j Total Other Benefits			4,846,525.	223,408.	4,623,117.	1.10
k Total. Add lines 7d and 7j			80,605,071.	55,591,183.	25,013,888.	6.53

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule H (Form 990) 2010

Part II Community Building Activities Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development			30,000.		30,000.	.01
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other			49,679.		49,679.	.01
10 Total			79,679.		79,679.	.02

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1 Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

	Yes	No
1		X

2 Enter the amount of the organization's bad debt expense (at cost) 2 9,994,264.

3 Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy 3 1,629,582.

4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts in community benefit.

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME) 5 132,702,584.

6 Enter Medicare allowable costs of care relating to payments on line 5 6 165,579,434.

7 Subtract line 6 from line 5. This is the surplus (or shortfall) 7 -32,876,850.

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a Does the organization have a written debt collection policy during the tax year? 9a X

b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI 9b X

Part IV Management Companies and Joint Ventures

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 FREEMAN SURGICAL CTR	AMBULATORY SURGERY CENTER	56.66667	0.00000	32.22222
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information**Section A. Hospital Facilities**

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 2

Name and address

	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)
1 FREEMAN HEALTH SYSTEM - WEST 1102 W 32ND ST JOPLIN MO 64804	X	X		X			X		
2 FREEMAN HEALTH SYSTEM - EAST 932 E 34TH ST JOPLIN MO 64804	X	X							
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									

Schedule H (Form 990) 2010

Part V Facility Information (continued)**Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: FREEMAN HEALTH SYSTEM - WESTLine Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)			
1	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If "No," skip to line 8. If "Yes," indicate what the Needs Assessment describes (check all that apply):	1	
a	<input type="checkbox"/> A definition of the community served by the hospital facility		
b	<input type="checkbox"/> Demographics of the community		
c	<input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input type="checkbox"/> How data was obtained		
e	<input type="checkbox"/> The health needs of the community		
f	<input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a Needs Assessment: 20 <u> </u>		
3	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4	Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5	Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply):	5	
a	<input type="checkbox"/> Hospital facility's website		
b	<input type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply):		
a	<input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b	<input type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g	<input type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
8	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9	Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for free care: <u> </u> %	9	

Part V Facility Information (continued)**Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: FREEMAN HEALTH SYSTEM - EASTLine Number of Hospital Facility (from Schedule H, Part V, Section A): 2

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)			
1	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If "No," skip to line 8. If "Yes," indicate what the Needs Assessment describes (check all that apply):	1	
a	<input type="checkbox"/> A definition of the community served by the hospital facility		
b	<input type="checkbox"/> Demographics of the community		
c	<input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input type="checkbox"/> How data was obtained		
e	<input type="checkbox"/> The health needs of the community		
f	<input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a Needs Assessment: 20 <u> </u>		
3	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4	Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5	Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply):	5	
a	<input type="checkbox"/> Hospital facility's website		
b	<input type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply):		
a	<input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b	<input type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g	<input type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
8	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for free care: <u> </u> %	9	

Part V Facility Information (continued)

FREEMAN HEALTH SYSTEM - WEST

	Yes	No
10 Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care: _ _ _ %	10	
11 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply):	11	
a <input type="checkbox"/> Income level		
b <input type="checkbox"/> Asset level		
c <input type="checkbox"/> Medical indigency		
d <input type="checkbox"/> Insurance status		
e <input type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
12 Explained the method for applying for financial assistance?	12	
13 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply):	13	
a <input type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input type="checkbox"/> The policy was available on request		
g <input type="checkbox"/> Other (describe in Part VI)		

Billing and Collections

14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14		
15 Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year:			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other actions (describe in Part VI)			
16 Did the hospital facility engage in or authorize a third party to perform any of the following collection actions during the tax year? If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply):	16		
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other actions (describe in Part VI)			
17 Indicate which actions the hospital facility took before initiating any of the collection actions checked in line 16 (check all that apply):			
a <input type="checkbox"/> Notified patients of the financial assistance policy on admission			
b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge			
c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance			
e <input type="checkbox"/> Other (describe in Part VI)			

Schedule H (Form 990) 2010

Part V Facility Information (continued)

FREEMAN HEALTH SYSTEM - EAST

	Yes	No
10 Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care: _ _ _ %	10	
11 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply):	11	
a <input type="checkbox"/> Income level		
b <input type="checkbox"/> Asset level		
c <input type="checkbox"/> Medical indigency		
d <input type="checkbox"/> Insurance status		
e <input type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
12 Explained the method for applying for financial assistance?	12	
13 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply):	13	
a <input type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input type="checkbox"/> The policy was available on request		
g <input type="checkbox"/> Other (describe in Part VI)		

Billing and Collections

14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14	
15 Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other actions (describe in Part VI)		
16 Did the hospital facility engage in or authorize a third party to perform any of the following collection actions during the tax year? If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply):	16	
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other actions (describe in Part VI)		
17 Indicate which actions the hospital facility took before initiating any of the collection actions checked in line 16 (check all that apply):		
a <input type="checkbox"/> Notified patients of the financial assistance policy on admission		
b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance		
e <input type="checkbox"/> Other (describe in Part VI)		

Schedule H (Form 990) 2010

Part V Facility Information (continued)

FREEMAN HEALTH SYSTEM - WEST

Policy Relating to Emergency Medical Care

- 18** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

	Yes	No
18		

If "No," indicate the reasons why (check all that apply):

- a** ☐ The hospital facility did not provide care for any emergency medical conditions
- b** ☐ The hospital facility did not have a policy relating to emergency medical care
- c** ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d** ☐ Other (describe in Part VI)

Charges for Medical Care

- 19** Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply):

- a** ☐ The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility
- b** ☐ The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility
- c** ☐ The hospital facility used the Medicare rate for those services
- d** ☐ Other (describe in Part VI)

- 20** Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

20		
21		

If "Yes," explain in Part VI.

- 21** Did the hospital facility charge any of its patients an amount equal to the gross charge for any service provided to that patient?

If "Yes," explain in Part VI.

Schedule H (Form 990) 2010

Part V Facility Information (continued)

FREEMAN HEALTH SYSTEM - EAST

Policy Relating to Emergency Medical Care

- 18** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

	Yes	No
18		

If "No," indicate the reasons why (check all that apply):

- a** ☐ The hospital facility did not provide care for any emergency medical conditions
- b** ☐ The hospital facility did not have a policy relating to emergency medical care
- c** ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d** ☐ Other (describe in Part VI)

Charges for Medical Care

- 19** Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply):

- a** ☐ The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility
- b** ☐ The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility
- c** ☐ The hospital facility used the Medicare rate for those services
- d** ☐ Other (describe in Part VI)

- 20** Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

20		
21		

If "Yes," explain in Part VI.

- 21** Did the hospital facility charge any of its patients an amount equal to the gross charge for any service provided to that patient?

If "Yes," explain in Part VI.

Schedule H (Form 990) 2010

Part V Facility Information (continued)**Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 28

Name and address	Type of Facility (describe)
1 C.H. BENTLAGE MEDICAL CENTER 3202 MCINTOSH JOPLIN MO 64804	MEDICAL SERVICES
2 DAVID A BALL, MEDICAL BUILDING 1111 MCINTOSH CIRCLE DRIVE JOPLIN MO 64804	MEDICAL SERVICES
3 FREEMAN WOUND CARE & HOME CARE 3315 MCINTOSH JOPLIN MO 64804	MEDICAL SERVICES
4 FREEMAN PROFESSIONAL CENTER 3333 MCINTOSH JOPLIN MO 64804	MEDICAL SERVICES
5 FREEMAN CANCER INSTITUTE 3415 MCINTOSH JOPLIN MO 64804	MEDICAL SERVICES
6 FREEMAN OFFICE CENTER 1002 MCINTOSH JOPLIN MO 64804	MEDICAL SERVICES
7 HIGGINS MEDICAL BUILDING 1020 MCINTOSH JOPLIN MO 64804	MEDICAL SERVICES
8 FREEMAN CHILDREN'S CLINIC 1030 MCINTOSH JOPLIN MO 64804	MEDICAL SERVICES
9 FREEMAN WOMEN'S CENTER 1532 W 32ND ST JOPLIN MO 64804	MEDICAL SERVICES
10 OCCUMED - JOPLIN 3201 MCCLELLAND BLVD JOPLIN MO 64804	MEDICAL SERVICES

Schedule H (Form 990) 2010

Part V Facility Information (continued)**Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? _____

Name and address	Type of Facility (describe)
1 OCCUMED - CARTHAGE SPECIALTY CLINIC 1500 S CASE ST CARTHAGE MO 64836	MEDICAL SERVICES
2 FREEMAN EAR, NOSE, AND THROAT CENTER 1331 W 32ND ST JOPLIN MO 64804	MEDICAL SERVICES
3 FREEMAN NEUROSPINE 1905 W 32ND ST JOPLIN MO 64804	MEDICAL SERVICES
4 URGENT CARE - JOPLIN 1130 E 32ND ST JOPLIN MO 64804	MEDICAL SERVICES
5 URGENT CARE - WEBB CITY 1010 S MADISON WEBB CITY MO 64870	MEDICAL SERVICES
6 FREEMAN MEDICAL PLAZA I 702 E 34TH ST JOPLIN MO 64804	MEDICAL SERVICES
7 FREEMAN MEDICAL PLAZA II 530 E 34TH ST JOPLIN MO 64804	MEDICAL SERVICES
8 FREEMAN MEDICAL PLAZA III 921 E 34TH ST JOPLIN MO 64804	MEDICAL SERVICES
9 FREEMAN SLEEP CENTER/GERIATRIC CARE 931 E 32ND ST JOPLIN MO 64804	MEDICAL SERVICES
10 MEDICAL OFFICE BUILDING 336 S JEFFERSON NEOSHO MO 64850	MEDICAL SERVICES

Schedule H (Form 990) 2010

Part V Facility Information (continued)**Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? _____

Name and address	Type of Facility (describe)
1 BIG SPRING PEDIATRICS/REHABILITATION 204 N LINCOLN NEOSHO MO 64850	MEDICAL SERVICES
2 FREEMAN CLINIC OF BAXTER SPRINGS 322 E 11TH ST BAXTER SPRINGS KS 66713	MEDICAL SERVICES
3 FREEMAN CLINIC OF ANDERSON 510 PARK ST ANDERSON MO 64831	MEDICAL SERVICES
4 FREEMAN PHYSICIAN ASSOCIATES - PITTSBURG 1201 E CENTENNIAL PITTSBURG KS 66762	MEDICAL SERVICES
5 FREEMAN CLINIC OF CARTHAGE 719 W CENTENNIAL CARTHAGE MO 64836	MEDICAL SERVICES
6 FREEMAN LAMAR FAMILY CARE 307 W 11TH ST LAMAR MO 64759	MEDICAL SERVICES
7 MIAMI CARDIOLOGY CLINIC 310 2ND AVE SW SUITE 103 MIAMI OK 74354	MEDICAL SERVICES
8 FREEMAN MIDWEST ORTHOPAEDIC SURGERY 3105 MCCLELLAND BLVD JOPLIN MO 64804	MEDICAL SERVICES
9	
10	

Schedule H (Form 990) 2010

Part VI Supplemental Information

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- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PERCENT OF TOTAL EXPENSE

SCHEDULE H, PART I, LINE 7F

TO ARRIVE AT THE PERCENT OF TOTAL EXPENSES, THE DENOMINATOR WHICH EQUALS

TOTAL OPERATING EXPENSES PER PART IX, LINE 25, OF THE FORM 990

(\$406,532,556) WAS REDUCED BY BAD DEBT EXPENSE (\$30,620,984).

BAD DEBT EXPENSE

SCHEDULE H, PART III, SECTION A, LINES 4

THE AUDITED FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE THAT

DESCRIBES BAD DEBT EXPENSE. THEY DO, HOWEVER, CONTAIN A FOOTNOTE THAT

DESCRIBES PATIENT ACCOUNTS RECEIVABLE. THAT FOOTNOTE READS AS

FOLLOWS: THE HEALTH SYSTEM REPORTS PATIENT ACCOUNTS RECEIVABLE FOR

SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYERS,

PATIENTS AND OTHERS. THE HEALTH SYSTEM PROVIDES AN ALLOWANCE FOR

DOUBTFUL ACCOUNTS BASED UPON A REVIEW OF OUTSTANDING RECEIVABLES,

HISTORICAL COLLECTION INFORMATION AND EXISTING ECONOMIC CONDITIONS.

AS A SERVICE TO THE PATIENT, THE HEALTH SYSTEM BILLS THIRD-PARTY

PAYERS DIRECTLY AND BILLS THE PATIENT WHEN THE PATIENT'S LIABILITY IS

Part VI Supplemental Information

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DETERMINED. PATIENT ACCOUNTS RECEIVABLE ARE DUE IN FULL WHEN BILLED.

ACCOUNTS ARE CONSIDERED DELINQUENT AND SUBSEQUENTLY WRITTEN OFF AS

BAD DEBTS BASED ON INDIVIDUAL CREDIT EVALUATION AND SPECIFIC

CIRCUMSTANCES OF THE ACCOUNT.

THE ORGANIZATION CALCULATED BAD DEBT AT COST BY TAKING THE BAD DEBT

ATTRIBUTABLE TO PATIENT ACCOUNTS TIMES THE RATIO OF PATIENT CARE COST

TO CHARGES USED FOR SCHEDULE H, PART I CALCULATIONS. BAD DEBT

ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY

CARE POLICY WAS DETERMINED USING POVERTY LIMIT DEMOGRAPHIC

INFORMATION OBTAINED THROUGH THE US CENSUS BUREAU.

COMMUNITY BENEFIT RATIONALE

SCHEDULE H, PART III, SECTION B, LINES 8

SERVING PATIENTS WITH GOVERNMENT HEALTH BENEFITS, SUCH AS MEDICARE,

IS A COMPONENT OF THE COMMUNITY BENEFIT STANDARD THAT TAX-EXEMPT

HOSPITALS ARE HELD TO. THIS IMPLIES THAT SERVING MEDICARE PATIENTS IS

Part VI Supplemental Information

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A COMMUNITY BENEFIT AND THAT THE HOSPITAL OPERATES TO PROMOTE THE
HEALTH OF THE COMMUNITY.

COLLECTION POLICY

SCHEDULE H, PART III, SECTION C, LINE 9B

UPON ADMINISTRATION AND/OR DIRECTOR APPROVAL THE HOSPITAL WILL CONSIDER

ACCOUNTS ELIGIBLE FOR FINANCIAL AID BASED ON PRESUMPTIVE CRITERIA

INCLUDING BUT NOT LIMITED TO:

- LOW COLLECTABILITY SCORE

- COLLECTION EFFORTS EXHAUSTED

- INTERNAL OR EXTERNAL

- NO CONTACT: ATTEMPTS TO CONTACT VIA PHONE SKIP TRACING AND MAIL AND

POTENTIAL HOME VISIT.

- NO PAYMENT / ARRANGEMENTS

Part VI Supplemental Information

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NEEDS ASSESSMENT

FREEMAN REVIEWS STUDIES AND ASSESSMENTS FROM JOPLIN HEALTH DEPARTMENT AND

OTHER LOCAL GOVERNMENTAL AGENCIES TO ASSESS COMMUNITY NEEDS,

INCORPORATING THIS INFORMATION INTO THE FREEMAN STRATEGIC PLAN AND

MONITORING THE EDUCATIONAL AND OUTREACH PROGRAMS PROVIDED IN THE

COMMUNITY. FREEMAN ALSO WORKS WITH THE COMMUNITY HEALTH COLLABORATIVE,

WHICH DEVELOPED A PRIORITIZED LISTING OF COMMUNITY HEALTH ISSUES USING

TOOLS PROVIDED BY THE MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES.

FURTHERMORE, TO FIND OUT WHAT PATIENTS THINK OF THE SERVICE THEY RECEIVE,

FREEMAN WORKS WITH HEALTHSTREAM RESEARCH, AN INDEPENDENT COMPANY THAT

TELEPHONES A REPRESENTATIVE NUMBER OF PATIENTS AT HOME AFTER THEIR

DISCHARGE FROM THE HOSPITAL AND ASKS THEM TO RATE FREEMAN IN A VARIETY OF

AREAS. RESULTS FROM THESE SURVEYS ARE REFLECTED IN HOSPITAL CONSUMER

ASSESSMENT OF HEALTHCARE PROVIDERS AND SYSTEMS (HCAHPS) SCORES THAT THE

FEDERAL GOVERNMENT USES TO EVALUATE FREEMAN SERVICES. FREEMAN USES

INFORMATION OBTAINED IN THE HCAHPS SURVEYS TO EVALUATE TRENDS IN PATIENT

CARE AND ADDRESS ANY ISSUES DISCOVERED. ADDITIONALLY, FREEMAN SUBSCRIBES

TO AND MANAGES A NUMBER OF DATABASE SERVICES TO ANALYZE CONSUMER USE OF

Part VI Supplemental Information

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FREEMAN PRODUCTS AND SERVICES AND FORMULATE PLANS TO STAY AHEAD OF

PATIENT NEEDS, AND FREEMAN PARTNERS WITH THE MISSOURI HOSPITAL

ASSOCIATION FOR DATA ASSESSMENT DEMOGRAPHIC INFORMATION, TREND ANALYSIS,

AND EDUCATION.

FREEMAN SENIOR LEADERS ROUTINELY MAKE APPEARANCES AT COMMUNITY FUNCTIONS,

SUCH AS ROTARY INTERNATIONAL AND SOROPTIMIST MEETINGS. THEY INFORM

CONSTITUENTS ABOUT HAPPENINGS IN THE HEALTH SYSTEM AND SEEK INPUT FROM

AUDIENCE MEMBERS. TO SERVE THE COMMUNITY AND SEEK OUT INFORMATION

REGARDING CONSUMER TRENDS AND OPINIONS, FREEMAN SENIOR LEADERS SERVE ON A

VARIETY OF BOARDS, COUNCILS, AND COMMITTEES. WHILE PROVIDING LEADERSHIP

AND SUPPORT TO THESE ORGANIZATIONS, FREEMAN LEADERS MAKE CONTACT WITH

MANY OTHER COMMUNITY LEADERS TO CHECK THE PULSE OF THE COMMUNITY IN TERMS

OF HEALTHCARE NEEDS AND OPINION.

MANY FREEMAN OUTREACH AND WELLNESS PROGRAMS, INCLUDING FREEMAN SCREEN

TEAM, FREEMAN PREVENTIVE SERVICES, FREEMAN SPIRIT OF WOMEN , AND FREEMAN

ADVANTAGE, AMONG OTHERS, PROVIDE SERVICE AND EDUCATION TO THE COMMUNITY

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WHILE ALSO PROVIDING A CONDUIT FOR PUBLIC OPINION TO TRAVEL BACK TO
FREEMAN DECISION MAKERS.

PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE

FREEMAN HAS STEPPED UP EFFORTS TO COMMUNICATE INFORMATION ABOUT
FINANCIAL ASSISTANCE OPTIONS AVAILABLE TO PATIENTS IN MANY WAYS. FREEMAN
PUBLISHES COMMUNICATION PIECES ON FINANCIAL SERVICES, INCLUDING A
BROCHURE TITLED FINANCIAL SERVICES AND PAYMENT OPTIONS. FREEMAN ALSO
INCLUDES MESSAGING ABOUT ITS FINANCIAL ASSISTANCE PROGRAM ON BILLS,
STATEMENTS, AND ENVELOPES SENT TO PATIENTS' HOMES AND ON SIGNS POSTED
AROUND FREEMAN PATIENT ACCOUNTS AND ADMISSIONS PUBLIC AREAS. FREEMAN HAS
ALSO PLACED FINANCIAL ASSISTANCE INFORMATION, INCLUDING A FINANCIAL
ASSISTANCE APPLICATION IN ENGLISH AND SPANISH, ON THE FREEMAN WEBSITE.
ADDITIONALLY, FREEMAN HAS IMPLEMENTED SEVERAL EDUCATIONAL OPPORTUNITIES
TO ENSURE THE COMMUNITY IS AWARE OF ITS CHARITY CARE PROGRAM. THESE
INCLUDE:
-FREEMAN ADMISSIONS STAFF MEMBERS PERSONALLY INTERVIEW PATIENTS, BASED ON
THE SETTING OF CARE (PRIOR TO SERVICES, AT TIME OF SERVICE, AND AFTER

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CARE PROVIDED), TO PROVIDE EDUCATION ON AVAILABLE BENEFITS. FREEMAN HELPS

UNINSURED AND UNDERINSURED PATIENTS WITH STATE AND FEDERAL ASSISTANCE

RESOURCES, AS WELL AS THE FREEMAN FINANCIAL ASSISTANCE PROGRAM.

-FREEMAN CONTINUALLY PROVIDES EDUCATION TO EMPLOYEES, FROM CLINICAL STAFF

TO VOLUNTEERS, REGARDING ITS FINANCIAL ASSISTANCE POLICY SO THEY CAN HELP

CUSTOMERS LEARN ABOUT AVAILABLE RESOURCES.

-FREEMAN PROVIDES SYSTEM-WIDE COMMUNICATION, SUCH AS THE DAILY LINE-UP

NEWSLETTER (REQUIRED READING FOR STAFF MEMBERS AT EVERY LEVEL) AND

COMMUNICATION BOARDS POSTED IN ALL DEPARTMENTS, TO REMIND STAFF OF THE

FREEMAN FINANCIAL ASSISTANCE POLICY THROUGHOUT THE YEAR.

-PATIENTS NEEDING HELP PAYING FOR HEALTHCARE ARE INTERVIEWED BY

MEDIASSIST, FREEMAN'S THIRD-PARTY ELIGIBILITY VENDOR. MEDIASSIST ON-SITE

STAFF SPECIALIZE IN THE STATE ASSISTANCE APPLICATION PROCESS FOR THE

FOUR-STATE AREA (MISSOURI, ARKANSAS, OKLAHOMA, AND KANSAS), AS WELL AS

OTHER STATES, BASED ON PATIENTS' NEEDS. MEDASSIST HELPS PATIENTS WITH THE

APPLICATION PROCESS VIA FACE-TO-FACE INTERVIEWS, HOME VISITS, AND

OVER-THE-PHONE CONVERSATIONS.

-FREEMAN WORKS WITH MANY OF OUR COMMUNITY'S EMPLOYERS, SENDING WRITTEN

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NOTICES TO THEIR BENEFITS DEPARTMENTS EXPLAINING THE FREEMAN FINANCIAL

ASSISTANCE ELIGIBILITY PROCESS. FREEMAN ALSO MEETS WITH EMPLOYERS TO

ENSURE THEIR EMPLOYEES UNDERSTAND THE AVAILABILITY OF ASSISTANCE OFFERED

THROUGH FREEMAN.

-IN RESPONSE TO EDUCATION OFFERED ABOUT THE FREEMAN FINANCIAL ASSISTANCE

PROGRAM, THE HEALTH SYSTEM RECEIVES REFERRALS FROM PHYSICIANS AND

COMMUNITY CLINICS. THIS HELPS PATIENTS ARRANGE FOR MEDICALLY NECESSARY

HEALTHCARE PRIOR TO THE TIME SERVICES ARE RENDERED.

FREEMAN HEALTH SYSTEM STRONGLY BELIEVES THAT ITS CHARITY CARE, AND THE

RELATED COMMUNITY BENEFIT PROVIDED BY SUCH CARE, IS UNDERSTATED ON ITS

FINANCIAL STATEMENTS BECAUSE SOME PATIENTS THAT POTENTIALLY QUALIFY FOR

FINANCIAL ASSISTANCE DO NOT WISH TO APPLY FOR IT. IN ADDITION, SOME

PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE DO NOT RECEIVE FINANCIAL

ASSISTANCE BECAUSE THEY REFUSE TO PROVIDE REQUIRED DOCUMENTATION TO

PROCESS THE APPLICATION. THUS, FREEMAN'S BAD DEBT INCLUDES A PORTION THAT

COULD BE CLASSIFIED AS FINANCIAL ASSISTANCE IF THE APPLICATION FOR

FINANCIAL ASSISTANCE HAD BEEN PROPERLY COMPLETED BY THE PATIENT.

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COMMUNITY INFORMATION

FREEMAN HEALTH SYSTEM IS PROUD TO SERVE RESIDENTS OF SOUTHWEST MISSOURI, SOUTHEAST KANSAS, NORTHEAST OKLAHOMA, AND NORTHWEST ARKANSAS. THE PRIMARY SERVICE AREA INCLUDES JASPER AND NEWTON COUNTIES IN SOUTHWEST MISSOURI. THE POPULATION OF JASPER AND NEWTON COUNTIES IS APPROXIMATELY 175,000. THE SECONDARY AND TERTIARY SERVICE AREA ENCOMPASSES A POPULATION OF 450,000 PEOPLE. THE LOCAL ECONOMY IS DRIVEN BY MANUFACTURING, HEALTHCARE, RETAIL, SERVICE, AND TOURISM INDUSTRIES. JOPLIN SITS AT THE INTERSECTION OF INTERSTATE 44 AND U.S. 71. THE COST OF LIVING IN JOPLIN IS LOW, IN PART DUE TO A PER CAPITA INCOME OF \$19,427, WHICH IS BELOW THE NATIONAL AVERAGE.

COMMUNITY BUILDING ACTIVITIES

FREEMAN HEALTH SYSTEM WORKS TO IMPROVE THE HEALTH OF THE COMMUNITY THROUGH A VARIETY OF COMMUNITY SERVICE PROGRAMS BOTH INSIDE AND OUTSIDE THE ORGANIZATION. AS A SYSTEM, FREEMAN PARTICIPATES IN THE JOPLIN AREA CHAMBER OF COMMERCE AS A TOP LEVEL SPONSOR, WITH STAFF MEMBERS SERVING ON A VARIETY OF COMMITTEES AND PARTICIPATING IN LEADERSHIP JOPLIN AND THE

Part VI Supplemental Information

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- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

YOUNG PROFESSIONALS NETWORK. UNITED WAY OF SOUTHWEST MISSOURI AND
 SOUTHEAST KANSAS COUNTS ON FREEMAN, AS ONE OF ITS PACESETTER COMPANIES,
 TO HELP SET THE TONE FOR GIVING IN THE COMMUNITY. FREEMAN PROVIDES
 FINANCIAL SUPPORT TO MANY COMMUNITY SERVICE GROUPS, INCLUDING THE
 ALZHEIMER'S ASSOCIATION, AMERICAN CANCER SOCIETY, AMERICAN DIABETES
 ASSOCIATION, AMERICAN HEART ASSOCIATION, BIG BROTHERS/BIG SISTERS OF
 JASPER & NEWTON COUNTIES, BOYS & GIRLS CLUB OF JOPLIN, CHILDREN'S CENTER
 OF SOUTHWEST MISSOURI, COMMUNITY BLOOD CENTER OF THE OZARKS, COMMUNITY
 CLINIC OF JOPLIN, FREEMAN SOUTHWEST FAMILY Y IN NEOSHO, JOPLIN FAMILY Y,
 GEORGE A. SPIVA CENTER FOR THE ARTS, LAFAYETTE HOUSE, MARCH OF DIMES,
 NATIONAL MULTIPLE SCLEROSIS SOCIETY, NEOSHO AREA UNITED FUND, RONALD
 MCDONALD HOUSE CHARITIES OF THE FOUR STATES, ASPIRE OF SOUTHWEST
 MISSOURI, AND MANY OTHER LOCAL, REGIONAL, AND NATIONAL ORGANIZATIONS.

SETTING AN EXAMPLE FOR THEIR STAFFS, FREEMAN SENIOR LEADERS CURRENTLY
 SERVE ON A VARIETY OF BOARDS, COUNCILS, AND COMMITTEES FOR
 SERVICE/COMMUNITY ORGANIZATIONS SUCH AS VOLUNTARY HOSPITALS OF AMERICA
 (VHA) INC., VHA MID-AMERICA, MISSOURI HOSPITAL ASSOCIATION, MIDWEST

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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TRANSPLANT NETWORK, RONALD MCDONALD HOUSE CHARITIES OF THE FOUR STATES,

JOPLIN AREA CHAMBER OF COMMERCE, PROMUSICA, JOPLIN FAMILY Y, COMMUNITY

CLINIC OF JOPLIN, ROTARY INTERNATIONAL, PITTSBURG STATE UNIVERSITY

FOUNDATION, ASCENT RECOVERY RESIDENCES, TALKINGTON FOUNDATION, JOPLIN

METRO EMERGENCY TRANSPORTATION SYSTEM, OZARK TRI-COUNTY HEALTH CARE

CONSORTIUM, OSTEOPATHIC MEDICAL EDUCATION CONSORTIUM OF OKLAHOMA, JOPLIN

R-VIII SCHOOL DISTRICT, UNITED WAY OF SOUTHWEST MISSOURI AND SOUTHEAST

KANSAS, MISSOURI SOUTHERN STATE UNIVERSITY SCHOOL OF NURSING, AND CROWDER

COLLEGE. FREEMAN PHYSICIANS, NURSES, AND SUPPORT PERSONNEL SERVE ON

COMMUNITY BOARDS AND COMMITTEES TOO NUMEROUS TO MENTION.

IN AUGUST 2010, FREEMAN HEALTH SYSTEM EMPLOYEES DONATED SCHOOL SUPPLIES

TO SOUTHWEST MISSOURI SCHOOLS IN THE SECOND ANNUAL FREEMAN SCHOOL

SUPPLIES DRIVE. FREEMAN EMPLOYEES DELIVERED 90 BOXES FILLED WITH 10,000

ITEMS. FIFTY-TWO SCHOOLS THROUGHOUT JASPER, NEWTON, BARTON, AND MCDONALD

COUNTIES RECEIVED THE ITEMS, ENABLING THEM TO STOCK THEIR SHELVES WITH

BACKPACKS, PENCILS, CRAYONS, GLUE, PAPER, NOTEBOOKS, CALCULATORS, AND

MORE.

Part VI Supplemental Information

Complete this part to provide the following information

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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IN COLLABORATION WITH JOPLIN PUBLIC SCHOOLS, FREEMAN WORKS TO ENHANCE
EDUCATIONAL OPPORTUNITIES FOR CHILDREN THROUGH BRIGHT FUTURES, AN
INITIATIVE FOCUSED ON IMPROVING THE LIVES OF JOPLIN STUDENTS. FREEMAN
PARTICIPATES IN THIS INITIATIVE THROUGH A PARTNERSHIP SUPPORTING SOUTH
MIDDLE SCHOOL, MEMORIAL EDUCATION CENTER, AND FRANKLIN TECHNOLOGY CENTER,
HELPING WITH EVENTS, FUNCTIONS, AND OTHER NEEDS OF STUDENTS AND
TEACHERS. FREEMAN ALSO SPONSORS THE TOGETHER REACHING EVERY KID PROJECT,
IN WHICH MEMBERS OF THE COMMUNITY VOLUNTEER THEIR TIME TO TUTOR AND
MENTOR STUDENTS AFTER SCHOOL TO IMPROVE STUDENT ACHIEVEMENT IN READING
AND MATH.

IN LATE 2010, FREEMAN BEGAN A NUMBER OF PROGRAMS TO INCREASE AND PROMOTE
THE AVAILABILITY OF NUTRITIOUS FOODS TO PATIENTS, EMPLOYEES, AND
VISITORS, IMPACTING THE MORE THAN ONE MILLION MEALS FREEMAN SERVES
ANNUALLY TO FOUR-STATE RESIDENTS, INCLUDING CAFETERIA SELECTIONS, PATIENT
MEALS, VENDING FOODS, AND CATERING OPTIONS. AS PART OF THIS EFFORT,
FREEMAN BECAME THE FIRST HOSPITAL IN MISSOURI TO SIGN HEALTHY FOOD IN

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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HEALTHCARE PLEDGE, ESTABLISHING THE HEALTH SYSTEM'S COMMITMENT TO SERVING
LOCAL, NUTRITIOUS, AND SUSTAINABLE FOOD. THE PLEDGE, PART OF THE NATIONAL
HEALTHY FOOD IN HEALTHCARE INITIATIVE DEVELOPED BY THE INSTITUTE FOR
AGRICULTURE AND TRADE POLICY AND HEALTH CARE WITHOUT HARM, IS FREEMAN'S
FIRST STEP TOWARD IMPROVING COMMUNITY HEALTH THROUGH FOOD POLICY CHANGE.

ALSO DURING FY 2011, FREEMAN RECEIVED THE HEALTH AT WORK SILVER AWARD
SPONSORED BY COMPSYCH®, WHICH HONORS ORGANIZATIONS THAT PROMOTE EMPLOYEE
HEALTH AND WELLNESS. SELECTED WITH OTHER WINNERS FROM A POOL OF 100
APPLICANTS, FREEMAN WAS GRANTED THIS MERIT BASED ON ITS COMPREHENSIVE
WELLNESS PROGRAM, PARTICIPATION RATES, AND RESULTS. FREEMAN DEVELOPED A
WEB-BASED TOOL THAT ALLOWS ALL BENEFIT-ELIGIBLE EMPLOYEES TO PARTICIPATE
IN AN ONLINE HEALTH RISK ASSESSMENT AND ANNUAL HEALTH SCREENING.
PARTICIPANTS RECEIVE AN EXTENSIVE REPORT COVERING THEIR TOP FIVE HEALTH
RISKS AND INSTRUCTIONS ON HOW TO REDUCE THOSE RISKS. AMONG OTHER EFFORTS,
FREEMAN FOUNDED A PROGRAM ENCOURAGING EMPLOYEES TO FORM DEPARTMENTAL
TEAMS TO REACH WEIGHT-LOSS GOALS. SUCCESS STORIES OF THOSE WHO MADE
SIGNIFICANT CHANGES TO THEIR PERSONAL HEALTH ARE DISPLAYED ON A WELLNESS

Part VI Supplemental Information

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WALL OF FAME.

FREEMAN ALSO SERVES OTHERWISE UNFULFILLED COMMUNITY NEEDS THROUGH ITS OWN PROGRAMS. OZARK CENTER FOR AUTISM, FOR INSTANCE, PROVIDES HOPE FOR CHILDREN WITH AUTISM THROUGH A PRESCHOOL PROGRAM AND RECENTLY EXPANDED SERVICES FOR SCHOOL-AGE CHILDREN. FREEMAN HOSPITAL WEST IS THE ONLY HOSPITAL IN THE REGION TO OFFER THE SEXUAL ASSAULT NURSE EXAMINER PROGRAM. ON A LIGHTER NOTE, FREEMAN ADVANTAGE PROMOTES THE HEALTH OF SENIOR CITIZENS BY OFFERING AVENUES FOR LEARNING, SOCIALIZING, AND HEALTHY LIVING. MEN AND WOMEN OF ALL AGES AND FROM ALL WALKS OF LIFE PARTICIPATE IN FREEMAN AUXILIARY, AN ORGANIZATION THAT RAISES MONEY FOR HOSPITAL EQUIPMENT, SERVICES, SCHOLARSHIPS, AND COMMUNITY NEEDS. AS A CHILDREN'S MIRACLE NETWORK HOSPITAL, FREEMAN RAISES MONEY TO HELP SICK AND INJURED CHILDREN. AND FREEMAN FOUNDATION WORKS WITH THE COMMUNITY TO FIND FUNDING FOR INNOVATIVE, LIFESAVING TECHNOLOGIES AND MEDICAL SERVICES.

THOSE WORKING AT FREEMAN FIND MANY OPPORTUNITIES TO CONTRIBUTE TO THE

Part VI Supplemental Information

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HEALTH OF THE COMMUNITY, WHETHER THROUGH DONATIONS TO CHILDREN'S MIRACLE

NETWORK HOSPITALS, DONATIONS TO FREEMAN FOUNDATION, DONATIONS TO THE

EMPLOYEE DISASTER RELIEF FUND TO HELP FREEMAN EMPLOYEES TOUCHED BY

DISASTERS SUCH AS TORNADOES OR ICE STORMS, DONATIONS TO FREEMAN FAMILY

CHRISTMAS TO HELP FREEMAN EMPLOYEES WHO NEED EXTRA HELP DURING THE

HOLIDAYS, AND DONATIONS OF PAID TIME OFF TO HELP FREEMAN EMPLOYEES FACING

MEDICAL CATASTROPHES. ADDITIONALLY, STAFF MEMBERS MAY PARTICIPATE IN

FREEMAN GREEN TEAM ACTIVITIES TO HELP REDUCE WASTE AND SOLVE

ENVIRONMENTAL CHALLENGES AROUND THE HEALTH SYSTEM AND THE COMMUNITY.

THROUGH FREEMAN GREEN TEAM, FREEMAN HAS ESTABLISHED AN ALLIANCE WITH AREA

BUSINESSES TO CREATE COMMUNITY-WIDE SUSTAINABILITY PROJECTS.

ONE OF FREEMAN'S GOALS IS TO BECOME THE COMMUNITY'S BEST CORPORATE

PARTNER. TO ACCOMPLISH THIS, FREEMAN DONATES TIME, RESOURCES, AND FUNDING

AS AN ORGANIZATION, WHILE THOSE WORKING AT FREEMAN GIVE BACK TO THE

COMMUNITY AS WELL, DONATING MAN-HOURS, MORE THAN 10,000 HOURS LAST YEAR,

AND MONEY FOR THE BETTERMENT OF THE COMMUNITY.

Part VI Supplemental Information

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- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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PROMOTION OF COMMUNITY HEALTH

FREEMAN PROMOTES THE HEALTH OF THE COMMUNITY THROUGH MANY OUTREACH PROGRAMS. THESE INCLUDE PROGRAMS TO HELP PEOPLE QUIT SMOKING, SUPPORT GROUPS FOR A VARIETY OF ILLNESSES AND CONDITIONS, OZARK CENTER FOR AUTISM, PROGRAMS FOR SENIOR CITIZENS, COMMUNITY HEALTH SCREENINGS, AND MANY MORE.

FREEMAN SCREEN TEAM TRAVELS THROUGHOUT THE COMMUNITY, OFFERING LOW-COST HEALTH SCREENINGS TO HELP PEOPLE GET A HANDLE ON THEIR MEDICAL CONDITIONS AND SEEK HELP BEFORE SMALL PROBLEMS BECOME MEDICAL EMERGENCIES.

FREEMAN SUPPORT GROUPS OFFER SUPPORT TO PARTICIPANTS AND EDUCATION ON TOPICS SUCH AS AUTISM, DIABETES, HEART HEALTH, STROKE RECOVERY, CANCER RECOVERY, SLEEP DISORDERS, ALZHEIMER'S DISEASE, CARING FOR PATIENTS RETURNING HOME FROM SKILLED NURSING OR REHABILITATION UNITS, AND LYMPHEDEMA.

FREEMAN ALSO PROVIDES AUTISM SERVICES TO THE COMMUNITY. PRIOR TO THE

Part VI Supplemental Information

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OPENING OF OZARK CENTER FOR AUTISM IN FALL 2007, FAMILIES SEEKING
TREATMENT FOR CHILDREN WITH AUTISM HAD TWO CHOICES-RELOCATE TO RECEIVE
TREATMENT OR GO WITHOUT IT. DEVELOPED IN CONSULTATION WITH THE CLEVELAND
CLINIC AUTISM CONSULTING GROUP, OZARK CENTER FOR AUTISM IS ONE OF ONLY A
FEW TREATMENT CENTERS OF ITS CALIBER. IN FY 2011, OZARK CENTER FOR AUTISM
ESTABLISHED A SPECIAL EDUCATION CENTER, EXPANDING THERAPY SERVICES TO
KINDERGARTEN THROUGH 12TH GRADE STUDENTS. ALSO IN FY 2011, OZARK CENTER
FOR AUTISM FORMED THE AREA'S ONLY AUTISM DIAGNOSTIC TEAM, OFFERING
PARENTS OF CHILDREN ON THE AUTISM SPECTRUM THE OPPORTUNITY TO RECEIVE AN
AUTISM DIAGNOSIS WITHOUT HAVING TO TRAVEL HUNDREDS OF MILES AWAY FROM
HOME.

FREEMAN STAFF MEMBERS, SUCH AS DOCTORS AND NURSES, HELP THE COMMUNITY BY
WORKING AT THE COMMUNITY CLINIC OF JOPLIN AND ACCESS FAMILY CARE,
ORGANIZATIONS THAT PROVIDE FREE OR LOW-COST HEALTHCARE SERVICES TO
INDIGENT PORTIONS OF THE COMMUNITY. DEPENDING ON THE SITUATION, FREEMAN
STAFF MEMBERS VOLUNTEER OR FREEMAN PAYS THEM TO WORK FOR THE COMMUNITY
THROUGH THESE ORGANIZATIONS.

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FREEMAN IS A TEACHING HOSPITAL, BRINGING NEW DOCTORS INTO THE COMMUNITY EACH YEAR. IN THE 2010-2011 SCHOOL YEAR 23 CORE MEDICAL STUDENTS, 47 ROTATING MEDICAL STUDENTS, AND 23 RESIDENT DOCTORS TRAINED IN THE FREEMAN GRADUATE MEDICAL EDUCATION PROGRAM. MEDICAL STUDENTS AND RESIDENT DOCTORS OFTEN REMAIN IN THE COMMUNITIES IN WHICH THEY TRAINED. THIS COMMUNITY BENEFIT IS VITAL TO THE POPULATION SERVED BY FREEMAN BECAUSE IT'S DIFFICULT AND EXPENSIVE TO ATTRACT AND RECRUIT PHYSICIANS TO WORK IN THE JOPLIN AREA.

AFFILIATED HEALTH CARE SYSTEM
FREEMAN HEALTH SYSTEM CONSISTS OF FREEMAN HOSPITAL WEST AND FREEMAN HOSPITAL EAST IN JOPLIN, FREEMAN NEOSHO HOSPITAL, AND OZARK CENTER.
FREEMAN IS NOT AFFILIATED WITH ANOTHER HEALTHCARE SYSTEM.

**SCHEDULE I
(Form 990)**

Department of the Treasury
Internal Revenue Service

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization

FREEMAN HEALTH SYSTEM

Employer identification number

43-1704371

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Part II can be duplicated if additional space is needed ☐

1 (a) Name and address of organization or government (b) EIN (c) IRC section if applicable (d) Amount of cash grant (e) Amount of non-cash assistance (f) Method of valuation (book, FMV, appraisal, other) (g) Description of non-cash assistance (h) Purpose of grant or assistance

(1) OZARK CENTER 3006 MCCLELLAND JOPLIN, MO 64804	43-0821959	501 (C) (3)	216,000.				SUPPORT
(2) ST LOUIS REGIONAL DSH FUNDING AUTHORITY PO BOX 6766 JEFFERSON CITY, MO 65102-6766	06-1642698	501 (C) (3)	102,719				SUPPORT
(3) CROWDER COLLEGE 601 LACLEDE AVE NEOSHO, MO 64850	44-0668521	501 (C) (3)	60,169				SUPPORT
(4) MISSOURI SOUTHERN FOUNDATION 3950 E. NEWMAN ROAD JOPLIN, MO 64801	43-0907114	501 (C) (3)	58,000				SUPPORT
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							

- 2 Enter total number of section 501(c)(3) and government organizations 4
- 3 Enter total number of other organizations 4

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2010)

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1	CMN AID TO FAMILIES	1,000.	119,606.			
2	MAMMOGRAMS	82.	19,519.			
3	PRESCRIPTIONS, MEALS, TRANSPORTATION	650	17,021.			
4						
5						
6						
7						

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

MONITORING USE OF GRANT FUNDS

SCHEDULE I, PART I, LINE 2

OZARK CENTER IS A RELATED ORGANIZATION TO AND WORKS CLOSELY WITH FREEMAN HEALTH SYSTEM TO FURTHER THE ORGANIZATION'S EXEMPT PURPOSE THROUGH CARING FOR PATIENTS SUFFERING FROM PSYCHIATRIC, SUBSTANCE ABUSE AND AUTISM SPECTRUM DISORDERS. THIS CLOSE RELATIONSHIP ALLOWS FREEMAN HEALTH SYSTEM TO CLOSELY MONITOR THE USE OF FUNDS.

THROUGH AMENDMENT 3 OF THE ORGANIZATION'S AGREEMENT WITH MHA MANAGEMENT SERVICES CORPORATION AND INCREASED DISPROPORTIONATE SHARE HOSPITAL

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1						
2						
3						
4						
5						
6						
7						
Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.						

PAYMENTS TO ALL MISSOURI HOSPITALS UNDER THE FEDERAL REIMBURSEMENT ALLOWANCE PROGRAM, THE HOSPITAL MADE CHARITABLE CONTRIBUTIONS TO THE DSH FUNDING AUTHORITY DURING CALENDAR YEAR 2011. THESE CONTRIBUTIONS ARE USED TO SUSTAIN THE VARIOUS CHARITY CARE CLINICS IN THE ST. LOUIS AREA, WITH LOCAL COMMUNITY HOSPITALS ABSORBING THE INPATIENT AND OUTPATIENT NEEDS OF THE COMMUNITY'S MEDICALLY INDIGENT POPULATION

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1						
2						
3						
4						
5						
6						
7						

Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.

GRANTS AND OTHER ASSISTANCE TO INDIVIDUALS

SCHEDULE I, PART III

IN FISCAL YEAR 2011, FREEMAN HEALTH SYSTEM PROVIDED ASSISTANCE THROUGH

THE FOLLOWING PROGRAMS:

*HELPING FRIENDS MAMMOGRAM PROGRAM - \$19,519 WAS SPENT TO HELP OVER 80

WOMEN WITH FREE MAMMOGRAPHY.

*CHAPLAINS DISCRETIONARY FUND - \$17,021 WAS SPENT TO HELP OVER 650 WITH

PRESCRIPTIONS/FREE MEALS OR TRANSPORTATION HOME.

*FHS CHILDREN'S MIRACLE NETWORK - \$119,606 WAS SPENT HELPING OVER 1,000

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1						
2						
3						
4						
5						
6						
7						
Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.						

FAMILIES WITH MEDICINE, TRANSPORTATION AND LODGING.

*IN ADDITION, THE ORGANIZATION FUNDED PEDIATRIC SAFETY EQUIPMENT FOR

FREDONIA REGIONAL MEDICAL CENTER; A BIRTHING SIMULATOR FOR FREEMAN

MATERNAL SERVICES; INFANT & PEDIATRIC ALS MANNEQUINS FOR METS AMBULANCE;

THERAPY EQUIPMENT FOR OZARK CENTER FOR AUTISM; IO INFUSION AND INFANT CPR

TRAINING EQUIPMENT FOR CROWDER COLLEGE PARAMEDIC PROGRAM; CAR SEATS &

SAFETY EQUIPMENT; & PEDIATRIC CPR TRAINING EQUIPMENT TO AREA MIDDLE

SCHOOLS.

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

FREEMAN HEALTH SYSTEM

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990,
Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

**Open to Public
Inspection**

Employer identification number

43-1704371

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- ☐ First-class or charter travel
☐ Travel for companions
☐ Tax indemnification and gross-up payments
☐ Discretionary spending account

- ☐ Housing allowance or residence for personal use
☐ Payments for business use of personal residence
☐ Health or social club dues or initiation fees
☐ Personal services (e.g., maid, chauffeur, chef)

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.

- ☒ Compensation committee
☒ Independent compensation consultant
☐ Form 990 of other organizations

- ☒ Written employment contract
☒ Compensation survey or study
☒ Approval by the board or compensation committee

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment from the organization or a related organization?
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?
c Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
b Any related organization?

If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
b Any related organization?

If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

Yes No

1b

2

4a

4b

4c

5a

5b

6a

6b

7

8

9

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2010

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 LARRY MCINTIRE DO	(i) 523,726.	0.	16,500.	7,350.	25.	547,601.	
	(ii) 0.	0.	0.	0.	0.	0.	
2 JOHN M COX DO	(i) 917,264.	0.	15,474.	7,350.	12,089.	952,177.	
	(ii) 0.	0.	0.	0.	0.	0.	
3 RODNEY MCFARLAND MD	(i) 208,117.	61,747.	179,267.	7,350.	9,089.	465,570.	
	(ii) 0.	0.	0.	0.	0.	0.	
4 GARY D DUNCAN	(i) 562,393.	101,100.	238,972.	36,394.	18,854.	957,713.	112,006.
	(ii) 0.	0.	0.	0.	0.	0.	
5 JOE L KIRK	(i) 320,030.	46,139.	95,282.	66,085.	17,919.	545,455.	64,016.
	(ii) 0.	0.	0.	0.	0.	0.	
6 STEVE W GRADY	(i) 314,212.	41,012.	66,332.	67,186.	17,436.	506,178.	64,756.
	(ii) 0.	0.	0.	0.	0.	0.	
7 PAULA F BAKER	(i) 191,209.	22,087.	66,670.	43,213.	6,198.	329,377.	33,181.
	(ii) 30,396.	7,145.	11,390.	7,553.	1,083.	57,567.	
8 PHILIP WILLCOXON	(i) 126,760.	37,843.	28,656.	25,588.	6,890.	225,737.	24,027.
	(ii) 61,699.	0.	0.	8,169.	2,200.	72,068.	
9 RICHARD D SCHOOLER	(i) 342,485.	40,712.	63,441.	62,497.	15,921.	525,056.	59,907.
	(ii) 0.	0.	0.	0.	0.	0.	
10 DEBRA M KOELKEBECK	(i) 167,305.	24,011.	42,484.	32,671.	12,569.	279,040.	15,033.
	(ii) 0.	0.	0.	0.	0.	0.	
11 MICHAEL J LEONE	(i) 205,214.	17,379.	33,860.	24,333.	20,783.	301,569.	19,923.
	(ii) 0.	0.	0.	0.	0.	0.	
12 DAVID L BLACK	(i) 937,187.	313,135.	0.	7,350.	9,089.	1,266,761.	
	(ii) 0.	0.	0.	0.	0.	0.	
13 THOMAS B COY	(i) 1,269,344.	336,176.	6,500.	7,350.	9,089.	1,628,459.	
	(ii) 0.	0.	0.	0.	0.	0.	
14 WILLIAM J NICHOLAS	(i) 1,679,179.	120,218.	16,500.	7,350.	6,582.	1,829,829.	
	(ii) 0.	0.	0.	0.	0.	0.	
15 MICHAEL R PHILLIPS	(i) 923,474.	116,577.	761,492.	157,350.	10,089.	1,968,982.	300,000.
	(ii) 0.	0.	0.	0.	0.	0.	
16 RAYMOND VETSCH	(i) 786,261.	128,385.	1,062,374.	177,350.	13,589.	2,167,959.	170,000.
	(ii) 0.	0.	0.	0.	0.	0.	

Schedule J (Form 990) 2010

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 JEFFREY M CARRIER	(i) 161,128.	14,413.	10,722.	16,223.	9,839.	212,325.	
	(ii) 0.	0.	0.	0.	0.	0.	
2 COLEEN S CAMERON	(i) 131,664.	12,513.	12,378.	13,737.	7,615.	177,907.	
	(ii) 0.	0.	0.	0.	0.	0.	
3 KEVIN P GAUDETTE	(i) 159,015.	22,004.	26,152.	22,069.	6,444.	235,684.	
	(ii) 0.	0.	0.	0.	0.	0.	
4	(i)						
	(ii)						
5	(i)						
	(ii)						
6	(i)						
	(ii)						
7	(i)						
	(ii)						
8	(i)						
	(ii)						
9	(i)						
	(ii)						
10	(i)						
	(ii)						
11	(i)						
	(ii)						
12	(i)						
	(ii)						
13	(i)						
	(ii)						
14	(i)						
	(ii)						
15	(i)						
	(ii)						
16	(i)						
	(ii)						

Schedule J (Form 990) 2010

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN

SCHEDULE J, PART I, LINE 4B & PART II, COLUMN C

THE FOLLOWING INDIVIDUALS PARTICIPATED IN A SUPPLEMENTAL NONQUALIFIED

RETIREMENT PLAN THROUGH FREEMAN HEALTH SYSTEM THESE AMOUNTS ALONG WITH

EMPLOYER CONTRIBUTIONS TO A QUALIFIED RETIREMENT PLAN ARE REPRESENTED ON

SCHEDULE J, PART II, COLUMN C:

\$ 170,000 RAYMOND VETTSCH

150,000 MICHAEL PHILLIPS

59,836 STEVE GRADY

58,735 JOE KIRK

55,147 RICHARD SCHOOLER

43,416 PAULA BAKER

29,045 GARY DUNCAN

28,201 PHILIP WILLCOXON

27,143 DEBRA KOELKEBECK

17,509 KEVIN GAUDETTE

16,983 MICHAEL LEONE

11,910 JEFFREY CARRIER

10,183 COLEEN CAMERON

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

THE FOLLOWING INDIVIDUALS RECEIVED PAYMENTS FROM A SUPPLEMENTAL**NONQUALIFIED RETIREMENT PLAN:**

\$ 300,000 MICHAEL PHILLIPS

170,000 RAYMOND VETSCH

112,006 GARY DUNCAN

64,756 STEVE GRADDY

64,016 JOE KIRK

59,907 RICHARD SCHOOLER

33,181 PAULA BAKER

24,027 PHILIP WILLCOXON

19,923 MICHAEL LEONE

15,033 DEBRA KOELKEBECK

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

COMPENSATION CONTINGENT ON THE NET EARNINGS OF THE ORGANIZATION

SCHEDULE J, PART I, LINE 6A

FREEMAN HEALTH SYSTEM PROVIDES MANAGEMENT THE POTENTIAL TO RECEIVE AN

AT-RISK PAYMENT BASED ON SYSTEM AND INDIVIDUAL GOAL ACHIEVEMENT. THE

AMOUNT OF COMPENSATION IS BASED UPON A PERCENTAGE OF THE EMPLOYEE'S

ANNUAL COMPENSATION AND IS SUBJECT TO BOARD APPROVAL.

BONUS & INCENTIVE COMPENSATION

SCHEDULE J, PART II, COLUMN (B) (2)

THE ORGANIZATION PROVIDES PHYSICIANS THE POTENTIAL TO RECEIVE ANNUAL

BONUS COMPENSATION. PHYSICIAN BONUSES ARE CALCULATED BASED ON GENERATING

WORKED RELATIVE VALUE UNITS (WRVU). EMPLOYMENT CONTRACTS SPECIFY THE

NUMBER OF REQUIRED WRVUS (TO OBTAIN AN ANNUAL SALARY) AND THE ADDITIONAL

BONUS COMPENSATION PHYSICIANS WILL RECEIVE ONCE THE REQUIRED WRVUS HAVE

BEEN MET. ADDITIONAL BONUS COMPENSATION IS CALCULATED BY MULTIPLYING THE

WRVUS IN EXCESS OF REQUIRED WRVUS TIMES A PREDETERMINED COMPENSATION

FACTOR. RVUS SHALL BE COMPUTED BY USE OF THE APPROVED MEDICARE METHODS OF

COMPUTATION FOR PHYSICIAN PRACTICES.

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

COMPENSATION REPORTED IN PRIOR FORM 990**SCHEDULE J, PART II, COLUMN F**

COMPENSATION IS REPORTED ON THE FORM 990 IN THE YEAR THAT THE

COMPENSATION IS EARNED BY OR AWARDED TO AN INDIVIDUAL, EVEN IF THE

COMPENSATION IS NOT PAID TO THE INDIVIDUAL, IS NOT FULLY VESTED, OR IS

SUBJECT TO SUBSTANTIAL RISK OF FORFEITURE. IF COMPENSATION IS EARNED OR

AWARDED IN ONE YEAR BUT PAID IN A LATER YEAR, THEN THE COMPENSATION IS

REPORTED A SECOND TIME ON THE FORM 990 IN THE YEAR THE COMPENSATION IS

VESTED OR PAID TO THE INDIVIDUAL.

**SCHEDULE K
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

FREEMAN HEALTH SYSTEM

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled Financing	
						Yes	No	Yes	No	Yes	No
A THE INDUSTRIAL DEVELOPMENT AUTHORITY OF JOPLIN, MO	52-1299414	480639AN3	11/30/2004	49,064,229.	CONSTRUCT & EQUIP WEST CAMPUS HOSP		X		X		X
B THE INDUSTRIAL DEVELOPMENT AUTHORITY OF JOPLIN, MO	52-1299414		11/28/2007	6,000,000.	EQUIPMENT				X		X
C THE INDUSTRIAL DEVELOPMENT AUTHORITY OF JOPLIN, MO	52-1299414		07/23/2009	18,950,000	REFUND 2008 BOND AND 2008 TAXABLE		X		X		X
D THE INDUSTRIAL DEVELOPMENT AUTHORITY OF JOPLIN, MO	52-1299414		12/20/2010	10,393,515	EQUIPMENT		X		X		X

Employer identification number 43-1704371

► Attach to Form 990. ► See separate instructions.

Supplemental Information on Tax-Exempt Bonds

► Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information on Schedule O (Form 990).

OMB No. 1545-0047

2010

Open to Public Inspection

Part II Proceeds

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired		4,060,000.		4,281,379.		937,369.		555,250.
2 Amount of bonds legally defeased								
3 Total proceeds of issue		52,108,917.		6,075,785.		18,950,000.		10,393,515.
4 Gross proceeds in reserve funds		3,411,000.						
5 Capitalized interest from proceeds		2,010,267.						
6 Proceeds in refunding escrows						18,950,000.		42,200.
7 Issuance costs from proceeds		733,012.						
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds		46,024,301.		5,271,434.				2,306,004.
11 Other spent proceeds				804,351.				
12 Other unspent proceeds								8,045,311.
13 Year of substantial completion		2008		2008		2008		
14 Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
15 Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16 Has the final allocation of proceeds been made?	X		X		X		X	
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X				X
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X		X				X

For Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule K (Form 990) 2010

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?		X		X				X
b Are there any research agreements that may result in private business use of bond-financed property?		X		X				X
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	X		X				X	
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0.0000 %		0.0000 %					0.0000 %
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government7000 %		0.0000 %					0.0000 %
6 Total of lines 4 and 57000 %		0.0000 %					0.0000 %
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X				X	

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2 Is the bond issue a variable rate issue?		X		X		X		X
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a GIC?		X		X		X		X
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?	X			X		X		X
6 Did the bond issue qualify for an exception to rebate?		X		X		X		X

Part V Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

TAX EXEMPT BONDS
 SCHEDULE K, PART II, LINE 3, COLUMN A
 AMOUNT DOES NOT EQUAL ISSUE PRICE DUE TO INVESTMENT EARNINGS EARNED DURING THE PROJECT PERIOD.

Part III Private Business Use (Continued)									
	A		B		C		D		
	Yes	No	Yes	No	Yes	No	Yes	No	
3a Are there any management or service contracts that may result in private business use of bond-financed property?									
b Are there any research agreements that may result in private business use of bond-financed property?									
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?									
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%		%		%		%	
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%		%		%		%	
6 Total of lines 4 and 5		%		%		%		%	
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?									

Part IV Arbitrage									
	A		B		C		D		
	Yes	No	Yes	No	Yes	No	Yes	No	
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?									
2 Is the bond issue a variable rate issue?									
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?									
b Name of provider									
c Term of hedge									
d Was the hedge superintegrated?									
e Was the hedge terminated?									
4a Were gross proceeds invested in a GIC?									
b Name of provider									
c Term of GIC									
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?									
5 Were any gross proceeds invested beyond an available temporary period?									
6 Did the bond issue qualify for an exception to rebate?									

Part V Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

SCHEDULE K, PART II, LINE 11, COLUMN A

THE TOTAL AMOUNT OF INTEREST FUNDED DURING THE PROJECT PERIOD WAS \$2,039,657, OF WHICH \$2,010,267 IS CAPITALIZED INTEREST AND \$29,390 IS

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?								
b Are there any research agreements that may result in private business use of bond-financed property?								
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?								

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?								
2 Is the bond issue a variable rate issue?								
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a GIC?								
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?								
6 Did the bond issue qualify for an exception to rebate?								

Part V Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

ADDITIONAL INVESTMENT EARNINGS EARNED IN THE DEBT SERVICE RESERVE FUND DURING THE PROJECT PERIOD AFTER THE PROJECT WAS PLACED-IN-SERVICE.

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?								
b Are there any research agreements that may result in private business use of bond-financed property?								
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?								

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?								
2 Is the bond issue a variable rate issue?								
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a GIC?								
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?								
6 Did the bond issue qualify for an exception to rebate?								

Part V Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

SCHEDULE K, PART II, LINE 3, COLUMN B
 AMOUNT DOES NOT EQUAL ISSUE PRICE DUE TO INVESTMENT EARNINGS EARNED DURING THE PROJECT PERIOD.

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?								
b Are there any research agreements that may result in private business use of bond-financed property?								
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?								

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?								
2 Is the bond issue a variable rate issue?								
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a GIC?								
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?								
6 Did the bond issue qualify for an exception to rebate?								

Part V Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

SCHEDULE K, PART II, LINE 11, COLUMN B
 REMAINING PROCEEDS WERE USED TO REDEEM A PORTION OF THE LEASE AFTER COMPLETION OF THE PROJECT.

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?								
b Are there any research agreements that may result in private business use of bond-financed property?								
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?								

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?								
2 Is the bond issue a variable rate issue?								
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a GIC?								
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?								
6 Did the bond issue qualify for an exception to rebate?								

Part V Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

SCHEDULE K, PART II, LINE 6, COLUMN C
ALL PROCEEDS WERE USED ON THE ISSUE DATE TO REFUND THE 2008 BOND AND THE 2008 TAXABLE BANK LOAN.

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?								
b Are there any research agreements that may result in private business use of bond-financed property?								
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?								

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?								
2 Is the bond issue a variable rate issue?								
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a GIC?								
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?								
6 Did the bond issue qualify for an exception to rebate?								

Part V Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

SCHEDULE K, PART II, LINE 13 & 16, COLUMN D
 THE PROJECT HAS NOT BEEN SUBSTANTIALLY COMPLETED AND AS A RESULT, THE FINAL WRITTEN ALLOCATION HAS NOT BEEN COMPLETED.

SCHEDULE L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

FREEMAN HEALTH SYSTEM

Transactions With Interested Persons

▶ **Complete if the organization answered**
"Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c,
or Form 990-EZ, Part V, line 38a or 40b.
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No. 1545-0047

2010

**Open To Public
Inspection**

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Part I Excess Benefit Transactions(section 501(c)(3) and section 501(c)(4) organizations only)

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year
under section 4958 ▶ \$

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
(1)										
(2)										
(3)										
(4)										
(5)										
(6)										
(7)										
(8)										
(9)										
(10)										
Total ▶ \$										

Part III Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount and type of assistance
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule L (Form 990 or 990-EZ) 2010

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ADAM GRADDY	SON OF STEVE GRADDY, CFO	43,549.	EMPLOYEE COMPENSATION		X
(2) KENT MCINTIRE	SON OF LARRY MCINTIRE	864,903	EMPLOYEE COMPENSATION		X
(3) PAMELA HUNT	DAUGHTER OF RICK SCHOOLER	55,161.	EMPLOYEE COMPENSATION		X
(4) PAM JONES	SISTER OF RICK SCHOOLER	22,192.	EMPLOYEE COMPENSATION		X
(5) ROBERT WILLCOXON	FATHER OF P WILLCOXON	278,728.	EMPLOYEE COMPENSATION		X
(6) DEBORAH CANSLER	IN-LAW OF D KOELKEBECK	31,801.	EMPLOYEE COMPENSATION		X
(7)					
(8)					
(9)					
(10)					

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2010

**Open to Public
Inspection**

Name of the organization

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ORGANIZATION'S VISION

FORM 990, PART I, LINE 1

VISION - TO BE THE LEADING PROVIDER OF PATIENT CENTERED, PHYSICIAN
DIRECTED HEALTHCARE IN AN ENVIRONMENT OF COMPASSION AND TRUST, SUPPORTED
BY DEDICATED EMPLOYEES WITH A DESIRE TO PROVIDE EXCELLENCE IN CARE AND
SERVICE.

FREEMAN HEALTH SYSTEM IN JOPLIN, MISSOURI IS A 404 BED, THREE HOSPITAL
SYSTEM PROVIDING COMPREHENSIVE HEALTHCARE AND BEHAVIORAL HEALTH SERVICES
TO AN AREA THAT INCLUDES MORE THAN 450,000 FROM MISSOURI, ARKANSAS,
OKLAHOMA, AND KANSAS.

PROGRAM SERVICE ACTIVITY #1

FORM 990, PART III, LINE 4A

FREEMAN CANCER INSTITUTE PROVIDES PHYSICAL AND EMOTIONAL CARE FOR
PATIENTS AND FAMILIES THROUGH COMPREHENSIVE SERVICES AND THE MOST
UP-TO-DATE TECHNOLOGICAL ADVANCES, ALL LOCATED IN ONE CONVENIENT AND
COMFORTABLE SETTING. FREEMAN CANCER INSTITUTE ACCEPTS MEDICAID AND
MEDICARE PATIENTS, UNLIKE SOME OTHER CANCER PROGRAMS IN THE AREA. FREEMAN
CANCER INSTITUTE EMPLOYS A SOCIAL WORKER TO HELP PATIENTS DEAL WITH THE
ISSUES SURROUNDING TREATMENT AND RECOVERY. FREEMAN STAFF WORK WITH DRUG
COMPANIES AND OTHER ORGANIZATIONS TO PROCURE FREE CANCER MEDICATIONS FOR
PATIENTS WHO CANNOT AFFORD THEM.

FREEMAN HELPS WOMEN WHO CAN'T AFFORD MAMMOGRAMS THROUGH THE HELPING

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FRIENDS MAMMOGRAM FUND, ADMINISTERED BY FREEMAN FOUNDATION. IN FY 2011, HELPING FRIENDS MAMMOGRAM FUND HELPED 82 WOMEN BY PROVIDING \$19,519.12 IN MAMMOGRAMS.

CERTIFIED AS A LEVEL II TRAUMA CENTER, THE EMERGENCY/TRAUMA CENTER AT FREEMAN WEST TREATS APPROXIMATELY 50,000 PATIENTS EACH YEAR. EMERGENCY ROOMS ROUTINELY DEAL WITH HOMELESS, MENTALLY ILL, AND SUBSTANCE-ADDICTED PATIENTS. FREEMAN PLACES MASTER'S-LEVEL MENTAL HEALTH COUNSELORS IN THE EMERGENCY ROOM ON A ROUND-THE-CLOCK BASIS. THESE COUNSELORS ARE AVAILABLE TO TALK WITH PATIENTS WHO SHOW SIGNS OF MENTAL HEALTH OR SUBSTANCE ABUSE CONDITIONS. AFTER THOROUGH EVALUATION, THE COUNSELORS OFFER RECOMMENDATIONS REGARDING FOLLOW-UP CARE RANGING FROM ASSESSMENT OF SUICIDALITY AND NEED FOR INPATIENT PSYCHIATRIC HOSPITALIZATION TO MAKING OUTPATIENT THERAPY APPOINTMENTS FOR PATIENTS BEFORE THEY LEAVE THE EMERGENCY ROOM. IF EVALUATION MANDATES HOSPITALIZATION, COUNSELORS ASSIST IN FINDING AN APPROPRIATE BED AND TRANSPORTATION. ON AVERAGE, COUNSELORS EVALUATE AND RECOMMEND TREATMENT FOR 54 PSYCHIATRIC PATIENTS EACH WEEK. AS A RESULT OF THIS INTERVENTION, MANY PREVIOUS FREQUENT VISITORS TO THE EMERGENCY ROOM HAVE BEEN REDIRECTED TO APPROPRIATE PSYCHIATRIC OR SUBSTANCE ABUSE PROGRAMS.

EVERY TWO MINUTES, SOMEWHERE IN AMERICA, SOMEONE IS SEXUALLY ASSAULTED. FREEMAN DOCTORS AND NURSES OFFER COMPASSIONATE AND COMPREHENSIVE CARE TO VICTIMS OF SEXUAL ASSAULT IN THE EMERGENCY ROOM THROUGH THE SEXUAL ASSAULT NURSE EXAMINER (SANE) PROGRAM. THE PROGRAM PROVIDES A COORDINATED

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HOSPITAL RESPONSE AND CONTINUUM OF CARE FOR VICTIMS OF SEXUAL VIOLENCE AND ENSURES A MEDICAL EVALUATION, STANDARDIZED FORENSIC EXAMINATION WITH EVIDENCE COLLECTION, AND EFFECTIVE INTERFACE WITH LAW ENFORCEMENT AND ADVOCACY SERVICES. IT ALSO PROVIDES EDUCATION TO LOCAL COMMUNITIES ON SEXUAL VIOLENCE AWARENESS, PREVENTION, AND AVAILABLE SERVICES. THE NURSE EXAMINER REPORTS THE CRIME AND/OR COLLECTS EVIDENCE OF THE SEXUAL ASSAULT ONLY AT THE VICTIM'S REQUEST. THE SANE PROGRAM AT FREEMAN IS THE ONLY ONE OF ITS KIND IN THE AREA. IN PARTNERSHIP WITH LAFAYETTE HOUSE, THE PROGRAM ALSO OFFERS EMERGENCY SHELTER AND SERVICES. CHILDREN AND TEENS YOUNGER THAN AGE 18 THAT ARE SEXUALLY ABUSED OR ASSAULTED ARE REFERRED TO CHILDREN'S CENTER FOR EXAMS. CHILDREN'S CENTER, ESPECIALLY EQUIPPED TO SERVE THE NEEDS OF YOUNG AND ADOLESCENT VICTIMS, OFFERS A SAFE HAVEN FOR ABUSED CHILDREN.

PROGRAM SERVICE ACTIVITY #2

FORM 990, PART III, LINE 4B

EXCLUDING MATERNAL SERVICES, FREEMAN JOPLIN INPATIENT SERVICES TOTALED 14,871 CASES, OF WHICH, 1,956, OR 13%, WERE MEDICAID CASES. ADDITIONALLY, 892 INPATIENT CASES, OR 6% OF THE TOTAL, FELL INTO THE SELF-PAY (NO INSURANCE) CATEGORY.

THE FREEMAN PEDIATRIC UNIT PROVIDES CARE TO CHILDREN FROM BIRTH TO AGE 18 AND WORKS WITH FAMILIES TO MAKE THEIR CHILDREN'S HOSPITALIZATION LESS TRAUMATIC BY ENCOURAGING PARENTAL INVOLVEMENT. CHAIR BEDS IN EACH ROOM, AS WELL AS MEAL TRAYS FOR PARENTS, ENABLE FAMILIES TO REMAIN TOGETHER DURING DIFFICULT TIMES. EACH ROOM HAS A TV/VCR; VIDEOS AND VIDEO GAMES

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ARE AVAILABLE UPON REQUEST. THE UNIT INCLUDES A BRIGHTLY DECORATED
EXAMINATION ROOM AND A PLAYROOM FILLED WITH BOOKS AND TOYS.

EXCLUDING MATERNAL SERVICES, FREEMAN JOPLIN INPATIENT PEDIATRIC SERVICES
TOTALED 585 CASES, OF WHICH, 324, OR 55%, WERE MEDICAID CASES.
ADDITIONALLY, 2% OF THE PEDIATRIC INPATIENT CASES FELL INTO THE SELF-PAY
(NO INSURANCE) CATEGORY.

PROGRAM SERVICE ACTIVITY #3

FORM 990, PART III, LINE 4C

FREEMAN MATERNAL SERVICES INCLUDES THE REGION'S ONLY NEONATAL INTENSIVE
CARE UNIT (NICU) PROVIDING IMMEDIATE CRITICAL CARE FOR PREMATURE AND
CRITICALLY ILL INFANTS. THE UNIT INCLUDES SKILLED AND EXPERIENCED
PHYSICIANS AND STAFF WHO STAND READY TO PROVIDE THE IMMEDIATE CRITICAL
CARE PREMATURE BABIES NEED. FREEMAN NICU PROVIDES SPECIALIZED CARE USING
STATE-OF-THE-ART TECHNOLOGY AND DECADES OF EXPERIENCE. SURVIVAL RATES FOR
INFANTS LESS THAN THREE POUNDS HAVE INCREASED SIGNIFICANTLY AS A RESULT
OF THE OUTSTANDING MEDICAL CARE PROVIDED BY THE FREEMAN NICU TEAM OF
DOCTORS, NEONATAL NURSE PRACTITIONERS, SPECIALIZED DEVELOPMENTAL
THERAPISTS, AND NURSES.

OF THE 4,946 CASES SEEN IN FY 2011, FREEMAN MATERNAL SERVICES SERVED
2,840 MEDICAID PATIENTS, OR 57% OF ITS CASELOAD. SELF-PAY PATIENTS (THOSE
WITH NO INSURANCE) REPRESENTED 3% OF THE DELIVERIES. AS THESE STATISTICS
INDICATE, FREEMAN PROVIDES A SAFETY NET FOR EXPECTANT MOTHERS WHO LIVE IN
POVERTY AND RECEIVE GOVERNMENT ASSISTANCE AND THOSE WHO SCRAPE BY WITHOUT

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ASSISTANCE BUT HAVE NO HEALTH INSURANCE. MEDICAID REIMBURSEMENT DOES NOT COVER THE COST OF PROVIDING THE LEVEL OF TREATMENT REQUIRED.

PROGRAM SERVICES

FORM 990, PART III, LINE 4

FREEMAN HEALTH SYSTEM, NOT-FOR-PROFIT, COMMUNITY-OWNED, AND LOCALLY GOVERNED BY A VOLUNTEER BOARD OF DIRECTORS, PROVIDES FULL-SERVICE HEALTHCARE TO SOUTHWEST MISSOURI, SOUTHEAST KANSAS, NORTHEAST OKLAHOMA, AND NORTHWEST ARKANSAS. A THREE-HOSPITAL, 404-BED HEALTH SYSTEM, FREEMAN PROVIDES COMPREHENSIVE SERVICES INCLUDING CANCER CARE, HEART CARE, ORTHOPAEDICS, NEUROSURGERY, WOMEN'S SERVICES, AND BEHAVIORAL HEALTHCARE. FREEMAN ACCEPTS MEDICAID AND MEDICARE PATIENTS AND OFFERS CHARITY CARE AND PAYMENT PLANS, PROVIDING A SAFETY NET TO A THIRD OF THE LOCAL POPULATION WITH HOUSEHOLD INCOMES BELOW \$25,000.

FREEMAN ASKS ALL EMPLOYEES AND VOLUNTEERS TO EMBRACE THE MISSION OF IMPROVING THE HEALTH OF THE COMMUNITIES SERVED THROUGH CONTEMPORARY, INNOVATIVE, QUALITY HEALTHCARE SOLUTIONS. THE FREEMAN MEDICAL TEAM, WHICH INCLUDES 300 PHYSICIANS REPRESENTING 60 SPECIALTIES, USES THE LATEST TECHNIQUES, BEST PRACTICES, AND TECHNOLOGIES TO PROVIDE LIFESAVING MEDICAL CARE, PROVIDING CONSTITUENTS WITH THE HEALTHCARE THEY NEED RIGHT IN THEIR OWN BACK YARD. JOPLIN-AREA PATIENTS DO NOT HAVE TO TRAVEL TO BIG CITIES TO RECEIVE HEART INTERVENTIONS, CARDIOTHORACIC SURGERIES, NEUROSURGERIES, PAIN THERAPIES, INTENSIVE CARE, TRAUMA CARE, AND ADVANCED DIAGNOSTIC SERVICES. THE CLOSE-TO-HOME AVAILABILITY OF PROGRESSIVE HEALTHCARE SERVICES EASES STRESS ON PATIENTS, FOR WHOM TRAVEL CAN BE

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UNCOMFORTABLE, AND THEIR FAMILIES, FOR WHOM TRAVEL CAN PRESENT A GREAT FINANCIAL BURDEN.

ACCORDING TO THE MISSOURI HOSPITAL ASSOCIATION, FAMILY PHYSICIANS MAKE AN ECONOMIC IMPACT OF MORE THAN \$1 MILLION EACH YEAR ON THE COMMUNITIES THEY SERVE. IN FY 2011, FREEMAN BROUGHT 19 NEW PHYSICIANS INTO THE COMMUNITY, PROVIDING A GREAT BENEFIT, IN TERMS OF BOTH HEALTHCARE AND ECONOMICS.

FREEMAN NEOSHO HOSPITAL IS A 25-BED, CRITICAL-ACCESS FACILITY THAT SERVES THE NEEDS OF LARGELY RURAL NEWTON AND MCDONALD COUNTIES IN SOUTHWEST MISSOURI. FREEMAN NEOSHO HOSPITAL PROVIDES THE COMMUNITY WITH A LEVEL III TRAUMA CENTER; PEDIATRIC SERVICES; COMPREHENSIVE SURGERY SERVICES; CARDIOLOGY AND ONCOLOGY/HEMATOLOGY SPECIALTY CLINICS; AND CARDIAC, PHYSICAL THERAPY, AND SPEECH THERAPY REHABILITATION SERVICES. FREEMAN ALSO PROVIDES EMERGENCY TRANSPORT FOR NEWTON AND MCDONALD COUNTIES THROUGH FREEMAN AMBULANCE SERVICE.

FREEMAN FAST FACTS

FISCAL YEAR (FY) 2011 (APRIL 1, 2010 - MARCH 31, 2011) (JOPLIN & NEOSHO COMBINED)

OUTPATIENT REGISTRATIONS: 392,876

EMERGENCY/TRAUMA/URGENT CARE VISITS: 114,953

FREEMAN OCCURED VISITS: 42,082

ADMISSIONS: 21,516

SURGICAL PROCEDURES: 11,552

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BIRTHS: 2,437

BABIES IN NEONATAL INTENSIVE CARE UNIT: 199

FOR 20 YEARS, FREEMAN ORTHOPAEDICS & SPORTS MEDICINE AND FREEMAN REHABILITATION SERVICES HAVE PROVIDED FREE ANNUAL PRESEASON PHYSICAL EXAMS FOR ATHLETES ATTENDING AREA SCHOOLS AND COLLEGES. MORE THAN 75 VOLUNTEERS, INCLUDING DOCTORS, NURSES, THERAPISTS, AND OTHER CLINICIANS, ASSIST WITH THE EXAMS, SCHEDULED AT SPECIFIC TIMES THROUGHOUT THE YEAR. THESE FREE PRESEASON PHYSICALS PROVIDE COMPREHENSIVE EVALUATION AND ASSESSMENT TO ATHLETES PARTICIPATING IN A SANCTIONED SPORT IN A SCHOOL-BASED PROGRAM; THROUGH THE AREA'S PARKS AND RECREATION DEPARTMENTS, YMCAS, OR LOCAL LEAGUES; OR IN TRAINING TO COMPETE IN A SPECIFIC EVENT, SUCH AS A MARATHON OR TRIATHLON. THIS PROGRAM HELPED HUNDREDS OF ATHLETES IN FY 2011.

THROUGH THE CHAPLAINS FUND, FREEMAN OFFERS HELP TO PATIENTS UPON DISMISSAL FROM THE HOSPITAL. THIS FUND HELPS PATIENTS OBTAIN PRESCRIPTION MEDICATIONS BEFORE THEY GO HOME. ADDITIONALLY, PATIENTS WHO DON'T HAVE A RIDE HOME FROM THE HOSPITAL AND NO MONEY FOR CAB FARE MAY RECEIVE HELP WITH TRANSPORTATION EXPENSES THROUGH THE CHAPLAINS FUND. THIS PROGRAM HELPED 690 PATIENTS IN FY 2011, PROVIDING A COMMUNITY BENEFIT OF \$18,979.91.

IN TERMS OF COMMUNITY SERVICE AS COMMUNITY BENEFIT, FREEMAN EMPLOYEES SPENT 10,000 HOURS ENGAGED IN COMMUNITY BENEFIT ACTIVITIES IN 2011. THIS

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ON-THE-JOB COMMUNITY BENEFIT INCLUDES TIME FREEMAN HEALTHCARE PROFESSIONALS SPENT TRAINING OR SERVING AS PRECEPTORS FOR STUDENT NURSES, MEDICAL STUDENTS, AND RESIDENT PHYSICIANS, AMONG OTHERS. IN 2011 FREEMAN HAD NURSING STUDENTS ON-SITE FOR A TOTAL OF 49,024 HOURS. THESE STUDENTS ARE ASSIGNED TO A FREEMAN RN TO FOLLOW. STAFF MEMBERS ALSO SPENT COUNTLESS HOURS GIVING TOURS TO SCHOOL AND COMMUNITY GROUPS, WORKING WITH HIGH SCHOOL STUDENTS AND OTHER COMMUNITY MEMBERS ON JOB-SHADOWING PROJECTS, AND ENGAGING THE PUBLIC THROUGH PUBLIC PROGRAMS AND EVENTS.

FREEMAN PROVIDES EMERGENT CARE FOR ALL WHO ENTER ITS DOORS, REGARDLESS OF THE PATIENT'S ABILITY TO PAY OR INSURANCE STATUS. FREEMAN ENDEAVORS TO GIVE PATIENTS MORE OPTIONS FOR PAYING THEIR BILLS, INCLUDING SETTING UP PAYMENT PLANS FOR QUALIFYING PATIENTS, A PROGRAM THAT PROVES ESPECIALLY BENEFICIAL TO PEOPLE WHO HAVE HEALTH INSURANCE, BUT LACK FUNDS TO PAY LARGE DEDUCTIBLES, CO-PAYS, OR OUT-OF-POCKET EXPENSES. ON A RELATED NOTE, FREEMAN ALLOWS FREEMAN EMPLOYEES TO PAY OFF HOSPITAL BILLS, NO MATTER HOW LARGE, IN INSTALLMENTS AS LOW AS \$25 EVERY TWO WEEKS. CONSIDERING THE FACT THAT FREEMAN EMPLOYS MORE THAN 3,500 PEOPLE AND MOST OF THEIR FAMILIES RECEIVE TREATMENT AT FREEMAN, THIS ACT ALONE AMOUNTS TO A SIZABLE COMMUNITY BENEFIT.

FREEMAN ESTABLISHED FREEMAN URGENT CARE WALK-IN CLINICS IN TWO LOCATIONS TO GIVE PATIENTS, INCLUDING THOSE WITHOUT PRIMARY CARE PROVIDERS, AN APPROPRIATE, LESS EXPENSIVE TREATMENT VENUE, BUT MANY PATIENTS STILL CHOOSE TO USE THE EMERGENCY ROOM FOR PRIMARY MEDICAL CARE.

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FREEMAN HELPS MANY ORGANIZATIONS THAT, IN TURN, HELP SOME OF THE MOST FRAGILE MEMBERS OF OUR COMMUNITY. FOR INSTANCE, FOR ONE DOLLAR PER YEAR, FREEMAN LEASES THE LAND AND BUILDING AT 34TH STREET AND INDIANA AVENUE TO CHILDREN'S CENTER OF SOUTHWEST MISSOURI, A NOT-FOR-PROFIT AGENCY THAT PROTECTS AND ADVOCATES FOR CHILDREN WHO HAVE BEEN VICTIMS OF ABUSE. SIMILARLY, FREEMAN LEASES LAND TO RONALD MCDONALD HOUSE CHARITIES OF THE FOUR STATES FOR ONE DOLLAR PER YEAR, AND FREEMAN MAINTAINS THE GROUNDS AND PROVIDES HOUSEKEEPING SERVICES, SERVICES WITH AN ANNUAL RETAIL VALUE OF \$3,669.49.

FREEMAN HEALTH SYSTEM CONTRIBUTES TO THE HEALTH OF THE COMMUNITY BY CREATING A WIDE RANGE OF CAREER OPPORTUNITIES. PROFESSIONALS IN MANY FIELDS AT FREEMAN EARN ABOVE-AVERAGE WAGES AND SALARIES, AND THE BENEFITS FREEMAN OFFERS HELP ATTRACT AND MAINTAIN AN AFFLUENT MIDDLE CLASS, WHOSE MEMBERS BUY HOMES, SPEND MONEY, AND BOOST THE AREA ECONOMY. IN 2011, FREEMAN HEALTH SYSTEM, INCLUDING OZARK CENTER, PROVIDED PAYROLL AND BENEFITS TOTALING \$234,441,897.

REVIEW OF THE FORM 990

FORM 990, PART VI, SECTION B, LINE 11B

THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM BASED ON THE AUDITED FINANCIAL STATEMENTS AND INFORMATION PROVIDED BY THE ACCOUNTING DEPARTMENT OF THE ORGANIZATION. PRIOR TO FILING, A DRAFT OF THE FORM 990 IS REVIEWED BY MEMBERS OF TOP MANAGEMENT. ONCE A FINAL DRAFT IS READY, A POWER POINT PRESENTATION IS MADE TO THE BOARD MEMBERS AT THE BOARD OF

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DIRECTORS MEETING TO EXPLAIN THE 990 AND ITS USES. THE BOARD REVIEWS THE DOCUMENT FOR KEY INFORMATION INCLUDED. PAPER COPIES ARE MADE AVAILABLE TO THE BOARD MEMBERS AT THEIR REQUEST.

CONFLICT OF INTEREST POLICY

FORM 990, PART VI, SECTION B, LINE 12C

THE CONFLICT OF INTEREST POLICY IS REVIEWED BY THE BOARD OF DIRECTORS EACH YEAR IN APRIL. THE BOARD MEMBERS ARE ASKED TO SIGN A NEW CONFLICT OF INTEREST POLICY AND LIST ANY POSSIBLE CONFLICTS. THIS INFORMATION IS REVIEWED AND MAINTAINED IN THE ADMINISTRATIVE OFFICES. IF A BOARD MEMBER ENCOUNTERS A TRANSACTION THAT WOULD CAUSE A POSSIBLE CONFLICT OF INTEREST, A FORM DETAILING THE TRANSACTION IS COMPLETED AND SUBMITTED TO THE BOARD FOR REVIEW AND APPROVAL. IF A CONFLICT IS FOUND, THE INTERESTED PERSON WILL NOT PARTICIPATE IN THE DISCUSSION OR VOTE ON A TRANSACTION INVOLVING HIS OR HER CONFLICT. FISCAL YEAR 2011 CONFLICT OF INTEREST POLICY WAS UPDATED TO REQUIRE AN ATTESTATION FORM FROM ALL EMPLOYED PHYSICIANS AND LEVEL FOUR SUPERVISORS/MANAGERS AND UP.

CORPORATE OFFICERS AND KEY EMPLOYEES ARE ALSO REQUIRED TO ANNUALLY DISCLOSE CONFLICTS OF INTEREST.

FREEMAN HEALTH SYSTEM COMPENSATION REVIEW

FORM 990, PART VI, SECTION B, LINES 15A & 15B

I. KEY PRINCIPLES

FREEMAN HEALTH SYSTEM ("FHS") DESIRES TO ENSURE THAT ITS EXECUTIVE COMPENSATION PROGRAM IS COMPETITIVE, FAIR, AND EQUITABLE; COMPLIANT WITH

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REGULATORY GUIDELINES; AND REPRESENTATIVE OF MARKET BEST PRACTICES.

KEY PRINCIPLES THAT GUIDE FHS'S EXECUTIVE COMPENSATION DECISION-MAKING
PROCESS INCLUDE:

- EXECUTIVE COMPENSATION PROGRAMS WILL SUPPORT FHS'S MISSION, VALUES,
STRATEGIC DIRECTION, AND TAX-EXEMPT STATUS.
- FHS COMPETES IN A NATIONAL MARKET FOR ITS EXECUTIVES AND THUS WILL
CONSIDER PAY PRACTICES THAT ARE REPRESENTATIVE OF THE INDUSTRY.
- THE RELATIVE PAY LEVELS OF FHS EXECUTIVES WILL OVER TIME REFLECT BOTH
INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE.
- FHS INTENDS TO ESTABLISH THE REBUTTABLE PRESUMPTION OF REASONABLENESS
UNDER IRS INTERMEDIATE SANCTIONS REGULATIONS. THUS, EXECUTIVE
COMPENSATION PROGRAMS AND DECISIONS WILL BE APPROVED, IN ADVANCE OF THEIR
IMPLEMENTATION BY THE EXECUTIVE COMPENSATION COMMITTEE (HEREAFTER THE
"COMMITTEE") OF THE BOARD OF DIRECTORS:
 - *THE COMMITTEE IS COMPRISED OF MEMBERS OF THE BOARD OF DIRECTORS, WHO ARE
INDEPENDENT OF FHS'S MANAGEMENT, HAVE NO PERSONAL INTEREST IN THE
COMPENSATION ARRANGEMENTS, ARE NOT RELATED TO, OR UNDER THE CONTROL OF
ANY INDIVIDUAL WHOSE COMPENSATION ARRANGEMENT IS BEING REVIEWED AND HAVE
NO MATERIAL BUSINESS RELATIONSHIP WITH FHS.
 - *THE COMMITTEE WILL RELY UPON APPROPRIATE, INDEPENDENT COMPARABILITY DATA
TO SUPPORT ITS DECISION MAKING PROCESS.
 - *THE COMMITTEE WILL ADEQUATELY DOCUMENT ITS DELIBERATIONS, DECISIONS, AND
ACTIONS ON A TIMELY BASIS.

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II. PRIMARY PROGRAM COMPONENTS

FHS'S EXECUTIVE TOTAL COMPENSATION PROGRAM CONSISTS OF THE FOLLOWING COMPONENTS:

- BASE SALARY
- ANNUAL AT RISK COMPENSATION
- STANDARD ALL EMPLOYEE BENEFITS
- SUPPLEMENTAL BENEFITS AND PERQUISITES
- SEVERANCE

ANNUALLY, THE COMMITTEE WILL DIRECT THE REVIEW OF THE COMPONENTS OF THE EXECUTIVE COMPENSATION PROGRAM AND APPROVE PROGRAM MODIFICATIONS AS APPROPRIATE.

THE COMMITTEE MAY ALSO AUTHORIZE UNIQUE PROGRAM COMPONENTS WHICH SUPPORT THE ACHIEVEMENTS OF FHS'S MISSION.

III. MARKET COMPARATORS

FHS WILL CONSIDER A NATIONAL PEER GROUP OF HEALTHCARE ORGANIZATIONS COMPARABLE TO FHS IN SIZE (I.E., NET REVENUES) AND COMPLEXITY TO DETERMINE THE MARKET VALUES FOR EACH OF ITS EXECUTIVE POSITIONS. THIS PEER GROUP WILL PRIMARILY BE COMPRISED OF NOT-FOR-PROFIT HEALTHCARE ORGANIZATIONS (BUT FOR-PROFIT ORGANIZATIONS MAY BE CONSIDERED SELECTIVELY) FOR FUNCTIONALLY COMPARABLE POSITIONS AS REPORTED IN SURVEYS CONDUCTED BY INDEPENDENT FIRMS.

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-CASH COMPENSATION

THE FOLLOWING ORGANIZATIONS/MARKETS ARE THE PRIMARY COMPARATORS FOR
COMPENSATION PURPOSES:

*SYSTEM LEVEL EXECUTIVES: HEALTH SYSTEMS OF COMPARABLE SIZE TO FHS, BASED
ON NET REVENUE. THESE WILL BE BASED ON NATIONAL HEALTHCARE LABOR
MARKETS.

*HOSPITAL LEVEL EXECUTIVES: HOSPITALS OF COMPARABLE SIZE TO THE FHS
ENTITY, BASED ON NET REVENUE. THESE WILL BE BASED ON NATIONAL HEALTHCARE
LABOR MARKETS.

*OTHER EXECUTIVES: ORGANIZATIONS OF COMPARABLE SIZE IN RELEVANT MARKET
SEGMENTS SUCH AS MEDICAL GROUP PRACTICES, HOME HEALTH, AND THE LIKE.
THESE WILL BE BASED ON NATIONAL HEALTHCARE LABOR MARKET.

-EXECUTIVE BENEFITS

FHS WILL DEVELOP AND ADMINISTER EXECUTIVE BENEFIT (I.E., STANDARD
BENEFITS, SUPPLEMENTAL EXECUTIVE BENEFITS, AND PERQUISITES) PLANS THAT
ARE BASED ON NATIONAL HEALTHCARE INDUSTRY MARKET NORMS.

IV. MARKET POSITION TARGETS

FHS HAS ESTABLISHED A TARGET MARKET POSITION FOR EACH OF THE COMPONENTS
OF ITS EXECUTIVE TOTAL COMPENSATION PROGRAM.

-BASE SALARIES: FHS WILL MANAGE ITS EXECUTIVES' BASE SALARIES AROUND THE
50TH PERCENTILE OF BASE SALARIES PAID IN THE MARKET. SALARIES WILL VARY
FROM THE 50TH PERCENTILE BASED AN EXECUTIVE'S EXPERIENCE AND PERFORMANCE.

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FOR EXAMPLE:

*EXECUTIVES WHO ARE NEW TO THE ORGANIZATION AND/OR HAVE LIMITED OR NO PRIOR EXECUTIVE-LEVEL EXPERIENCE SHOULD HAVE SALARIES THAT ARE 80 TO 90 PERCENT OF THE 50TH PERCENTILE.

*EXPERIENCED EXECUTIVES (WITH APPROXIMATELY 5 TO 7 YEARS OF EXECUTIVE-LEVEL EXPERIENCE) WHO CONSISTENTLY MEET FHS'S PERFORMANCE EXPECTATIONS SHOULD HAVE SALARIES THAT ARE 90 TO 110 PERCENT OF THE 50TH PERCENTILE.

*EXPERIENCED EXECUTIVES (WITH MORE THAN 7 YEARS OF EXECUTIVE-LEVEL EXPERIENCE) WHO CONSISTENTLY EXCEED FHS'S PERFORMANCE EXPECTATIONS SHOULD HAVE SALARIES THAT ARE 110 TO 120 PERCENT OF THE 50TH PERCENTILE.

-TOTAL CASH COMPENSATION: THE GOAL OF THIS COMPONENT IS TO PAY UP TO THE 75TH PERCENTILE OF MARKET TOTAL CASH COMPENSATION WHEN EXCEPTIONAL PERFORMANCE IS ACHIEVED. TOTAL CASH COMPENSATION INCLUDES BASE SALARIES AND LUMP-SUM AWARDS FROM FHS'S EXECUTIVE AT RISK COMPENSATION PLAN(S). ACTUAL TOTAL CASH COMPENSATION WILL REFLECT EXECUTIVES' CURRENT SALARIES, INDIVIDUAL PERFORMANCE AND CONTRIBUTIONS, AND THE ORGANIZATION'S PERFORMANCE.

-EXECUTIVE BENEFITS: FHS TARGETS EXECUTIVE BENEFITS (STANDARD BENEFITS PLUS SUPPLEMENTAL EXECUTIVE BENEFITS AND PERQUISITES) AT THE 50TH PERCENTILE OF EXECUTIVE BENEFITS PROVIDED IN THE HEALTHCARE MARKET.

-SEVERANCE: FHS TARGETS EXECUTIVE SEVERANCE AT THE 50TH PERCENTILE OF CURRENT HEALTHCARE MARKET PRACTICES.

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OTHER BUSINESS JUDGMENT FACTORS SUCH AS COMPETITIVE MARKET FORCES, EACH EXECUTIVE'S JOB PERFORMANCE, EACH EXECUTIVE'S UNIQUE SKILLS, RESPONSIBILITIES AND EFFORTS, AND/OR EACH EXECUTIVE'S MARKETPLACE STANDING, ARE ALSO CONSIDERED BY THE COMMITTEE DURING ITS DECISION MAKING PROCESS.

FREEMAN HEALTH SYSTEM COMPENSATION REVIEW (CONTINUED)

FORM 990, PART VI, SECTION B, LINES 15A & 15B

EXECUTIVE COMPENSATION COMMITTEE CHARTER

THIS EXECUTIVE COMPENSATION COMMITTEE CHARTER WAS ADOPTED BY THE BOARD OF DIRECTORS (THE "BOARD") OF FREEMAN HEALTH SYSTEM (HEREAFTER "FHS") ON APRIL 25, 2008. THIS CHARTER APPLIES TO FHS AND ALL OF ITS BUSINESS ENTITIES, INCLUDING FREEMAN NEOSHO HOSPITAL, OZARK CENTER AND THE FREEMAN FOUNDATION (HEREAFTER THE "SYSTEM").

THIS CHARTER IS A COMPONENT OF THE FLEXIBLE FRAMEWORK WITHIN WHICH THE BOARD, ASSISTED BY ITS COMMITTEES, DIRECTS THE AFFAIRS OF FHS. WHILE THE CHARTER SHOULD BE INTERPRETED IN THE CONTEXT OF ALL APPLICABLE LAWS AND REGULATIONS, AS WELL AS IN THE CONTEXT OF FHS'S ARTICLES OF INCORPORATION AND BYLAWS, IT IS NOT INTENDED TO ESTABLISH BY ITS OWN FORCE ANY LEGALLY BINDING OBLIGATIONS.

I. PURPOSE

THE EXECUTIVE COMPENSATION COMMITTEE (HEREAFTER THE "COMMITTEE") IS

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AUTHORIZED TO ACT ON THE BOARD'S BEHALF IN (I) DETERMINING APPROPRIATE COMPENSATION FOR SYSTEM EXECUTIVES AND OTHER DISQUALIFIED PERSONS AS DEFINED IN THE IRS INTERMEDIATE SANCTIONS REGULATIONS; (II) EVALUATING SYSTEM EXECUTIVES' AND OTHER DISQUALIFIED PERSONS' CASH COMPENSATION PLANS, POLICIES, AND PROGRAMS; (III) REVIEWING BENEFIT PLANS FOR SYSTEM EXECUTIVES AND OTHER DISQUALIFIED PERSONS; AND (IV) VERIFYING THAT COMPENSATION INFORMATION IS APPROPRIATELY AND FULLY DISCLOSED.

-A DISQUALIFIED PERSON: IS ANY PERSON WHO IS OR WAS IN A POSITION TO EXERCISE SUBSTANTIAL INFLUENCE OVER THE AFFAIRS OF THE APPLICABLE TAX-EXEMPT ORGANIZATION. IT IS NOT NECESSARY THAT THE PERSON ACTUALLY EXERCISE SUBSTANTIAL INFLUENCE, ONLY THAT THE PERSON BE IN A POSITION TO DO SO.

-FOR PURPOSES OF THIS CHARTER, "EXECUTIVES" ARE DEFINED AS SYSTEM EXECUTIVES AND OTHER DISQUALIFIED PERSONS VALIDATED BY THE COMMITTEE.

IN DISCHARGING ITS ROLE, THE COMMITTEE IS EMPOWERED TO INVESTIGATE ANY MATTER BROUGHT TO ITS ATTENTION WITH ACCESS TO ALL BOOKS, RECORDS, FACILITIES, AND PERSONNEL OF THE SYSTEM. IT HAS THE AUTHORITY TO RETAIN OUTSIDE ADVISORS (E.G., LEGAL COUNSEL, COMPENSATION CONSULTANTS, OR OTHER EXPERTS) AND WILL RECEIVE ADEQUATE FUNDING FROM THE SYSTEM TO ENGAGE SUCH ADVISORS.

IT SHALL HAVE THE SOLE AUTHORITY TO RETAIN, COMPENSATE, TERMINATE, AND

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OVERSEE ITS ADVISORS, WHO SHALL BE ACCOUNTABLE ULTIMATELY TO THE COMMITTEE.

TO SUPPORT THE COMMITTEE, A TIMETABLE AND RESOURCE BOOK WILL BE DEVELOPED CONTAINING THE NECESSARY DATA, INFORMATION, AND DOCUMENTS THE COMMITTEE WILL NEED TO CARRY OUT ITS DUTIES. THE RESOURCE BOOK WILL BE DISTRIBUTED TO THE COMMITTEE IN ADVANCE OF ITS MEETINGS AND FHS WILL MAINTAIN THESE BOOKS AT ITS CORPORATE OFFICE.

THE COMMITTEE ALSO WILL RECEIVE TRAINING IN COMPENSATION PLAN DESIGN AND ADMINISTRATION, INCLUDING LEGAL AND REGULATORY ISSUES (AS NEEDED).

II. COMMITTEE MEMBERSHIP

THE COMMITTEE IS A STANDING COMMITTEE OF THE BOARD. IN ACCORDANCE WITH THE CORPORATE BYLAWS, IT SHALL CONSIST OF AT LEAST THREE, BUT NOT MORE THAN FIVE, MEMBERS OF THE BOARD. EACH COMMITTEE MEMBER HAS BEEN DETERMINED BY THE BOARD TO BE "INDEPENDENT" IN ACCORDANCE WITH IRS INTERMEDIATE SANCTIONS REGULATIONS. AT THE START OF THE YEAR, EACH MEMBER WILL REVIEW THE ORGANIZATION'S CONFLICT OF INTEREST POLICY TO ENSURE HE OR SHE HAS NO CONFLICT OF INTEREST AND IS "INDEPENDENT". IF A REAL, POTENTIAL, OR PERCEIVED CONFLICT OF INTEREST IS IDENTIFIED, THE COMMITTEE MEMBER WILL REVIEW THE ISSUE WITH THE COMMITTEE CHAIR AND LEGAL COUNSEL TO DETERMINE THE APPROPRIATE ACTION.

IN ADDITION, NO DIRECTOR MAY SERVE ON THE COMMITTEE UNLESS HE OR SHE IS A

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"NON-EMPLOYEE" MEMBER OF A SYSTEM BOARD.

THE FHS BOARD WILL APPOINT A COMMITTEE CHAIR TO CONVENE ALL SESSIONS, SET AGENDAS FOR MEETINGS, AND DETERMINE THE INFORMATION NEEDS OF THE COMMITTEE.

BEFORE DEBATING AND VOTING ON ANY COMPENSATION ARRANGEMENT, EACH MEMBER SHALL DETERMINE WHETHER HE OR SHE HAS A CONFLICT OF INTEREST REGARDING THE COMPENSATION ARRANGEMENT. ANY MEMBER WITH A CONFLICT OF INTEREST REGARDING A PARTICULAR COMPENSATION ARRANGEMENT OR TRANSACTION SHALL RECUSE HIMSELF OR HERSELF FROM THE DISCUSSION AND SHALL NOT VOTE ON THE PENDING COMPENSATION ARRANGEMENT OR TRANSACTION.

III. COMMITTEE SUPPORT STAFF

THE COMMITTEE SHALL BE ASSISTED IN FULFILLING ITS DUTIES AND RESPONSIBILITIES BY A FHS SUPPORT STAFF COMPRISED OF THE FOLLOWING POSITIONS:

- THE PRESIDENT AND CHIEF EXECUTIVE OFFICER (CEO)
- CHIEF FINANCIAL OFFICER
- CONTROLLER
- DIRECTOR OF HUMAN RESOURCES

FROM TIME TO TIME, THE COMMITTEE MAY REQUEST OTHER SYSTEM POSITIONS TO SERVE AS SUPPORT STAFF MEMBERS.

WHEN THE COMMITTEE VOTES ON COMPENSATION MATTERS RELATED TO ANY OF THE

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SUPPORT STAFF, THE SUPPORT STAFF SHOULD BE EXCUSED FROM THE MEETING.

IV. COMMITTEE MEETINGS

THE COMMITTEE SHALL MEET ON A REGULARLY SCHEDULED BASIS TWO TIMES PER YEAR OR MORE FREQUENTLY AS CIRCUMSTANCES DICTATE. THE COMMITTEE SHALL MEET AT LEAST (ANNUALLY) WITH FHS'S PRESIDENT AND CEO AND OTHER CORPORATE OFFICERS THE BOARD AND COMMITTEE DEEM APPROPRIATE, TO DISCUSS AND REVIEW THE PERFORMANCE CRITERIA AND COMPENSATION LEVELS OF SYSTEM EXECUTIVES AND OTHER DISQUALIFIED PERSONS.

MEETINGS OF THE COMMITTEE MAY BE HELD TELEPHONICALLY. A MAJORITY OF THE MEMBERS SHALL CONSTITUTE A QUORUM SUFFICIENT FOR THE TAKING OF ANY ACTION BY THE COMMITTEE.

V. COMMITTEE RESPONSIBILITIES

THE FOLLOWING RESPONSIBILITIES ARE SET FORTH AS A GUIDE WITH THE UNDERSTANDING THAT THE COMMITTEE MAY DIVERGE FROM THIS LIST AS APPROPRIATE GIVEN THE CIRCUMSTANCES. THE COMMITTEE SHALL REPORT ANY DIVERGENCE FROM THIS LIST TO THE FULL BOARD. THE COMMITTEE IS AUTHORIZED TO CARRY OUT THESE AND SUCH OTHER RESPONSIBILITIES ASSIGNED BY THE BOARD FROM TIME TO TIME, AND TAKE ANY ACTIONS REASONABLY RELATED TO THE MANDATE OF THIS CHARTER.

-ESTABLISH, REGULARLY REVIEW, AND APPROPRIATELY MODIFY THE FHS EXECUTIVE COMPENSATION PHILOSOPHY AND STRATEGY. THE EXECUTIVE COMPENSATION

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PHILOSOPHY AND STRATEGY WILL BE REVIEWED AND APPROVED BY THE FULL BOARD.

-ADMINISTER EXECUTIVE COMPENSATION PROGRAMS IN A MANNER:

*CONSISTENT WITH THE EXECUTIVE COMPENSATION PHILOSOPHY AND STRATEGY,

*THAT QUALIFIES FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER
THE IRS INTERMEDIATE SANCTIONS REGULATIONS.

-VALIDATE THE GOALS AND OBJECTIVES RELEVANT TO THE COMPENSATION OF THE
PRESIDENT AND CEO, SYSTEM EXECUTIVES, AND OTHER DISQUALIFIED PERSONS,
INCLUDING ANNUAL PERFORMANCE OBJECTIVES.

-EVALUATE THE PERFORMANCE OF THE PRESIDENT AND CEO, AND REVIEW THE
EVALUATIONS PREPARED BY THE PRESIDENT/CEO AND OTHER SYSTEM EVALUATION
COMMITTEES OF OTHER EXECUTIVES/DISQUALIFIED PERSONS BASED ON APPROVED
GOALS AND OBJECTIVES.

-ESTABLISH THE COMPENSATION LEVEL FOR THE PRESIDENT/CEO AND REVIEW AND
APPROVE COMPENSATION RECOMMENDATIONS PREPARED BY THE PRESIDENT/CEO FOR
ALL EXECUTIVES AND DO SAME FOR EXECUTIVES AND DISQUALIFIED PERSONS FROM
OTHER SYSTEM ENTITIES.

-REVIEW AND APPROVE CHANGES, IN ADVANCE OF THEIR IMPLEMENTATION,
INCLUDING:

*EXECUTIVE BASE SALARIES AND RANGE

*AT RISK COMPENSATION PLANS

*EXECUTIVE WELFARE AND RETIREMENT BENEFIT PLANS

*OTHER EXECUTIVE FRINGE BENEFITS

*EMPLOYMENT AGREEMENTS AND/OR SEVERANCE PLANS

-MAINTAIN MINUTES OR OTHER RECORDS OF COMMITTEE MEETINGS AND ACTIVITIES,
AS REQUIRED BY IRS INTERMEDIATE SANCTIONS REGULATIONS.

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- ENGAGE INDEPENDENT, OUTSIDE ADVISORS TO PROVIDE OBJECTIVE AND IMPARTIAL COMPENSATION DATA AND EXPRESS AN OPINION ON THE REASONABLENESS OF TOTAL COMPENSATION.
- REVIEW PERIODICALLY THE COMPONENTS OF FHS'S EXECUTIVE TOTAL COMPENSATION PROGRAM TO DETERMINE WHETHER THEY ARE PROPERLY COORDINATED AND ACHIEVE THEIR INTENDED PURPOSE(S), AND APPROVE MODIFICATIONS, INCLUDING NEW PROGRAMS.
- VERIFY THAT COMPENSATION INFORMATION IS APPROPRIATELY AND FULLY DISCLOSED TO THE FULL BOARD AND ON THE ORGANIZATION'S FORM 990 AS REQUIRED BY REGULATION OR RECOMMENDED BY GOVERNANCE BEST PRACTICE.
- REPORT REGULARLY TO THE FULL BOARD AND TO OTHER SYSTEM BOARDS ON COMMITTEE FINDINGS AND APPROVED ACTIONS AND ANY OTHER MATTERS THE COMMITTEE DEEMS APPROPRIATE OR THE BOARD REQUESTS.
- CONDUCT AN ANNUAL SELF-EVALUATION OF THE COMMITTEE'S PERFORMANCE, INCLUDING ITS EFFECTIVENESS AND COMPLIANCE WITH THIS CHARTER.
- REVIEW AND REASSESS THE ADEQUACY OF THIS CHARTER ANNUALLY, AND AMEND IT AS THE COMMITTEE DEEMS APPROPRIATE.
- COMMUNICATE WITH EXTERNAL PARTIES, AS APPROPRIATE, REGARDING COMMITTEE PROCEDURES AND THE COMPENSATION OF THE ORGANIZATION'S EXECUTIVES AND OTHER DISQUALIFIED PERSONS. OTHER DISQUALIFIED PERSONS.

DOCUMENT DISCLOSURE

FORM 990, PART VI, SECTION C, LINE 19

THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE NOT MADE AVAILABLE TO THE PUBLIC.

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RELATED HOURS

FORM 990, PART VII, SECTION A, COLUMN B

GARY DUNCAN, CEO, AND STEVE GRADY, CFO, WORK APPROXIMATELY 60 HOURS PER WEEK BETWEEN FREEMAN NEOSHO HOSPITAL AND FREEMAN HEALTH SYSTEM. PAULA BAKER, CCO, WORKS APPROXIMATELY 60 HOURS PER WEEK BETWEEN FREEMAN HEALTH SYSTEM AND OZARK CENTER. PHILIP WILLCOXON, SENIOR VP ADMINISTRATION, WORKS APPROXIMATELY 60 HOURS PER WEEK BETWEEN FREEMAN HEALTH SYSTEM AND OZARK CENTER.

BOARD MEMBERS, LARRY MCINTIRE, JOHN COX, RODNEY MCFARLAND WORK APPROXIMATELY 60 HOURS PER WEEK AS PHYSICIANS WITH FREEMAN HEALTH SYSTEM. THEY DO NOT RECEIVE ANY COMPENSATION IN THEIR ROLES AS DIRECTORS.

OTHER CHANGES IN NET ASSETS

FORM 990, PART XI, LINE 5

\$ (43,317) NET UNREALIZED LOSSES ON INVESTMENTS

ATTACHMENT 1

PART VII - CONTINUATION OF OFFICERS, DIRECTORS, TRUSTEES,
KEY EMPLOYEES AND HIGHEST COMPENSATED EMPLOYEES

(1)=IND.TRUSTEE/DIR. (2)=INS.TRUSTEE (3)=OFFICER (4)=KEY EMP. (5)=HIGHEST COMP. (6)=FORMER

(A) NAME AND TITLE	(B) HOURS	(C) POSITION						COMPENSATION FROM		
		(1)	(2)	(3)	(4)	(5)	(6)	(D) ORG.	(E) REL.	(F) OTHER
29 MICHAEL R PHILLIPS PHYSICIAN	60.00				X			1,801,543.	0.	167,439.
30 RAYMOND VETSCH PHYSICIAN	60.00				X			1,977,020.	0.	190,939.

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

► Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2010

Open to Public
Inspection

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Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) FHS HOLDINGS, LLC 1102 W 32ND ST JOPLIN, MO 64804 20-5441528	LT ACUTE CARE	MO	122,282.	784,776.	N/A
(2) -----					
(3) -----					
(4) -----					
(5) -----					
(6) -----					

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
(1) FREEMAN NEOSHO HOSPITAL 113 W HICKORY NEOSHO, MO 64850 43-1240629	HOSPITAL	MO	501 (C) (3)	3	N/A	X
(2) OZARK CENTER 3006 MCCLELLAND BLVD JOPLIN, MO 64804 43-0821959	BEHAVRL HLTH	MO	501 (C) (3)	9	N/A	X
(3) MAGNOLIA HEIGHTS HOUSING CORPORATION 3006 MCCLELLAND BLVD JOPLIN, MO 64804 47-0950622	HUD HOUSING	MO	501 (C) (3)	11 A I	OZARK CENTER	X
(4) CEDAR HILL HOUSING CORPORATION 3006 MCCLELLAND BLVD JOPLIN, MO 64804 47-0943557	HUD HOUSING	MO	501 (C) (3)	11 A I	OZARK CENTER	X
(5) POPLAR PLACE HOUSING CORPORATION 3006 MCCLELLAND BLVD JOPLIN, MO 64804 90-0462595	HUD HOUSING	MO	501 (C) (3)	11 A I	OZARK CENTER	X
(6) -----						
(7) -----						

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2010

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) FREEMAN SURGICAL CE 26-2652980 11221 ROE AVE STE 320, LEANWOOD	AMBULATORY SU	MO	N/A	RELATED	-1,741,276	2,622,545		X			X	56.6667
(2) _____												
(3) _____												
(4) _____												
(5) _____												
(6) _____												
(7) _____												

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) _____							
(2) _____							
(3) _____							
(4) _____							
(5) _____							
(6) _____							
(7) _____							

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		<input checked="" type="checkbox"/>
b Gift, grant, or capital contribution to other organization(s)		<input checked="" type="checkbox"/>
c Gift, grant, or capital contribution from other organization(s)		<input checked="" type="checkbox"/>
d Loans or loan guarantees to or for other organization(s)		<input checked="" type="checkbox"/>
e Loans or loan guarantees by other organization(s)		<input checked="" type="checkbox"/>
f Sale of assets to other organization(s)		<input checked="" type="checkbox"/>
g Purchase of assets from other organization(s)		<input checked="" type="checkbox"/>
h Exchange of assets		<input checked="" type="checkbox"/>
i Lease of facilities, equipment, or other assets to other organization(s)		<input checked="" type="checkbox"/>
j Lease of facilities, equipment, or other assets from other organization(s)		<input checked="" type="checkbox"/>
k Performance of services or membership or fundraising solicitations for other organization(s)		<input checked="" type="checkbox"/>
l Performance of services or membership or fundraising solicitations by other organization(s)		<input checked="" type="checkbox"/>
m Sharing of facilities, equipment, mailing lists, or other assets		<input checked="" type="checkbox"/>
n Sharing of paid employees		<input checked="" type="checkbox"/>
o Reimbursement paid to other organization for expenses		<input checked="" type="checkbox"/>
p Reimbursement paid by other organization for expenses		<input checked="" type="checkbox"/>
q Other transfer of cash or property to other organization(s)		<input checked="" type="checkbox"/>
r Other transfer of cash or property from other organization(s)		<input checked="" type="checkbox"/>

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of other organization	(b) Transaction type (a-f)	(c) Amount involved	(d) Method of determining amount involved
(1)	OZARK CENTER	A	131,207.	FMV
(2)	FREEMAN NEOSHO HOSPITAL	A	7,746.	FMV
(3)	OZARK CENTER	B	216,000.	FMV
(4)	OZARK CENTER	D	520,700.	FMV
(5)	FREEMAN NEOSHO HOSPITAL	E	462,717.	FMV
(6)	OZARK CENTER	L	515,620.	FMV

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproportionate allocations?		(g) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No
(1) _____										
(2) _____										
(3) _____										
(4) _____										
(5) _____										
(6) _____										
(7) _____										
(8) _____										
(9) _____										
(10) _____										
(11) _____										
(12) _____										
(13) _____										
(14) _____										
(15) _____										
(16) _____										

Schedule R (Form 990) 2010

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

Freeman Health System

Accountants' Report and Consolidated Financial Statements

March 31, 2011 and 2010

Freeman Health System

March 31, 2011 and 2010

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Independent Accountants' Report

Audit Committee
Freeman Health System
Joplin, Missouri

We have audited the accompanying consolidated balance sheets of Freeman Health System as of March 31, 2011 and 2010, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Health System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Freeman Health System as of March 31, 2011 and 2010, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual entities, and is not a required part of the basic consolidated financial statements. The consolidating information has been subjected to the procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

BKD, LLP

June 15, 2011

Freeman Health System
Consolidated Balance Sheets
March 31, 2011 and 2010

Assets

	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and cash equivalents	\$ 25,663,307	\$ 31,737,667
Assets limited as to use - current	13,972,924	935,228
Patients accounts receivable, net of allowance 2011 - \$24,142,000, 2010 - \$25,512,000	53,136,370	56,195,687
Other receivables	2,507,974	4,104,052
Contributions receivable - current	520,662	614,467
Supplies	8,148,438	8,090,420
Prepaid expenses	<u>2,314,821</u>	<u>2,474,133</u>
Total current assets	<u>106,264,496</u>	<u>104,151,654</u>
Assets Limited As To Use		
Internally designated	77,828,861	67,970,956
Externally restricted	3,692,062	3,449,102
Held by trustees	<u>28,451,268</u>	<u>20,468,745</u>
	109,972,191	91,888,803
Less amount required to meet current obligations	<u>13,972,924</u>	<u>935,228</u>
	95,999,267	90,953,575
Contributions receivable	<u>3,258,058</u>	<u>3,593,065</u>
	<u>99,257,325</u>	<u>94,546,640</u>
Long-Term Investments	<u>47,189,872</u>	<u>39,177,715</u>
Property and Equipment		
Land and land improvements	16,993,587	16,773,825
Buildings and leasehold improvements	210,667,654	207,456,138
Equipment	119,505,151	117,139,018
Construction in progress	<u>6,947,621</u>	<u>4,051,964</u>
	354,114,013	345,420,945
Less accumulated depreciation	<u>206,148,828</u>	<u>194,781,927</u>
	<u>147,965,185</u>	<u>150,639,018</u>
Other Assets	<u>4,301,358</u>	<u>4,414,858</u>
Total assets	<u>\$ 404,978,236</u>	<u>\$ 392,929,885</u>

Liabilities and Net Assets

	2011	2010
Current Liabilities		
Note payable to bank	\$ 695,000	\$ -
Current maturities of long-term debt	23,614,667	9,937,781
Accounts payable	13,606,178	13,679,003
Accrued salaries and wages	18,155,576	19,463,356
Accrued interest payable	713,198	803,426
Accrued payroll taxes and other accrued liabilities	5,266,373	6,156,350
Estimated amounts due to third-party payers	5,684,134	1,946,546
Estimated medical malpractice self-insurance costs - current	3,400,000	3,191,806
Total current liabilities	71,135,126	55,178,268
Deferred Compensation	8,810,772	8,641,105
Estimated Medical Malpractice Self-Insurance Costs	10,925,440	10,831,120
Long-Term Debt	117,951,195	129,606,240
Total liabilities	208,822,533	204,256,733
Net Assets		
Unrestricted	189,178,582	179,459,562
Temporarily restricted	6,977,121	9,186,171
Permanently restricted	-	27,419
Total net assets	196,155,703	188,673,152
Total liabilities and net assets	\$ 404,978,236	\$ 392,929,885

Freeman Health System
Consolidated Statements of Operations and Changes in Net Assets
Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted Revenues, Gains and Other Support		
Net patient service revenue	\$ 444,304,445	\$ 467,489,020
Other	6,917,104	6,500,180
Net assets released from restrictions used for operations	<u>1,326,020</u>	<u>890,076</u>
Total unrestricted revenues, gains and other support	<u>452,547,569</u>	<u>474,879,276</u>
Expenses and Losses		
Salaries and wages	202,194,360	208,202,969
Employee benefits	33,235,986	33,190,088
Medical supplies and drugs	66,153,932	67,431,652
Physician fees	3,389,433	2,611,764
Other fees	44,150,607	42,809,802
Utilities and telephone	5,498,691	5,139,810
Insurance	10,384,229	14,097,093
Depreciation	15,877,846	16,292,860
Interest	7,003,253	7,123,314
Provision for uncollectible accounts	37,338,239	37,596,060
Other	<u>32,042,822</u>	<u>33,416,814</u>
Total expenses and losses	<u>457,269,398</u>	<u>467,912,226</u>
Operating Income (Loss)	<u>(4,721,829)</u>	<u>6,967,050</u>
Other Income		
Contributions received	337,559	488,597
Investment return	10,557,152	9,391,679
Change in unrealized gains and losses on trading securities	<u>1,469,144</u>	<u>11,231,783</u>
Total other income	<u>12,363,855</u>	<u>21,112,059</u>
Excess of Revenues Over Expenses	<u>7,642,026</u>	<u>28,079,109</u>

Freeman Health System
Consolidated Statements of Operations and Changes in Net Assets
Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted Net Assets		
Excess of revenues over expenses	\$ 7,642,026	\$ 28,079,109
Net assets released from restriction for purchase of property and equipment	1,891,734	-
Contributions and grants for the acquisition of property and equipment	52,987	366,296
Other	132,273	(100,000)
Reclassification of net assets	<u>-</u>	<u>(1,159,015)</u>
Increase in unrestricted net assets	<u>9,719,020</u>	<u>27,186,390</u>
Temporarily Restricted Net Assets		
Contributions received	980,433	3,096,326
Investment return	852	1,994
Reclassification of net assets	-	1,159,015
Change in donor designation	27,419	-
Net assets released from restriction	<u>(3,217,754)</u>	<u>(890,076)</u>
Increase (decrease) in temporarily restricted net assets	<u>(2,209,050)</u>	<u>3,367,259</u>
Permanently Restricted Net Assets		
Contributions received	-	1,000
Change in donor designation	<u>(27,419)</u>	<u>-</u>
Increase (decrease) in permanently restricted net assets	<u>(27,419)</u>	<u>1,000</u>
Change in Net Assets	7,482,551	30,554,649
Net Assets, Beginning of Year	<u>188,673,152</u>	<u>158,118,503</u>
Net Assets, End of Year	<u><u>\$ 196,155,703</u></u>	<u><u>\$ 188,673,152</u></u>

Freeman Health System
Consolidated Statements of Cash Flows
Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Activities		
Change in net assets	\$ 7,482,551	\$ 30,554,649
Items not requiring (providing) operating cash flow		
Depreciation	15,877,846	16,292,860
Amortization of deferred financing costs and goodwill	225,985	402,792
Gain on investment in equity investee	(107,858)	(109,784)
Net gain on investments	(9,314,460)	(18,229,070)
Restricted contributions and investment income received	(2,300,963)	(3,097,326)
Contributions and grants restricted for acquisition of property and equipment	(52,987)	(366,296)
Loss on sale of property and equipment	135,902	3,903
Changes in		
Patient accounts receivable, net	3,059,317	1,198,716
Estimated amounts due from and to third-party payers	3,737,588	(436,460)
Supplies	(58,018)	1,208,513
Accounts payable and accrued expenses	(2,388,427)	28,614
Other assets and liabilities	2,349,816	645,584
Net cash provided by operating activities	<u>18,646,292</u>	<u>28,096,695</u>
Investing Activities		
Purchase of investments	(22,998,107)	(18,298,564)
Proceeds from disposition of investments	6,386,689	7,151,395
Purchase of property and equipment	(13,438,956)	(7,438,524)
Proceeds from sale of property and equipment	126,658	149,394
Contributions from (distributions to) majority-owned subsidiary	132,273	(100,000)
Net cash used in investing activities	<u>(29,791,443)</u>	<u>(18,536,299)</u>
Financing Activities		
Net borrowings under line-of-credit agreement	695,000	-
Proceeds from restricted contributions	981,285	1,777,648
Proceeds from contributions and grants for acquisition of property and equipment	1,372,665	366,296
Proceeds from issuance of long-term debt	13,446,275	19,611,398
Principal payments on long-term debt	(11,424,434)	(29,137,603)
Net cash provided by (used in) financing activities	<u>5,070,791</u>	<u>(7,382,261)</u>

Freeman Health System
Consolidated Statements of Cash Flows
Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ (6,074,360)	\$ 2,178,135
Cash and Cash Equivalents, Beginning of Year	<u>31,737,667</u>	<u>29,559,532</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 25,663,307</u></u>	<u><u>\$ 31,737,667</u></u>
Supplemental Cash Flows Information		
Interest paid	\$ 6,839,844	\$ 6,791,967
Purchase of property and equipment in accounts payable	\$ 162,666	\$ 190,283

Freeman Health System
Notes to Consolidated Financial Statements
March 31, 2011 and 2010

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Freeman Health System operates as an integrated delivery system providing hospital, physician, mental health and substance abuse services. The Health System primarily earns revenues by providing inpatient, outpatient, emergency care and physician services to patients in the Joplin and Neosho, Missouri, area.

Principles of Consolidation

The consolidated financial statements include the accounts of the following entities, which are affiliated through common ownership or control:

Freeman Health System, d/b/a Freeman Hospital, is a 379-bed acute care hospital which provides services from its facilities located in Joplin, Missouri.

Freeman Neosho Hospital is an acute care hospital which provides services from its facility in Neosho, Missouri. Freeman Neosho Hospital is designated as a Critical Access Hospital by the Centers for Medicare and Medicaid Services (CMS).

Ozark Center, a regional community mental health center, primarily earns revenue by providing a comprehensive range of mental health care and substance abuse services in Joplin and surrounding areas of southwest Missouri.

Cedar Hill Housing Corporation, Magnolia Heights Housing Corporation and Poplar Place Housing, provide housing for low-income, chronically mentally ill adults. Financing for the housing units is provided primarily from the U.S. Department of Housing and Urban Development (HUD). The Board of Directors of Cedar Hill Housing, Magnolia Heights Housing and Poplar Place Housing are made up of members of the Board of Directors of Ozark Center or are appointed by Ozark Center directors. Cedar Hill Housing, Magnolia Heights Housing and Poplar Place Housing bylaws indicate that these organizations were established specifically for the purpose of providing housing that is financed primarily through HUD.

FHS Holdings, LLC was formed in January 2006 and shall continue perpetually. FHS Holdings, LLC has a 13% ownership interest in a long-term acute care hospital (LTACH) that commenced operations in May 2007.

Freeman Surgical Center, LLC is a limited liability company formed in May 2008 for the purpose of operating an ambulatory surgery center. The surgical center commenced operations in fiscal year 2011. Freeman Health System owns a 56.67% and 60% interest in Freeman Surgical Center LLC at March 31, 2011 and 2010, respectively.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2011 and 2010

Freeman Health System is the sole member of Freeman Neosho Hospital, Ozark Center and FHS Holdings, LLC and has a controlling interest in Freeman Surgical Center, LLC. Freeman Health System and its subsidiaries are collectively referred to as the Health System.

The accompanying consolidated statements include the accounts of Freeman Health System and subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

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

Cash Equivalents

The Health System considers all liquid investments with original maturities of three months or less to be cash equivalents. At March 31, 2011 and 2010, cash equivalents consisted primarily of money market accounts with brokers and repurchase agreements.

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010, through December 31, 2012, at all FDIC-insured institutions. At March 31, 2011, the Health System's cash accounts exceed federally insured limits by approximately \$17,550,000.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investments in equity investees are reported on the equity method of accounting. Other investments, including land held for investment, are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2011 and 2010

Assets Limited As To Use

Assets limited as to use include (1) assets held by trustees under bond indenture and deferred compensation agreements, (2) assets restricted by donors and (3) assets set aside by the Board of Directors for future capital improvements and debt repayment over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Health System are included in current assets.

Patient Accounts Receivable

The Health System reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Health System provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Health System bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

Supplies

The Health System states supply inventories at the lower of cost, determined using the first-in, first-out method, or market.

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Certain property and equipment associated with Cedar Hill Housing, Magnolia Heights Housing and Poplar Place Housing has been purchased with HUD funds. Such items may be reclaimed by the federal government if not used to further the grant objectives.

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service.

At March 31, 2011, construction in process represents costs incurred in connection with expansion and renovation of facilities and purchase of new health care information system software at the Health System. The estimated additional commitment of projects in progress at March 31, 2011, is estimated to be approximately \$10,200,000. The Health System has approximately \$8,045,000 held in a trustee investment account to fund the cost of the health care information system software. The Health System anticipates funding the remaining cost of projects through operations.

Freeman Health System
Notes to Consolidated Financial Statements
March 31, 2011 and 2010

Long-Lived Asset Impairment

The Health System evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended March 31, 2011 and 2010.

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the effective interest method and are included in other assets on the consolidated balance sheets.

Guarantees

The Health System has pledged \$435,000 of investments as collateral to guarantee the debt of an unconsolidated affiliated organization. The Health System has reported these investments as externally restricted assets of FHS Holdings, LLC under the agreement. The Health System's obligation under this agreement is limited to the amount pledged. Should the Health System be required to perform under the pledge agreement, the Health System may seek reimbursement from the related organization of amounts expended under the guarantee.

The Health System has also guaranteed certain debt of Freeman Surgical Center, LLC, a consolidated affiliate, excluded from the obligated group. The Health System's obligation under the guarantee is limited to its ownership percentage. At March 31, 2011 and 2010, the total amount guaranteed on the outstanding loan was approximately \$2,250,000 and \$400,000, respectively.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Health System has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Health System in perpetuity.

Net Patient Service Revenue

The Health System has agreements with third-party payers that provide for payments to the Health System at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2011 and 2010

Charity Care

The Health System provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Health System does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

Contributions

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

Estimated Malpractice Costs

An annual estimated provision is accrued for the self-insured portion of medical malpractice claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported.

Income Taxes

The Health System has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Health System is subject to federal income tax on any unrelated business taxable income.

Earnings from FHS Holdings, LLC and Freeman Surgical Center, LLC are reported to their owners for inclusion in their respective tax returns.

The Health System files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Health System is no longer subject to U.S. federal examinations by tax authorities for years before 2007.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2011 and 2010

Excess of Revenues Over Expenses

The consolidated statements of operations and changes in net assets include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include permanent transfers to and from affiliates for other than goods and services, contributions from (distributions to) noncontrolling interests and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Self-Insurance

The Health System has elected to self-insure certain costs related to employee health, dental and workers' compensation programs. Costs resulting from noninsured losses are charged to income when incurred.

Goodwill

The Health System acquired Freeman Neosho Hospital in 1993 for a price in excess of the fair value of identifiable assets, thereby generating goodwill. Effective April 1, 2010, the Health System adopted the provisions of ASC Topic 958-805, *Not-for-Profit Entities: Mergers and Acquisitions*, which requires goodwill to be evaluated annually for impairment rather than amortized. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements. No goodwill impairment was recognized in 2011. Through March 31, 2010, goodwill was amortized on a straight-line basis over 20 years. Amortization of goodwill was approximately \$177,000 for the year ended March 31, 2010. Goodwill, which is included in other noncurrent assets on the accompanying consolidated balance sheets, is approximately \$665,000 as of March 31, 2011 and 2010.

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 financial statement presentation.

Subsequent Events

Subsequent events have been evaluated through June 15, 2011, which is the date the financial statements were issued.

Freeman Health System
Notes to Consolidated Financial Statements
March 31, 2011 and 2010

Note 2: Net Patient Service Revenue

The Health System has agreements with third-party payers that provide for payments to the Health System at amounts different from its established rates. These payment arrangements include:

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries by Freeman Hospital are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient skilled nursing services are paid at prospectively determined per diem rates that are based on the patients' acuity. Freeman Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.

Freeman Neosho Hospital is designated as a Critical Access Hospital by CMS. This designation provides for inpatient and outpatient services at this hospital to be reimbursed on a cost basis methodology. Freeman Neosho Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.

Medicaid. Inpatient services rendered to Medicaid program beneficiaries are reimbursed based on a prospectively determined per diem rate. Medicaid outpatient reimbursement is based on a prospective percentage of charges determined from prior cost reports regressed forward.

Other agreements. The Health System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Health System under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

A significant portion of Ozark Center's services are provided to patients under purchase of service (POS) agreements with certain governmental agencies. Payment for these services is based on prospectively determined prices per type of service subject to contractual limitations on the volume of such services delivered. The difference between the payment based on allowable prices and services provided at standard billing rates results in contractual allowances which are recorded as a deduction from client service revenue.

Ozark Center is certified as a Community Mental Health Center (CMHC) for Medicare reimbursement purposes. Outpatient services rendered to Medicare program beneficiaries are generally paid at prospectively determined rates. Covered services rendered to Medicaid program beneficiaries are paid based on established fee schedules.

Approximately 58% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for each of the years ended March 31, 2011 and 2010. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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During 2011 the Health System became aware of errors in the Medicare cost reports for the years ended March 31, 2007, 2008 and 2009. The errors relate to home office expense allocations to Freeman Neosho Hospital. The Health System is working with CMS to correct this issue, and net patient service revenue was reduced by approximately \$1,500,000 in 2011 for the estimated impact of these errors. It is reasonably possible that recorded estimates will change materially in the near term.

The Health System receives additional reimbursement from the Missouri Medicaid program in relation to the percentage of Medicaid and indigent population they serve. Beginning in 2011, funding received in excess of costs to provide these services is expected to be refunded to the state for reallocation to other health care systems. Currently, \$650,000 has been accrued by the Health System under this program and is expected to be repaid to the state. It is reasonably possible that circumstances related to the state's Medicaid program could change materially in the near term.

The American Recovery and Reinvestment Act (ARRA) of 2009 includes significant potential funding for health care organizations beginning in 2011. To obtain certain funding, each organization must demonstrate and be certified as a meaningful user of electronic health records. The Health System is in the process of installing a new information system that it believes will meet the certification criteria specified by the Centers for Medicare and Medicaid Services (CMS) and estimates their potential reimbursement will be approximately \$10 million over a four-year period beginning in fiscal 2013.

Note 3: Concentration of Credit Risk

The Health System grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of net receivables from patients and third-party payers at March 31, 2011 and 2010, is:

	2011	2010
Medicare	32%	29%
Medicaid	11%	13%
Blue Cross	5%	8%
Other third-party payers	30%	33%
Patients	22%	17%
	100%	100%

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Note 4: Investments and Investment Return

Assets Limited As To Use

Assets limited as to use include:

	2011	2010
Internally designated for capital improvements		
Cash and cash equivalents	\$ 430,133	\$ 908,526
Mutual funds - equity securities	48,324,264	40,801,200
Mutual funds - fixed income securities	647,150	19,520,532
Corporate obligations	10,687,900	3,403,277
Mortgage-backed obligations	13,393,559	1,497,265
Government obligations	4,026,732	1,772,796
Interest receivable	319,123	67,360
	<u>\$ 77,828,861</u>	<u>\$ 67,970,956</u>
Externally restricted		
Cash and cash equivalents	\$ 2,340,013	\$ 2,126,766
Mutual funds	1,352,049	1,322,336
	<u>\$ 3,692,062</u>	<u>\$ 3,449,102</u>
Held by trustee		
Under bond indenture		
Cash and cash equivalents	\$ 16,647,510	\$ 8,657,960
Guaranteed investment contract	1,950,000	1,950,000
Government obligations	2,164,189	2,136,546
	<u>20,761,699</u>	<u>12,744,506</u>
Under deferred compensation agreements		
Cash	46,290	413,369
Equity securities	16,816	13,415
Mutual funds	7,626,463	7,297,455
	<u>7,689,569</u>	<u>7,724,239</u>
	<u>\$ 28,451,268</u>	<u>\$ 20,468,745</u>

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Other Investments

Long-term investments include:

	2011	2010
Cash and cash equivalents	\$ 957,494	\$ 632,410
Fixed income securities	5,432,264	4,385,684
Equity securities	747,708	695,962
Land held for investment	4,606,034	4,631,034
Mutual funds - equity securities	20,810,380	15,154,312
Mutual funds - fixed income securities	4,248,608	10,593,315
Corporate obligations	4,121,243	1,608,631
Mortgage-backed obligations	4,606,861	519,864
Government obligations	1,533,461	926,331
Interest receivable	125,819	30,172
	<u>\$ 47,189,872</u>	<u>\$ 39,177,715</u>

Total investment return is comprised of the following:

	2011	2010
Interest and dividend income	\$ 2,823,095	\$ 2,551,874
Realized gains on securities	7,845,316	6,997,287
Unrealized gains on trading securities	1,469,144	11,231,783
Gain on investment in equity investee	107,858	109,784
	<u>\$ 12,245,413</u>	<u>\$ 20,890,728</u>

Total investment return is reflected in the statements of operations and changes in net assets as follows:

	2011	2010
Unrestricted net assets		
Other operating revenue	\$ 218,265	\$ 265,272
Investment return	10,557,152	9,391,679
Change in unrealized gains and losses on trading securities	1,469,144	11,231,783
Temporarily restricted net assets	852	1,994
	<u>\$ 12,245,413</u>	<u>\$ 20,890,728</u>

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Investment income on funds held by trustee under bond indenture agreements has been included in unrestricted revenue as other operating revenue.

Note 5: Contributions Receivable

Contributions receivable consisted of the following:

	2011	2010
Due within one year	\$ 520,662	\$ 614,467
Due in one to five years	1,319,824	1,945,658
Due in more than five years	3,207,475	2,585,000
	<u>5,047,961</u>	<u>5,145,125</u>
Less: unamortized discount	<u>1,269,241</u>	<u>937,593</u>
	<u><u>\$ 3,778,720</u></u>	<u><u>\$ 4,207,532</u></u>

The discount rate was 4% for 2011 and 2010.

Note 6: Medical Malpractice Claims

The Health System is self-insured for the first \$1,000,000 per occurrence and \$2,000,000 in aggregate of medical malpractice risks. The Health System purchases commercial insurance coverage above the self-insurance limits under a claims made policy on a retrospective premium basis. Losses from asserted and unasserted claims identified under the Health System's incident reporting system are accrued based on estimates that incorporate the Health System's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. The Health System discounted its malpractice liability by 2% and 4% for the years ending March 31, 2011 and 2010, respectively, to approximate cash payments using an interest rate that approximates U.S. Treasury securities with similar cash flow characteristics. It is reasonably possible that the Health System's estimate of losses will change by a material amount in the near term.

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Activity in the Health System's accrued medical malpractice claims liability during 2011 and 2010 is summarized as follows:

	2011	2010
Balance, beginning of year	\$ 14,022,926	\$ 13,929,000
Current year claims incurred and changes in estimates for claims incurred in prior years	5,915,000	9,722,054
Claims and expenses paid	<u>(5,612,486)</u>	<u>(9,628,128)</u>
Balance, end of year	<u><u>\$ 14,325,440</u></u>	<u><u>\$ 14,022,926</u></u>

Note 7: Self-Insurance

The Health System maintains statutory workers' compensation coverage. They are self-insured beginning January 1, 2003, and claims are managed by a Third-Party Administrator (TPA). The Health System is responsible for claims cost and administrative fees associated with being self-insured. The Health System has accrued for claims costs based on incurred amounts set by the TPA based on standard actuarial reserving practices. Incurred amounts are reviewed quarterly. Freeman Hospital and Freeman Neosho Hospital also have a fully insured policy to cover a portion of the Missouri risk and entities outside Missouri.

Freeman Hospital and Freeman Neosho Hospital are self-insured for health and dental coverage. The Health System has accrued an estimate of the ultimate costs for both reported claims and claims incurred but not reported.

These self-insurance liabilities are reported as current other accrued liabilities on the Health System's financial statements.

Note 8: Note Payable to Bank

Freeman Surgical Center, LLC has a \$750,000 revolving bank line of credit expiring in July 2011. At March 31, 2011 and 2010, there was \$695,000 and \$0, respectively, borrowed against this line. The line of credit is collateralized by all inventory, accounts receivable, equipment, intangibles and insurance receivables of Freeman Surgical Center, LLC. Interest varies with the bank's index rate, which was 3.75% on March 31, 2011 and 2010, and is payable monthly.

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Note 9: Long-Term Debt

	2011	2010
Freeman Hospital and Freeman Neosho Hospital Health Facilities Revenue Bonds Series 1994 (A)	\$ 36,645,000	\$ 38,555,000
Freeman Hospital Health Facilities Revenue Bonds Series 1998 (B)	11,380,000	13,435,000
Freeman Hospital Health Facilities Revenue Bonds Series 1999B (C)	6,455,000	6,985,000
Freeman Hospital Health Facilities Revenue Bonds Series 1999C (D)	6,585,000	6,830,000
Freeman Hospital Health Facilities Revenue Bonds Series 2004B (E)	43,705,000	44,585,000
Freeman Hospital Health Facilities Revenue Bonds Series 2009 (F)	18,012,631	18,584,284
Freeman Hospital Health Facilities Financing Lease Series 2010 (G)	9,838,265	-
Freeman Health System, note payable (H)	1,171,464	2,292,214
Freeman Health System, note payable (I)	2,000,000	2,500,000
Capital lease obligations (J)	2,496,587	5,008,791
Ozark Center, note payable to bank (K)	-	107,334
Freeman Surgical Center, note payable to bank (L)	3,276,915	661,398
	<u>141,565,862</u>	<u>139,544,021</u>
Less current maturities	<u>23,614,667</u>	<u>9,937,781</u>
	<u><u>\$117,951,195</u></u>	<u><u>\$129,606,240</u></u>

- (A) Tax-exempt Health Facilities Revenue Bonds, Series 1994A, payable in the original amount of \$57,530,000, bearing interest at rates of 5.375% to 5.5%. The bonds are due in graduated annual installments beginning February 15, 2008, through February 15, 2024, and are secured by a pledge of substantially all gross receipts of the Health System.
- (B) Tax-exempt Health Facilities Revenue Bonds, Series 1998, payable in the original amount of \$26,285,000, bearing interest at 5.25%. The bonds are due in graduated annual installments beginning February 15, 1999, through February 15, 2028, and are secured by a pledge of substantially all gross receipts of the Health System. During 2011, the Health System placed \$525,000 of its 2012 principal payment, due February 15, 2012, in an irrevocable escrow trust account to effectively reduce its debt service in 2012 of the Series 1998 bonds. Therefore, this \$525,000 was considered extinguished during 2011.

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- (C) Tax-exempt Health Facilities Variable Rate Demand Bonds, Series 1999B, payable in the original amount of \$11,000,000, bearing interest at a variable rate (.27% and .35% as of March 31, 2011 and 2010, respectively). The bonds are due in graduated annual installments beginning August 1, 2001, through August 1, 2020, and are secured by an irrevocable bank letter of credit, which in turn is secured by a pledge of substantially all gross receipts of the Health System.

The Health System maintains a letter-of-credit facility that permits the remarketing agent to draw down an amount up to the principal amount outstanding should the bonds not be remarketed and become due. The letter of credit, which expires on October 15, 2011, can be used to pay principal or interest on the Series 1999B bonds. The letter of credit is renewable, subject to approval by the financial institution, through the terms of the Series 1999B bonds. Drawings under the letter-of-credit agreement are due to be paid 270 days after the drawdown, bearing interest at the prime rate and gradually increasing to prime plus 2%. As the letter of credit expires with the next year and the renewal is not yet finalized, the outstanding bonds have been classified as current liabilities at March 31, 2011.

- (D) Tax-exempt Health Facilities Variable Rate Demand Bonds, Series 1999C, payable in the original amount of \$8,500,000, bearing interest at a variable rate (.27% and .35% as of March 31, 2011 and 2010, respectively). The bonds are due in graduated annual installments beginning August 1, 2002, through August 1, 2029, and are secured by an irrevocable bank letter of credit which in turn is secured by a pledge of substantially all gross receipts of the Health System.

The Health System maintains a letter-of-credit facility that permits the remarketing agent to draw down an amount up to the principal amount outstanding should the bonds not be remarketed and become due. The letter of credit, which expires on October 15, 2011, can be used to pay principal or interest on the Series 1999C bonds. The letter of credit is renewable, subject to approval by the financial institution, through the terms of the Series 1999C bonds. Drawings under the letter-of-credit agreement are due to be paid 270 days after the drawdown, bearing interest at the prime rate and gradually increasing to prime plus 2%. As the letter of credit expires with the next year and the renewal is not yet finalized, the outstanding bonds have been classified as current liabilities at March 31, 2011.

- (E) Tax-exempt Health Facilities Revenue Bonds, Series 2004B, payable in the original amount of \$47,765,000, bearing interest at rates of 4.125% to 5.750%. The bonds are due in graduated annual installments beginning March 15, 2007, through March 15, 2035, and are secured by a pledge of substantially all gross receipts of the Health System.
- (F) Tax-exempt Health Facilities Revenue Bonds, Series 2009, payable in the original amount of \$18,950,000 bearing interest at 5.16% through July 23, 2014, variable thereafter. The bonds are due in graduated annual installments beginning August 23, 2009, through July 23, 2029, and are secured by a pledge of substantially all gross receipts of the Health System.
- (G) Tax-exempt Health Facilities Financing Lease, Series 2010, payable in the original amount of \$10,393,515 bearing interest at 2.07% through December 20, 2015. The lease is due in graduated annual installments beginning January 20, 2011, through December 20, 2015, and are secured by equipment under financing agreement and investment funds maintained related to the financing not yet expended.

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- (H) Unsecured note payable in the original amount of \$8,000,000, due July 1, 2011, payable in annual installments of \$1,188,223, including interest at prime less 2%; provided the interest rate shall not be less than 4% at anytime. The interest rate in effect as of March 31, 2011 and 2010, was 4%.
- (I) Unsecured note payable in the original amount of \$5,000,000, due July 1, 2016, payable in annual installments including interest at prime less 2%; provided the interest rate shall not be less than 4% at any time. The interest rate in effect as of March 31, 2011 and 2010, was 4%.
- (J) Capital lease obligation, payable in monthly installments, including interest from 3.38% to 4.33% secured by equipment.
- (K) Note payable, due July 31, 2010, payable in monthly installments of \$7,252, including interest at prime less .75%; secured by a deed of trust and by accounts receivable and certain real property and equipment; paid in full during fiscal year 2011.
- (L) Note payable of \$3,655,000 due July 15, 2015, with interest on the unpaid balance from January 15, 2011, until paid in full at a rate of 5.75%; secured by equipment.

Aggregate annual maturities of long-term debt at March 31, 2011, are:

2012	\$ 23,614,667
2013	9,975,140
2014	9,154,782
2015	7,349,076
2016	6,411,335
Thereafter	<u>85,060,862</u>
	<u>\$ 141,565,862</u>

Obligated Group

The Freeman Health System Obligated Group (Obligated Group) under the bond indenture is comprised of Freeman Hospital, Freeman Neosho Hospital, Ozark Center and FHS Holdings, LLC. In conformity with accounting principles generally accepted in the United States of America, management has determined that Cedar Hill Housing Corporation, Magnolia Heights Housing Corporation, Poplar Place Housing Corporation and Freeman Surgical Center, LLC are controlled or majority-owned subsidiaries of entities included in the Obligated Group, which are included in the consolidated financial statements.

The Obligated Group has pledged all gross receipts (receipts, revenue and income) excluding only grants, bequests, contributions and other donations to the extent specifically restricted by the donor or grantor, to secure the principal and interest on the Series 2009, 2008A, Series 2004B, Series 1999B and C, Series 1998 and Series 1994A bonds. While no property of the Obligated Group (other than gross receipts) is mortgaged, assigned or pledged under the master indenture, the Obligated Group covenants not to create or permit any lien on property other than encumbrances specifically permitted under the terms of the master indenture and not to incur any indebtedness

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except as specifically permitted under the terms of the master indenture. The master indenture includes various covenants by the Obligated Group relating to corporate existence, maintenance of properties, continued tax-exempt status and certain restrictive covenants. In addition, the master indenture provides for establishment of certain trust funds to which the bond proceeds and revenue will be credited in specified amounts for the purpose of providing for the payment of principal, sinking fund installments and interest on the bonds. The Series 1994A bonds are insured by Assured Guaranty, which insures payment of regularly scheduled principal and interest payments.

Note 10: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purpose or periods:

	2011	2010
Children's health programs	\$ 2,106,488	\$ 2,031,906
Community health benefits	765,907	998,582
Mental health care services	250,148	2,124,621
Education programs and scholarships	26,663	20,318
Time restricted contributions	2,850,696	3,055,726
Acquisition of property and equipment	977,219	955,018
	<u>\$ 6,977,121</u>	<u>\$ 9,186,171</u>

Permanently restricted net assets are restricted to:

	2011	2010
Investments to be held in perpetuity, the income is restricted for support of the children's residential program	<u>\$ -</u>	<u>\$ 27,419</u>

During 2011 and 2010, net assets were released from donor restrictions by incurring expenses, satisfying the restricted operating purposes in the amount of \$1,326,020 and \$890,076, respectively. During 2011, net assets of \$1,891,734 were released from donor restrictions to purchase property and equipment. During 2011, permanently restricted net assets of \$27,419 were removed from permanent restriction as the donor changed their designation.

During 2010, net assets of \$1,159,015 were reclassified from unrestricted to temporarily restricted to reflect donor intent at March 31, 2010.

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Note 11: Charity Care

Charges excluded from revenue under the Health System's charity care policy were approximately \$17,050,000 and \$16,410,000 for 2011 and 2010, respectively.

In support of its mission, the Health System voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. Because the Health System does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue. In addition, the Health System provides services to other medically indigent patients under certain government-reimbursed public aid programs. Such programs pay providers amounts which are less than established charges for the services provided to the recipients and many times the payments are less than the cost of rendering the services provided.

Note 12: Functional Expenses

The Health System provides health care services primarily to residents within its geographic area. Expenses related to providing these services are as follows:

	2011	2010
Health care services	\$ 334,754,253	\$343,360,033
General and administrative	121,727,755	123,882,492
Fundraising	787,390	669,701
	<u>\$ 457,269,398</u>	<u>\$467,912,226</u>

Note 13: Pension Plan

The Health System has a defined contribution pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of the Hospital's contributions to the plan. Pension expense was \$3,432,000 and \$4,576,000 for 2011 and 2010, respectively.

Note 14: Deferred Compensation

The Health System has implemented nonqualified deferred compensation plans for employees. The plans are administered under Section 457(b) and (f) of the Internal Revenue Code. As of March 31, 2011 and 2010, plan assets are stated at fair value and classified as held by trustee in the assets limited as to use section of the consolidated balance sheets.

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Also, Freeman Hospital has deferred compensation agreements with key employees that provide benefits upon disability or retirement. As of March 31, 2011 and 2010, related assets are stated at fair value and classified as held by trustee in the assets limited as to use section of the consolidated balance sheets.

Note 15: Related Party Transaction

During 2011 and 2010, the Health System purchased certain supplies from a related party in the amount of \$10,215,149 and \$8,517,009, respectively.

Note 16: Disclosures About Fair Value of Assets and Liabilities

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market funds, equity securities, mutual funds and government obligations. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristic or discounted cash flows. For these investments, the inputs used by the pricing service to determine the fair value include one or a combination of observable inputs, such as broker/dealer quotes, issuer spreads, benchmark securities, bid offers and reference data market research publications and are classified within the Level 2 valuation hierarchy. Level 2 securities include fixed income securities, corporate obligations, mortgage-backed obligations and

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government obligations by using pricing models and discounting of future cash flows. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Health System has no Level 3 securities.

The following table presents the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at March 31, 2011 and 2010:

Fair Value Measurements Using				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
March 31, 2011				
Money market funds	\$ 17,336,125	\$ 17,336,125	\$ -	\$ -
Equity securities	764,524	764,524	-	-
Mutual funds	83,008,914	83,008,914	-	-
Fixed income securities	5,432,264	-	5,432,264	-
Corporate obligations	14,809,143	-	14,809,143	-
Mortgage-backed obligations	18,000,420	-	18,000,420	-
Government obligations	7,724,382	4,495,425	3,228,957	-
March 31, 2010				
Money market funds	\$ 9,391,230	\$ 9,391,230	\$ -	\$ -
Equity securities	709,377	709,377	-	-
Mutual funds	94,689,150	94,689,150	-	-
Fixed income securities	4,385,684	-	4,385,684	-
Corporate obligations	5,011,908	-	5,011,908	-
Mortgage-backed obligations	2,017,129	-	2,017,129	-
Government obligations	4,835,673	4,521,766	313,907	-

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The following methods are used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets at amounts other than fair value.

Cash and Cash Equivalents

The carrying amount approximates fair value.

Contributions Receivable

Fair value is estimated at the present value of the future payments expected to be received.

Estimated Amounts Due to Third-Party Payers

The carrying amounts of estimated third-party payer settlements approximate fair value.

Notes Payable and Long-Term Debt

Fair value is estimated based on the borrowing rates currently available to the Health System for bank loans with similar terms and maturities. Fair value of bonds payable is determined based on quoted market prices.

The following table presents estimated fair values of the Health System's financial instruments at March 31, 2011 and 2010.

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets (Liabilities)				
Cash and cash equivalents	\$ 25,663,307	\$ 25,663,307	\$ 31,737,667	\$ 31,737,667
Contributions receivable	3,778,720	3,778,720	4,207,532	4,207,532
Estimated amounts due to third-party payers	(5,684,134)	(5,684,134)	(1,946,546)	(1,946,546)
Note payable to bank	(695,000)	(695,000)	-	-
Long-term debt	(141,565,862)	(138,623,211)	(139,544,021)	(136,785,218)

Note 17: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

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Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*.

Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in *Notes 1* and *6*.

Estimated Liability for Employee Health Care and Workers' Compensation

Estimates related to the accrual for employee health care and workers' compensation are described in *Notes 1* and *7*.

Litigation

In the normal course of business, the Health System is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Health System's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Health System evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Investments

The Health System invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheets.

Voluntary Disclosure of Regulatory Matter

As a result of an internal investigation, the Health System voluntarily disclosed a potential Stark Law violation in relation to physician compensation arrangements. The Health System is currently responding to requests for additional information related to the disclosure. Management is hopeful that all issues raised in the investigation will be settled without significant fines or penalties. The investigation is ongoing and involves interpretation of complex regulatory matters. The estimated amount of the provision for loss contingency is uncertain and may be subject to material change in the near future.

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Current Economic Conditions

The current protracted economic decline continues to present health systems with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Health System.

Current economic conditions, including the high unemployment rate, have made it difficult for certain of our patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Health System's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program.

In addition, the overall impact of health care reform is difficult to determine and will have an impact on the economic resources available to the Health System. The legislation will affect almost every aspect of the Health System's operations over the next five years and beyond, encompassing such varied areas as how the Health System is paid by Medicare and Medicaid, how the Health System proves its tax-exempt status, how the Health System plans and negotiates for managed care contracts, how the Health System forecasts and plans for patient volume and even how the Health System structures employees' health insurance coverage.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for accounts and contributions receivable that could negatively impact the Health System's ability to meet debt covenants or maintain sufficient liquidity.

Note 18: Subsequent Events

Joplin Tornado

On Sunday, May 22, 2011, a tornado touched down approximately two miles from Freeman Hospital's main campus facility and moved through the town of Joplin, Missouri, coming within two blocks of the Health System and growing to EF-5 status when it reached St. John's Regional Medical Center (St. John's), a competing health system of the Health System. The tornado left a fourteen-mile long, $\frac{3}{4}$ of a mile wide path of destruction. Over 7,000 homes and apartments were destroyed and another 900 homes were damaged, 300 businesses were impacted by the storm path affecting over 4,000 employees. 7,200 Joplin residents from a population of 50,000 have registered with FEMA as having been effected by the tornado.

There have been three hospital facilities in Joplin, Missouri, historically. Freeman West (285 beds), Freeman East (94 subacute beds) and St. John's Regional Medical Center (367 beds). Freeman West incurred minor roof damage, Freeman East was not damaged and St. John's was evacuated after the tornado and the facility has not been in use since that date. Several physician offices surrounding the hospitals incurred roof and content damage. One Health System physician

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2011 and 2010

building was significantly damaged. Several Ozark Center buildings were deemed a total loss and several other Health System buildings sustained some level of damage. A total of ten Freeman Hospital buildings and eight Ozark Center buildings were in the tornado path and received some level of damage.

The Health System's property insurance coverage is in force with CNA. The Health System's policy limit is \$450 million with a deductible of \$50,000. The Health System expects this insurance coverage to be adequate for the damage caused by this tornado and plans to replace, repair and restore all affected buildings. The Health System has estimated the cost to repair and replace damaged buildings at approximately \$7.5 million.

Many in the Joplin community suffered great losses and local employers have been quick to assist displaced employees. Many employers have kept their employees whole by paying them during down time or providing transfer opportunities to other locations. FEMA has pledged to cover 90% of the cost to clean up the tornado damage and the other 10% is anticipated to come from the State of Missouri. Several million dollars in donations have been made to the Red Cross Joplin Relief Fund and other charitable organizations to assist those in need. The Health System does not anticipate a significant negative impact on collection of patient accounts receivables because of the changes on financial circumstances in the Joplin community, but this significant estimate will continue to be evaluated as the situation becomes more clear.

St. John's has indicated a commitment to rebuild in Joplin. A permanent structure is not expected to be completed for several years. St. John's has announced plans to operate out of a military-style tent hospital for six months until a temporary modular hospital is completed. The Health System is experiencing an increase in inpatient and outpatient volume and anticipates increased volume during the next several years. The Health System has received two 1135 waivers from the Centers for Medicare and Medicaid Services (CMS) to assist with this anticipated increased volume. One waiver allows the Health System to utilize the East Campus for acute patients and the other waiver allows Freeman Neosho Hospital (Critical Access Hospital) to expand its bed capacity from 25 beds to 67 beds while continuing to be cost reimbursed by the Medicare program. The Health System also plans to increase the number of operational beds at the West Campus. Affected Health System physician offices have been relocated while repairs are made to their clinic locations.

The lasting impact of this devastating tornado will not be known for many years. The Health System will continue to monitor its financial statements and adjust them as data becomes more clear. Financial statement areas where the Health System will continue to monitor include valuation estimates for patient accounts receivable, potential impairment of real estate holdings and others.

Reciprocal of America Settlement

The Health System incurred significant losses in previous years when Reciprocal of America (ROA), the Health System's malpractice insurance carrier at that time, filed for bankruptcy. On May 6, 2011, ROA was approved by the Virginia State Corporation Commission to repay 95% of losses incurred by ROA's insureds. The Health System received final payment from ROA of approximately \$13,400,000 on May 27, 2011. This settlement will be recorded as revenue in the 2012 financial statements.

Supplementary Information

Freeman Health System

Consolidating Schedule – Balance Sheet Information

March 31, 2011

Assets

Current Assets

	Freeman Hospital	Freeman Neosho Hospital	Ozark Center	FHS Holdings, LLC	Obligated Group Eliminations	Obligated Group Total	Freeman Surgical Center, LLC	Cedar Hill, Magnolia Heights Housing and Poplar Place	Eliminations	Total
Cash and cash equivalents	\$ 14,650,919	\$ 727,613	\$ 10,171,054	\$ -	\$ -	\$ 25,549,586	\$ 94,310	\$ 19,411	\$ -	\$ 25,663,307
Assets limited as to use - current	13,972,924	-	-	-	-	13,972,924	-	-	-	13,972,924
Patient accounts receivable, net	46,013,698	3,554,730	2,720,882	-	-	52,289,310	847,060	-	-	53,136,370
Other receivables	2,303,471	487,717	255,410	245,700	(913,276)	2,379,022	-	154,958	(26,006)	2,507,974
Contributions receivable - current	520,662	-	-	-	-	520,662	-	-	-	520,662
Supplies	7,170,061	525,890	180,448	-	-	7,876,399	272,039	-	-	8,148,438
Prepaid expenses	1,790,271	126,289	301,607	-	-	2,218,167	82,582	14,072	-	2,314,821
Total current assets	86,422,006	5,422,239	13,629,401	245,700	(913,276)	104,806,070	1,295,991	188,441	(26,006)	106,264,496

Assets Limited As To Use

Internally designated	66,813,038	11,015,823	-	-	-	77,828,861	-	-	-	77,828,861
Externally restricted	3,054,851	-	36,990	539,076	-	3,630,917	-	61,145	-	3,692,062
Held by trustees	28,320,616	130,652	-	-	-	28,451,268	-	-	-	28,451,268
Less amount required to meet current obligations	98,188,505	11,146,475	36,990	539,076	-	109,911,046	-	61,145	-	109,972,191
Contributions receivable	13,972,924	-	-	-	-	13,972,924	-	-	-	13,972,924
	84,215,581	11,146,475	36,990	539,076	-	95,938,122	-	61,145	-	95,999,267
	3,258,058	-	-	-	-	3,258,058	-	-	-	3,258,058
	87,473,639	11,146,475	36,990	539,076	-	99,196,180	-	61,145	-	99,257,325
Long-Term Investments	33,148,575	-	14,041,297	-	-	47,189,872	-	-	-	47,189,872

Property and Equipment

Land and land improvements	14,874,858	1,058,485	817,341	-	29,531	16,780,215	-	223,626	(10,254)	16,993,587
Buildings and leasehold improvements	193,827,041	6,965,425	4,670,983	-	-	205,463,449	-	5,204,205	-	210,667,654
Equipment	106,669,458	7,426,520	1,874,224	-	-	115,970,202	3,534,949	-	-	119,505,151
Construction in progress	6,455,353	184,245	308,023	-	-	6,947,621	-	-	-	6,947,621
Less accumulated depreciation	321,826,710	15,634,675	7,670,571	-	29,531	345,161,487	3,534,949	5,427,831	(10,254)	354,114,013
	189,938,501	10,978,304	4,487,934	-	-	205,404,739	365,891	378,198	-	206,148,828
	131,888,209	4,656,371	3,182,637	-	29,531	139,756,748	3,169,058	5,049,633	(10,254)	147,965,185
Other Assets	4,830,250	1,866,978	5,142,291	-	(2,395,870)	9,443,649	-	-	(5,142,291)	4,301,358
Total assets	\$ 343,762,679	\$ 23,092,063	\$ 36,032,616	\$ 784,776	\$ (3,279,615)	\$ 400,392,519	\$ 4,465,049	\$ 5,299,219	\$ (5,178,551)	\$ 404,978,236

Freeman Health System

Consolidating Schedule – Balance Sheet Information

March 31, 2011

Liabilities and Net Assets

	Freeman Hospital	Freeman Neosho Hospital	Ozark Center	FHS Holdings, LLC	Obligated Group Eliminations	Obligated Group Total	Freeman Surgical Center, LLC	Cedar Hill, Magnolia Heights Housing and Poplar Place	Eliminations	Total
Current Liabilities										
Note payable to bank	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 695,000	\$ -	\$ -	\$ 695,000
Current maturities of long-term debt	22,812,947	75,000	41,300	-	(41,300)	22,887,947	726,720	-	-	23,614,667
Accounts payable	12,792,839	182,117	196,858	-	(81,089)	13,090,725	437,913	103,546	(26,006)	13,606,178
Accrued salaries and wages	17,004,362	-	1,093,487	-	-	18,097,849	57,727	-	-	18,155,576
Accrued interest payable	704,264	8,934	-	-	-	713,198	-	-	-	713,198
Accrued payroll taxes and other accrued liabilities	5,084,446	11,045	164,107	-	-	5,259,598	-	6,775	-	5,266,373
Due to related parties	708,417	-	77,036	-	(832,060)	(46,607)	-	46,607	-	-
Estimated amounts due to third-party payers	3,263,791	2,420,343	-	-	-	5,684,134	-	-	-	5,684,134
Estimated medical malpractice self-insurance costs - current	3,400,000	-	-	-	-	3,400,000	-	-	-	3,400,000
Total current liabilities	65,771,066	2,697,439	1,572,788	-	(954,449)	69,086,844	1,917,360	156,928	(26,006)	71,135,126
Deferred Compensation	8,810,772	-	-	-	-	8,810,772	-	-	-	8,810,772
Estimated Medical Malpractice Self-Insurance Costs	10,825,440	100,000	-	-	-	10,925,440	-	-	-	10,925,440
Long-Term Debt	114,171,000	1,230,000	479,527	-	(479,527)	115,401,000	2,550,195	-	-	117,951,195
Total liabilities	199,578,278	4,027,439	2,052,315	-	(1,433,976)	204,224,056	4,467,555	156,928	(26,006)	208,822,533
Net Assets										
Unrestricted	137,340,428	18,087,405	33,750,153	784,776	(751,420)	189,191,342	(2,506)	5,125,165	(5,135,419)	189,178,582
Temporarily restricted	6,843,973	977,219	250,148	-	(1,094,219)	6,977,121	-	17,126	(17,126)	6,977,121
Total net assets	144,184,401	19,064,624	33,980,301	784,776	(1,845,639)	196,168,463	(2,506)	5,142,291	(5,152,545)	196,155,703
Total liabilities and net assets	\$ 343,762,679	\$ 23,092,063	\$ 36,032,616	\$ 784,776	\$ (3,279,615)	\$ 400,392,519	\$ 4,465,049	\$ 5,299,219	\$ (5,178,551)	\$ 404,978,236

Freeman Health System

Consolidating Schedule – Statement of Operations Information

March 31, 2011

	Freeman Hospital		Freeman Neosho Hospital		The Freeman Foundation		FHS Holdings, LLC		Obligated Group Eliminations		Obligated Group Total		Freeman Surgical Center, LLC		Cedar Hill, Magnolia Heights Housing and Poplar Place		Eliminations		Total	
		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$
Unrestricted Revenues, Gains and Other Support																				
Net patient service revenue	\$ 386,595,397	\$ 28,600,452	\$ 25,148,729	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 440,344,578	\$ 3,959,867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 444,304,445	
Other	12,722,384	219,534	885,541	-	-	-	-	-	(7,085,220)	6,742,239	-	-	-	-	187,862	-	(12,997)	-	6,917,104	
Net assets released from restrictions used for operations	1,105,010	-	221,010	-	-	-	-	-	-	1,326,020	-	-	-	-	-	-	-	-	1,326,020	
Total unrestricted revenues, gains and other support	400,422,791	28,819,986	26,255,280	-	-	-	-	-	(7,085,220)	448,412,837	-	-	-	-	187,862	-	(12,997)	-	452,547,569	
Expenses and Losses																				
Salaries and wages	178,106,290	9,656,268	13,541,543	-	-	-	-	-	-	201,304,101	-	-	-	-	-	-	-	-	202,194,360	
Employee benefits	28,624,421	1,904,268	2,609,107	-	-	-	-	-	-	33,137,796	-	-	-	-	-	-	-	-	33,235,986	
Medical supplies and drugs	60,137,263	1,627,074	3,104,730	-	-	-	-	-	-	64,869,067	-	-	-	-	5,400	-	-	-	66,153,932	
Physician fees	4,170,503	65,264	-	-	-	-	-	-	(846,334)	3,389,433	-	-	-	-	-	-	-	-	3,389,433	
Other fees	41,914,355	2,557,355	37,060	-	-	-	-	-	(835,752)	43,673,018	-	-	-	-	10,060	-	-	-	44,150,607	
Utilities and telephone	4,647,155	301,869	376,991	-	-	-	-	-	(67,323)	5,258,692	-	-	-	-	45,002	-	-	-	5,498,691	
Insurance	10,059,323	94,145	184,550	-	-	-	-	-	-	10,338,018	-	-	-	-	21,250	-	-	-	10,384,229	
Depreciation	14,296,051	892,111	230,661	-	-	-	-	-	-	15,418,823	-	-	-	-	93,132	-	-	-	15,877,846	
Interest	6,744,004	90,126	2,805	-	-	-	-	-	(1,899)	6,835,036	-	-	-	-	-	-	-	-	7,003,253	
Provision for uncollectible accounts	30,620,984	6,183,533	295,945	-	-	-	-	-	-	37,100,462	-	-	-	-	20	-	-	-	37,338,239	
Other	28,296,923	5,611,613	2,756,011	-	-	-	-	-	(5,710,811)	30,953,736	-	-	-	-	95,009	-	-	-	32,042,822	
Total expenses and losses	407,617,272	28,983,626	23,139,403	-	-	-	-	-	(7,462,119)	452,278,182	-	-	-	-	269,873	-	-	-	457,269,398	
Operating Income (Loss)	(7,194,481)	(163,640)	3,115,877	-	-	-	-	-	376,899	(3,865,345)	-	-	-	-	(774,473)	-	-	-	(4,752,591)	
Other Income (Expense)																				
Contributions received	140,512	-	455,047	-	-	-	-	-	(258,000)	337,559	-	-	-	-	-	-	-	-	337,559	
Investment return	9,539,312	322,442	273,289	-	-	-	-	117,070	(118,969)	10,133,144	-	-	(7,301)	-	43	-	431,266	-	10,557,152	
Change in unrealized gains and losses on trading securities	(48,529)	720,465	797,208	-	-	-	-	5,212	(5,212)	1,469,144	-	-	-	-	-	-	-	-	1,469,144	
Total other income (expense)	9,631,295	1,042,907	1,525,544	-	-	-	-	122,282	(382,181)	11,939,847	-	-	(7,301)	-	43	-	431,266	-	12,363,855	
Excess (Deficiency) of Revenues Over Expenses	\$ 2,436,814	\$ 879,267	\$ 4,641,421	\$ -	\$ -	\$ -	\$ -	\$ 122,282	\$ (5,282)	\$ 8,074,502	\$ -	\$ -	\$ (781,774)	\$ -	\$ (81,968)	\$ -	\$ 431,266	\$ -	\$ 7,642,026	

**Application for Extension of Time To File an
Exempt Organization Return**

OMB No 1545-1709

► **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒ **X**
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file) You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete

Part I only ☐

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization	Employer identification number
	FREEMAN HEALTH SYSTEM	43-1704371
	Number, street, and room or suite no. If a P.O. box, see instructions	
	1102 WEST 32ND STREET	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions	
	JOPLIN, MO 64804	

Enter the Return code for the return that this application is for (file a separate application for each return)

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ► STEVE GRADDY

Telephone No. ► 417 347-6678

FAX No. ► _____

- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for.

- 1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 11/15, 20 11, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
- ☐ calendar year 20 ____ or
- ☒ tax year beginning 04/01, 20 10, and ending 03/31, 20 11.

- 2 If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return
- ☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a \$
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b \$
c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c \$

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

For Paperwork Reduction Act Notice, see Instructions.

Form **8868** (Rev. 1-2011)

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box ☒ **X**.
Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Type or print File by the extended due date for filing your return. See instructions.	Name of exempt organization	Employer identification number
	FREEMAN HEALTH SYSTEM	43-1704371
	Number, street, and room or suite no. If a P.O. box, see instructions.	
	1102 WEST 32ND STREET	
City, town or post office, state, and ZIP code. For a foreign address, see instructions.		
JOPLIN, MO 64804		

Enter the Return code for the return that this application is for (file a separate application for each return)

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of ☒ **STEVE GRADDY**
Telephone No. FAX No.
- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for.

- I request an additional 3-month extension of time until .
- For calendar year , or other tax year beginning , and ending .
- If the tax year entered in line 5 is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period
- State in detail why you need the extension
ADDITIONAL TIME IS REQUIRED TO ACCUMULATE THE INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$	0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$	0.
c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	\$	0.

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature Title Date

Form 8868 (Rev 1-2011)