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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax 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	OMB No 1545-0047 2011 Open to Public Inspection
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A For the 2011 calendar year, or tax year beginning 04-01-2011 and ending 03-31-2012		
B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> 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	D Employer identification number 43-1704371
		E Telephone number (417) 347-1111
		G Gross receipts \$ 481,134,150
	F Name and address of principal officer PAULA BAKER 1102 WEST 32ND STREET JOPLIN, MO 64804	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ WWW.FREEMANHEALTH.COM		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> 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 checked="" 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	13
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	9
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	4,337
	6 Total number of volunteers (estimate if necessary)	6	275
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	12,808,229
	b Net unrelated business taxable income from Form 990-T, line 34	7b	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	812,547	4,728,637
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	396,193,811	451,573,905
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	9,948,528	3,632,877
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,040,224	12,601,762
		408,995,110	472,537,181
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	781,403	1,466,292
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	206,730,711	227,148,941
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) <input checked="" type="checkbox"/> 616,330		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	199,020,442	223,699,260
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	406,532,556	452,314,493
	19 Revenue less expenses Subtract line 18 from line 12	2,462,554	20,222,688
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	343,516,979	383,470,034
	21 Total liabilities (Part X, line 26)	199,332,578	218,305,842
	22 Net assets or fund balances Subtract line 21 from line 20	144,184,401	165,164,192

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	***** Signature of officer		2013-02-13 Date	
	STEVE GRADDY CFO Type or print name and title			
Paid Preparer's Use Only	Preparer's signature ▶ Brian D Todd	Date	Check if self-employed ▶ <input type="checkbox"/>	Preparer's taxpayer identification number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ BKD LLP 910 E ST LOUIS 200/PO BOX 1190 SPRINGFIELD, MO 658062523			EIN ▶
				Phone no ▶ (417) 865-8701
May the IRS discuss this return with the preparer shown above? (see instructions) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

THE MISSION OF FREEMAN HEALTH SERVICES IS 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 organization's program service accomplishments for each of its three largest program services, as measured 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 \$ 253,701,207 including grants of \$ 1,646,263) (Revenue \$ 201,007,575)

FREEMAN OFFERS OUTPATIENT SERVICES INCLUDING CANCER CARE, EMERGENCY MEDICINE, WOMEN'S SERVICES, DIALYSIS, HYPERBARIC OXYGEN THERAPY AND WOUND CARE, NEUROLOGY, ORTHOPEDICS, 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 DETAILS.

4b

(Code) (Expenses \$ 154,045,683 including grants of \$) (Revenue \$ 213,359,584)

THROUGH TWO JOPLIN HOSPITALS, FREEMAN PROVIDES A WIDE ARRAY OF INPATIENT SERVICES, INCLUDING GENERAL, NEUROLOGICAL, ORTHOPEDIC, AND HEART SURGERIES. FREEMAN PROVIDES SERVICES TO PATIENTS THROUGH GENERAL MEDICAL, ONCOLOGY, INTENSIVE CARE, MATERNAL, PEDIATRIC, CANCER, PSYCHIATRIC, GERIATRIC PSYCHIATRIC, SKILLED NURSING, AND REHABILITATION UNITS. FREEMAN JOPLIN INPATIENT SERVICES TOTALED 22,205 CASES, OF WHICH, 5,584, OR 25%, WERE MEDICAID CASES. ADDITIONALLY, 1,339 INPATIENT CASES, OR 6% OF THE TOTAL, FELL INTO THE SELF-PAY (NO INSURANCE) CATEGORY. SEE SCHEDULE O FOR ADDITIONAL DETAILS.

4c

(Code) (Expenses \$ 16,071,056 including grants of \$) (Revenue \$ 24,398,517)

THE FREEMAN EMERGENCY/TRAUMA DEPARTMENT, AND ALL OF THE HEALTH SYSTEM, FACED UNUSUAL CHALLENGES IN FY 2012, DUE TO THE MAY 22, 2011, TORNADO THAT TORE THROUGH JOPLIN, MISSOURI. THE OTHER HOSPITAL IN TOWN WITH EMERGENCY CAPABILITIES WAS COMPLETELY DESTROYED BY THE TORNADO. FORTUNATELY, FREEMAN SUSTAINED ONLY MINOR DAMAGE TO FREEMAN HOSPITAL WEST, A LEVEL II TRAUMA CENTER, AND WAS ABLE TO CARE FOR THE INJURED AND DYING THE NIGHT OF THE STORM. SEE SCHEDULE O FOR OTHER DETAILS.

4d

Other program services (Describe in Schedule O)

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
























4e

Total program service expenses

\$ 423,817,946

Form 990 (2011)

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 	1	Yes
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2	Yes
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 	3	No
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 	4	Yes
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 	5	No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which 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 	6	No
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 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
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 	9	No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
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. 	11a	Yes
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. 	11b	No
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. 	11c	No
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. 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e	Yes
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. 	11f	No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a	No
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 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I	14b	No
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 U S ? If "Yes," complete Schedule F, Part II and IV	15	No
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 U S ? If "Yes," complete Schedule F, Part III and IV	16	No
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 	17	No
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 	18	Yes
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 	19	No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements 	20b	Yes

Part IV

Checklist of Required Schedules (continued)

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	Yes	
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	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 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	Yes	
24a	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 questions 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
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		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	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		No
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		No
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		No
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		No
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		No
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	Yes	
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 owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
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		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
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		No
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	Yes	
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	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	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>	35b	Yes	
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		No
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		No
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	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V <input checked="" type="checkbox"/>						
		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	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return. .	2a	4,337			
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	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes			
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 or securities account)?	4a				No
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				No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b				No
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				No
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	Yes			
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c				No
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				No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f				No
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. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a				
b	Enter the aggregate 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 aggregate amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a				No
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 lines 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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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?	2	No
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?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
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	9	No

Section B. Policies

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes
11b	Describe in Schedule O the process, if any, used by the organization to review the Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes
13	Did the organization have a written whistleblower policy?	13	Yes
14	Did the organization have a written document retention and destruction policy?	14	Yes
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?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	Other officers or key employees of the organization	15b	Yes
	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?	16a	Yes
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes

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 Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. STEVE GRADDY 1102 WEST 32ND STREET JOPLIN, MO 64804 (417) 347-6678

Part VII

Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

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

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, and **current** key employees 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, or 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 organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(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 0	X		X				0	0	0
(2) DIAN DOODY MD VICE CHAIR	1 0	X		X				0	0	0
(3) LARRY MCINTIRE DO SECRETARY/TREASURER	60 0	X		X				457,316	0	7,371
(4) JOHN M COX DO DIRECTOR	60 0	X						944,781	0	19,190
(5) RODNEY MCFARLAND MD DIRECTOR	60 0	X						329,402	0	17,402
(6) JIM ARMSTRONG DIRECTOR	1 0	X						0	0	0
(7) GLENN MITCH MCCUMBER DIRECTOR	1 0	X						0	0	0
(8) SCOTT BROTHERS DIRECTOR	1 0	X						0	0	0
(9) GLENN BROWN DIRECTOR	1 0	X						0	0	0
(10) RICHARD CAMPBELL DIRECTOR THROUGH 04/2011	1 0	X						0	0	0
(11) MARK WILLIAMS DIRECTOR	1 0	X						0	0	0
(12) JAMES FLEISCHAKER DIRECTOR	1 0	X						0	0	0
(13) LARRY NEFF DIRECTOR	1 0	X						0	0	0
(14) GARY D DUNCAN PRESIDENT/CEO THROUGH 12/2011	54 0	X		X				721,849	0	16,458
(15) PAULA F BAKER PRESIDENT/CEO BEG 01/2012	54 0	X		X				235,891	24,502	73,667
(16) JOE L KIRK CHIEF OPERATIONS OFFICER	60 0			X				375,721	0	93,657
(17) STEVE W GRADDY CFO	50 0			X				336,679	0	92,136

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 (do not check more than one box, unless person is both an officer and a director/trustee)						(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			
(18) RICHARD D SCHOOLER CHIEF MEDICAL OFFICER	60 0				X			348,313	0	78,372
(19) DEBRA M KOELKEBECK VP RETAIL/CLINICAL OPERATIONS	60 0				X			194,199	0	48,533
(20) MICHAEL J LEONE CONTROLLER	60 0				X			231,974	0	42,596
(21) JEFFREY M CARRIER CHIEF CLINICAL OFFICER	60 0				X			176,902	0	41,808
(22) KEVIN P GAUDETTE VP REVENUE CYCLE	60 0				X			179,352	0	36,227
(23) DEBORAH E CHIDO CHIEF HUMAN RESOURCES OFFICER	60 0				X			212,048	0	40,720
(24) WESLEY B BRAMAN VP BUSINESS DEVELOPMENT	60 0				X			176,124	0	38,746
(25) SUE A ANNESSER CHIEF INFORMATION OFFICER	60 0				X			210,283	0	42,497
(26) DAVID L BLACK PHYSICIAN	60 0					X		1,345,845	0	20,402
(27) THOMAS B COY PHYSICIAN	60 0					X		1,580,598	0	17,368
(28) WILLIAM J NICHOLAS PHYSICIAN	60 0					X		2,063,981	0	17,402
(29) MICHAEL R PHILLIPS PHYSICIAN	60 0					X		1,044,705	0	168,402
(30) ROBERT C STAUFFER PHYSICIAN	60 0					X		1,293,805	0	13,320
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								12,459,768	24,502	926,274

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶266

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		No
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? <i>If "Yes," complete Schedule J for such individual</i>	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		No

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 Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
CROTHAL SERVICES GROUP	CLEANING	4,451,699
PREMIER ANESTHESIA LLC	LOCUM ANESTHESIA	1,024,312
NURSEFINDERS	CONTRACT NURSING	1,480,489
MEDICUS RADIOLOGY SERVICES LLC	LOCUM RADIOLOGY	1,233,292
SUPERIOR LINEN SERVICE INC	LINEN CLEANING	901,419

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶36

Part VIII

Statement of Revenue

				(A)	(B)	(C)	(D)
				Total revenue	Related or exempt function revenue	Unrelated business revenue	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	18,030			
	d	Related organizations . . .	1d				
	e	Government grants (contributions)	1e	128,097			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	4,582,510			
	g	Noncash contributions included in lines 1a-1f \$ ⁷⁹⁵ _____					
	h	Total. Add lines 1a-1f		4,728,637			
Program Service Revenue	2a	PATIENT SERVICES	Business Code 900099	428,525,736	428,525,736		
	b	CAFETERIA & VENDING	722210	1,413,406	1,413,406		
	c	RENT FROM AFFILIATES	531390	287,921	287,921		
	d	UNRELATED RETAIL PHARMACY	446110	7,179,656		7,179,656	
	e	UNRELATED LAB SERVICES	621500	486,161		486,161	
	f	All other program service revenue		13,681,025	8,538,613	5,142,412	
	g	Total. Add lines 2a-2f		451,573,905			
	Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		3,136,351		
4		Income from investment of tax-exempt bond proceeds . .		0			
5		Royalties		0			
6a		Gross rents	(i) Real 1,907,941	(ii) Personal			
b		Less rental expenses	433,317				
c		Rental income or (loss)	1,474,624				
d		Net rental income or (loss)		1,474,624			1,474,624
7a		Gross amount from sales of assets other than inventory	(i) Securities 7,836,319	(ii) Other 49,681			
b		Less cost or other basis and sales expenses	7,326,692	62,782			
c		Gain or (loss)	509,627	-13,101			
d		Net gain or (loss)		496,526			496,526
8a		Gross income from fundraising events (not including \$ ^{18,030} _____ of contributions reported on line 1c) See Part IV, line 18	a 443,210				
b		Less direct expenses	b 316,916				
c		Net income or (loss) from fundraising events . .		126,294			126,294
9a		Gross income from gaming activities See Part IV, line 19	a				
b		Less direct expenses	b				
c		Net income or (loss) from gaming activities . .		0			
10a		Gross sales of inventory, less returns and allowances	a 804,042				
b		Less cost of goods sold	b 457,262				
c		Net income or (loss) from sales of inventory . .		346,780			346,780
Miscellaneous Revenue		Business Code					
11a		INSURANCE SETTLEMENT	900099	13,340,137			13,340,137
b	NET INSURANCE RECOVERY - TORNADO	900099	1,814,385			1,814,385	
c	INVESTMENT IN SUBSIDIARY	900099	1,820,633			1,820,633	
d	All other revenue		-6,321,091			-6,321,091	
e	Total. Add lines 11a-11d		10,654,064				
12	Total revenue. See Instructions		472,537,181	438,765,676	12,808,229	16,234,639	

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)
Check if Schedule O contains a response to any question in this Part IX

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 United States See Part IV, line 21	702,731	702,731		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	763,561	763,561		
3	Grants and other assistance to governments, organizations, and individuals outside the United States 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	5,813,282	1,775,462	4,037,820	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	942,584	942,584		
7	Other salaries and wages	190,136,102	184,153,658	5,573,885	408,559
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,151,842	1,844,513	294,211	13,118
9	Other employee benefits	16,949,751	14,706,980	2,211,283	31,488
10	Payroll taxes	11,155,380	9,598,338	1,530,993	26,049
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	470,325		470,325	
c	Accounting	239,500		239,500	
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	320,752		320,752	
g	Other	36,052,712	33,850,987	2,136,038	65,687
12	Advertising and promotion	853,997	708,683	114,758	30,556
13	Office expenses	17,497,266	17,075,326	398,192	23,748
14	Information technology	4,051,924	3,525,143	526,781	
15	Royalties	0			
16	Occupancy	7,671,911	6,181,754	1,490,157	
17	Travel	749,681	677,146	65,413	7,122
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	800,279	579,170	217,298	3,811
20	Interest	6,819,797	6,011,202	808,595	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	13,540,084	11,934,693	1,605,391	
23	Insurance	9,656,817	4,061,489	5,595,328	
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	BAD DEBT	45,036,885	45,036,885		
b	TAXES, LICENSES & DUES	483,893	344,151	138,570	1,172
c	PROVIDER TAXES & FEES	12,039,142	12,039,142		
d	MEDICAL SUPPLIES & DRUGS	67,303,528	67,303,528		
e					
f	All other expenses	110,767	820	104,927	5,020
25	Total functional expenses. Add lines 1 through 24f	452,314,493	423,817,946	27,880,217	616,330
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)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			3,607,309	1	5,284,331
	2	Savings and temporary cash investments			31,062,862	2	31,932,887
	3	Pledges and grants receivable, net			3,778,720	3	6,256,972
	4	Accounts receivable, net			46,013,698	4	56,677,774
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			0	6	0
	7	Notes and loans receivable, net			811,195	7	978,901
	8	Inventories for sale or use			7,170,061	8	7,425,643
	9	Prepaid expenses and deferred charges			1,790,271	9	1,925,360
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	333,037,978			
	b	Less accumulated depreciation	10b	185,999,811	136,494,243	10c	147,038,167
	11	Investments—publicly traded securities			106,854,903	11	117,857,370
	12	Investments—other securities See Part IV, line 11			450,000	12	1,731,731
	13	Investments—program-related See Part IV, line 11			1,205,684	13	1,418,754
	14	Intangible assets			0	14	0
	15	Other assets See Part IV, line 11			4,278,033	15	4,942,144
	16	Total assets. Add lines 1 through 15 (must equal line 34)			343,516,979	16	383,470,034
Liabilities	17	Accounts payable and accrued expenses			44,396,683	17	44,617,415
	18	Grants payable			0	18	0
	19	Deferred revenue			0	19	0
	20	Tax-exempt bond liabilities			131,315,896	20	148,731,178
	21	Escrow or custodial account liability Complete Part IV of Schedule D			0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			0	22	0
	23	Secured mortgages and notes payable to unrelated third parties			2,496,587	23	2,116,859
	24	Unsecured notes and loans payable to unrelated third parties			3,171,464	24	1,500,000
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			17,951,948	25	21,340,390
	26	Total liabilities. Add lines 17 through 25			199,332,578	26	218,305,842
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			137,340,428	27	157,044,457
	28	Temporarily restricted net assets			6,843,973	28	8,119,735
	29	Permanently restricted net assets			0	29	0
	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			144,184,401	33	165,164,192
	34	Total liabilities and net assets/fund balances			343,516,979	34	383,470,034

Part XI Reconciliation of Net Assets

Check 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	472,537,181
2	Total expenses (must equal Part IX, column (A), line 25)	2	452,314,493
3	Revenue less expenses Subtract line 2 from line 1	3	20,222,688
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	144,184,401
5	Other changes in net assets or fund balances (explain in Schedule O)	5	757,103
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	165,164,192

Part XII Financial Statements and Reporting

Check 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?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 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	Yes	
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 separated 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?		No
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		

SCHEDULE A
(Form 990 or 990EZ)

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

2011

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 **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 Se**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 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)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(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	
Total									

Part II

Support Schedule for Organizations Described in IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage			
14	Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14	
15	Public Support Percentage for 2010 Schedule A, Part II, line 14	15	
16a	33 1/3% support test—2011. 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 		
b	33 1/3% support test—2010. If the organization did not check the 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 		
17a	10%-facts-and-circumstances test—2011. 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 		
b	10%-facts-and-circumstances test—2010. 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 		
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 		

Part IIIPart III

Support Schedule for Organizations Described in IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a 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 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage			
15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15		
16 Public support percentage from 2010 Schedule A, Part III, line 15	16		

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17		
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2011. 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—2010. 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.** Supplemental Information. Complete this part to provide the explanation 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).

Facts And Circumstances Test

Explanation

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

2011

Open to Public Inspection

If the organization answered “Yes,” to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, 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, line 35c (Proxy Tax), then

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

Name of the 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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the 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-

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 (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- 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												
1a	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><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><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></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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV	Yes		29,709
	j Total lines 1c through 1i			29,709
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
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) non-deductible 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.

Identifier	Return Reference	Explanation
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 \$29,709, ARE ATTRIBUTABLE TO LOBBYING PURPOSES.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
FREEMAN HEALTH SYSTEM

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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may 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 <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

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)

☐ Preservation of land for public use (e g , recreation or pleasure)☐ Preservation of an historically importantly land area
☐ Protection of natural habitat☐ Preservation of a certified historic structure
☐ Preservation of open space

2

Complete lines 2a–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 Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable 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, 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, 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 relating to these items

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2011

Part III

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

3

Using the organization's 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

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

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 XIV and complete the following table

	Amount
1c	
1d	
1e	
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 XIV

Part V

Endowment Funds. Complete if the 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	Investment earnings or 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

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	

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 property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	4,606,034	5,425,166		10,031,200
b Buildings		161,874,070	87,498,015	74,376,055
c Leasehold improvements				
d Equipment		132,641,948	93,747,095	38,894,853
e Other		28,490,760	4,754,701	23,736,059
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				147,038,167

Part XI

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	472,537,181
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	452,314,493
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	20,222,688
4	Net unrealized gains (losses) on investments	4	1,996,383
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-1,239,280
9	Total adjustments (net) Add lines 4 - 8	9	757,103
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	20,979,791

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	474,613,220
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	1,996,383
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	-1,127,839
e	Add lines 2a through 2d	2e	868,544
3	Subtract line 2e from line 1	3	473,744,676
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	-1,207,495
c	Add lines 4a and 4b	4c	-1,207,495
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	472,537,181

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	453,633,429
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	1,387,466
e	Add lines 2a through 2d	2e	1,387,466
3	Subtract line 2e from line 1	3	452,245,963
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	114,030
b	Other (Describe in Part XIV)	4b	-45,500
c	Add lines 4a and 4b	4c	68,530
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	452,314,493

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, 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.

Identifier	Return Reference	Explanation
UNCERTAIN TAX POSITIONS	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 CHANGE IN NET ASSETS	SCHEDULE D, PART XI, LINE 8	WRITE OFF OF ARCHITECTURE FEES \$ (984,552) TRANSFER TO AFFILIATES (254,728) ----- TOTAL \$(1,239,280)
OTHER REVENUE INCLUDED ON LINE 1, BUT NOT ON FORM 990, PART VIII, LINE 12	SCHEDULE D, PART XII, LINE 2D	WRITE OFF OF ARCHITECTURE FEES \$ (984,552) TRANSFER TO AFFILIATES (254,728) INVESTMENT FEES (114,030) PAYMENTS FROM FHS HOLDINGS 45,500 CONTRIBUTIONS RECEIVED ADJUSTMENT 179,971 ----- TOTAL \$(1,127,839)
OTHER REVENUE INCLUDED ON FORM 990, PART VIII, LINE 12, BUT NOT ON LINE 1	SCHEDULE D, PART XII, LINE 4B	SPECIAL EVENT EXPENSES \$ (316,916) COST OF GOODS SOLD EXPENSES (457,262) RENT EXPENSES (433,317) ----- TOTAL \$(1,207,495)
OTHER EXPENSE INCLUDED ON LINE 1, BUT NOT ON FORM 990, PART IX, LINE 25	SCHEDULE D, PART XIII, LINE 2D	SPECIAL EVENT EXPENSES \$ 316,916 COST OF GOODS SOLD EXPENSES 457,262 RENT EXPENSES 433,317 GRANTS PAID ADJUSTMENT 179,971 ----- TOTAL \$ 1,387,466
OTHER EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, BUT NOT ON LINE 1	SCHEDULE D, PART XIII, LINE 4B	PAYMENTS FROM FHS HOLDINGS \$ (45,500)

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

2011

Open to Public
Inspection

Name of the organization
FREEMAN HEALTH SYSTEM

Employer identification number
43-1704371

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1

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

a

☐ Mail solicitations

b

☐ Internet and e-mail solicitations

c

☐ Phone solicitations

d

☐ In-person solicitations

e

☐ Solicitation of non-government grants

f

☐ Solicitation of government grants

g

☐ Special fundraising events

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. Form 990-EZ filers are not required to complete this table.

(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			
Total ▶						

3

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

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

Cat No 50083H

Schedule G (Form 990 or 990-EZ) 2011

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000.

Revenue			(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events	
			<u>JEWELRY SALE</u>	<u>MIRACLE MARKET</u>	<u>12</u>	(Add col (a) through	
			(event type)	(event type)	(total number)	col (c))	
	1	Gross receipts	94,333	81,047	285,860	461,240	
	2	Less Charitable contributions			18,030	18,030	
3	Gross income (line 1 minus line 2)	94,333	81,047	267,830	443,210		
Direct Expenses	4	Cash prizes					
	5	Non-cash prizes			3,350	3,350	
	6	Rent/facility costs			175	175	
	7	Food and beverages					
	8	Entertainment					
	9	Other direct expenses	68,087	66,279	179,025	313,391	
	10	Direct expense summary Add lines 4 through 9 in column (d). ►					(316,916)
	11	Net income summary Combine lines 3 and 10 in column (d). ►					126,294

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.

Revenue		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	<div><input type="checkbox"/> Yes _____ <input type="checkbox"/> No</div>	<div><input type="checkbox"/> Yes _____ <input type="checkbox"/> No</div>	<div><input type="checkbox"/> Yes _____ <input type="checkbox"/> No</div>	
	7 Direct expense summary Add lines 2 through 5 in column (d) ➤				()
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ➤				

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 _____

10a 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

Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name

Address

15a

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

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 distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year \$

Part IV

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

Identifier	ReturnReference	Explanation
------------	-----------------	-------------

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
FREEMAN HEALTH SYSTEM

Employer identification number
43-1704371

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals <div><input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div>			
3	Answer the following based on the charity care eligibility criteria that applies 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? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input type="checkbox"/> 100%<input checked="" type="checkbox"/> 150%<input type="checkbox"/> 200%<input type="checkbox"/> Other _____%</div> b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200%<input checked="" type="checkbox"/> 250%<input type="checkbox"/> 300%<input type="checkbox"/> 350%<input type="checkbox"/> 400%<input type="checkbox"/> Other _____%</div> 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 uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care	3a	Yes	
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
c	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?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care 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 Charity care at cost (from Worksheet 1)			7,973,508		7,973,508	1 960 %
b Medicaid (from Worksheet 3, column a)			68,515,147	50,124,578	18,390,569	4 510 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			76,488,655	50,124,578	26,364,077	6 470 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			501,289	51,374	449,915	0 110 %
f Health professions education (from Worksheet 5)			931,173		931,173	0 230 %
g Subsidized health services (from Worksheet 6)			2,385,504		2,385,504	0 590 %
h Research (from Worksheet 7)			491,631		491,631	0 120 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,466,292		1,466,292	0 360 %
j Total Other Benefits			5,775,889	51,374	5,724,515	1 410 %
k Total. Add lines 7d and 7j			82,264,544	50,175,952	32,088,592	7 880 %

Part II

Community Building Activities

Complete this table if the organization conducted any community building activities.

	(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	0.010 %
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		28,319		28,319	0.010 %
10	Total		58,319		58,319	0.020 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	No
2	Enter the amount of the organization's bad debt expense	2	45,036,885
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	8,376,861
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 as community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	137,722,375
6	Enter Medicare allowable costs of care relating to payments on line 5	6	132,850,779
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	4,871,596
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: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes
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	Yes

Part IV

Management Companies and Joint Ventures

(see instructions)

(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	53.125 %	0 %	36.458 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

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

Name and address

[illegible]

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)

FREEMAN HEALTH SYSTEM - WEST

Name of Hospital Facility:

Line 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 2011)		
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 question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) 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 those 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 the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
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) 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)	5	
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"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in 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 CHNA g <input type="checkbox"/> Prioritization of health needs in the 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 together with 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 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 150 % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" 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 checked="" type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
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) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

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 (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP 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 or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged 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 similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
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? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> 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? If "Yes," explain in Part VI	20	No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21	No

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)

FREEMAN HEALTH SYSTEM - EAST

Name of Hospital Facility:

Line 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 2011)		
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 question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) 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 those 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 the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
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) 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)	5	
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"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in 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 CHNA g <input type="checkbox"/> Prioritization of health needs in the 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 together with 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 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" 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 checked="" type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
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) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

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 (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP 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 or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged 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 similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
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? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> 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? If "Yes," explain in Part VI	20	No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21	No

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 from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 32

Name and address		Type of Facility (Describe)
1	See Additional Data Table	
2		
3		
4		
5		
6		
7		
8		
9		
10		

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, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital 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

Identifier	ReturnReference	Explanation
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 (\$452,314,493) WAS REDUCED BY BAD DEBT EXPENSE (\$45,036,885)

Identifier	ReturnReference	Explanation
COST TO CHARGE RATIO	SCHEDULE H, PART I, LINE 7	THE COST TO CHARGE RATIO COMPUTED ON IRS WORKSHEET 2 WAS USED IN THE CALCULATIONS ON IRS WORKSHEET 3 IRS WORKSHEETS 1 AND 6 USED COST ACCOUNTING

Identifier	ReturnReference	Explanation
SUBSIDIZED SERVICES	SCHEDULE H, PART I, LINE 7G	THE ORGANIZATION HAS INCLUDED COSTS ASSOCIATED WITH RURAL HEALTH CENTERS (RHC) IN THE CALCULATION OF SUBSIDIZED SERVICES ON LINE 7G, WITH A NET SUBSIDY FROM RHCS OF \$1,637,259 FREEMAN HEALTH SYSTEM PROVIDES PRIMARY CARE SERVICES TO THE SURROUNDING COMMUNITIES AT THE CENTERS. THESE SERVICES ARE PROVIDED IN RURAL AREAS WHERE THERE WOULD BE A SHORTAGE OF QUALITY MEDICAL CARE WITHOUT THE SERVICES. FREEMAN HEALTH SYSTEM CONTINUES TO PROVIDE THESE SERVICES AS A BENEFIT TO THE COMMUNITY DESPITE KNOWING THAT FINANCIAL SHORTFALLS WILL BE SUSTAINED.

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	SCHEDULE H, PART III, SECTION A, LINES 4A & 4B	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 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 USING THE AMOUNTS CALCULATED IN THE ORGANIZATION'S AUDITED FINANCIAL STATEMENTS 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

Identifier	ReturnReference	Explanation
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 A COMMUNITY BENEFIT AND THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY

Identifier	ReturnReference	Explanation
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

Identifier	ReturnReference	Explanation
OTHER FACTORS USED TO DETERMINE AMOUNTS CHARGED TO PATIENTS	SCHEDULE H, PART V, SECTION B, LINE 11H	THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY ALSO USES FAMILY SIZE IN THE DETERMINATION OF AMOUNTS CHARGED TO PATIENTS

Identifier	ReturnReference	Explanation
DETERMINATION OF MAXIMUM AMOUNTS CHARGED	SCHEDULE H, PART V, SECTION B, LINE 19	FPG GUIDELINES DETERMINE THE DISCOUNT PERCENTAGE BILLED TO QUALIFIED PATIENTS UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT		<p>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 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, AND FREEMAN ADVANTAGE, AMONG OTHERS, PROVIDE SERVICE AND EDUCATION TO THE COMMUNITY WHILE ALSO PROVIDING A CONDUIT FOR PUBLIC OPINION TO TRAVEL BACK TO FREEMAN DECISION MAKERS.</p>

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE		<p>FREEMAN HAS STEPPED UP EFFORTS TO COMMUNICATE INFORMATION ABOUT FINANCIAL ASSISTANCE, OR CHARITY CARE, 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 FINANCIAL ASSISTANCE 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 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. MEDIASSIST 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 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 FINANCIAL ASSISTANCE, OR 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.</p>

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION		FREEMAN SERVES AN AREA WITH A POPULATION OF ABOUT A HALF MILLION PEOPLE IN SOUTHWEST MISSOURI, SOUTHEAST KANSAS, NORTHEAST OKLAHOMA, AND NORTHWEST ARKANSAS THE PRIMARY SERVICE AREA INCLUDES TWO MISSOURI COUNTIES WITH A COMBINED POPULATION OF 176,102, THE SECONDARY SERVICE AREA INCLUDES NINE ADDITIONAL, LARGELY RURAL COUNTIES IN SOUTHWEST MISSOURI, SOUTHEAST KANSAS, AND NORTHEAST OKLAHOMA, WITH A COMBINED POPULATION OF 246,116 INCOMES AND EDUCATION LEVELS LAG BEHIND NATIONAL AVERAGES, WHILE THE PERCENTAGE OF PEOPLE LIVING IN POVERTY IS HIGHER THAN THE NATIONAL AVERAGE

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES		<p>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 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 FOR A 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, 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 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 INVESTING IN THE COMMUNITY'S EDUCATIONAL FUTURE FOLLOWING THE MAY 22, 2011, EF-5 TORNADO THAT DEVASTATED JOPLIN, MISSOURI, FREEMAN DONATED \$50,000 TO JOPLIN-AREA SCHOOLS IN JULY 2011 TWO SCHOOL SYSTEMS THAT SUSTAINED HEAVY LOSSES IN THE STORM, JOPLIN PUBLIC SCHOOLS AND JOPLIN AREA CATHOLIC SCHOOLS, EACH RECEIVED \$25,000 FROM FREEMAN TO HELP FUND RECOVERY AND REBUILDING EFFORTS 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 VARIOUS SCHOOLS BY 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 FREEMAN SERVES MORE THAN 1 MILLION MEALS EACH YEAR AND RECOGNIZES THE IMPORTANCE OF PROVIDING WHOLESOME FOODS TO THE COMMUNITY ESTABLISHING ITS COMMITMENT TO SERVING LOCAL, NUTRITIOUS, AND SUSTAINABLE FOOD, FREEMAN BECAME THE FIRST HOSPITAL IN MISSOURI TO SIGN THE HEALTHY FOOD IN HEALTHCARE PLEDGE 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, WAS FREEMAN'S FIRST STEP TOWARD IMPROVING COMMUNITY HEALTH THROUGH FOOD POLICY CHANGE SINCE SIGNING THE PLEDGE IN 2010, FREEMAN HAS PROMOTED THE AVAILABILITY OF NUTRITIOUS FOODS TO PATIENTS, EMPLOYEES, AND VISITORS IN FY 2012, FREEMAN SET UP FARMERS MARKETS DURING THE SUMMER MONTHS AT FREEMAN WEST, FREEMAN EAST, AND FREEMAN NEOSHO THESE MARKETS PROVIDE THE COMMUNITY WITH AN OPPORTUNITY TO BUY FRESH, NUTRITIOUS FRUIT, VEGETABLES, AND OTHER LOCALLY PRODUCED FOODS FREEMAN HELPS WITH COMMUNITY-BUILDING MY OFFERING SOLUTIONS TO HELP MEET THE NEEDS OF SPECIFIC POPULATIONS, SUCH AS CHILDREN WITH AUTISM, CHILDREN WITH MEDICAL EXPENSES, AND SENIOR CITIZENS OZARK CENTER FOR AUTISM, FOR INSTANCE, PROVIDES HOPE FOR CHILDREN WITH AUTISM THROUGH A PRESCHOOL PROGRAM AND RECENTLY EXPANDED SERVICES FOR SCHOOL-AGE CHILDREN AS A CHILDREN'S MIRACLE NETWORK HOSPITAL, FREEMAN RAISES MONEY TO HELP SICK AND INJURED CHILDREN WITH MEDICAL EXPENSES FREEMAN ADVANTAGE PROMOTES THE HEALTH OF SENIOR CITIZENS BY OFFERING AVENUES FOR LEARNING, TRAVEL, 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 AND FREEMAN FOUNDATION WORKS WITH THE COMMUNITY TO FIND FUNDING FOR INNOVATIVE, LIFESAVING TECHNOLOGIES AND MEDICAL SERVICES FRE</p>

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES		EMAN SPONSORS PROGRAMS TO HELP REDUCE WASTE AND SOLVE ENVIRONMENTAL CHALLENGES AROUND THE HEALTH SYSTEM AND THROUGHOUT THE COMMUNITY THROUGH FREEMAN GREEN TEAM, FREEMAN HAS ESTABLISHED AN ALLIANCE WITH AREA BUSINESSES TO CREATE COMMUNITY-WIDE SUSTAINABILITY PROJECTS I N JULY 2011, FREEMAN WAS RECOGNIZED AS ONE OF THE GREENEST HEALTHCARE ORGANIZATIONS IN AME RICA BY THE GREENCARE AWARDS PROGRAM FREEMAN WAS SELECTED OUT OF APPROXIMATELY 125 APPLIC ANTS AS THE 2011 GREENCARE AWARD WINNER IN THE HOUSEKEEPING AND MAINTENANCE CATEGORY THIS DISTINCTION REFLECTS THE HEALTH SYSTEM'S COMMITMENT TO PROVIDING ENVIRONMENTALLY SUSTAINA BLE HEALTHCARE 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, WHI LE THOSE WORKING AT FREEMAN GIVE BACK TO THE COMMUNITY AS WELL, DONATING MAN-HOURS, MORE T HAN 33,070 HOURS LAST YEAR, AND MONEY FOR THE BETTERMENT OF THE COMMUNITY

Identifier	ReturnReference	Explanation
OTHER INFORMATION		<p>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, STROKE RECOVERY, CANCER RECOVERY, SLEEP DISORDERS, ALZHEIMER'S DISEASE, AND LYMPHEDEMA. FOR THE THIRD TIME SINCE 2007, FREEMAN HEALTH SYSTEM WAS RECOGNIZED FOR ITS EMPLOYEE HEALTH INITIATIVES WITH THE HEALTH AT WORK SILVER AWARD IN OCTOBER 2011. SPONSORED BY COMPSYCH, THIS AWARD HONORS ORGANIZATIONS THAT PROMOTE EMPLOYEE HEALTH AND WELLNESS. FREEMAN EARNED THIS MERIT BASED ON ITS COMPREHENSIVE WELLNESS PROGRAM, PARTICIPATION RATES, AND RESULTS. ADDITIONALLY, FREEMAN WAS RECOGNIZED AS A FIT-FRIENDLY COMPANY BY THE AMERICAN HEART ASSOCIATION AND WAS ONE OF ONLY 24 COMPANIES ACROSS THE COUNTRY TO RECEIVE AMERICAN HEART ASSOCIATION'S COMMUNITY INNOVATION AWARD. AS A FIT-FRIENDLY COMPANY, FREEMAN SERVES AS AN EXAMPLE OF POSITIVE CHANGE IN THE AMERICAN WORKFORCE BY MAKING EMPLOYEES' HEALTH AND WELLNESS A PRIORITY. REEMAN ALSO PROVIDES AUTISM SERVICES TO THE COMMUNITY. PRIOR TO THE 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. OZARK CENTER FOR AUTISM INCLUDES A SPECIAL EDUCATION CENTER, PROVIDING THERAPY SERVICES TO STUDENTS FROM KINDERGARTEN THROUGH HIGH SCHOOL. OZARK CENTER FOR AUTISM ALSO OFFERS THE AREA'S ONLY AUTISM DIAGNOSTIC TEAM, PROVIDING PARENTS OF CHILDREN ON THE AUTISM SPECTRUM THE OPPORTUNITY TO RECEIVE AN AUTISM DIAGNOSIS WITHOUT HAVING TO TRAVEL HUNDREDS OF MILES AWAY FROM HOME. OZARK CENTER FOR AUTISM WAS DEVASTATED BY THE EF-5 TORNADO THAT STRUCK JOPLIN, MISSOURI ON MAY 22, 2011. HOWEVER, THE SCHOOL REOPENED IN A TEMPORARY LOCATION SHORTLY AFTER THE DISASTER AND IS NOW HOUSED IN A LONG-TERM, TEMPORARY HOME, UNTIL A NEW CENTER CAN BE BUILT. 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. IT IS OFTEN DIFFICULT TO ATTRACT NEW PHYSICIANS TO CITIES LOCATED IN LARGELY RURAL AREAS. ONE WAY FREEMAN HELPS ATTRACT DOCTORS TO JOPLIN IS THROUGH GRADUATE MEDICAL EDUCATION. AS A TEACHING HOSPITAL, FREEMAN BROUGHT 23 CORE MEDICAL STUDENTS, 45 VISITING MEDICAL STUDENTS, AND 24 RESIDENT DOCTORS TRAINED IN THE FREEMAN GRADUATE MEDICAL EDUCATION PROGRAM IN THE 2011-2012 SCHOOL YEAR. 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 IS DIFFICULT AND EXPENSIVE TO ATTRACT AND RECRUIT PHYSICIANS TO WORK IN THE JOPLIN AREA. ADDITIONALLY, FREEMAN REACHES OUT TO YOUNGER STUDENTS AS WELL. THROUGH A SUMMER VOLUNTEER PROGRAM, HIGH SCHOOL STUDENTS SPEND SEVERAL WEEKS AT THE HOSPITALS, WORKING SIDE-BY-SIDE WITH NURSES AND DOCTORS. FREEMAN HEALTH ACADEMY, ON THE OTHER HAND, WORKS WITH MIDDLE SCHOOL STUDENTS TO ENCOURAGE THEM TO GRADUATE FROM HIGH SCHOOL AND HELP THEM CHOOSE COURSES, SUCH AS MATH AND SCIENCE, TO PREPARE THEM FOR FURTHER EDUCATION AND CAREERS IN HEALTHCARE.</p>

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM		FREEMAN HEALTH SYSTEM CONSISTS OF FREEMAN HOSPITAL WEST AND FREEMAN HOSPITAL EAST IN JOPLIN, FREEMAN NEOSHO HOSPITAL, AND OZARK CENTER, WHICH PROVIDES COMPREHENSIVE BEHAVIORAL HEALTH SERVICES FREEMAN IS NOT AFFILIATED WITH ANOTHER HEALTHCARE SYSTEM

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT		FREEMAN HEALTH SYSTEM IS INCORPORATED IN THE STATE OF MISSOURI AND FILES A COMMUNITY BENEFIT REPORT IN MISSOURI

Additional Data

Software ID:
Software Version:
EIN: 43-1704371
Name: FREEMAN HEALTH SYSTEM

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

[illegible]

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

[illegible]

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

2011

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. Use Part IV and Schedule I-1 (Form 990) if additional space is needed ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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 CENTER3006 MCCLELLAND JOPLIN,MO 64804	43-0821959	501(C)(3)	216,000				SUPPORT
(2) CROWDER COLLEGE601 LACLEDE AVE NEOSHO,MO 64850	44-0668521	501(C)(3)	59,418				SUPPORT
(3) MISSOURI SOUTHERN FOUNDATION3950 E NEWMAN ROAD JOPLIN,MO 64801	43-0907114	501(C)(3)	55,000				SUPPORT
(4) COMMUNITY HEALTH CLINIC OF JOPLIN701 SOUTH JOPLIN AVENUE JOPLIN,MO 64801	43-1643962	501(C)(3)	29,000				SUPPORT
(5) JOPLIN AREA CATHOLIC SCHOOLS930 S PEARL JOPLIN,MO 64801	43-0990597	501(C)(3)	25,000				SUPPORT
(6) JOPLIN BUSINESS & INDUSTRIAL DEVELOPMENT CORP320 E 4TH ST JOPLIN,MO 64801	43-1386973	501(C)(3)	30,000				SUPPORT
(7) SCHOOL DISTRICT OF JOPLIN R-VIII FOUNDATION3901 EAST 32ND STREET JOPLIN,MO 64804	43-1664927	501(C)(3)	25,000				SUPPORT
(8) THOMAS JEFFERSON INDEPENDENT DAY SCHOOL3401 NEWMAN ROAD JOPLIN,MO 64801	43-1626282	501(C)(3)	11,000				SUPPORT

2

Enter total number of section 501(c)(3) and government organizations listed in the line 1 table

8

3

Enter total number of other organizations listed in the line 1 table

0

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Use Schedule I-1 (Form 990) 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	818	143,963			
(2) MAMMOGRAMS	59	21,125			
(3) PRESCRIPTIONS, MEALS, TRANSPORTATION	1424	28,468			
(4) TORNADO ASSISTANCE	475	557,450			
(5) NURSING SCHOLARSHIPS	4	11,247	1,308	FMV	TEXTBOOKS

Part IV

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

Identifier	Return Reference	Explanation
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 AMOUNTS ARE ALSO CONTRIBUTED TO CROWDER COLLEGE AND THE MISSOURI SOUTHERN FOUNDATION FOR NURSING SCHOLARSHIPS FOR AREA STUDENTS THE ORGANIZATION IS ABLE TO MONITOR FUNDS BY PROVIDING THESE AMOUNTS DIRECTLY TO THE SCHOOLS, TO BE USED FOR THE DESIGNATED ENROLLED STUDENT RECIPIENTS OTHER AMOUNTS GIVEN DURING THE YEAR WERE TO LOCAL ORGANIZATIONS PRIMARILY FOR TORNADO RELIEF THE USE OF THE FUNDS CAN BE SEEN IN THE COMMUNITY AND CAN BE MONITORED ACCORDINGLY
GRANTS AND OTHER ASSISTANCE TO INDIVIDUALS	SCHEDULE I, PART III	IN FISCAL YEAR 2012, FREEMAN HEALTH SYSTEM PROVIDED ASSISTANCE THROUGH THE FOLLOWING PROGRAMS *HELPING FRIENDS MAMMOGRAM PROGRAM - \$21,125 WAS SPENT TO HELP OVER 50 WOMEN WITH FREE MAMMOGRAPHY *CHAPLAINS DISCRETIONARY FUND - \$28,468 WAS SPENT TO HELP OVER 1,400 WITH PRESCRIPTIONS/FREE MEALS OR TRANSPORTATION HOME *FHS CHILDREN'S MIRACLE NETWORK - \$143,963 WAS SPENT HELPING OVER 800 FAMILIES WITH MEDICINE, TRANSPORTATION AND LODGING *TORNADO ASSISTANCE - \$557,450 WAS GIVEN TO FREEMAN HOSPITAL EMPLOYEES WHO SUFFERED LOSSES DUE TO THE JOPLIN AREA TORNADO *SCHOLARSHIPS - A TOTAL OF \$12,555 WAS PROVIDED TO NURSING STUDENTS, INCLUDING \$1,308 FOR TEXTBOOKS

Software ID:
Software Version:
EIN: 43-1704371
Name: FREEMAN HEALTH SYSTEM

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
OZARK CENTER 3006 MCCLELLAND JOPLIN, MO 64804	43-0821959	501(C)(3)	216,000				SUPPORT
CROWDER COLLEGE 601 LACLEDE AVE NEOSHO, MO 64850	44-0668521	501(C)(3)	59,418				SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
MISSOURI SOUTHERN FOUNDATION3950 E NEWMAN ROAD JOPLIN,MO 64801	43-0907114	501(C)(3)	55,000				SUPPORT
COMMUNITY HEALTH CLINIC OF JOPLIN701 SOUTH JOPLIN AVENUE JOPLIN,MO 64801	43-1643962	501(C)(3)	29,000				SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
JOPLIN AREA CATHOLIC SCHOOLS930 S PEARL JOPLIN,MO 64801	43-0990597	501(C)(3)	25,000				SUPPORT
JOPLIN BUSINESS & INDUSTRIAL DEVELOPMENT CORP320 E 4TH ST JOPLIN,MO 64801	43-1386973	501(C)(3)	30,000				SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
SCHOOL DISTRICT OF JOPLIN R-VIII FOUNDATION3901 EAST 32ND STREET JOPLIN, MO 64804	43-1664927	501(C)(3)	25,000				SUPPORT
THOMAS JEFFERSON INDEPENDENT DAY SCHOOL3401 NEWMAN ROAD JOPLIN, MO 64801	43-1626282	501(C)(3)	11,000				SUPPORT

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
FREEMAN HEALTH SYSTEM

Employer identification number
43-1704371

Part I

Questions Regarding Compensation

	Yes	No
<div>1a</div> <div>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</div> <div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div>		
<div>b</div> <div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain</div>	<div>1b</div>	
<div>2</div> <div>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?</div>	<div>2</div>	
<div>3</div> <div>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</div> <div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div>		
<div>4</div> <div>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</div>		
<div>a</div> <div>Receive a severance payment or change-of-control payment?</div>	<div>4a</div>	No
<div>b</div> <div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div>	<div>4b</div>	Yes
<div>c</div> <div>Participate in, or receive payment from, an equity-based compensation arrangement?</div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>	<div>4c</div>	No
<div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div>		
<div>5</div> <div>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</div>		
<div>a</div> <div>The organization?</div>	<div>5a</div>	No
<div>b</div> <div>Any related organization?</div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>	<div>5b</div>	No
<div>6</div> <div>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</div>		
<div>a</div> <div>The organization?</div>	<div>6a</div>	No
<div>b</div> <div>Any related organization?</div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>	<div>6b</div>	No
<div>7</div> <div>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</div>	<div>7</div>	No
<div>8</div> <div>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 Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III</div>	<div>8</div>	No
<div>9</div> <div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div>	<div>9</div>	

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(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				
See Additional Data Table								

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.

Identifier	Return Reference	Explanation
SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	SCHEDULE J, PART I, LINE 4B & PART II, COLUMN C	THE FOLLOWING INDIVIDUALS HAD CONTRIBUTIONS MADE TO A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN THROUGH FREEMAN HEALTH SYSTEM DURING THE YEAR: \$ 150,000 MICHAEL PHILLIPS 119,615 GARY DUNCAN 21,412 MICHAEL LEONE 28,913 DEBRA KOELKEBECK 63,702 RICHARD SCHOOLER 67,690 JOE KIRK 55,909 PAULA BAKER 67,581 STEVE GRADDY 24,185 KEVIN GAUDETTE 25,114 JEFFREY CARRIER 26,144 DEBORAH CHIODO 23,494 WESLEY BRAMAN 27,973 SUE ANNESSER. THE FOLLOWING INDIVIDUAL RECEIVED PAYMENTS FROM A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN DURING THE YEAR: PAYMENTS INCLUDE CONTRIBUTIONS FROM PREVIOUS YEARS, AS WELL AS EARNINGS ON THOSE CONTRIBUTIONS: \$ 39,281 RODNEY MCFARLAND.
BONUS & INCENTIVE COMPENSATION	SCHEDULE J, PART II, COLUMN (B) (II)	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. WRVUS SHALL BE COMPUTED BY USE OF THE APPROVED MEDICARE METHODS OF COMPUTATION FOR PHYSICIAN PRACTICES.
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. AMOUNTS REPORTED IN COLUMN F INCLUDE BOTH PRIOR CONTRIBUTIONS AS WELL AS EARNINGS ON THOSE CONTRIBUTIONS.

Software ID:
Software Version:
EIN: 43-1704371
Name: FREEMAN HEALTH SYSTEM

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
LARRY MCINTIRE DO	(i) (ii)	364,600 0	26,770 0	65,946 0	7,350 0	21 0	464,687 0	0 0
JOHN M COX DO	(i) (ii)	784,727 0	80,720 0	79,334 0	7,350 0	11,840 0	963,971 0	0 0
RODNEY MCFARLAND MD	(i) (ii)	188,660 0	46,461 0	94,281 0	7,350 0	10,052 0	346,804 0	39,281 0
GARY D DUNCAN	(i) (ii)	571,004 0	1,901 0	148,944 0	7,350 0	9,108 0	738,307 0	0 0
JOE L KIRK	(i) (ii)	321,414 0	1,902 0	52,405 0	75,040 0	18,617 0	469,378 0	0 0
STEVE W GRADDY	(i) (ii)	314,404 0	1,251 0	21,024 0	74,931 0	17,205 0	428,815 0	0 0
PAULA F BAKER	(i) (ii)	203,048 21,113	101 0	32,742 3,389	57,306 5,953	9,429 979	302,626 31,434	0 0
RICHARD D SCHOOLER	(i) (ii)	343,403 0	951 0	3,959 0	71,052 0	7,320 0	426,685 0	0 0
DEBRA M KOELKEBECK	(i) (ii)	174,842 0	751 0	18,606 0	35,353 0	13,180 0	242,732 0	0 0
MICHAEL J LEONE	(i) (ii)	211,162 0	901 0	19,911 0	28,651 0	13,945 0	274,570 0	0 0
DAVID L BLACK	(i) (ii)	960,746 0	385,099 0	0 0	7,350 0	13,052 0	1,366,247 0	0 0
THOMAS B COY	(i) (ii)	1,295,416 0	278,682 0	6,500 0	7,350 0	10,018 0	1,597,966 0	0 0
WILLIAM J NICHOLAS	(i) (ii)	1,725,787 0	321,694 0	16,500 0	7,350 0	10,052 0	2,081,383 0	0 0
MICHAEL R PHILLIPS	(i) (ii)	722,964 0	321,741 0	0 0	157,350 0	11,052 0	1,213,107 0	0 0
JEFFREY M CARRIER	(i) (ii)	176,690 0	101 0	111 0	30,506 0	11,302 0	218,710 0	0 0
KEVIN P GAUDETTE	(i) (ii)	166,838 0	601 0	11,913 0	29,737 0	6,490 0	215,579 0	0 0
ROBERT C STAUFFER	(i) (ii)	1,102,215 0	175,090 0	16,500 0	7,350 0	5,970 0	1,307,125 0	0 0
DEBORAH E CHIODO	(i) (ii)	197,110 0	851 0	14,087 0	32,602 0	8,118 0	252,768 0	0 0

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
WESLEY B BRAMAN	(i)	175,512	451	161	23,494	15,252	214,870	0
	(ii)	0	0	0	0	0	0	0
SUE A ANNESSER	(i)	207,730	2,442	111	34,397	8,100	252,780	0
	(ii)	0	0	0	0	0	0	0

Schedule K (Form 990)	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 in Schedule O (Form 990). ▶ Attach to Form 990. ▶ See separate instructions.										OMB No 1545-0047	
											2011	
	Department of the Treasury Internal Revenue Service											Open to Public Inspection
Name of the organization FREEMAN HEALTH SYSTEM										Employer identification number 43-1704371		

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) Pool 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		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

Part II

Proceeds

		A		B		C		D	
		1	2	3	4	5	6	7	8
Amount of bonds retired		4,980,000		5,300,929		1,537,153		2,805,184	
Amount of bonds defeased		0		0		0		0	
Total proceeds of issue		52,108,917		6,075,785		18,950,000		10,393,515	
Gross proceeds in reserve funds		3,340,024		0		0		0	
Capitalized interest from proceeds		2,010,267		0		0		0	
Proceeds in refunding escrow		0		0		18,950,000		0	
Issuance costs from proceeds		733,012		0		0		42,200	
Credit enhancement from proceeds		0		0		0		0	
Working capital expenditures from proceeds		0		0		0		0	
Capital expenditures from proceeds		46,024,301		5,271,434		0		5,839,146	
Other spent proceeds		0		804,351		0		0	
Other unspent proceeds		0		0		0		4,512,169	
Year of substantial completion		2008		2008		2008			
		Yes	No	Yes	No	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?			X		X	X			X
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		X
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X	X			X

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?	X			X	X			X
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X				X			
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any 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	0 %		0 %		0 %		0 %	
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	0 030 %		0 %		0 %		0 %	
6	Total of lines 4 and 5	0 030 %		0 %		0 %		0 %	
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		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 hedge with respect to the bond issue?		X		X		X		X
b	Name of provider	0		0		0			
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X		X		X
b	Name of provider	0		0		0		0	
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

Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations ☒ Yes ☐ No

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
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
TAX EXEMPT BONDS	SCHEDULE K, PART II, LINE 5, 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 ADDITIONAL INVESTMENT EARNINGS EARNED IN THE DEBT SERVICE RESERVE FUND DURING THE PROJECT PERIOD AFTER THE PROJECT WAS PLACED-IN-SERVICE
TAX EXEMPT BONDS	SCHEDULE K, PART II, LINE 3, COLUMN B	AMOUNT DOES NOT EQUAL ISSUE PRICE DUE TO INVESTMENT EARNINGS EARNED DURING THE PROJECT PERIOD
TAX EXEMPT BONDS	SCHEDULE K, PART II, LINE 11, COLUMN B	REMAINING PROCEEDS WERE USED TO REDEEM A PORTION OF THE LEASE AFTER THE COMPLETION OF THE PROJECT
TAX EXEMPT BONDS	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

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

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 in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
FREEMAN HEALTH SYSTEM

Employer identification number
43-1704371

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) Pool financing	
						Yes	No	Yes	No	Yes	No
A THE INDUSTRIAL DEVELOPMENT AUTHORITY OF JOPLIN MO	52-1299414	480639AY9	12-31-2011	25,031,815	CONSTRUCT & EQUIP WEST CAMPUS HOSP		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	0							
2	Amount of bonds defeased	0							
3	Total proceeds of issue	25,031,815							
4	Gross proceeds in reserve funds	2,065,123							
5	Capitalized interest from proceeds	0							
6	Proceeds in refunding escrow	0							
7	Issuance costs from proceeds	403,785							
8	Credit enhancement from proceeds	0							
9	Working capital expenditures from proceeds	0							
10	Capital expenditures from proceeds	3,849,434							
11	Other spent proceeds	0							
12	Other unspent proceeds	18,713,771							
13	Year of substantial completion								
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	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						
2	Are there any lease arrangements that may result in private business use of bond-financed property?					X						

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?	X							
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X							
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any 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	0 %							
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	0 %							
6	Total of lines 4 and 5	0 %							
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	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						
2	Is the bond issue a variable rate issue?		X						
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider	0							
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X						
b	Name of provider	0							
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						
6	Did the bond issue qualify for an exception to rebate?		X						

Part V

Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations ☐ Yes ☒ No

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
TAX EXEMPT BONDS	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
TAX EXEMPT BONDS	SCHEDULE K, PART II, LINE 13 & 16, COLUMN E	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)

Transactions with Interested Persons

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
FREEMAN HEALTH SYSTEM

Employer identification number

43-1704371

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

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
Total										

Part III

Grants or Assistance Benefitting 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 of grant or type of assistance

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	44,209	EMPLOYEE COMPENSATION		No
(2) KENT MCINTIRE	SON OF LARRY MCINTIRE	766,852	EMPLOYEE COMPENSATION		No
(3) PAMELA HUNT	DAUGHTER OF RICK SCHOOLER	59,408	EMPLOYEE COMPENSATION		No
(4) PAM JONES	SISTER OF RICK SCHOOLER	23,969	EMPLOYEE COMPENSATION		No
(5) DEBORAH CANSLER	IN-LAW OF D KOELKEBECK	33,325	EMPLOYEE COMPENSATION		No
(6) BRYAN GRADDY	SON OF STEVE GRADDY, CFO	14,821	EMPLOYEE COMPENSATION		No

Part V

Supplemental Information

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

Identifier	Return Reference	Explanation
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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 to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization FREEMAN HEALTH SYSTEM	Employer identification number 43-1704371
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Identifier	Return Reference	Explanation
ORGANIZATIONS VISION	FORM 990, PART I, LINE 1	VISION - TO BE THE LEADING PROVIDER OF PATIENT CENTERED, PHY SICIAN 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 SY STEM IN JOPLIN, MISSOURI IS A 404 BED, THREE HOSPITAL SY STEM PROVIDING COMPREHENSIVE HEALTHCARE AND BEHAVIORAL HEALTH SERVICES TO AN AREA THAT INCLUDES MORE THAN 450,000 FROM MISSOURI, ARKANSAS, OKLAHOMA, AND KANSAS

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINE 4	<p>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, 517 LICENSED 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 MORE THAN 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 BACKYARD. 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 UNCOMFORTABLE, AND THEIR FAMILIES, FOR WHOM TRAVEL CAN PRESENT A GREAT FINANCIAL BURDEN.</p> <p>FISCAL YEAR (FY) 2012 WAS CHALLENGING BECAUSE FREEMAN HAD TO DEAL WITH THE BIGGEST DISASTER TO EVER HIT ITS HOME CITY. THOUSANDS OF STRUCTURES WERE LOST IN THE MAY 22, 2011, EF-5 TORNADO THAT DEVASTATED JOPLIN, MISSOURI, BUT THE REAL HEARTBREAK WAS THE 161 LIVES TAKEN BY THE STORM AND THE HUNDREDS OF PEOPLE INJURED. MAY 22, 2011, BEGAN AS A TYPICAL SPRING SUNDAY IN JOPLIN, A SOUTHWEST MISSOURI TOWN WITH A POPULATION OF ABOUT 50,000. MANY PEOPLE ENJOYED A LEISURELY READ OF THE MORNING NEWSPAPER AND SPENT TIME RELAXING WITH THEIR FAMILIES, MANY WENT TO CHURCH AND THEN OUT TO EAT. THE NATIONAL WEATHER SERVICE ISSUED TORNADO WATCH #325 AT 1:30 PM. SOUTHWEST MISSOURIANS ARE USED TO BAD WEATHER, ESPECIALLY THUNDERSTORMS AND TORNADOES, AND TOOK IT IN STRIDE. THE FREEMAN EMERGENCY ROOM WAS RUNNING AT NEAR CAPACITY, AND FREEMAN HEALTH SYSTEM AND THE OTHER HOSPITAL IN TOWN, ST. JOHN'S, WERE BOTH ABOUT HALF FULL AT THAT TIME. THIS PARTICULAR AFTERNOON, THE JOPLIN HIGH SCHOOL CLASS OF 2011 PICKED UP THEIR DIPLOMAS IN A CEREMONY HELD AT THE COLLEGE ON THE NORTHEAST END OF TOWN. GRADUATION ENDED IN THE LATE AFTERNOON, AND PEOPLE HEADED HOME FOR PRIVATE CELEBRATIONS WITH FAMILY AND FRIENDS. AT 5:11 PM, TORNADO SIRENS SOUNDED. IT THEN APPEARED THE TORNADO WOULD VEER NORTH OF JOPLIN, AND THE SIRENS STOPPED. WHEN THE SIRENS SOUNDED AGAIN SEVERAL MINUTES LATER, MANY PEOPLE WERE SHOPPING AT WALMART OR THE HOME DEPOT OR EATING OUT AT ONE OF THE MANY RESTAURANTS THAT LINE MAIN STREET AND RANGE LINE ROAD. AT 5:41 PM, THE TORNADO OFFICIALLY TOUCHED DOWN ON THE WEST SIDE OF TOWN. IT TOOK ABOUT 32 MINUTES FOR THE THREE-QUARTER-MILE-WIDE TORNADO TO GRIND ITS WAY FROM ONE SIDE OF JOPLIN TO THE OTHER. THE SLOW-MOVING GIANT STAYED ON THE GROUND FOR MORE THAN 13 MILES, THE SIX DEADLIEST MILES RIPPING THROUGH SOME OF THE CITY'S MOST DENSELY POPULATED RESIDENTIAL AREAS AND THE HEART OF THE BUSINESS DISTRICT. THE TORNADO DESTROYED 8,000 STRUCTURES, INCLUDING THE ONLY OTHER EMERGENCY HOSPITAL IN TOWN. IT INJURED THOUSANDS OF PEOPLE, HUNDREDS OF THEM SEVERELY. PEOPLE WITH UNIMAGINABLE INJURIES, SUCH AS IMPALEMENTS, SEVERED LIMBS, AND EXPOSED INTERNAL ORGANS, POURED INTO THE HOSPITAL IN DROVES. IN ADDITION TO THE OVERWHELMING VOLUME AND CRITICAL NATURE OF INJURIES, FREEMAN RECEIVED PATIENTS FROM THE 40-BED ICU OF THE HOSPITAL THAT HAD BEEN DESTROYED, MANY OF THEM DELIVERED IN PICKUP TRUCKS AND VENTILATED BY HAND TO KEEP THEM ALIVE UNTIL THEY COULD REACH WORKING VENTILATORS. MOST OF THESE ICU PATIENTS WERE UNABLE TO COMMUNICATE, AND FREEMAN HAD NO ACCESS TO THEIR MEDICAL RECORDS. PHYSICIANS TREATING THEM DIDN'T KNOW WHY THE PATIENTS HAD BEEN ADMITTED TO THE ICU, THEIR HISTORY, OR EVEN THEIR CONDITION BEFORE THE TORNADO HIT. COMMUNICATION WITH THE OUTSIDE WORLD WAS IMPOSSIBLE THAT NIGHT. THE TORNADO KNOCKED DOWN TELEPHONE POLES AND CELL PHONE TOWERS, AND THE HOSPITAL WAS UNABLE TO CALL PHYSICIANS, NURSES, OR OTHER STAFF MEMBERS TO COME TO THE HOSPITAL TO HELP. AND, CONVERSELY, STAFF MEMBERS COULDN'T CALL FREEMAN TO SEE IF THEY WERE NEEDED. WORSENING MATTERS, FREEMAN WAS UNABLE TO REACH EMERGENCY MEDICAL SERVICE PROVIDERS IN THE SURROUNDING AREA TO ASK THEM TO SEND EMPTY AMBULANCES TO TRANSPORT STABLE PATIENTS TO HOSPITALS IN OTHER TOWNS AND CITIES. STAFF MEMBERS ON DUTY AT THE HOSPITAL AT THE TIME OF THE TORNADO WORKED UNDER THE PRESSURE OF NOT KNOWING IF THEIR OWN FAMILIES HAD SURVIVED THE STORM BECAUSE THEY HAD NO WAY TO PHONE HOME. THE TORNADO PLOWED DIRECTLY THROUGH SOME OF THE MOST POPUL</p>

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINE 4	<p> AR PHYSICIAN NEIGHBORHOODS, AND MORE THAN A DOZEN FREEMAN PHYSICIANS LOST THEIR HOMES THAT NIGHT, INCLUDING ONE OF THE TRAUMA SURGEONS, ONE OF THE ANESTHESIOLOGISTS, THE EMERGENCY DEPARTMENT/TRAUMA MEDICAL DIRECTOR, AND OTHER KEY MEDICAL STAFF MEMBERS, RESIDENTS, AND MEDICAL STUDENTS. MANY FREEMAN STAFF MEMBERS-DOCTORS, NURSES, AND SUPPORT STAFF-LITERALLY CR AWLED OUT OF THE RUBBLE OF THEIR OWN HOMES AND PROCEEDED TO THE HOSPITAL TO HELP SAVE LIVES AND COMFORT THE WOUNDED. IN THE IMMEDIATE HOURS AFTER THE TORNADO, FREEMAN - TREATED MORE THAN 500 PATIENTS AT FREEMAN WEST AND 39 AT FREEMAN NEOSHO - PERFORMED 22 SURGERIES IN 12 HOURS - PERFORMED 800 X-RAYS AND 400 CT SCANS - CARED FOR 60 PATIENTS FROM ST. JOHN'S - TRANSFERRED 64 PATIENTS TO SURROUNDING HOSPITALS. ELEVEN PATIENTS DIED AT FREEMAN WEST THE FIRST NIGHT, TWO FREEMAN EMPLOYEES PERISHED IN THE STORM, AND 464 FREEMAN EMPLOYEES AND VOLUNTEERS, OR 12.5% OF THE FREEMAN WORKFORCE, WERE DIRECTLY AFFECTED, MANY LOSING EVERYTHING THEY OWNED. NORMALLY, FREEMAN HOSPITAL EAST PROVIDES OUTPATIENT, POST-ACUTE, AND BEHAVIORAL HEALTH SERVICES. THE NIGHT OF THE TORNADO, THE TWO PSYCHIATRISTS ON DUTY THERE SET UP AND MANNED A TRIAGE AREA TO CARE FOR EMERGENCY PATIENTS AT THIS NONEMERGENCY FACILITY UNTIL ADDITIONAL HELP COULD BE SUMMONED. ADDITIONALLY, FREEMAN NEOSHO HOSPITAL TOOK ON MANY OF THE INJURED PATIENTS. PHARMACIES IN JOPLIN-ONE AT 32ND AND MCCLELLAND BOULEVARD AND ONE INSIDE FREEMAN HOSPITAL WEST. THE 32ND AND MCCLELLAND STORE WAS OPEN WHEN THE STORM STRUCK. PHARMACY STAFF TOOK SHELTER AS THEY BRACED FOR THE WORST. THE MASSIVE TORNADO MISSED THE PHARMACY BY LESS THAN A HALF MILE. THE STORE SUSTAINED MINOR DAMAGE. THE DOORS, HOWEVER, COULD NOT BE SECURED SO PHARMACY MANAGEMENT MADE THE DECISION TO MOVE THE ENTIRE PHARMACY INVENTORY TO THE QUICKMEDS PHARMACY LOCATED IN THE MAIN LOBBY OF FREEMAN HOSPITAL WEST. ONE PHARMACIST AND TWO PHARMACY TECHNICIANS OPENED THE FREEMAN WEST STORE SOON AFTER THE TORNADO THAT NIGHT AND WORKED CONTINUOUSLY FOR 24 HOURS FOLLOWING THE STORM. QUICKMEDS STAFF ASSISTED WITH MEDICATION NEEDS AS PATIENTS WERE TRIAGED AND DISCHARGED FROM THE HOSPITAL. IN THE IMMEDIATE HOURS FOLLOWING THE STORM, COMMUNICATION CAPABILITIES, INCLUDING TECHNICAL PROCESSING, WERE DISABLED. QUICKMEDS PHARMACY DISPENSED THOUSANDS OF DOLLARS OF MEDICATION WITHOUT THE ABILITY TO ADJUDICATE TO INSURANCE OR COLLECT MONEY FROM PATIENTS. MANY PATIENTS LOST ALL THEIR BELONGINGS, INCLUDING FORMS OF IDENTIFICATION AND MEANS OF PAYMENT. FREEMAN IMMEDIATELY MADE THE DECISION THAT PATIENTS WOULD NOT GO WITHOUT CARE AND THE MEDICATIONS THEY SO DESPERATELY NEEDED. </p>

Identifier	Return Reference	Explanation
PROGRAM SERVICES (CONTINUED)	FORM 990, PART III, LINE 4	<p>BECAUSE THE TORNADO DESTROYED OR DISABLED SIX LOCAL PHARMACIES, THE COMMUNITY HAD GREAT NEED FOR QUICKMEDS PHARMACY SERVICES. ALMOST IMMEDIATELY, PEOPLE BEGAN ARRIVING AT QUICKMEDS PHARMACY AT FREEMAN WEST. THE TORNADO DEMOLISHED MANY LOCAL PHYSICIAN OFFICES, AND MEDICATION RECORDS WERE NOT AVAILABLE. NUMEROUS CUSTOMERS TRIED TO DESCRIBE THE COLOR OF THE CAPSULE OR TABLET THEY WERE TAKING IN HOPES THE PHARMACY STAFF COULD DETERMINE THEIR MEDICATIONS FOR THEM. THIS PRESENTED A CHALLENGE FOR PHARMACISTS WHO HAD TO PLAY A ROLE DIFFERENT THAN THEY HAD EVER PLAYED BEFORE. IT BECAME EVIDENT THE MORNING FOLLOWING THE STORM, THAT FREEMAN NEEDED A PHYSICIAN AT THE PHARMACY TO HELP PATIENTS WHO NEEDED MEDICATIONS UNTIL THEY COULD OBTAIN PRESCRIPTIONS FROM THEIR OWN PHYSICIANS. TO ASSIST PATIENTS IN THIS CAPACITY, DR. DENNIS ESTEP, FREEMAN OCCUPATIONAL MEDICINE PHYSICIAN, WORKED IN THE PHARMACY ALONGSIDE THE PHARMACISTS AND STAFF. WITHOUT THIS COLLABORATION, MANY PATIENTS WOULD HAVE GONE WITHOUT THEIR MEDICATIONS. FREEMAN MADE THE DECISION TO HAVE A PHYSICIAN PRESENT EVEN BEFORE THE MISSOURI STATE BOARD OF PHARMACY RELEASED A STATEMENT GIVING PHARMACISTS THE ABILITY TO CONTINUE ANY AND ALL MEDICATIONS NECESSARY FOR A PATIENT WITHOUT A PHYSICIAN'S PRESCRIPTION. FREEMAN IDENTIFIED AND MET THE CHALLENGES THIS HORRIBLE STORM BROUGHT TO COUNTLESS PATIENTS BEFORE MANY OTHER PROVIDERS COULD REACT. FOR MONTHS, FREEMAN SERVED AS THE ONLY FULLY-FUNCTIONING HOSPITAL IN JOPLIN. PATIENT CENSUS AND ACUITY INCREASED DRAMATICALLY. AS THE ONLY LEVEL II TRAUMA CENTER LEFT IN JOPLIN FOLLOWING THE STORM, FREEMAN MADE PLANS TO MEET THE SURGE OF ADDITIONAL PATIENTS THAT CONTINUED LONG AFTER THE INITIAL INFLUX. PLANS INCLUDED - ADDING 58 BEDS AT FREEMAN WEST (29 IN MARCH 2012, WITH 29 MORE PLANNED FOR OCTOBER 2012) - OPENING A TRANSITIONAL CARE UNIT JULY 18 - ADDING 20 ADULT PSYCHIATRIC BEDS AT FREEMAN EAST BECAUSE FOR SIX MONTHS FREEMAN WAS THE ONLY HOSPITAL IN TOWN WITH BEHAVIORAL HEALTH EMERGENCY AND INPATIENT CAPABILITIES - HIRING ADDITIONAL CLINICAL AND PHYSICIAN STAFF BECAUSE OF THE POST-TORNADO SURGE OF PATIENTS THAT CONTINUED FOR MONTHS, FREEMAN HAD TO HIRE MANY NURSES TO MEET THE DEMAND FOR SERVICES. THERE WEREN'T ENOUGH QUALIFIED NURSES AVAILABLE LOCALLY TO FILL THE NEED, SO FREEMAN HAD TO USE AGENCIES TO FILL VACANCIES. AGENCY NURSING STAFF COMES AT A PREMIUM PRICE, AND THIS RAISED THE COST OF LABOR FOR FREEMAN IN THE MONTHS FOLLOWING THE TORNADO. ANOTHER CONSEQUENCE OF THE TORNADO WAS THE GROWTH IN BAD DEBT THAT FREEMAN EXPERIENCED AFTER THE STORM. THOUSANDS OF PEOPLE LOST THEIR HOMES AND EVERYTHING THEY OWED IN THE STORM, AND MANY OF THEM COULD NOT PAY THEIR HOSPITAL BILLS. MANY OF THESE PATIENTS DID NOT APPLY FOR FINANCIAL ASSISTANCE, SO THEIR BILLS HAD TO BE WRITTEN OFF AS BAD DEBT, RATHER THAN CHARITY CARE. AFTER THE TORNADO, JOPLIN SAW A DRAMATIC INCREASE IN CHILD TRAUMA. TO PROVIDE CRITICAL SERVICES FOR CHILDREN AND FAMILIES IN NEED, THE GOVERNOR ALLOCATED FUNDS FOR CREATION OF WILL'S PLACE, A HEALING CENTER FOR KIDS. FREEMAN AND OZARK CENTER COLLABORATED WITH AREA CHILD CARE PROVIDERS AND CHILD-SERVING AGENCIES IN THE DESIGN OF THE CENTER. BEFORE THE TORNADO, FREEMAN HAD ESTABLISHED A DISASTER RELIEF FUND AND WAS ABLE TO PROVIDE THREE ROUNDS OF FINANCIAL DISASTER ASSISTANCE TO EVERY EMPLOYEE SUSTAINING LOSS. DONORS TO THIS FUND INCLUDED - CORPORATIONS - FOUNDATIONS - FREEMAN EMPLOYEES - FREEMAN AUXILIARY - INDIVIDUALS - FREEMAN BOARD MEMBERS - FREEMAN PHYSICIANS. IN THE FACE OF DEVASTATION AND HORRIFIC CIRCUMSTANCES-A SITUATION MORE BRUTAL THAN EVEN THE MOST EXPERIENCED DOCTOR OR NURSE HAD EVER SEEN PREVIOUSLY-FREEMAN HEALTHCARE PROFESSIONALS GAVE ALL THE ENERGY, SKILL, AND COURAGE THEY COULD MUSTER TO SERVE JOPLIN WITH HEARTS AND HANDS. MANY OF THEM WOULD SAY THEY WERE "JUST DOING THEIR JOBS." HOWEVER, THEY SHOWED UP THAT NIGHT TO DO MORE THAN JUST THEIR JOBS-THEY PERFORMED HEROICALLY TO PROVIDE THE BEST HEALTHCARE POSSIBLE DURING JOPLIN'S DARKEST HOURS. TODAY, FREEMAN REMAINS FIERCELY FOCUSED ON THAT RESPONSIBILITY AND CONSIDERS IT A PRIVILEGE TO CARE FOR THE COMMUNITY AND WORK TOWARD HEALING. TO HELP ENSURE THE COMMUNITY HAS THE PHYSICIANS IT NEEDS, FREEMAN BROUGHT 24 NEW PHYSICIANS INTO THE COMMUNITY DURING FY 2012, PROVIDING A GREAT BENEFIT, IN TERMS OF BOTH HEALTHCARE AND ECONOMICS. ACCORDING TO THE MISSOURI HOSPITAL ASSOCIATION, FAMILY PHYSICIANS MAKE AN ECONOMIC IMPACT OF MORE THAN \$1 MILLION EACH YEAR ON THE COMMUNITIES THEY SERVE. FREEMAN NEOSHO HOSPITAL IS A 67 LICENSED 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 EMERGENCY SERVICES, PEDIATRIC SERVICES, COMPREHENSIVE SURGICAL SERVICES, CARDIOLOGY AND ONCOLOGY/HEMATOLOGY SPECIALTY CLINICS, AND CARDIAC, PHYSICAL THERAPY, SPEECH THERAPY, REHABILITATION SERVICES, AND MAMMOGRAPHY AND OTHER DIAGNOSTIC SERVICES THROUGH THE NEWLY BUILT GARY DU</p>

Identifier	Return Reference	Explanation
PROGRAM SERVICES (CONTINUED)	FORM 990, PART III, LINE 4	<p>NCAN WOMEN'S PAVILION FREEMAN ALSO PROVIDES EMERGENCY TRANSPORT FOR NEWTON AND MCDONALD COUNTIES THROUGH FREEMAN AMBULANCE SERVICE. FREEMAN NEOSHO PLAYED A BIG ROLE IN TORNADO RECOVERY, HELPING CARE FOR THE INFLUX OF PATIENTS IMMEDIATELY FOLLOWING THE STORM AND MEETING THE LONG-TERM MEDICAL NEEDS OF A COMMUNITY WHOSE HOSPITAL RESOURCES HAD BEEN DRAMATICALLY REDUCED. FREEMAN FAST FACTS FY 2012 (JOPLIN & NEOSHO COMBINED) - OUTPATIENT REGISTRATIONS 409,376 - EMERGENCY/TRAUMA/URGENT CARE VISITS 125,025 - FREEMAN OCCURED VISITS 43,035 - ADMISSIONS 23,953 - SURGICAL PROCEDURES 11,331 - BIRTHS 2,841 - BABIES IN NEONATAL INTENSIVE CARE UNIT 230 FOR 21 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 2012. 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 HAVE NO WAY HOME FROM THE HOSPITAL MAY RECEIVE HELP WITH TRANSPORTATION EXPENSES THROUGH THE CHAPLAINS FUND. THIS PROGRAM HELPED 1,424 PATIENTS IN FY 2012, PROVIDING A COMMUNITY BENEFIT OF \$28,468. SPENT 33,070 HOURS ENGAGED IN COMMUNITY BENEFIT ACTIVITIES IN 2012. THIS 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. 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 IN INSTALLMENTS AS LOW AS \$50 EVERY TWO WEEKS. CONSIDERING THE FACT THAT FREEMAN EMPLOYS MORE THAN 4,000 PEOPLE AND MOST OF THEIR FAMILIES RECEIVE TREATMENT AT FREEMAN, THIS ACT ALONE AMOUNTS TO A SIZABLE COMMUNITY BENEFIT. FREEMAN URGENT CARE, WITH WALK-IN CLINICS IN JOPLIN AND WEBB CITY, OFFERS CONVENIENT, COST-EFFECTIVE CARE FOR MINOR MEDICAL ISSUES. WHILE FREEMAN URGENT CARE PROVIDES PATIENTS, INCLUDING THOSE WITHOUT PRIMARY CARE PROVIDERS, AN APPROPRIATE, LESS EXPENSIVE ALTERNATIVE TO AN EMERGENCY ROOM VISIT. MANY PATIENTS STILL CHOOSE TO USE THE EMERGENCY ROOM FOR PRIMARY MEDICAL CARE.</p>

Identifier	Return Reference	Explanation
PROGRAM SERVICES (CONTINUED)	FORM 990, PART III, LINE 4	<p>FREEMAN HELPS MANY ORGANIZATIONS THAT, IN TURN, HELP SOME OF THE MOST FRAGILE MEMBERS OF THE COMMUNITY. FOR INSTANCE, FOR \$1 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 \$1 PER YEAR, AND FREEMAN MAINTAINS THE GROUNDS AND PROVIDES HOUSEKEEPING SERVICES, WITH AN ANNUAL RETAIL VALUE OF \$1,602. 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 2012, FREEMAN HEALTH SYSTEM, INCLUDING OZARK CENTER, PROVIDED PAYROLL AND BENEFITS TOTALING \$259,085,722. THE HIGH SCHOOL VOLUNTEER PROGRAM ALSO PROVIDES SCHOLARSHIP MONEY FOR OUTSTANDING PARTICIPANTS. ADDITIONALLY, FREEMAN HEALTH ACADEMY, PROVIDED AT NO COST TO FAMILIES, REACHES OUT TO MIDDLE SCHOOL STUDENTS TO HELP THEM PREPARE FOR HEALTHCARE CAREERS. THE FIRST PROGRAM OF ITS KIND IN THE COMMUNITY, IT GIVES STUDENTS THE OPPORTUNITY TO LEARN ABOUT HEALTHCARE CAREERS FROM FREEMAN PHYSICIANS AND STAFF. IT ENCOURAGES STUDENTS TO GRADUATE FROM HIGH SCHOOL AND HELPS THEM CHOOSE HIGH SCHOOL COURSES, SUCH AS SCIENCE AND MATH, TO PREPARE THEM FOR FURTHER EDUCATION AND HEALTHCARE CAREERS. TO HELP ENSURE A STEADY SUPPLY OF PHYSICIANS, NURSES, AND OTHER CLINICIANS IN THE FUTURE, FREEMAN EDUCATES YOUNG PEOPLE ABOUT HEALTHCARE CAREERS. HIGH SCHOOL STUDENTS PARTICIPATE IN A SUMMER VOLUNTEER PROGRAM, WORKING WITH HEALTHCARE PROFESSIONALS IN REAL LIFE HOSPITAL SITUATIONS.</p>

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINE 4A	<p>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. 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 FRIENDS MAMMOGRAM FUND, ADMINISTERED BY FREEMAN FOUNDATION. IN FY 2012, HELPING FRIENDS MAMMOGRAM FUND HELPED 59 WOMEN BY PROVIDING \$21,125 IN MAMMOGRAMS. FREEMAN HEALTH ACADEMY WAS ESTABLISHED IN 2011 TO SERVE RURAL SOUTHWEST MISSOURI COUNTIES EXPERIENCING A SHORTAGE OF HEALTHCARE PROFESSIONALS. FREEMAN HEALTH ACADEMY EQUIPS MIDDLE SCHOOLS WITH A CURRICULUM, DESIGNED IN CONSULTATION WITH UNIVERSITY OF MISSOURI, ADDRESSING THE WIDE VARIETY OF 21ST CENTURY HEALTHCARE CAREERS, INCLUDING CLINICAL, BUSINESS, AND OPERATIONS PATHWAYS. AREA STUDENTS TOUR FREEMAN TO RECEIVE A GLIMPSE INTO THE FIELD OF THEIR CHOICE. AS STUDENTS PROGRESS INTO HIGH SCHOOL AND POSTSECONDARY EDUCATION, THEY ARE GIVEN INFORMATION ABOUT COURSES NEEDED TO PREPARE FOR HEALTHCARE CAREERS, MATH AND SCIENCE COMPETITIONS, AND SCHOLARSHIP AND LEADERSHIP OPPORTUNITIES. THEY ARE ALSO MENTORED REGARDING THEIR CAREER CHOICES. RESEARCH SHOWS STUDENTS BEGIN MAKING PLANS FOR FUTURE CAREERS AS EARLY AS MIDDLE SCHOOL, AND BY PROVIDING THIS OPPORTUNITY, FREEMAN CAN BEGIN TO SOLIDIFY WITHIN THESE CHILDREN THE DESIRE TO SELECT A FIELD IN A HEALTHCARE SYSTEM, WHETHER IN A CLINICAL OR NONCLINICAL SETTING. THIS IS ONE EXAMPLE OF THE HEALTH SYSTEM'S DESIRE TO MAKE A POSITIVE IMPACT ON THE COMMUNITY BY SERVING ITS SCHOOLS AND ENCOURAGING STUDENTS TO GRADUATE.</p>

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINE 4B	<p>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 ARE AVAILABLE UPON REQUEST. THE UNIT INCLUDES A BRIGHTLY DECORATED EXAMINATION ROOM AND A PLAYROOM FILLED WITH BOOKS AND TOYS. FREEMAN JOPLIN INPATIENT PEDIATRIC SERVICES TOTALED 622 CASES, OF WHICH, 366, OR 59%, WERE MEDICAID CASES. ADDITIONALLY, 2% OF THE PEDIATRIC INPATIENT CASES FELL INTO THE SELF-PAY (NO INSURANCE) CATEGORY. DESIGNED TO GIVE NEW MOTHERS AND THEIR FAMILIES THE COMFORTS OF HOME WITHIN THE SECURITY OF A HOSPITAL, FREEMAN MATERNITY CENTER DELIVERED 2,841 BABIES IN FY 2012. 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. OF THE 2,841 CASES SEEN IN FY 2012, FREEMAN MATERNAL SERVICES SERVED 1,501 MEDICAID PATIENTS, OR 53% OF ITS CASELOAD. SELF-PAY PATIENTS (THOSE WITH NO INSURANCE) REPRESENTED 2% 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 ASSISTANCE BUT HAVE NO HEALTH INSURANCE. MEDICAID REIMBURSEMENT DOES NOT COVER THE COST OF PROVIDING THE LEVEL OF TREATMENT REQUIRED. FREEMAN HAS 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. AS A CHILDREN'S MIRACLE NETWORK HOSPITAL, FREEMAN WAS ABLE TO EXPAND THE NICU IN MAY 2011, ADDING 10 BEDS TO THE 14 ALREADY IN PLACE AND PROVIDING NEW EQUIPMENT AND TECHNOLOGY TO GIVE PREMATURE AND CRITICALLY ILL BABIES EVERY OPPORTUNITY FOR A HEALTHY LIFE.</p>

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINE 4C	<p>WITHIN MINUTES OF THE STORM'S PASSING, HUNDREDS OF INJURED BEGAN ARRIVING AT FREEMAN HOSPITAL WEST, VIA LAND AND AIR AMBULANCE, BY PRIVATE VEHICLE, AND ON FOOT THE MAGNITUDE OF THEIR INJURIES BEYOND COMPREHENSION, PATIENTS CAME TO FREEMAN WITH SEVERED LIMBS, ABDOMINAL LACERATIONS, COMPOUND FRACTURES, CRUSHING HEAD INJURIES FROM FLYING OBJECTS, AND OTHERS TOO NUMEROUS TO MENTION THEY ARRIVED BATTERED AND BLOODIED AND IN NEED OF HELP LITERALLY HUNDREDS OF PEOPLE SWARMED THE LOBBY IN THE AFTERMATH OF THE STORM FOR MONTHS FOLLOWING THE STORM, FREEMAN SERVED AS THE ONLY FULLY-FUNCTIONING HOSPITAL IN JOPLIN PATIENT CENSUS AND ACUITY INCREASED DRAMATICALLY 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 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 HELP FIND 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 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 FREEMAN AMBULANCE SERVICE COVERS THE ENTIRE 540-MILE MCDONALD COUNTY AREA, AVERAGING MORE THAN 60,000 MILES PER YEAR PER AMBULANCE WITH TWO STATE-OF-THE ART AMBULANCES, FREEMAN AMBULANCE SERVICE PROVIDES RELIABLE, SAFE, AND COMFORTABLE TRANSPORTATION ACROSS THE OFTEN-DIFFICULT, STEEP, TWISTING ROADS OF MCDONALD COUNTY, AN AREA THAT HAS BEEN DESIGNATED "MEDICALLY UNDERSERVED' BY THE HEALTH RESOURCES AND SERVICES ADMINISTRATION THE NEED FOR SERVICES IN THIS AREA IS DRAMATIC, AND FREEMAN AMBULANCE SERVICE OPERATES AT A LOSS ALL PATIENTS ARE SERVED REGARDLESS OF ABILITY TO PAY FOR THE SERVICE FREEMAN AMBULANCE SERVICE OPERATES AT A LOSS ALL PATIENTS ARE SERVED REGARDLESS OF ABILITY TO PAY FOR THE SERVICE</p>

Identifier	Return Reference	Explanation
COMMON PAYMASTER ARRANGEMENT & SALARIES	FORM 990, PART V, LINE 2A	FREEMAN HEALTH SYSTEM FILES ALL W-2'S ON BEHALF OF FREEMAN NEOSHO HOSPITAL (FNH), A RELATED ORGANIZATION THE AMOUNT OF W-2'S FILED FOR THE YEAR ON PART V, LINE 2A, INCLUDES THE AMOUNT OF W-2'S FILED ON BEHALF OF FNH FOR THOSE THAT WORK PRIMARILY FOR FNH AND THE W-2'S FILED FOR FREEMAN HEALTH SYSTEM EMPLOYEES SALARY AND BENEFITS EXPENSES ARE ALLOCATED FROM FREEMAN HEALTH SYSTEM TO FNH FOR THOSE EMPLOYEES WHO WORK PRIMARILY FOR FNH

Identifier	Return Reference	Explanation
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, THE 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 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

Identifier	Return Reference	Explanation
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. THE CONFLICT OF INTEREST POLICY WAS UPDATED IN FISCAL YEAR 2011 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.

Identifier	Return Reference	Explanation
FREEMAN HEALTH SYSTEM COMPENSATION REVIEW	FORM 990, PART VI, SECTION B, LINES 15A & 15B	<p>EXECUTIVE COMPENSATION PHILOSOPHY & STRATEGY I KEY PRINCIPLES FREEMAN HEALTH SYSTEM ("FHS ") DESIRES TO ENSURE THAT ITS EXECUTIVE COMPENSATION PROGRAM IS COMPETITIVE, FAIR, AND EQU ITABLE, COMPLIANT WITH 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, A ND 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 O F FHS EXECUTIVES WILL OVER TIME REFLECT BOTH INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE -F HS INTENDS TO ESTABLISH THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER IRS INTERMEDIAT E SANCTIONS REGULATIONS THUS, EXECUTIVE COMPENSATION PROGRAMS AND DECISIONS WILL BE APPRO VED, 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 RELATIONSH IP WITH FHS *THE COMMITTEE WILL RELY UPON APPROPRIATE, INDEPENDENT COMPARABILITY DATA TO SUPPORT ITS DECISION MAKING PROCESS *THE COMMITTEE WILL ADEQUATELY DOCUMENT ITS DELIBERAT IONS, DECISIONS, AND ACTIONS ON A TIMELY BASIS II PRIMARY PROGRAM COMPONENTS FHS'S EXECU TIVE TOTAL COMPENSATION PROGRAM CONSISTS OF THE FOLLOWING COMPONENTS - BASE SALARY -ANNUAL AT RISK COMPENSATION -STANDARD ALL EMPLOYEE BENEFITS -SUPPLEMENTAL BENEFITS AND PERQUISIT ES -SEVERANCE ANNUALLY, THE COMMITTEE WILL DIRECT THE REVIEW OF THE COMPONENTS OF THE EXEC UTIVE COMPENSATION PROGRAM AND APPROVE PROGRAM MODIFICATIONS AS APPROPRIATE THE COMMITTEE MAY ALSO AUTHORIZE UNIQUE PROGRAM COMPONENTS WHICH SUPPORT THE ACHIEVEMENTS OF FHS'S MISS ION III MARKET COMPARATORS FHS WILL CONSIDER A NATIONAL PEER GROUP OF HEALTHCARE ORGANIZ ATIONS COMPARABLE TO FHS IN SIZE (I E, NET REVENUES) AND COMPLEXITY TO DETERMINE THE MARK ET 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 CONSIDERE D SELECTIVELY) FOR FUNCTIONALLY COMPARABLE POSITIONS AS REPORTED IN SURVEYS CONDUCTED BY I NDEPENDENT FIRMS -CASH COMPENSATION THE FOLLOWING ORGANIZATIONS/MARKETS ARE THE PRIMARY C OMPARATORS FOR COMPENSATION PURPOSES *SY STEM LEVEL EXECUTIVES HEALTH SYSTEMS OF COMPARAB LE SIZE TO FHS, BASED ON NET REVENUE THESE WILL BE BASED ON NATIONAL HEALTHCARE LABOR MAR KETS *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 PRACTI CES, 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 BENEF ITS, SUPPLEMENTAL EXECUTIVE BENEFITS, AND PERQUISITES) PLANS THAT ARE BASED ON NATIONAL HE ALTHCARE INDUSTRY MARKET NORMS IV MARKET POSITION TARGETS FHS HAS ESTABLISHED A TARGET M ARKET POSITION FOR EACH OF THE COMPONENTS OF ITS EXECUTIVE TOTAL COMPENSATION PROGRAM -BA SE SALARIES FHS WILL MANAGE ITS EXECUTIVES' BASE SALARIES AROUND THE 50TH PERCENTILE OF B ASE SALARIES PAID IN THE MARKET SALARIES WILL VARY FROM THE 50TH PERCENTILE BASED AN EXEC UTIVES EXPERIENCE AND PERFORMANCE FOR EXAMPLE *EXECUTIVES WHO ARE NEW TO THE ORGANIZATI ON AND/OR HAVE LIMITED OR NO PRIOR EXECUTIVE-LEVEL EXPERIENCE SHOULD HAVE SALARIES THAT AR E 80 TO 90 PERCENT OF THE 50TH PERCENTILE *EXPERIENCED EXECUTIVES (WITH APPROXIMATELY 5 T O 7 YEARS OF EXECUTIVE-LEVEL EXPERIENCE) WHO CONSISTENTLY MEET FHS'S PERFORMANCE EXPECTATI ONS SHOULD HAVE SALARIES THAT ARE 90 TO 110 PERCENT OF THE 50TH PERCENTILE *EXPERIENCED E XECUTIVES (WITH MORE THAN 7 YEARS OF EXECUTIVE-LEVEL EXPERIENCE) WHO CONSISTENTLY EXCEED F HS'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 TO TAL 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 - E XECUTIVE BENEFITS FHS TARGETS EXECUTIVE BENEFITS (STANDARD BENEFITS PLUS SUPPLEMENTAL EXE CUTIVE BENEFITS AND PERQUISITES) AT THE 50TH PERCENTILE OF EXECUTIVE BENEFITS PROVIDED IN THE HEALTHCARE MARKET -SEVERANCE FHS TARGETS EXE</p>

Identifier	Return Reference	Explanation
FREEMAN HEALTH SYSTEM COMPENSATION REVIEW	FORM 990, PART VI, SECTION B, LINES 15A & 15B	CUTIVE SEVERANCE AT THE 50TH PERCENTILE OF CURRENT HEALTHCARE MARKET PRACTICES 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

Identifier	Return Reference	Explanation
FREEMAN HEALTH SYSTEM COMPENSATION REVIEW (CONTINUED)	FORM 990, PART VI, SECTION B, LINES 15A & 15B	<p>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 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 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 "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 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</p>

Identifier	Return Reference	Explanation
FREEMAN HEALTH SYSTEM COMPENSATION REVIEW (CONTINUED)	FORM 990, PART VI, SECTION B, LINES 15A & 15B	<p>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</p> <p>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</p> <p>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</p> <ul style="list-style-type: none"> -ESTABLISH, REGULARLY REVIEW, AND APPROPRIATELY MODIFY THE FHS EXECUTIVE COMPENSATION PHILOSOPHY AND STRATEGY THE EXECUTIVE COMPENSATION 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 -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 -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 <p>OTHER DISQUALIFIED PERSONS A COMPENSATION REVIEW LAST OCCURRED IN JUNE OF 2011</p>

Identifier	Return Reference	Explanation
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

Identifier	Return Reference	Explanation
RELATED HOURS	FORM 990, PART VII, SECTION A, COLUMN B	GARY D. DUNCAN, BOARD MEMBER AND CEO THROUGH DECEMBER 2011, WORKED APPROXIMATELY 60 HOURS PER WEEK BETWEEN FREEMAN HEALTH SYSTEM AND FREEMAN NEOSHO HOSPITAL. PAULA F. BAKER, BOARD MEMBER AND CEO BEGINNING JANUARY 2012, WORKS APPROXIMATELY 60 HOURS PER WEEK BETWEEN FREEMAN HEALTH SYSTEM AND FREEMAN NEOSHO HOSPITAL. STEVE GRADY, CFO, WORKS APPROXIMATELY 60 HOURS PER WEEK BETWEEN FREEMAN NEOSHO HOSPITAL AND FREEMAN HEALTH SYSTEM. BOARD MEMBERS LARRY MCINTIRE, JOHN COX, AND 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.

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS \$ 1,996,383 TRANSFER TO AFFILIATES (254,728) WRITE OFF OF ARCHITECTURE FEES (984,552) ----- TOTAL \$ 757,103

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

2011

Open to Public Inspection

Name of the organization
FREEMAN HEALTH SYSTEM

Employer identification number
43-1704371

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	84,799	869,575	FREEMAN HLTH

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 organization	
						Yes	No
(1) FREEMAN NEOSHO HOSPITAL 113 W HICKORY NEOSHO, MO 64850 43-1240629	HOSPITAL	MO	501(C)(3)	3	FREEMAN HLTH	Yes	
(2) OZARK CENTER 3006 MCCLELLAND BLVD JOPLIN, MO 64804 43-0821959	BEHAVRL HLTH	MO	501(C)(3)	9	FREEMAN HLTH	Yes	
(3) MAGNOLIA HEIGHTS HOUSING CORPORATION 3006 MCCLELLAND BLVD JOPLIN, MO 64804 47-0950622	HUD HOUSING	MO	501(C)(3)	11 A I	OZARK CENTER	Yes	
(4) CEDAR HILL HOUSING CORPORATION 3006 MCCLELLAND BLVD JOPLIN, MO 64804 47-0943557	HUD HOUSING	MO	501(C)(3)	11 A I	OZARK CENTER	Yes	
(5) POPLAR PLACE HOUSING CORPORATION 3006 MCCLELLAND BLVD JOPLIN, MO 64804 90-0462595	HUD HOUSING	MO	501(C)(3)	11 A I	OZARK CENTER	Yes	

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) Dispropotionate 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 11221 ROE AVE STE 320 LEAWOOD LEAWOOD, KS 66211 26-2652980	AMBULATORY SU	MO	FREEMAN HLTH	RELATED	815,330	2,692,560		No	0	Yes		53 125 %

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

Part V

Transactions With Related Organizations (Complete if the organization answered "Yes" on 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

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?

a

Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

Lease of facilities, equipment, or other assets to related organization(s)

j

Lease of facilities, equipment, or other assets from related organization(s)

k

Performance of services or membership or fundraising solicitations for related organization(s)

l

Performance of services or membership or fundraising solicitations by related organization(s)

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

Other transfer of cash or property to related organization(s)

r

Other transfer of cash or property from related organization(s)

Yes

No

1a

Yes

1b

Yes

1c

No

1d

Yes

1e

Yes

1f

No

1g

No

1h

No

1i

Yes

1j

Yes

1k

Yes

1l

Yes

1m

Yes

1n

Yes

1o

Yes

1p

No

1q

Yes

1r

No

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-r)	(c) Amount involved	(d) Method of determining amount involved
(1) See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			

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.

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Software ID:
Software Version:
EIN: 43-1704371
Name: FREEMAN HEALTH SYSTEM

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1) OZARK CENTER	A	137,233	FMV
(2) FREEMAN NEOSHO HOSPITAL	A	7,744	FMV
(3) OZARK CENTER	B	216,000	FMV
(4) OZARK CENTER	D	479,526	FMV
(5) FREEMAN NEOSHO HOSPITAL	E	469,345	FMV
(6) OZARK CENTER	L	577,028	FMV
(7) FREEMAN NEOSHO HOSPITAL	Q	254,728	FMV

Freeman Health System

Accountants' Report and Consolidated Financial Statements

March 31, 2012 and 2011

Freeman Health System

March 31, 2012 and 2011

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Independent Accountants' Report on Financial Statements and Other Information

Audit Committee
Freeman Health System
Joplin, Missouri

We have audited the accompanying consolidated balance sheets of Freeman Health System as of March 31, 2012 and 2011, 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, 2012 and 2011, 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 other information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

June 18, 2012

Freeman Health System

Consolidated Balance Sheets

March 31, 2012 and 2011

Assets

	<u>2012</u>	<u>2011</u>
Current Assets		
Cash and cash equivalents	\$ 17,224,728	\$ 25,663,307
Assets limited as to use - current	2,172,359	13,972,924
Patients accounts receivable, net of allowance 2012 – \$41,741,000, 2011 – \$24,142,000	65,955,106	53,136,370
Other receivables	2,810,413	2,507,974
Estimated amounts due from third-party payers	689,759	-
Contributions receivable - current	673,710	520,662
Supplies	8,535,982	8,148,438
Prepaid expenses	2,419,521	2,314,821
	<u>100,481,578</u>	<u>106,264,496</u>
Assets Limited As To Use		
Internally designated	85,900,348	77,828,861
Externally restricted	2,561,990	3,692,062
Held by trustees	46,914,754	28,451,268
	<u>135,377,092</u>	<u>109,972,191</u>
Less amount required to meet current obligations	2,172,359	13,972,924
	<u>133,204,733</u>	<u>95,999,267</u>
Contributions receivable	5,583,262	3,258,058
	<u>138,787,995</u>	<u>99,257,325</u>
Long-Term Investments	<u>54,853,736</u>	<u>47,189,872</u>
Property and Equipment		
Land and land improvements	16,471,521	16,993,587
Buildings and leasehold improvements	211,643,021	210,667,654
Equipment	113,401,449	119,505,151
Construction in progress	19,761,038	6,947,621
	<u>361,277,029</u>	<u>354,114,013</u>
Less accumulated depreciation	201,570,040	206,148,828
	<u>159,706,989</u>	<u>147,965,185</u>
Other Assets	<u>4,858,978</u>	<u>4,301,358</u>
Total assets	<u><u>\$ 458,689,276</u></u>	<u><u>\$ 404,978,236</u></u>

Liabilities and Net Assets

	2012	2011
Current Liabilities		
Note payable to bank	\$ -	\$ 695,000
Current maturities of long-term debt	11,914,284	23,614,667
Accounts payable	11,822,701	11,411,806
Accrued salaries and wages	19,986,613	19,799,948
Accrued interest payable	790,478	713,198
Accrued pay roll taxes and other accrued liabilities	5,679,375	5,266,373
Estimated amounts due to third-party payers	2,473,000	5,684,134
Estimated medical malpractice self-insurance costs - current	4,250,000	3,400,000
Total current liabilities	56,916,451	70,585,126
Deferred Compensation	9,294,907	8,810,772
Estimated Medical Malpractice Self-Insurance Costs	10,321,045	10,925,440
Estimated Regulatory Settlement	6,400,000	550,000
Long-Term Debt	144,214,199	117,951,195
Total liabilities	227,146,602	208,822,533
Net Assets		
Unrestricted net assets attributable to the Health System	222,165,954	189,178,582
Unrestricted net assets attributable to noncontrolling interest	1,164,147	-
Total unrestricted net assets	223,330,101	189,178,582
Temporarily restricted	8,212,573	6,977,121
Total net assets	231,542,674	196,155,703
Total liabilities and net assets	\$ 458,689,276	\$ 404,978,236

Freeman Health System
Consolidated Statements of Operations and Changes in Net Assets
Years Ended March 31, 2012 and 2011

	2012	2011
Unrestricted Revenues, Gains and Other Support		
Net patient service revenue	\$ 508,365,127	\$ 444,304,445
Other	11,091,337	6,917,104
Net assets released from restrictions used for operations	1,602,930	1,326,020
	<u>521,059,394</u>	<u>452,547,569</u>
Expenses and Losses		
Salaries and wages	224,498,143	202,097,579
Employee benefits	36,152,694	33,130,779
Medical supplies and drugs	73,755,007	66,105,386
Physician fees	6,205,437	3,645,387
Other fees	46,072,937	44,246,248
Utilities and telephone	5,728,403	5,498,691
Insurance	10,143,642	10,491,669
Depreciation	15,176,713	15,877,846
Interest	7,106,057	7,003,253
Provision for uncollectible accounts	52,303,620	37,338,239
Other	32,597,127	31,834,321
	<u>509,739,780</u>	<u>457,269,398</u>
Operating Income (Loss)	<u>11,319,614</u>	<u>(4,721,829)</u>
Other Income		
Contributions received	501,555	337,559
Investment return	4,515,514	10,557,152
Change in unrealized gains and losses on trading securities	2,907,513	1,469,144
Impairment of property and equipment	(1,857,487)	-
Tornado related expenses	(1,249,396)	-
Insurance recovery - property, equipment and other expenses	9,652,306	-
Insurance settlement	13,416,375	-
Loss on estimate of regulatory settlement	(5,600,000)	-
Other	(1,174,861)	-
	<u>21,111,519</u>	<u>12,363,855</u>
Excess of Revenues Over Expenses	<u>32,431,133</u>	<u>7,642,026</u>

Freeman Health System
Consolidated Statements of Operations and Changes in Net Assets (Continued)
Years Ended March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted Net Assets		
Attributable to the Health System		
Excess of revenues over expenses	\$ 31,052,817	\$ 7,642,026
Net assets released from restriction for purchase of property and equipment	1,554,728	1,891,734
Contributions and grants for the acquisition of property and equipment	379,827	52,987
Other	<u>-</u>	<u>132,273</u>
Increase in net assets attributable to the Health System	<u>32,987,372</u>	<u>9,719,020</u>
Attributable to Noncontrolling Interest		
Excess of revenues over expenses	1,378,316	-
Contributions from noncontrolling interest	60,000	-
Distributions to noncontrolling interest	<u>(274,169)</u>	<u>-</u>
Increase in net assets attributable to noncontrolling interest	<u>1,164,147</u>	<u>-</u>
Increase in unrestricted net assets	<u>34,151,519</u>	<u>9,719,020</u>
Temporarily Restricted Net Assets		
Contributions received	4,393,110	980,433
Investment return	-	852
Change in donor designation	-	27,419
Net assets released from restriction	<u>(3,157,658)</u>	<u>(3,217,754)</u>
Increase (decrease) in temporarily restricted net assets	<u>1,235,452</u>	<u>(2,209,050)</u>
Permanently Restricted Net Assets		
Change in donor designation	<u>-</u>	<u>(27,419)</u>
Decrease in permanently restricted net assets	<u>-</u>	<u>(27,419)</u>
Change in Net Assets	35,386,971	7,482,551
Net Assets, Beginning of Year	<u>196,155,703</u>	<u>188,673,152</u>
Net Assets, End of Year	<u><u>\$ 231,542,674</u></u>	<u><u>\$ 196,155,703</u></u>

Freeman Health System

Consolidated Statements of Cash Flows

Years Ended March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Activities		
Change in net assets before attribution of noncontrolling interest	\$ 35,386,971	\$ 7,482,551
Change in net assets attributable to noncontrolling interest	(1,164,147)	-
Change in net assets attributable to the Health System	<u>34,222,824</u>	<u>7,482,551</u>
Items not requiring (providing) operating cash flow		
Depreciation	15,176,713	15,877,846
Amortization of deferred financing costs	261,621	225,985
Gain on investment in equity investee	(213,069)	(107,858)
Net gain on investments	(3,559,684)	(9,314,460)
Restricted contributions and investment income received	(4,393,110)	(2,300,963)
Contributions and grants restricted for acquisition of property and equipment	(379,827)	(52,987)
Loss on sale of property and equipment	20,937	135,902
Loss on impairment of property and equipment	1,857,487	-
Gain from insurance recovery - property and equipment	(8,402,910)	-
Loss on estimate of regulatory settlement	5,600,000	-
Changes in		
Noncontrolling interest in subsidiary	1,378,316	-
Patient accounts receivable, net	(12,818,736)	3,059,317
Estimated amounts due from and to third-party payers	(3,900,893)	3,737,588
Supplies	(387,544)	(58,018)
Accounts payable and accrued expenses	3,724,237	(2,388,427)
Other assets and liabilities	<u>(246,288)</u>	<u>2,349,816</u>
Net cash provided by operating activities	<u>27,940,074</u>	<u>18,646,292</u>
Investing Activities		
Purchase of investments	(34,824,820)	(22,998,107)
Proceeds from disposition of investments	5,799,874	6,386,689
Purchase of property and equipment	(31,483,017)	(13,438,956)
Proceeds from sale of property and equipment	49,681	126,658
Proceeds from insurance recovery - property and equipment	8,402,910	-
Other	<u>-</u>	<u>132,273</u>
Net cash used in investing activities	<u>(52,055,372)</u>	<u>(29,791,443)</u>
Financing Activities		
Net borrowings/repayments under line-of-credit agreement	(695,000)	695,000
Proceeds from restricted contributions	1,643,440	981,285
Proceeds from contributions and grants for acquisition of property and equipment	379,827	1,372,665
Contributions from (distributions to) noncontrolling interest, net	(214,169)	-
Proceeds from issuance of long-term debt	26,668,952	13,446,275
Principal payments on long-term debt	<u>(12,106,331)</u>	<u>(11,424,434)</u>
Net cash provided by financing activities	<u>15,676,719</u>	<u>5,070,791</u>

Freeman Health System
Consolidated Statements of Cash Flows
Years Ended March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Decrease in Cash and Cash Equivalents	\$ (8,438,579)	\$ (6,074,360)
Cash and Cash Equivalents, Beginning of Year	<u>25,663,307</u>	<u>31,737,667</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 17,224,728</u></u>	<u><u>\$ 25,663,307</u></u>
Supplemental Cash Flows Information		
Interest paid	\$ 6,763,129	\$ 6,839,844
Purchase of property and equipment in accounts payable	\$ 2,799,061	\$ 162,666

Freeman Health System
Notes to Consolidated Financial Statements
March 31, 2012 and 2011

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 421-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 by laws 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 53.13% and 56.67% interest in Freeman Surgical Center LLC at March 31, 2012 and 2011, respectively.

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.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2012 and 2011

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

Effective April 1, 2010, the Health System adopted ASU 2010-07 (Topic 958), Not-for-Profit Entities: Mergers and Acquisitions, which included the provisions of ASC 810 Noncontrolling Interests in Consolidated Financial Statements. Upon adoption, minority interest previously presented in the mezzanine section of the consolidated balance sheets has been retrospectively reclassified as noncontrolling interest within net assets. In addition, the consolidated excess of revenues over expenses and changes in unrestricted net assets presented in the statements of operations and changes in net assets has been retrospectively adjusted to include the excess of revenues over expenses and changes in unrestricted net assets attributable to the noncontrolling interest. Beginning April 1, 2010, losses attributable to the noncontrolling interest will be allocated to the noncontrolling interest even if the carrying amount of the noncontrolling interest is reduced below zero. Any changes in ownership after April 1, 2010, that do not result in a loss of control will be prospectively accounted for as an equity transaction in accordance with ASC 810.

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, 2012 and 2011, 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. At March 31, 2012, the Health System's cash accounts including those within internally designated investments exceed federally insured limits by approximately \$24,350,000.

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.

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.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2012 and 2011

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.

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.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2012 and 2011

At March 31, 2012, construction in process represents costs incurred in connection with expansion and renovation of facilities, specifically expansion of the 5th and 6th patient floor, the kitchen for nutrition services and the purchase of new health care information system software. The estimated additional commitment of projects in progress at March 31, 2012, is approximately \$20,000,000. The Health System has approximately \$23,000,000 of project funds to fund the cost of these projects from the Series 2010 financing lease and Series 2011 bonds.

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.

The Health System recognized \$1,857,487 and \$0, respectively, in asset impairment during the years ended March 31, 2012 and 2011. See *Note 18* for discussion of impaired property and equipment related to destruction by the 2011 tornado.

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, excluded from the obligated group. 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, 2012 and 2011, the total amount guaranteed on the outstanding loan was approximately \$1,355,000 and \$2,250,000, 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.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2012 and 2011

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.

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.

In 2011, the Health System adopted the provisions of Accounting Standards Update (ASU) 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*, which eliminates the practice of netting claim liabilities with expected insurance recoveries for balance sheet presentation. Claim liabilities are to be determined without consideration of insurance recoveries. Expected recoveries are presented separately. Prior to the adoption of ASU 2010-24, accounting principles generally accepted in the United States of America required a health care provider to accrue only an estimate of the malpractice claims costs for both reported claims and claims incurred but not reported where the risk of loss had not been transferred to a financially visible insurer. There was no material impact of the ASU adoption to the Health System's financial statements.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2012 and 2011

Noncontrolling Interest

Noncontrolling interest represents the third-party member's initial equity contribution and their proportionate share of income or loss. Income passes through to its members and any associated income taxes are paid by its members under their respective income tax status.

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 2008.

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 2012 or 2011. Goodwill, which is included in other noncurrent assets on the accompanying consolidated balance sheets, is approximately \$665,000 as of March 31, 2012 and 2011.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2012 and 2011

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 financial statement presentation

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Accountants' Report, which is the date the financial statements were issued

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.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2012 and 2011

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 59% and 58% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended March 31, 2012 and 2011, respectively. 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.

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 worked 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. These payments were made to CMS during 2012.

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. The Health System has accrued \$1,300,000 and \$650,000 for 2012 and 2011, respectively, 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.

Over the past year, consistent with many healthcare providers, the Health System has undergone Medicare claim reviews by Recovery Audit Contractors. Due to these claim reviews, Medicare has denied certain claims and requested repayment. Although the Health System believes it will prevail through the appeals process, they have deposited \$5,200,000 with Medicare to avoid significant interest penalties. In addition, an estimated loss of \$1,750,000 has been recorded for certain claims for which the Health System believes will ultimately be repaid to the Medicare program due to these claim reviews. The Health System is in the early stages of the appeals process, therefore, events could occur that would cause the estimate of ultimate loss to differ 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.

Freeman Health System
Notes to Consolidated Financial Statements
March 31, 2012 and 2011

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, 2012 and 2011, is

	2012	2011
Medicare	30%	32%
Medicaid	11%	11%
Blue Cross	3%	5%
Other third-party payers	30%	30%
Patients	26%	22%
	<u>100%</u>	<u>100%</u>

Note 4: Investments and Investment Return

Assets Limited As To Use

Assets limited as to use include

	2012	2011
Internally designated for capital improvements		
Cash and cash equivalents	\$ 2,726,161	\$ 430,133
Mutual funds - equity securities	52,277,107	48,324,264
Mutual funds - fixed income securities	7,263	647,150
Corporate obligations	13,177,294	10,687,900
Mortgage-backed obligations	13,452,549	13,393,559
Government obligations	3,910,088	4,026,732
Interest receivable	349,886	319,123
	<u>\$ 85,900,348</u>	<u>\$ 77,828,861</u>
Externally restricted		
Cash and cash equivalents	\$ 1,293,269	\$ 2,340,013
Mutual funds	1,268,721	1,352,049
	<u>\$ 2,561,990</u>	<u>\$ 3,692,062</u>

Freeman Health System
Notes to Consolidated Financial Statements
March 31, 2012 and 2011

	2012	2011
Held by trustee		
Under bond indenture		
Cash and cash equivalents	\$ 29,085,960	\$ 16,647,510
Guaranteed investment contract	1,950,000	1,950,000
Mortgage-back obligations	4,951,500	-
Government obligations	2,562,787	2,164,189
	<u>38,550,247</u>	<u>20,761,699</u>
Under deferred compensation agreements		
Cash	179,956	46,290
Equity securities	-	16,816
Mutual funds	8,184,551	7,626,463
	<u>8,364,507</u>	<u>7,689,569</u>
	<u>\$ 46,914,754</u>	<u>\$ 28,451,268</u>

Other Investments

Long-term investments include

	2012	2011
Cash and cash equivalents	\$ 454,999	\$ 957,494
Fixed income securities	6,594,551	5,432,264
Equity securities	960,681	747,708
Land held for investment	4,606,034	4,606,034
Mutual funds - equity securities	26,329,466	20,810,380
Mutual funds - fixed income securities	4,322,094	4,248,608
Corporate obligations	5,169,532	4,121,243
Mortgage-backed obligations	4,764,578	4,606,861
Government obligations	1,523,393	1,533,461
Interest receivable	128,408	125,819
	<u>\$ 54,853,736</u>	<u>\$ 47,189,872</u>

Freeman Health System
Notes to Consolidated Financial Statements
March 31, 2012 and 2011

Total investment return is comprised of the following

	2012	2011
Interest and dividend income	\$ 3,910,367	\$ 2,823,095
Realized gains on securities	652,171	7,845,316
Unrealized gains on trading securities	2,907,513	1,469,144
Gain on investment in equity investee	213,069	107,858
	<u>\$ 7,683,120</u>	<u>\$ 12,245,413</u>

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

	2012	2011
Unrestricted net assets		
Other operating revenue	\$ 260,093	\$ 218,265
Investment return	4,515,514	10,557,152
Change in unrealized gains and losses on trading securities	2,907,513	1,469,144
Temporarily restricted net assets	<u>-</u>	<u>852</u>
	<u>\$ 7,683,120</u>	<u>\$ 12,245,413</u>

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

	2012	2011
Due within one year	\$ 673,710	\$ 520,662
Due in one to five years	4,078,837	1,319,824
Due in more than five years	3,007,476	3,207,475
	<u>7,760,023</u>	<u>5,047,961</u>
Less unamortized discount	1,503,051	1,269,241
	<u>\$ 6,256,972</u>	<u>\$ 3,778,720</u>

The discount rate was 4% for 2012 and 2011. During 2011, the Health System received a \$3,000,000 irrevocable contribution from a trust to be received upon the individual's death. Once the Health System meets the donor restriction the funds are available for use at the Health System's discretion.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2012 and 2011

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 0% and 2% for the years ending March 31, 2012 and 2011, 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.

Activity in the Health System's accrued medical malpractice claims liability during 2012 and 2011 is summarized as follows:

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 14,325,440	\$ 14,022,926
Current year claims incurred and changes in estimates for claims incurred in prior years	5,267,532	5,915,000
Claims and expenses paid	<u>(5,021,927)</u>	<u>(5,612,486)</u>
Balance, end of year	<u><u>\$ 14,571,045</u></u>	<u><u>\$ 14,325,440</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.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2012 and 2011

Note 8: Note Payable to Bank

Freeman Surgical Center, LLC has a \$750,000 revolving bank line of credit expiring in January 2013. At March 31, 2012 and 2011, there was \$0 and \$695,000, 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, 2012 and 2011, and is payable monthly.

Note 9: Long-Term Debt

	2012	2011
Freeman Hospital and Freeman Neosho Hospital Health Facilities Revenue Bonds Series 1994 (A)	\$ 34,635,000	\$ 36,645,000
Freeman Hospital Health Facilities Revenue Bonds Series 1998 (B)	10,300,000	11,380,000
Freeman Hospital Health Facilities Revenue Bonds Series 1999B (C)	5,905,000	6,455,000
Freeman Hospital Health Facilities Revenue Bonds Series 1999C (D)	6,335,000	6,585,000
Freeman Hospital Health Facilities Revenue Bonds Series 2004B (E)	42,785,000	43,705,000
Freeman Hospital Health Facilities Revenue Bonds Series 2009 (F)	17,412,847	18,012,631
Freeman Hospital Health Facilities Financing Lease Series 2010 (G)	7,588,331	9,838,265
Freeman Hospital Health Facilities Revenue Bonds Series 2011 (H)	25,000,000	-
Freeman Health System, note payable (I)	-	1,171,464
Freeman Health System, note payable (J)	1,500,000	2,000,000
Capital lease obligations (K)	2,116,859	2,496,587
Freeman Surgical Center, note payable to bank (L)	2,550,446	3,276,915
	<u>156,128,483</u>	<u>141,565,862</u>
Less current maturities	<u>11,914,284</u>	<u>23,614,667</u>
	<u><u>\$144,214,199</u></u>	<u><u>\$117,951,195</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.

Freeman Health System
Notes to Consolidated Financial Statements
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(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.

(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 (1.35% and 2.7% as of March 31, 2012 and 2011, 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 3, 2014, 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 367 days after the drawdown, bearing interest at the prime rate and gradually increasing to prime plus 2%.

As of March 31, 2011, these bonds were classified within current maturities of long-term debt as the existing letter of credit was set to expire on October 15, 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 (1.35% and 2.7% as of March 31, 2012 and 2011, 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 3, 2014, 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 367 days after the drawdown, bearing interest at the prime rate and gradually increasing to prime plus 2%.

As of March 31, 2011, these bonds were classified within current maturities of long-term debt as the existing letter of credit was set to expire on October 15, 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.

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- (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 is secured by equipment under financing agreement and investment funds maintained related to the financing not yet expended.
- (H) Tax-exempt Health Facilities Revenue Bonds, Series 2011, payable in the original amount of \$25,000,000, bearing interest at rates of 2.50% to 5.5%. The bonds are due in graduated annual installments beginning February 15, 2013, through February 15, 2031, and are secured by a pledge of substantially all gross receipts of the Health System.
- (I) Unsecured note payable in the original amount of \$8,000,000, 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 any time. This note was paid in full during the FY 2012.
- (J) 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, 2012 and 2011, was 4%.
- (K) Capital lease obligation, payable in monthly installments, including interest from 3.38% to 4.33% secured by equipment.
- (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, 2012, are

2013	\$ 11,914,284
2014	11,140,919
2015	9,396,404
2016	8,536,273
2017	7,341,381
Thereafter	107,799,222
	<u>\$ 156,128,483</u>

Obligated Group

The Freeman Health System Obligated Group (the "Obligated Group") under the bond indenture is comprised of Freeman Hospital, Freeman Neosho Hospital and Ozark Center. 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, FHS Holdings, LLC 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.

Freeman Health System

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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 2011, 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 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

	2012	2011
Children's health programs	\$ 1,119,216	\$ 2,106,488
Community health benefits	675,140	765,907
Mental health care services	92,838	250,148
Education programs and scholarships	14,110	26,663
Time restricted contributions	5,573,689	2,850,696
Acquisition of property and equipment	737,580	977,219
	<u>\$ 8,212,573</u>	<u>\$ 6,977,121</u>

During 2012 and 2011, net assets were released from donor restrictions by incurring expenses, satisfying the restricted operating purposes in the amount of \$1,602,930 and \$1,326,020, respectively. During 2012 and 2011, net assets of \$1,554,728 and \$1,891,734, respectively, were released from donor restrictions to purchase property and equipment.

Note 11: Charity Care

The costs of charity care provided under the Health System's charity care policy were approximately \$8,013,000 and \$6,232,000 for 2012 and 2011, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2012 and 2011

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:

	2012	2011
Health care services	\$ 378,951,116	\$ 334,754,253
General and administrative	130,265,431	121,727,755
Fundraising	523,233	787,390
	<u>\$ 509,739,780</u>	<u>\$ 457,269,398</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 \$2,950,000 and \$3,432,000 for 2012 and 2011, 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, 2012 and 2011, 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.

Also, Freeman Hospital has deferred compensation agreements with key employees that provide benefits upon disability or retirement. As of March 31, 2012 and 2011, 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 2012 and 2011, the Health System purchased certain supplies from a related party in the amount of \$10,469,668 and \$10,215,149, respectively.

Freeman Health System
Notes to Consolidated Financial Statements
March 31, 2012 and 2011

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 measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets 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 characteristics 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 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.

Freeman Health System
Notes to Consolidated Financial Statements
March 31, 2012 and 2011

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, 2012 and 2011

		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, 2012				
Money market funds	\$ 32,203,726	\$ 32,203,726	\$ -	\$ -
Equity securities	960,681	960,681	-	-
Mutual funds - domestic	75,126,903	75,126,903	-	-
Mutual funds - international	12,403,699	12,403,699		
Mutual funds - fixed income	4,858,600	4,858,600		
Fixed income securities	6,594,551	-	6,594,551	-
Corporate obligations	18,346,826	-	18,346,826	-
Mortgage-backed obligations	23,168,627	-	23,168,627	-
Government obligations	7,996,268	3,373,527	4,622,741	-
March 31, 2011				
Money market funds	\$ 17,336,125	\$ 17,336,125	\$ -	\$ -
Equity securities	764,524	764,524	-	-
Mutual funds - domestic	65,136,143	65,136,143	-	-
Mutual funds - international	12,449,195	12,449,195		
Mutual funds - fixed income	5,423,576	5,423,576		
Fixed income securities	5,432,264	-	5,432,264	-
Corporate obligations	14,809,143	-	14,809,143	-

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

Freeman Health System
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March 31, 2012 and 2011

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, 2012 and 2011.

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets (Liabilities)				
Cash and cash equivalents	\$ 17,224,728	\$ 17,224,728	\$ 25,663,307	\$ 25,663,307
Contributions receivable	6,256,972	6,256,972	3,778,720	3,778,720
Estimated amounts due from third-party payers	689,759	689,759	-	-
Estimated amounts due to third-party payers	(2,473,000)	(2,473,000)	(5,684,134)	(5,684,134)
Note payable to bank	-	-	(695,000)	(695,000)
Long-term debt	(156,128,483)	(159,882,868)	(141,565,862)	(138,623,211)

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:

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.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2012 and 2011

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.

Based on internal analysis, the Health System has recorded an estimate for regulatory settlement of \$6,400,000 and \$550,000 on its balance sheet at March 31, 2012 and 2011, respectively. This amount consists of contingent losses of \$5,600,000 and \$0 recorded in the 2012 and 2011 statements of operations and changes in net assets, respectively. 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.

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,

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2012 and 2011

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 continuing 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: Impairment of Property and Equipment and Related Insurance Proceeds

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. Over 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 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.

Freeman Health System

Notes to Consolidated Financial Statements

March 31, 2012 and 2011

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. As of March 31, 2012, the Health System has received \$9,652,306 in insurance recovery proceeds to cover impairment of property, equipment and other tornado related expenses. Amounts are recorded in other income in the statement of operations and changes in net assets.

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 and the State of Missouri provided significant funding to cover the cost to clean up the tornado damage. 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.

St. John's has indicated a commitment to rebuild a 327-bed facility hospital by 2014 in Joplin. St. John's operated out of a military-style tent hospital for four months until a temporary modular hospital was completed. The Health System continues to experience increases in inpatient and outpatient volume and anticipates increased volume during the next several years. The Health System plans to increase the number of operational beds at its West Campus. Affected Health System physician offices were relocated while repairs were 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.

Note 19: 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 \$13,416,375 on May 27, 2011. This settlement was recorded as other income in the statement of operations and changes in net assets in 2012.

Note 20: Subsequent Event

On May 9, 2012, the Health System entered into a \$20,000,000 line-of-credit with a local financial institution to meet working capital needs during a system conversion that began on April 1, 2012. The line of credit bears an interest rate of 1.3% and expires on August 9, 2012. The Health System has drawn \$13,000,000 of the line of credit as of the date of the Independent Accountants' Report.

Freeman Health System

Consolidating Schedule – Balance Sheet Information

March 31, 2012

Assets

	Freeman Hospital	Freeman Neosho Hospital	Ozark Center	Obligated Group Eliminations	Obligated Group Total	FHS Holdings, LLC	Freeman Surgical Center, LLC	Cedar Hill, Magnolia Heights Housing and Poplar Place	Eliminations	Total
Current Assets										
Cash and cash equivalents	\$ 6,167,526	\$ 5,000,114	\$ 10,201,454	\$ -	\$ 16,869,094	\$ -	\$ 3,421,152	\$ 13,482	\$ -	\$ 17,224,728
Assets limited as to use - current	2,172,359	-	-	-	2,172,359	-	-	-	-	2,172,359
Patient accounts receivable - net	56,677,774	3,796,835	3,782,690	-	64,257,299	-	1,697,807	-	-	65,955,106
Other receivables	2,098,915	469,345	858,968	(618,000)	2,809,228	291,200	-	2,253	(292,268)	2,810,413
Estimated amounts due from third-party payers	689,759	-	-	-	689,759	-	-	-	-	689,759
Contributions receivable - current	673,710	-	-	-	673,710	-	-	-	-	673,710
Supplies	7,425,643	531,721	189,846	-	8,147,210	-	388,772	-	-	8,535,982
Prepaid expenses	1,925,360	118,573	307,831	-	2,351,764	-	45,704	22,053	-	2,419,521
Total current assets	77,831,046	5,416,588	15,340,789	(618,000)	97,970,423	291,200	2,474,435	37,788	(292,268)	100,481,578
Assets Limited As To Use										
Internally designated	69,941,193	15,959,155	-	-	85,900,348	-	-	-	-	85,900,348
Externally restricted	1,856,117	-	-	-	1,856,117	578,375	-	127,498	-	2,561,990
Held by trustees	46,783,712	131,042	-	-	46,914,754	-	-	-	-	46,914,754
Less amount required to meet current obligations	118,581,022	16,090,197	-	-	134,671,219	578,375	-	127,498	-	135,377,092
Contributions receivable	2,172,359	-	-	-	2,172,359	-	-	-	-	2,172,359
	116,408,663	16,090,197	-	-	132,498,860	578,375	-	127,498	-	133,204,733
	5,583,262	-	-	-	5,583,262	-	-	-	-	5,583,262
	121,991,925	16,090,197	-	-	138,082,122	578,375	-	127,498	-	138,787,995
Long-Term Investments	34,778,316	-	20,075,420	-	54,853,736	-	-	-	-	54,853,736
Property and Equipment										
Land and land improvements	14,527,838	1,058,485	642,295	29,531	16,258,149	-	-	223,626	(10,254)	16,471,521
Buildings and leasehold improvements	194,253,056	6,887,428	5,173,286	-	206,313,770	-	-	5,329,251	-	211,643,021
Equipment	100,262,962	7,352,438	2,160,445	-	109,775,845	-	3,621,874	3,730	-	113,401,449
Construction in progress	19,388,088	16,894	356,056	-	19,761,038	-	-	-	-	19,761,038
	328,431,944	15,315,245	8,332,082	29,531	352,108,862	-	3,621,874	5,556,607	(10,254)	361,277,029
Less accumulated depreciation	185,999,811	11,345,868	2,945,415	-	200,291,094	-	829,245	449,701	-	201,570,040
	142,432,133	3,969,377	5,386,667	29,531	151,817,708	-	2,792,629	5,106,906	(10,254)	159,706,989
Other Assets	6,727,814	1,614,005	5,226,537	(1,331,535)	12,236,821	-	-	-	(7,377,843)	4,858,978
Total assets	\$ 383,761,234	\$ 27,090,167	\$ 46,029,413	\$ (1,920,004)	\$ 454,960,810	\$ 869,575	\$ 5,267,064	\$ 5,272,192	\$ (7,680,365)	\$ 458,689,276

Freeman Health System

Consolidating Schedule – Balance Sheet Information

March 31, 2012

Liabilities and Net Assets

	Freeman Hospital	Freeman Neosho Hospital	Ozark Center	Obligated Group Eliminations	Obligated Group Total	FHS Holdings, LLC	Freeman Surgical Center, LLC	Cedar Hill, Magnolia Heights Housing and Poplar Place	Eliminations	Total
Current Liabilities										
Current maturities of long-term debt	\$ 11,074,840	\$ 80,000	\$ 41,537	\$ (41,537)	\$ 11,154,840	\$ -	\$ 759,444	\$ -	\$ -	\$ 11,914,284
Accounts payable	10,767,838	263,068	584,779	-	11,615,685	-	191,247	16,837	(1,068)	11,822,701
Accrued salaries and wages	18,405,854	242,018	1,297,163	-	19,945,035	-	41,578	-	-	19,986,613
Accrued interest payable	782,047	8,431	-	-	790,478	-	-	-	-	790,478
Accrued payroll taxes and other accrued liabilities	5,366,769	617	305,216	-	5,672,602	-	279	6,494	-	5,679,375
Due to related parties	760,545	-	126,447	(618,116)	268,876	-	-	22,324	(291,200)	-
Estimated amounts due to third-party payers	-	2,473,000	-	-	2,473,000	-	-	-	-	2,473,000
Estimated medical malpractice self-insurance costs - current	4,250,000	-	-	-	4,250,000	-	-	-	-	4,250,000
Total current liabilities	51,407,893	3,067,134	2,355,142	(659,653)	56,170,516	-	992,548	45,655	(292,268)	56,916,451
Deferred Compensation	9,294,907	-	-	-	9,294,907	-	-	-	-	9,294,907
Estimated Medical Malpractice Self-Insurance Costs	10,321,045	100,000	-	-	10,321,045	-	-	-	-	10,321,045
Estimated Regulatory Settlement	6,400,000	-	-	-	6,400,000	-	-	-	-	6,400,000
Long-Term Debt	141,273,197	1,150,000	437,873	(437,873)	142,423,197	-	1,791,002	-	-	144,214,199
Total liabilities	218,597,042	4,317,134	2,793,015	(1,097,526)	224,609,665	-	2,783,550	45,655	(292,268)	227,146,602
Net Assets										
Unrestricted net assets attributable to the Health System	157,044,457	22,035,433	43,143,560	(84,898)	222,138,572	869,575	1,319,367	5,207,970	(7,369,530)	222,165,954
Unrestricted net assets attributable to noncontrolling interest	-	-	-	-	-	-	1,164,147	-	-	1,164,147
Total unrestricted net assets	157,044,457	22,035,433	43,143,560	(84,898)	222,138,572	869,575	2,483,514	5,207,970	(7,369,530)	223,330,101
Temporarily restricted	8,119,735	737,580	92,838	(737,580)	8,212,573	-	-	18,567	(18,567)	8,212,573
Total net assets	165,164,192	22,773,033	43,236,398	(822,478)	230,351,145	869,575	2,483,514	5,226,537	(7,388,097)	231,542,674
Total liabilities and net assets	\$ 383,761,234	\$ 27,090,167	\$ 46,029,413	\$ (1,920,004)	\$ 454,960,810	\$ 869,575	\$ 5,267,064	\$ 5,227,192	\$ (7,680,365)	\$ 456,689,276

Freeman Health System

Consolidating Schedule – Statement of Operations Information

March 31, 2012

	Freeman Hospital	Freeman Neosho Hospital	Ozark Center	Obligated Group Eliminations	Obligated Group Total	FHS Holdings, LLC	Freeman Surgical Center, LLC	Cedar Hill, Magnolia Heights Housing and Poplar Place	Eliminations	Total
Unrestricted Revenues, Gains and Other Support										
Net patient service revenue	\$ 440,695,396	\$ 30,974,968	\$ 27,220,772	\$ -	\$ 498,891,136	\$ -	\$ 9,473,991	\$ -	\$ -	\$ 508,365,127
Other	14,449,795	136,034	4,227,314	(7,938,681)	10,874,462	-	-	234,809	(17,934)	11,091,337
Net assets released from restrictions used for operations	1,523,619	-	196,311	(117,000)	1,602,930	-	-	-	-	1,602,930
Total unrestricted revenues, gains and other support	456,668,810	31,111,002	31,644,397	(8,055,681)	511,368,528	-	9,473,991	234,809	(17,934)	521,059,394
Expenses and Losses										
Salaries and wages	196,208,703	9,542,844	17,412,689	-	223,164,236	-	1,333,907	-	-	224,498,143
Employee benefits	30,940,188	1,806,812	3,174,486	-	35,921,486	-	231,208	-	-	36,152,694
Medical supplies and drugs	67,303,561	1,376,078	3,494,991	-	72,174,630	-	1,573,849	6,528	-	73,755,007
Physician fees	6,846,394	222,461	-	(863,418)	6,205,437	-	-	-	-	6,205,437
Other fees	43,084,342	2,632,948	42,357	(766,733)	44,992,914	-	1,052,006	28,017	-	46,072,937
Utilities and telephone	4,820,269	303,211	353,359	(69,316)	5,407,523	-	266,708	54,172	-	5,728,403
Insurance	9,656,817	234,867	191,637	-	10,083,321	-	34,952	25,369	-	10,143,642
Depreciation	13,540,084	740,049	298,891	-	14,579,024	-	464,615	133,074	-	15,176,713
Interest	6,819,797	85,559	1,012	(1,012)	6,905,356	-	200,701	-	-	7,106,057
Provision for uncollectible accounts	45,036,885	6,428,829	564,626	-	52,030,340	-	273,100	180	-	52,303,620
Other	29,376,389	4,958,862	3,610,610	(6,455,244)	31,490,647	-	1,067,491	97,658	(58,669)	32,497,127
Total expenses and losses	453,633,429	28,332,520	29,144,658	(8,155,693)	502,954,914	-	6,498,537	344,998	(58,669)	509,739,780
Operating Income (Loss)	3,035,381	2,778,482	2,499,739	100,012	8,413,614	-	2,975,454	(110,189)	40,735	11,319,614
Other Income (Expense)										
Contributions received	207,898	-	509,657	(216,000)	501,555	-	-	40,735	(40,735)	501,555
Investment return	5,158,705	480,238	455,182	(1,012)	6,093,113	64,082	50,568	114	(1,692,363)	4,515,514
Change in unrealized gains and losses on trading securities	1,975,666	547,417	363,713	-	2,886,796	20,717	-	-	-	2,907,513
Impairment of property and equipment	(721,091)	-	(643,603)	-	(1,364,694)	-	-	(492,793)	-	(1,857,487)
Tornado related expenses	(651,612)	-	(353,948)	-	(1,005,560)	-	-	(243,836)	-	(1,249,396)
Insurance recovery - property, equipment and other expenses	2,465,997	-	6,297,535	-	8,763,532	-	-	888,774	-	9,652,306
Insurance settlement	13,340,137	76,238	-	-	13,416,375	-	-	-	-	13,416,375
Loss on estimate of regulatory settlement	(5,600,000)	-	-	-	(5,600,000)	-	-	-	-	(5,600,000)
Other	(984,552)	(190,309)	-	-	(1,174,861)	-	-	-	-	(1,174,861)
Total other income (expense)	15,191,148	913,584	6,628,536	(217,012)	22,516,256	84,799	50,568	192,994	(1,733,098)	21,111,519
Excess of Revenues Over Expenses	\$ 18,226,529	\$ 3,692,066	\$ 9,128,275	\$ (117,000)	\$ 30,929,870	\$ 84,799	\$ 3,026,022	\$ 82,805	\$ (1,692,363)	\$ 32,431,133

Additional Data

Software ID:

Software Version:

EIN: 43-1704371

Name: FREEMAN HEALTH SYSTEM

Form 990, Special Condition Description:

Special Condition Description

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(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			
LANCE BESHORE PHD CHAIR	1 0	X		X				0	0	0
DIAN DOODY MD VICE CHAIR	1 0	X		X				0	0	0
LARRY MCINTIRE DO SECRETARY/TREASURER	60 0	X		X				457,316	0	7,371
JOHN M COX DO DIRECTOR	60 0	X						944,781	0	19,190
RODNEY MCFARLAND MD DIRECTOR	60 0	X						329,402	0	17,402
JIM ARMSTRONG DIRECTOR	1 0	X						0	0	0
GLENN MITCH MCCUMBER DIRECTOR	1 0	X						0	0	0
SCOTT BROTHERS DIRECTOR	1 0	X						0	0	0
GLENN BROWN DIRECTOR	1 0	X						0	0	0
RICHARD CAMPBELL DIRECTOR THROUGH 04/2011	1 0	X						0	0	0
MARK WILLIAMS DIRECTOR	1 0	X						0	0	0
JAMES FLEISCHAKER DIRECTOR	1 0	X						0	0	0
LARRY NEFF DIRECTOR	1 0	X						0	0	0
GARY D DUNCAN PRESIDENT/CEO THROUGH 12/2011	54 0	X		X				721,849	0	16,458
PAULA F BAKER PRESIDENT/CEO BEG 01/2012	54 0	X		X				235,891	24,502	73,667
JOE L KIRK CHIEF OPERATIONS OFFICER	60 0			X				375,721	0	93,657
STEVE W GRADDY CFO	50 0			X				336,679	0	92,136
RICHARD D SCHOOLER CHIEF MEDICAL OFFICER	60 0				X			348,313	0	78,372
DEBRA M KOELKEBECK VP RETAIL/CLINICAL OPERATIONS	60 0				X			194,199	0	48,533
MICHAEL J LEONE CONTROLLER	60 0				X			231,974	0	42,596
JEFFREY M CARRIER CHIEF CLINICAL OFFICER	60 0				X			176,902	0	41,808
KEVIN P GAUDETTE VP REVENUE CYCLE	60 0				X			179,352	0	36,227
DEBORAH E CHIODO CHIEF HUMAN RESOURCES OFFICER	60 0				X			212,048	0	40,720
WESLEY B BRAMAN VP BUSINESS DEVELOPMENT	60 0				X			176,124	0	38,746
SUE A ANNESSER CHIEF INFORMATION OFFICER	60 0				X			210,283	0	42,497

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(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			
DAVID L BLACK PHYSICIAN	60 0					X		1,345,845	0	20,402
THOMAS B COY PHYSICIAN	60 0					X		1,580,598	0	17,368
WILLIAM J NICHOLAS PHYSICIAN	60 0					X		2,063,981	0	17,402
MICHAEL R PHILLIPS PHYSICIAN	60 0					X		1,044,705	0	168,402
ROBERT C STAUFFER PHYSICIAN	60 0					X		1,293,805	0	13,320