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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

A For the 2011 calendar year, or tax year beginning 10-01-2011 and ending 09-30-2012

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
HOMESTEAD HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
975 BAPTIST WAY

City or town, state or country, and ZIP + 4
HOMESTEAD, FL 33033

D Employer identification number
65-0232993

E Telephone number
(786)662-7000

G Gross receipts $ 323,002,052

F Name and address of principal officer
WILLIAM M DUQUETTE
975 BAPTIST WAY
HOMESTEAD, FL 33033

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) **Are all affiliates included?** ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J **Website:** ▶ WWW BAPTISTHEALTH NET

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | L Year of formation 1991 | M State of legal domicile FL

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
SEE STATEMENT 1

2 Check this box ▶☐ 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	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	15
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	1,223
6	Total number of volunteers (estimate if necessary)	6	233
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	235,769	73,799
	9	Program service revenue (Part VIII, line 2g)	320,405,779	313,923,023
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	32,304	160,094
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,440,495	8,349,051
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	322,114,347	322,505,967
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	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)	86,040,146	89,693,520
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	253,965,803	250,890,667
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	340,005,949	340,584,187
	19	Revenue less expenses Subtract line 18 from line 12	-17,891,602	-18,078,220
Net Assets or Fund Balances			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	70,374,045	76,207,098
	21	Total liabilities (Part X, line 26)	319,724,094	343,065,832
	22	Net assets or fund balances Subtract line 21 from line 20	-249,350,049	-266,858,734

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 | Date 2013-08-06

▶ WENDY GREENLEAD CVP FINANCE
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ▶ ☐	Preparer's taxpayer identification number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶	DELOITTE TAX LLP 201 E KENNEDY BLVD SUITE 1200 TAMPA, FL 336024990		EIN ▶ Phone no ▶ (813) 273-8355

May the IRS discuss this return with the preparer shown above? (see instructions) ☐ Yes ☐ 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 BAPTIST HEALTH IS TO IMPROVE THE HEALTH AND WELL-BEING OF INDIVIDUALS, AND TO PROMOTE THE SANCTITY AND PRESERVATION OF LIFE, IN THE COMMUNITIES WE SERVE BAPTIST HEALTH IS A FAITH-BASED ORGANIZATION GUIDED BY THE SPIRIT OF JESUS CHRIST AND THE JUDEO-CHRISTIAN ETHIC WE ARE COMMITTED TO MAINTAINING THE HIGHEST STANDARDS OF CLINICAL AND SERVICE EXCELLENCE, ROOTED IN THE UTMOST INTEGRITY AND MORAL PRACTICE CONSISTENT WITH ITS SPIRITUAL FOUNDATION, BAPTIST HEALTH IS DEDICATED TO PROVIDING HIGH-QUALITY, COST-EFFECTIVE, COMPASSIONATE HEALTHCARE SERVICES TO ALL, REGARDLESS OF RELIGION, CREED, RACE OR NATIONAL ORIGIN, INCLUDING, AS PERMITTED BY ITS RESOURCES, CHARITY CARE TO THOSE IN NEED

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 $ 312,061,238 including grants of $) (Revenue $ 317,100,388)

Consistent with our spiritual foundation, Baptist Health South Florida and its affiliates (Baptist Health) are dedicated to providing high-quality, cost-effective, compassionate healthcare services to all, including, as permitted by our resources, charity care to those in need During the fiscal year ended September 30, 2012, Baptist Health provided patient services to the South Florida area with 72,681 adult admissions, 343,334 patient days, and 292,795 emergency room visits During that same time period, urgent care visits totaled 209,886, outpatient surgery cases 46,616, and other outpatient visits were 483,973 system-wide As of September 30, 2012 the system had 1,728 licensed beds comprised of 1,274 routine general medical surgical, 140 obstetrics, 74 neonatal intensive care unit, 57 pediatrics, 112 intensive care, 23 rehabilitative, and 48 for an alcohol treatment program In total Baptist Health provided more than $347,827,945 in community benefit during its 2012 fiscal year We provided charity care valued at $95,229,000 as well as $194,366,000 in uncompensated services The estimated cost of providing charity services and uncompensated services is based on recent historical cost-to-charge ratios for charity patients and Medicaid patients from BHSF's cost accounting system, applied to the current period gross uncompensated charges associated with providing care to charity and Medicaid patients We also contributed $23,428,000 to the indigent care fund and expended $6,146,000 for educational programs, screenings, corporate sponsorships and donations Free community health and wellness programs covered topics ranging from insomnia and food safety to diabetes and weight control In addition, Baptist Health provided free screenings for cholesterol, blood pressure, body composition and osteoporosis Baptist Health also helped those in need of primary care services by donating approximately $2,044,000 to neighborhood clinics such as the Open Door Health Center in Homestead, the South Miami Children's Center in South Miami and the Good Health Clinic in Tavernier We spent $15,074,000 paying physicians who provide care to our community members in need Additionally, we provided $2,091,000 in continuing medical education and $4,327,000 in chaplaincy during the year ended September 30, 2012 Fulfilling our mission to provide compassionate care to the entire community isn't only about assisting those in financial need It is also about supporting services that lose money but are essential to our community In 2007, Baptist Health invested approximately $136,000,000 in building a replacement hospital for Homestead Hospital, and in 2011, Baptist Health built a new hospital in the underserved West Kendall area at a cost of $193,000,000 Both Homestead Hospital and West Kendall Baptist Hospital operate at a loss, but Baptist Health continues to operate these hospitals because they fill an important community need for quality healthcare Additionally Baptist Health has invested substantial funds to harden its facilities to withstand a category 5 hurricane for the protection of our patients and neighbors In addition to the health-related benefits listed above, Baptist Health also has a significant and positive financial impact on our community We directly employ more than 15,000 individuals and indirectly create another 34,000 jobs As South Florida's largest private employer, Baptist Health is taking a leadership role by committing to the environmentally responsible, energy-efficient design and function of our facilities Our new West Kendall Baptist Hospital is certified as a green building through the Leadership in Energy and Environmental Design (LEED) program for the US Green Building Councils This commitment applies to our day-to-day operations, as well, from the supplies we purchase to the vehicles we use In accordance with our faith-based mission, Baptist Health South Florida and its affiliates are committed to making a significant, positive impact on the community it serves

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶$ 312,061,238

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		No
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, line10? *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	Yes	
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	Yes	
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		No
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)*

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21		No
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? *If "Yes," complete Schedule I, Parts I and III*	22		No
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? *If "Yes," complete Schedule J*	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? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
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		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
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? *If "Yes," complete Schedule L, Part 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? *If "Yes," complete Schedule L, Part 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? *If "Yes," complete Schedule L, Part II*	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? *If "Yes," complete Schedule L, Part III*	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? *If "Yes," complete Schedule L, Part IV*	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	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? *If "Yes," complete Schedule L, Part IV*	28c	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	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? *If "Yes," complete Schedule R, Part I*	33		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a		No
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)? *If "Yes," complete Schedule R, Part V, line 2*	35b		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	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? *If "Yes," complete Schedule R, Part VI*	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 . . . . ☑

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a** 0			
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, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a** 0			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		**2b**		
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		**3a**		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		**3b**		
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**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		**7b**		
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**		No
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		**9a**		No
b	Did the organization make a distribution to a donor, donor advisor, or related person?		**9b**		No
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	**1a** 15			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 15			
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**	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		**7b**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		**8a**	Yes	
b	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
b	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	
b	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	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12b**	Yes	
c	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?			
a	The organization's CEO, Executive Director, or top management official	**15a**	Yes	
b	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**		No
b	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**		

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

☐ Own website ☑ Another's website ☑ 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 ▶

FINANCE DEPARTMENT
6855 RED ROAD STE 200
CORAL GABLES, FL 33143
(786) 662-7000

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) BARBARA C HANCK TRUSTEE	2 0	X								
(2) RENE W TAYLOR TRUSTEE	2 0	X						1,110		
(3) M JOHANNA PATERSON TRUSTEE	2 0	X								
(4) RAMON OYARZUN TRUSTEE	2 0	X						662		
(5) STEVEN SAPP VICE-CHAIR	2 0	X						2,230		
(6) WILLIE CARPENTER SECRETARY	2 0	X								
(7) REV WILLIAM L CHAMBERS CHAIRPERSON	2 0	X						1,840		
(8) MARIA COSTA SMITH TRUSTEE	2 0	X								
(9) MARIA C GARZA TRUSTEE	2 0	X								
(10) HERBERT H GREENE TRUSTEE	2 0	X						817		
(11) Dr JEANNE F JACOBS TRUSTEE	2 0	X								
(12) JOHN P MAAS ESQ TRUSTEE	2 0	X								
(13) GEORGE TERSHAKOVEC MD TRUSTEE	2 0	X						1,077,923	173,801	0
(14) WENDELL R BEARD TRUSTEE	2 0	X						723		
(15) MATTHEW BECHERER TRUSTEE	2 0	X								
(16) BILL TILLET TRUSTEE	2 0	X						1,441		
(17) ROBERT ZOLTEN MD TRUSTEE	2 0	X						194		

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: Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
(18) STEVEN FLETCHER MD PRESIDENT OF THE MEDICAL STAFF	2 0	X							12,000	
(19) WILLIAM M DUQUETTE CEO	50 0			X				0	590,803	96,040
(20) NANCY GORDON VP & CNO	50 0				X			248,746	0	43,967
(21) COREY GOLD VP	50 0				X			173,788	0	20,941
(22) KENNETH SPELL VP	50 0				X			221,340	0	29,413
(23) PAUL BORUCK PHARMACIST	45 0					X		179,459	0	17,088
(24) ANDREW SEAMAN PHARMACIST	45 0					X		160,932	0	16,212
(25) RANDY NICHOLSON PHARMACIST	45 0					X		175,798	0	16,541
(26) MARIE-ELSIE ADE NURSE	45 0					X		194,036	0	19,265
(27) FADY GIRGIS Nurse	45 0					X		171,412	0	14,991

		(D)	(E)	(F)
1b	Sub-Total . . . . ▶			
c	Total from continuation sheets to Part VII, Section A . . . . ▶			
d	Total (add lines 1b and 1c) . . . . ▶	2,612,451	776,604	274,458

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 ▶89

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3		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? *If "Yes," complete Schedule J for such individual*	4	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? *If "Yes," complete Schedule J for such person*	5		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
OLYMPIA LLP P O BOX 025278 MIAMI, FL 331025278	PHYSICIAN SERVICES	4,717,455
HOMESTEADMED PA 33201 SW 210 AVE HOMESTEAD, FL 33034	PHYSICIANS	652,328
GREATER MIAMI ANESTHESIA SERVICES P 7337 SW 169 TERR MIAMI, FL 33157	PHYSICIAN SERVICES	1,955,666
GEORGE R TERSHAKOVEC MD PA 975 BAPTIST WAY 201 HOMESTEAD, FL 33033	PHYSICIANS	1,077,775
SOUTH DADE MEDICAL GROUP LLP PO BOX 901430 HOMESTEAD, FL 33090	PHYSICIAN SERVICES	2,432,936

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 ▶23

Part VIII Statement of Revenue

Section	Line	Description		Amount	(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	73,799				
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f $						
	h	**Total.** Add lines 1a-1f			73,799			
Program Service Revenue				Business Code				
	2a	NET PATIENT REV		621400	313,912,937	313,912,937		
	b	PHARMACY		446110	10,086			10,086
	c							
	d							
	e							
	f	All other program service revenue						
	g	**Total.** Add lines 2a–2f			313,923,023			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			179,652			179,652
	4	Income from investment of tax-exempt bond proceeds			0			
	5	Royalties			0			
			(i) Real	(ii) Personal				
	6a	Gross rents	341,912					
	b	Less rental expenses	255,675					
	c	Rental income or (loss)	86,237					
	d	Net rental income or (loss)			86,237			86,237
			(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory		220,852				
	b	Less cost or other basis and sales expenses		240,410				
	c	Gain or (loss)		-19,558				
	d	Net gain or (loss)			-19,558			-19,558
	8a	Gross income from fundraising events (not including $ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events			0			
	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					
	b	Less cost of goods sold	b					
	c	Net income or (loss) from sales of inventory			0			
		Miscellaneous Revenue		Business Code				
	11a	CAFETERIA		722210	1,082,447			1,082,447
	b	GIFT SHOP		453220	456,515			456,515
	c	OTHER REVENUE		900099	3,211,112	3,177,365		33,747
	d	All other revenue			3,512,740			3,512,740
	e	**Total.** Add lines 11a–11d			8,262,814			
	12	**Total revenue.** See Instructions			322,505,967	317,090,302		5,341,866

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	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
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	809,895		809,895	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	69,878,458	60,085,100	9,793,358	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,856,395	2,427,936	428,459	
9	Other employee benefits	11,061,005	9,401,854	1,659,151	
10	Payroll taxes	5,087,767	4,324,602	763,165	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	564,603		564,603	
c	Accounting	122,640		122,640	
d	Lobbying	0			
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	0			
g	Other	29,465,599	26,131,027	3,334,572	
12	Advertising and promotion	38,837	33,011	5,826	
13	Office expenses	19,151,261	16,278,572	2,872,689	
14	Information technology	6,227,379	5,293,272	934,107	
15	Royalties . .	0			
16	Occupancy	2,790,703	2,372,098	418,605	
17	Travel	155,371	132,065	23,306	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	7,382	6,275	1,107	
20	Interest	7,974,682	6,778,480	1,196,202	0
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	4,469,532	3,799,102	670,430	
23	Insurance	437,449	437,449		
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	PROVISION FOR BAD DEBTS	60,689,884	60,689,884		
b	INDIGENT CARE TAX	1,892,072	1,892,072		
c	MANAGEMENT FEE TO AFFILIATE	24,224,289	20,590,646	3,633,643	
d	CHARITY CARE	90,900,157	90,900,157		
e					
f	All other expenses	1,778,827	487,636	1,291,191	
25	**Total functional expenses.** Add lines 1 through 24f	340,584,187	312,061,238	28,522,949	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		4,160	1	4,310
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		16,527,186	4	18,502,911
	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		0	7	0
	8	Inventories for sale or use		1,565,702	8	1,530,523
	9	Prepaid expenses and deferred charges		120,755	9	18,669
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 62,820,978			
	b	Less accumulated depreciation	10b 23,572,680	41,713,456	10c	39,248,298
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		10,442,786	15	16,902,387
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		70,374,045	16	76,207,098
Liabilities	17	Accounts payable and accrued expenses		28,872,361	17	24,059,747
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		128,615,750	20	128,416,814
	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		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	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		162,235,983	25	190,589,271
	26	**Total liabilities.** Add lines 17 through 25		319,724,094	26	343,065,832
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		-252,073,904	27	-269,793,323
	28	Temporarily restricted net assets		2,723,855	28	2,934,589
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117, check here ▶ ☐ 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		-249,350,049	33	-266,858,734
	34	Total liabilities and net assets/fund balances		70,374,045	34	76,207,098

Part XI Reconcilliation 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	322,505,967
2	Total expenses (must equal Part IX, column (A), line 25)	2	340,584,187
3	Revenue less expenses Subtract line 2 from line 1	3	-18,078,220
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	-249,350,049
5	Other changes in net assets or fund balances (explain in Schedule O)	5	569,535
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	-266,858,734

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 ☐ Cash ☑ Accrual ☐ 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? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	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	2c	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 ☐ Separate basis ☑ Consolidated basis ☐ 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?	3a	Yes	
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 . .	3b	Yes	

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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
HOMESTEAD HOSPITAL INC

Employer identification number
65-0232993

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 See**section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the 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?

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

h Provide the following information about the supported organization(s)

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

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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
HOMESTEAD HOSPITAL INC

Employer identification number
65-0232993

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? ☐ Yes ☐ No

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 ☐ Yes ☐ No

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

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

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

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 ► $ ________

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

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

b If "Yes," explain the arrangement in Part 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		5,592,722		5,592,722
b Buildings		23,059,368	2,765,528	20,293,840
c Leasehold improvements		0	0	0
d Equipment		32,152,576	20,497,432	11,655,144
e Other		2,016,312	309,720	1,706,592
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				39,248,298

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

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

(a) Description	(b) Book value
(1) BHSF FOUNDATION, INC	2,934,589
(2) DEFERRED ISSUE COSTS 2007 BOND	617,801
(3) NOTE RECEIVABLE	71,618
(4) ASSETS HELD FOR SALE	323,354
(5) PHYSICIAN GUARANTEE ASSET	9,442,285
(6) OTHER RECEIVABLES	3,512,740
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	16,902,387

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
SELF INSURANCE RESERVES	10,655,989
DUE TO TAX EXEMPT AFFILIATE	167,148,799
POST RET BENEFITS LONG TERM	3,342,198
CURRENT PORTION OF L-T DEBT	0
PHYSICIAN GUARANTEE LIABILITY	9,442,285
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	190,589,271

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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	322,505,967
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	340,584,187
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-18,078,220
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-8,049
9	Total adjustments (net) Add lines 4 - 8	9	-8,049
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-18,086,269

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	228,439,954
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	-90,900,157		
e	Add lines **2a** through **2d**			2e	-90,900,157
3	Subtract line **2e** from line **1**			3	319,340,111
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	3,165,856		
c	Add lines **4a** and **4b**			4c	3,165,856
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	322,505,967

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

1	Total expenses and losses per audited financial statements			1	246,526,223
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	-3,157,807		
e	Add lines **2a** through **2d**			2e	-3,157,807
3	Subtract line **2e** from line **1**			3	249,684,030
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			
b	Other (Describe in Part XIV)	4b	90,900,157		
c	Add lines **4a** and **4b**			4c	90,900,157
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	340,584,187

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
SCHEDULE D, PART XII, LINE 2d	OTHER REVENUE INCLUDED IN BOOKS BUT NOT IN FORM 990	DESCRIPTION AMOUNT CHARITY CARE -90,900,157 __________ TOTAL -90,900,157
SCHEDULE D, PART XII, LINE 4b	OTHER REVENUE INCLUDED IN FORM 990 BUT NOT IN BOOKS	DESCRIPTION AMOUNT LOSS ON DISPOSAL OF ASSET -19,558 CONTRIBUTIONS FROM FOUNDATION FOR PROPERTY 8,049 MALPRACTICE INSURANCE CREDIT 3,177,365 _________ TOTAL 3,165,856
SCHEDULE D, PART XIII, LINE 2D	OTHER EXPENSES INCLUDED IN BOOKS BUT NOT IN FORM 990	DESCRIPTION AMOUNT LOSS ON DISPOSAL OF ASSET 19,558 MALPRACTICE INSURANCE CREDIT -3,177,365 _________ TOTAL -3,157,807
SCHEDULE D, PART XIII, LINE 4B	OTHER EXPENSES INCLUDED IN FORM 990 BUT NOT IN BOOKS	DESCRIPTION AMOUNT CHARITY CARE 90,900,157 ___________ TOTAL 90,900,157
SCHEDULE D, PART XI, LINE 8	OTHER REVENUE IN FORM 990 BUT NOT INCLUDED ON BOOKS	Contributions from BHSF Foundation for PP&E -8,049 ________ TOTAL -8,049
SCHEDULE D, PART X, LINE 2	FIN 48 (ASC 740) FOOTNOTE	As of September 30, 2012 and 2011, BHSF had no material unrecognized tax positions

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
HOMESTEAD HOSPITAL INC

Employer identification number
65-0232993

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 ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
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 *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☑ Other 300. %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 500. %	3b	Yes	
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			
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	Yes	
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 eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring 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)			22,856,168		22,856,168	8 170 %
b Medicaid (from Worksheet 3, column a)			37,684,928	20,328,391	17,356,537	6 200 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			60,541,096	20,328,391	40,212,705	14 370 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			326,978		326,978	0 120 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			1,174,561		1,174,561	0 420 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total** Other Benefits			1,501,539		1,501,539	0 540 %
k **Total.** Add lines 7d and 7j			62,042,635	20,328,391	41,714,244	14 910 %

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						
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						
10 **Total**						

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	14,031,500
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0

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	21,293,353
6	Enter Medicare allowable costs of care relating to payments on line 5	6	31,627,598
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-10,334,245

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

☑ Cost accounting system ☐ Cost to charge ratio ☐ Other

Section C. Collection Practices

			Yes	No
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				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	HOMESTEAD HOSPITAL INC 975 BAPTIST WAY HOMESTEAD, FL 33033	X	X					X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: HOMESTEAD HOSPITAL INC

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	**1**		
If "Yes," indicate what the Needs Assessment describes (check all that apply) **a** ☐ A definition of the community served by the hospital facility **b** ☐ Demographics of the community **c** ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community **d** ☐ How data was obtained **e** ☐ The health needs of the community **f** ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups **g** ☐ The process for identifying and prioritizing community health needs and services to meet those needs **h** ☐ The process for consulting with persons representing the community's interests **i** ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs **j** ☐ Other (describe in Part VI)			
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?	**5**		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) **a** ☐ Hospital facility's website **b** ☐ Available upon request from the hospital facility **c** ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) **a** ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community **b** ☐ Execution of the implementation strategy **c** ☐ Development of a community-wide community benefit plan for the facility **d** ☐ Participation in community-wide community benefit plan **e** ☐ Inclusion of a community benefit section in operational plans **f** ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA **g** ☐ Prioritization of health needs in the community **h** ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community **i** ☐ 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?	**9**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 300 % If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 500 % If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply) a ☑ Income level b ☑ Asset level c ☑ Medical indigency d ☑ Insurance status e ☑ Uninsured discount f ☑ Medicaid/Medicare g ☐ State regulation h ☐ Other (describe in Part VI)			
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?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a ☐ The policy was posted at all times on the hospital facility's web site b ☐ The policy was attached to all billing invoices c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms d ☐ The policy was posted in the hospital facility's admissions offices e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility f ☐ The policy was available upon request g ☑ Other (describe in Part VI)			
Billing and Collections				
14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (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 ☐ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments or arrests e ☐ 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?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged a ☐ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a ☐ Notified patients of the financial assistance policy upon admission b ☐ Notified patients of the financial assistance policy prior to discharge c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e ☐ 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?	**18**	Yes	

If "No," indicate why

a ☐ The hospital facility did not provide care for any emergency medical conditions

b ☐ The hospital facility's policy was not in writing

c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)

d ☐ Other (describe in Part VI)

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 ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged

b ☐ 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 ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged

d ☐ Other (describe in Part VI)

		Yes	No
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No

If "Yes," explain in Part VI

		Yes	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?	**21**		No

If "Yes," explain in Part VI

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?______________________________

	Name and address	Type of Facility (Describe)
1		
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, 6i, 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
PART 1, LINE 6A	SCHEDULE H	Baptist Health South Florida, Inc ("BHSF") the hospital's parent organization, prepares an annual community benefit report which includes the charity care and community benefits provided by Homestead Hospital and the other not-for-profit affiliates of BHSF

Identifier	ReturnReference	Explanation
PART I, LINE 7, COLUMN(F)	SCHEDULE H	Bad debt expense of $60,689,884 is included in Form 990 Part IX Line 25 Column (a) but excluded from the denominator for purposes of calculating the percentages on line 7, column f

Identifier	ReturnReference	Explanation
PART I, LINE 7	SCHEDULE H	Amounts calculated and reported in this table were derived from the most accurate, available sources Charity care and Means-Tested Government Programs costs are determined using our cost accounting system which captures all inpatients and out patients including emergency room patients The system also captures all patient pay types - private insurance, Medicare, Medicaid, uninsured and self pay The costs have been offset by any payments received from Medicaid or any other uncompensated care program Other Benefits at cost were compiled by our finance department using our cost accounting system or the actual amounts paid where appropriate

Identifier	ReturnReference	Explanation
PART III, LINE 4	SCHEDULE H	The footnote that describes bad debt expense reported in the audited consolidated financial statements of Baptist Health South Florida, Inc which includes Homestead Hospital is as follows BHSF records a provision for accounts receivable that could become uncollectible in the future by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value BHSF estimates this allowance based on the aging of its accounts receivable and historical and expected net collections, business and economic conditions, trends in federal and state governmental and private employer health care coverage and other collection indicators Additions to the allowance for doubtful accounts are made by means of the provision for doubtful accounts Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added Bad Debt at cost was calculated for Schedule H purposes by applying the cost to charge percentage derived by our cost accounting system against bad debt expense reported on the audited financial statements

Identifier	ReturnReference	Explanation
PART III, LINE 8	SCHEDULE H	Medicare costs were derived using our cost accounting system which captures all inpatients and outpatients including emergency room patients The costs have been offset by any payments received from Medicare

Identifier	ReturnReference	Explanation
PART III, LINE 9B	SCHEDULE H	In order to promote the health and well-being of the community served, uninsured patients with limited financial resources who are unable to access entitlement programs shall be eligible for fee or discounted health care services based on established criteria BHSF has a written debt collection policy No collection efforts are put forth for patients who are known to qualify for charity care at the free-care level For patients qualifying for a discount under the charity care policy, lenient/non-abusive collection practices are utilized to collect the balance that remains the patient's responsibility

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	SCHEDULE H	Community health needs were identified through an analysis and review of demographic, household income, statistical, and behavioral public health data for the respective communities served by Homestead hospital Homestead Hospital gathers information from various sources including but not limited to IMS Win stat, Health Care Advisory Board, Claritas, AHCA, and the Florida Hospital Association The data gathered from the above sources has been used to guide Homestead Hospital's community benefit program development and to inform strategic planning in order to adequately plan for a variety of initiatives to address the needs of the community

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H	Financial assistance information is provided in multiple locations Patient registration provides to all patients a one-page information handout about the availability of financial assistance, creating awareness of the charity care program Patient registration also provides information regarding BHSF's charity care policy to all uninsured, non-emergent patients prior to service All letters and statements to uninsured patients, including those sent by third-party collection agencies, include a reference to financial assistance programs All public information and forms regarding the provision of charity care use language that is appropriate for the BHSF service area Where possible, prior to the registration of a patient potentially eligible for financial assistance, a financial counselor will conduct a pre-registration interview with the patient If a pre-registration interview is not possible, the interview should be conducted as soon as possible thereafter In the case of an emergency admission, the evaluation of payment alternatives does not take place until the medical care needed to stabilize the patient has been provided Those patients who may qualify for financial assistance from a governmental program are referred to the appropriate program such as Medicaid, prior to consideration for charity care Additionally, information regarding our charity care program and qualifying for financial assistance appears on our website at www baptisthealth net

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	SCHEDULE H	Homestead Hospital is a 142-bed community hospital located in Homestead, Florida, approximately 31 miles from Downtown Miami The original hospital was established with 10 beds in 1940 as James Archer Smith Hospital It was later acquired by the City of Homestead, and then acquired in 1990 by the then-parent company of South Miami Hospital, and finally in 1995 by BHSF Homestead Hospital admitted approximately 9,810 inpatients in fiscal year 2012, and more than 83,892 patients received emergency care With approval in 2002 from the State of Florida's Agency for Health Care Administration, construction of a replacement facility for Homestead Hospital commenced, located just east of the Florida Turnpike, approximately three miles east of the previous site but still within the limits of the City of Homestead In May 2007, the new Homestead Hospital was opened, and in July 2008 an additional 22 beds were added As currently configured, Homestead Hospital occupies 370,000 square feet and has an inpatient bed capacity of 142 beds compared to 120 beds in the previous location All 142 licensed beds are in private configuration, including 16 post-partum beds, 13 pediatric beds, 23 critical and intermediate care beds, and 90 general medical/surgical beds The new facility has four operating rooms, two C-section rooms, and also includes an adjoining medical office building, which houses physician practices and administrative functions The primary service area of Homestead Hospital is comprised of 5 zip codes

Identifier	ReturnReference	Explanation
OTHER INFORMATION	SCHEDULE H	Homestead Hospital has its own governing board, the members of which consist of representatives of the professional, pastoral and business communities Homestead Hospital provides medical and surgical services consistent with its status as a tertiary care provider Additionally, Homestead Hospital offers other services and programs including Emergency Center Homestead Hospital has the only Emergency Center for 14 miles in all directions Open 24 hours a day, seven days a week, more than 83,892 patients were seen in the department during fiscal year 2012 The Emergency Center includes a rapid treatment area for minor injuries, a nine-bed Pediatric Emergency Unit and a Transitional Stay Unit providing evaluation and treatment to help improve clinical outcomes and operational efficiencies Homestead Hospital and the Emergency Center have been granted Chest Pain Center Accreditation Maternity Care More than 1,450 babies were delivered at the family-centered maternity unit at Homestead Hospital in fiscal year 2012 Homestead Hospital's maternity services include prenatal care and childbirth education programs Pediatric Services Homestead Hospital's expanding pediatric services include pediatricians and specially trained pediatric nurses who treat minor to serious pediatric illnesses and injuries The Betty Jane France Pediatric Center, also known as "Speediatrics", is a dedicated pediatric unit Speediatrics' nursing staff receives specialized training at Baptist Children's Hospital Physical Therapy Center The Physical Therapy Center provides a dedicated area for rehabilitation therapies offered by physical therapists Equipment is available for treating neurological, orthopedic, oncological, sports-injured, cardiac, pediatric, chronic pain, open wound and burn patients Physical therapy is also provided to inpatients for postoperative and acute care needs

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM	SCHEDULE H	THE BHSF SYSTEM PROVIDES A COMPREHENSIVE CONTINUUM OF SERVICES, EITHER THROUGH ITS OWN PRO GRAMS OR IN COOPERATION WITH OTHER AFFILIATED HOSPITALS AND HEALTH CARE PROVIDERS THE BHS F SYSTEM'S HEALTH CARE PROGRAMS AND SERVICES INCLUDE THE FOLLOWING BAPTIST CARDIAC & VASC ULAR INSTITUTE BAPTIST CARDIAC & VASCULAR INSTITUTE ("BCVI") IS A MULTIDISCIPLINARY CENTE R OF EXCELLENCE LOCATED ON THE CAMPUS OF BAPTIST HOSPITAL BCVI'S DISTINCTIVE PERSPECTIVE ON TREATING THE ARTERIES, VEINS AND HEART AS ONE INTEGRATED SYSTEM HAS HELPED ESTABLISH IT AS A PREMIER CARDIAC AND VASCULAR HEALTH CARE FACILITY, WITH APPROXIMATELY 64,455 OUTPATI ENT VISITS IN FISCAL YEAR 2012 BCVI OFFERS A FULL RANGE OF ADVANCED SERVICES FOR THE DIAG NOSIS AND TREATMENT OF HEART AND CIRCULATORY DISEASES IN ADDITION TO EMPLOYING TRADITIONA L APPROACHES, SUCH AS BALLOON ANGIOPLASTY AND OPEN HEART SURGERY, BCVI MEDICAL STAFF HAS P IONEERED THE DEVELOPMENT AND USE OF MINIMALLY INVASIVE TECHNIQUES TO REPAIR ABDOMINAL AORT IC AND THORACIC ANEURYSMS, CORRECT STRUCTURAL DEFECTS OF THE HEART, REPAIR AND REPLACE HEA RT VALVES, AND RESTORE BLOOD FLOW TO BLOCKED ARTERIES WITH STENTS THROUGHOUT THE BODY BCV I'S ONGOING CLINICAL RESEARCH INCLUDES THE USE THROUGHOUT THE BODY OF STENTS AND STENT GRA FTS TO ENHANCE BLOOD FLOW THROUGH DAMAGED VESSELS BCVI HAS A FULLY-DEDICATED CARDIAC AND VASCULAR MAGNETIC RESONANCE IMAGING SYSTEM ("MRI"), TO PROVIDE LEADING-EDGE, NONINVASIVE D IAGNOSTIC AND ANGIOGRAPHY CAPABILITIES, AND AN INTERVENTIONAL NEURORADIOLOGY BI PLANE ANGI OGRAPHY SUITE TO APPLY THE LATEST CATHETER-BASED INTERVENTIONAL TECHNIQUES TO BLOOD VESSEL S WITHIN THE BRAIN BCVI ALSO OFFERS PERSONALIZED EDUCATION AND REHABILITATION SERVICES TO HELP MANAGE EXISTING CONDITIONS AND TO PREVENT CARDIOVASCULAR DISEASE BCVI ADHERES TO QU ALITY STANDARDS ESTABLISHED BY THE AMERICAN COLLEGE OF CARDIOLOGY, SOCIETY OF INTERVENTION AL RADIOLOGY, AMERICAN COLLEGE OF RADIOLOGY, SOCIETY FOR VASCULAR SURGERY AND SOCIETY OF T HORACIC SURGERY BCVI WAS ESTABLISHED IN 1987 UNDER THE LEADERSHIP OF BARRY T KATZEN, M D DR KATZEN IS THE RECIPIENT OF THE CARDIOVASCULAR AND RADIOLOGICAL SOCIETY OF EUROPE'S GO LD MEDAL AWARD FOR HIS GROUNDBREAKING WORK IN INTERVENTIONAL RADIOLOGY, INCLUDING THE USE OF STENTS FOR PROPPING OPEN MAJOR BLOOD VESSELS OUTSIDE THE HEART DR KATZEN HAS THE DIST INCTION OF BEING THE FIRST AMERICAN TO EARN THE CARDIOVASCULAR AND RADIOLOGICAL SOCIETY OF EUROPE'S TOP HONOR BCVI HAS MORE THAN 100 PHYSICIANS WHO REPRESENT MORE THAN 20 SPECIALT IES AND HAVE MET STRINGENT REQUIREMENTS FOR ONGOING MEDICAL EDUCATION, TRAINING AND RESEAR CH BCVI ALSO EMPLOYS MORE THAN 350 NURSES, TECHNOLOGISTS, SOCIAL WORKERS, NUTRITIONISTS A ND OTHER SUPPORT STAFF EACH YEAR, BCVI HOSTS THE INTERNATIONAL SYMPOSIUM ON ENDOVASCULAR THERAPY, WITH MORE THAN 2,000 CARDIOVASCULAR SPECIALISTS IN ATTENDANCE BCVI IS MANAGED BY BAPTIST CARDIAC & VASCULAR INSTITUTE MANAGEMENT CORPORATION, LLC, A FLORIDA LIMITED LIABI LITY CORPORATION BAPTIST HOSPITAL HAS A 50% INTEREST IN BAPTIST CARDIAC & VASCULAR INSTIT UTE MANAGEMENT CORPORATION, LLC, WHICH WAS FORMED TO PROVIDE MANAGEMENT SERVICES TO BCVI I N ORDER TO IMPROVE CLINICAL PERFORMANCE AND ACHIEVE OPERATIONAL EFFICIENCY BAPTIST HEALTH 'S CANCER SERVICES BAPTIST HEALTH'S CANCER SERVICES FEATURE A NETWORK OF FACILITIES AT WH ICH MORE THAN 5,000 PEOPLE RECEIVE COMPREHENSIVE, COMPASSIONATE CANCER CARE EVERY YEAR BA PTIST HEALTH HAS THE SOPHISTICATED TECHNOLOGIES NEEDED FOR ACCURATE, EARLY DIAGNOSIS, AND WE OFFER THE LATEST TREATMENT IN OUTPATIENT AND INPATIENT SETTINGS OVER 21,966 RADIATION TREATMENTS AND 5,057 CHEMOTHERAPY TREATMENTS WERE PERFORMED AT BHSF HOSPITALS THE REGIONA L CANCER PROGRAM PARTICIPATES IN FDA-APPROVED CLINICAL RESEARCH IN THE AREAS OF ADULT CHEM OTHERAPY, PEDIATRIC CHEMOTHERAPY AND RADIATION ONCOLOGY, AND OFFERS OVER 100 RESEARCH PROT OCOLS TO PATIENTS FOR SUCH CONDITIONS AS CANCER OF THE BREAST, LUNG, OVARY, BRAIN, PROSTAT E, CERVIX, HEAD AND NECK, SKIN, BLOOD AND LYMPH SYSTEMS THE REGIONAL CANCER PROGRAM'S PHY SICIANS WERE THE ONLY SOUTH FLORIDA DOCTORS TO PARTICIPATE IN RESEARCH LEADING TO FDA APPR OVAL OF GLEEVEC, A MOLECULARLY-TARGETED "MAGIC BULLET" FOR A RARE FORM OF LEUKEMIA SEVERA L RESEARCH PROTOCOLS NOW IN PROGRESS ARE FOCUSED ON THE EFFICACY OF OTHER NEW MOLECULARLY- TARGETED THERAPIES PET/CT IMAGING SCANNING, WHICH DRAMATICALLY INCREASES THE ABILITY TO D IAGNOSE AND TREAT CANCER, IS AVAILABLE AT BAPTIST HOSPITAL, SOUTH MIAMI HOSPITAL AND AT BA PTIST MEDICAL PLAZA OUTPATIENT CENTERS COMBINING THE CAPABILITY OF HIGH-QUALITY POSITRON EMISSION TOMOGRAPHY ("PET") AND COMPUTED TOMOGRAPHY ("CT"), THE PET/CT SCANNER ALLOWS PHYS ICIANS TO MAKE A DIAGNOSIS BASED ON BOTH THE PHYSICAL LOCATION AND BIOCHEMISTRY OF A TUMOR BAPTIST AND SOUTH MIAMI HOSPITALS OFFER THE MOST TECHNOLOGICALLY ADVANCED RADIATION THER APY, USING IMAGE GUIDED RADIATION THERAPY ("IGRT") WHERE RADIOGRAPHIC IMAGES ARE TAKEN DUR ING EACH TREATMENT SESSION AND THE TREATMENT IS MO

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM	SCHEDULE H	DIFIED SIMULTANEOUSLY, ALLOWING FOR MORE PRECISE RADIATION DELIVERY THIS PRECISION RESULT S IN DESTRUCTION OF MORE TUMORS, FEWER SIDE EFFECTS AND IMPROVED OUTCOMES AT SOUTH MIAMI HOSPITAL, TOMOTHERAPY COMBINES AN ADVANCED FORM OF INTENSITY MODULATED RADIATION THERAPY ("IMRT") WITH THE ACCURACY OF CT SCANNING IN ONE UNIT THIS ALLOWS FOR MORE CONVENIENT TREA TMENT PLANNING FOR THE PATIENT, AS WELL AS MORE PRECISE RADIATION DELIVERY, WHICH REDUCES RADIATION EXPOSURE TO HEALTHY TISSUES BOTH HOSPITALS ALSO OFFER CONFORMAL RADIATION THERA PY, ULTRASOUND-GUIDED CONFORMAL RADIATION THERAPY, IMRT, INTRA OPERATIVE RADIATION THERAPY AND BRACHYTHERAPY, IN WHICH CANCER-KILLING RADIOACTIVE MATERIAL IS PLACED IN OR NEAR THE TUMOR ITSELF SOUTH MIAMI HOSPITAL REMAINS A LEADER IN THE TREATMENT OF PROSTATE CANCER, O FFERING A VARIETY OF RADIATION THERAPY MODALITIES, INCLUDING BOTH LOW DOSE AND HIGH DOSE B RACHYTHERAPY AT BAPTIST HOSPITAL, A PROTOCOL IS IN PLACE TO DELIVER ACCELERATED, PARTIAL BREAST IRRADIATION ONLY TO THE TUMOR SITE USES IMRT FOR ONE WEEK INSTEAD OF THE USUAL SIX WEEKS THE REGIONAL CANCER PROGRAM ALSO OFFERS VIRTUAL COLONOSCOPY, WHICH COMBINES 3-D CT TECHNOLOGY WITH COMPUTER SOFTWARE FOR A LESS INVASIVE DIAGNOSIS OF COLORECTAL CANCER SUPP ORT SERVICES AT THE REGIONAL CANCER PROGRAM INCLUDE SPECIALLY TRAINED ONCOLOGY SOCIAL WORK ERS AND PASTORAL CARE STAFF FREE SUPPORT GROUPS ARE OFFERED FOR THOSE WITH BREAST CANCER, PROSTATE CANCER, AND ORAL, HEAD OR NECK CANCER OUTREACH EFFORTS INCLUDE SMOKING CESSATIO N PROGRAMS, FREE HEALTH FAIRS, SCREENINGS, EDUCATION AND PROGRAMS OBSERVING BREAST CANCER AWARENESS MONTH AND NATIONAL CANCER SURVIVORS DAY THE REGIONAL CANCER PROGRAM'S STAFF OF CANCER SPECIALISTS AND OTHER HEALTH CARE PROFESSIONALS WORKS WITH PATIENTS IN A VARIETY OF SETTINGS, INCLUDING AN INTENSIVE CARE UNIT AND SPECIALIZED CANCER SETTINGS FOR INPATIENT AND OUTPATIENT TREATMENTS BAPTIST HOSPITAL, BAPTIST CHILDREN'S HOSPITAL AND SOUTH MIAMI H OSPITAL RECEIVED THREE-YEAR APPROVAL WITH COMMENDATION FROM THE AMERICAN SURGEON'S COMMISS ION ON CANCER BAPITST HEALTH CANCER PROGRAM IS ACCREDITED BY THE COMMISSION ON CANCER OF THE AMERICAN COLLEGE OF SURGEONS CENTER FOR ORTHOPEDICS & SPORTS MEDICINE AT DOCTORS HOSP ITAL ITS BOARD-CERTIFIED FELLOWSHIP TRAINED ORTHOPEDIC SURGEONS, COMBINED WITH STATE-OF-T HE-ART TECHNOLOGY AND REHABILITATION, MAKE UP ONE OF THE MOST ACTIVE SPORTS MEDICINE ORTHO PEDIC PROGRAMS IN THE UNITED STATES OUR PHYSICIANS ARE THE OFFICIAL SPORTS MEDICINE PROVI DER FOR THE MIAMI HEAT, MIAMI DOLPHINS, FLORIDA PANTHERS, FLORIDA INTERNATIONAL UNIVERSITY PANTHERS, THE DISCOVER BOWL, THE SONY OPEN TENNIS TOURNAMENT, THE ING MIAMI MARATHON AND HALF MARATHON, AND WORLD GOLF CHAMPIONSHIPS - CADILLAC CHAMPIONSHIP THEY ALSO HOLD FACULT Y APPOINTMENTS AT FLORIDA INTERNATIONAL UNIVERSITY'S HERBERT WERTHEIM COLLEGE OF MEDICINE THE CENTER FOR ORTHOPEDICS & SPORTS MEDICINE SURGEONS HAVE PUBLISHED NUMEROUS ARTICLES AB OUT NEW TECHNIQUES THEY HAVE DEVELOPED TO REPAIR KNEE, SHOULDER, ANKLE AND ELBOW INJURIES WOMEN'S HEALTH SERVICES A WIDE RANGE OF SERVICES FOR THE SPECIAL HEALTH NEEDS OF WOMEN A RE OFFERED THROUGHOUT THE BHSF SYSTEM THESE RANGE FROM MATERNITY AND NEWBORN SERVICES TO D IAGNOSTIC TESTING, HEALTH EDUCATION AND WELLNESS BHSF HOSPITALS PROVIDE FAMILY-CENTERED M ATERNITY CARE FOR THE MORE THAN 10,671 BABIES BORN AT OUR FACILITIES EACH YEAR ON AVERAGE , OVER THE PAST THREE YEARS, APPROXIMATELY 30% OF ALL BABIES BORN IN MIAMI-DADE COUNTY WER E DELIVERED IN A BHSF HOSPITAL OVER 100 OBSTETRICS/GYNECOLOGY BOARD CERTIFIED SPECIALISTS USE THE BHSF HOSPITALS FOR THEIR OBSTETRIC AND GYNECOLOGICAL PATIENTS THE BHSF SYSTEM OF FERS A FULL SPECTRUM OF MATERNITY CARE OPTIONS, INCLUDING LABOR-DELIVERY-RECOVERY AND LABO R-DELIVERY-RECOVERY-POSTPARTUM ROOMS, AND IS EQUIPPED TO HANDLE HIGH-RISK MOTHERS AND BIRT HS, INCLUDING BABIES WHO ARE PREMATURE OR ILL BAPTIST HOSPITAL AND SOUTH MIAMI HOSPITAL E ACH HAVE A LEVEL II NEONATAL INTENSIVE C

Identifier	ReturnReference	Explanation
PART V, SECTION B, LINE 13	SCHEDULE H	THE POLICY IS EXPLAINED ON THE WEBSITE AND THE SUMMARY IS AVAILABLE UPON REQUEST

Identifier	ReturnReference	Explanation
PART V, SECTION B, LINE 19	SCHEDULE H	PATIENTS QUALIFYING UNDER THE FINANCIAL ASSISTANCE POLICY WITH FAMILY INCOME AT OR BELOW 300% FPG RECEIVE FREE CARE PATIENTS QUALIFYING UNDER THE FINANCIAL ASSISTANCE POLICY WITH FAMILY INCOME OF 301-500% FPG WERE BILLED AMOUNTS DEEPLY DISCOUNTED FROM GROSS CHARGES SUCH DISCOUNTS WERE CONSISTENT WITH THE PREVALING COMMERCIAL INSURANCE RATES

Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
HOMESTEAD HOSPITAL INC

Employer identification number
65-0232993

Part I Questions Regarding Compensation

				Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)				
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain		**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?		**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ Compensation committee ☑ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee				
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization				
a	Receive a severance payment or change-of-control payment?		**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?		**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		**4c**		No
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.				
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of				
a	The organization?		**5a**		No
b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III		**5b**		No
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of				
a	The organization?		**6a**		No
b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III		**6b**		No
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured 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		**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		**9**		

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				
(1) WILLIAM M DUQUETTE	(i)	0	0	0	0	0	0	0
	(ii)	308,535	250,924	31,344	71,200	24,840	686,843	85,849
(2) NANCY GORDON	(i)	165,508	75,587	7,651	16,875	27,092	292,713	0
	(ii)	0	0	0	0	0	0	0
(3) COREY GOLD	(i)	114,160	48,025	11,603	15,466	5,475	194,729	0
	(ii)	0	0	0	0	0	0	0
(4) KENNETH SPELL	(i)	145,147	68,829	7,364	14,190	15,223	250,753	1,888
	(ii)	0	0	0	0	0	0	0
(5) PAUL BORUCK	(i)	170,851	1,300	7,308	3,074	14,014	196,547	0
	(ii)	0	0	0	0	0	0	0
(6) ANDREW SEAMAN	(i)	150,256	4,046	6,630	3,271	12,941	177,144	0
	(ii)	0	0	0	0	0	0	0
(7) RANDY NICHOLSON	(i)	163,371	1,300	11,127	3,564	12,977	192,339	0
	(ii)	0	0	0	0	0	0	0
(8) GEORGE TERSHAKOVEC MD	(i)	0	0	1,077,923	0	0	1,077,923	0
	(ii)	0	0	173,801	0	0	173,801	0
(9) MARIE-ELSIE ADE	(i)	154,978	23,922	15,136	3,976	15,289	213,301	0
	(ii)	0	0	0	0	0	0	0
(10) FADY GIRGIS	(i)	169,654	1,300	458	3,474	11,517	186,403	0
	(ii)	0	0	0	0	0	0	0

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
SCHEDULE J PART I, QUESTION 7		Key executives who control significant assets or who have a major impact on operations may earn incentive pay The purpose of incentive pay is to focus executive action on key "performance thresholds" and corporate goals that are approved by the Board's Compensation Committee The achievement of these goals requires extraordinary effort, commitment and achievement The incentive component of the executive's total compensation is variable and totally at risk, depending upon the achievement of the agreed-upon goals
SCHEDULE J PART I, QUESTION 4B		As part of the Baptist Health South Florida executive benefit plan, executives are eligible to allocate a portion of their flexible spending allowance to a Supplemental Survivor Accumulation Benefit (SSAB) account The SSAB is a life insurance product that provides a deferred retirement benefit for the executive or a death benefit for the executive's survivors Contributions to the SSAB may be made annually to the participant's account All contributions accumulate, along with investment earnings, for the period the executive participates The executive does not have access to the contributions made or the related investment income, all of which is subject to substantial risk of forfeiture Pursuant to the SSAB plan guidelines, this benefit is terminated upon an executive reaching age 65, however, payment can be deferred to a date at least two years after reaching age 65 but no later than 68 At that time the entire amount accumulated is paid out in a lump sum

Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
HOMESTEAD HOSPITAL INC

Employer identification number
65-0232993

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? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? 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) GEORGE TERSHAKOVEC MD PA	OWNED BY BOARD MEMBER	1,077,775	INDEPENDENT CONTRACTOR		No
(2) MARTHA MAAS	SISTER OF JOHN MAAS, BOD	86,732	EMPLOYEE		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	Employer identification number
HOMESTEAD HOSPITAL INC	65-0232993

Identifier	Return Reference	Explanation
FORM 990 PART VI, LINE 15	PERFORMANCE-BASED EXECUTIVE COMPENSATION	The South Florida market for highly competent healthcare executives reflects a very compet itive environment for qualified executives It is comprised of large, national, for profit chains and not-for-profit hospital systems and stand-alone hospitals The Board of Truste es of Baptist Health South Florida seeks executives of vision and leadership to carry out the organization's faith-based mission of quality care and community service The Board ex pects these executives to provide leadership that w ill place Baptist Health among the best healthcare systems in the nation for quality and excellence The Board expects executives to demonstrate integrity and loyalty in the performance of their duties and to adhere to Baptist Health Conflict of Interest Policy, Executive Code of Conduct and all compliance/e thics policies Executive compensation is considered the foundation to attract and retain executives w ith the talent, experience and character to meet these expectations The Board 's Compensation Committee is comprised exclusively of independent Board members w ho serve voluntarily w ithout any remuneration, and w ho must adhere to a stringent conflict of inter est policy that precludes them or their families from doing business w ith Baptist Health The Committee is responsible for review ing the performance and approving the compensation for executives The term "compensation" includes salaries, benefits and incentives The Co mpensation Committee annually engages a nationally-recognized, independent consultant to c onduct compensation surveys and to advise the Board on compensation policies The Compensa tion Committee decisions are based on the follow ing 1 Total Compensation Package Recruit ment and retention of capable, productive executives is accomplished through design of a t otal compensation package that includes a base salary, at-risk incentive pay, and benefits It is the objective of Baptist Health to ensure a consistent compensation philosophy acr oss all employee and leadership levels that rew ards outstanding performance using a cash p lus employee benefits package targeting the 75th percentile Base salaries of fully produc tive executives are indexed to the median (50th percentile) salary paid by similar healthc are organizations Incentive pay for superior achievement provides the opportunity for tot al cash compensation at the 75th percentile of the executive's peer group if the executive exceeds his/her performance metrics 2 Performance-based Salary Increases One of the key elements of Baptist Heath's executive compensation philosophy is "pay for performance " S alary increases are based upon the degree to w hich each executive achieves his/her individ ual performance objectives for the year, w hich are tied to corporate objectives Generally these objectives relate to clinical quality, patient, physician and community satisfactio n, charity care and mission goals, financial performance and expense management Individua l and group performance against these objectives is review ed by the Compensation Committee and Board of Trustees annually after the close of the fiscal year 3 Market-based Salary Increases The Board's Compensation Committee review s the market value of executive positi ons annually to assure that Baptist Health's pay levels are competitive The independent c onsultant, selected by the Compensation Committee, obtains executive salary information fo r functionally comparable positions at healthcare institutions of comparable size w ithin F lorida and the United States Baptist Health's peer group is comprised of other complex no t-for-profit hospital systems of similar size ($2 32 billion in revenues, 15,000 employees), scope (6 hospitals, more than a dozen outpatient centers and a large international serv ice) The peer group does not include for-profit hospitals, w hose compensation practices a re far more generous (and include such things as stock options and equity/ow nership intere sts) 4 No Guaranteed Salary Increases There is no guarantee of annual executive salary i ncreases Salary increases depend upon the organization's ability to pay, the executive's salary in relation to the market, the executive's performance level, and internal pay rela tionships to peers 5 At-Risk Incentive Pay Key executives w ho control significant assets or w ho have a major impact on operations may earn incentive pay The purpose of incentive pay is to focus executive action on key "performance thresholds" and corporate goals that are approved by the Board's Compensation Committee The achievement of these goals requir es extraordinary effort, commitment and achievement The incentive component of the execut ive's total compensation is variable and totally at risk, depending upon the achievement o f the agreed-upon goals 6 Perquisites Baptist Health executives are provided w ith a comm on set of perquisites that are typical of other responsible not-for-profit organizations t o enable them to more effectively conduct their bu

Identifier	Return Reference	Explanation
FORM 990 PART VI, LINE 15	PERFORMANCE-BASED EXECUTIVE COMPENSATION	siness These benefits are deemed by the Compensation Committee to be appropriate and cons ervative Perquisites are generally limited to auto and cell phone allow ances w hich are fu lly taxable to the executive Other perquisites provided to executives, such as paid time off or reimbursement for relevant educational expenses, are offered to all employees in ac cordance w ith enterprise-w ide policies and procedures Business travel for executives on c ommercial airlines is limited to coach fares (an upgrade to the next available class of se rvice, e g , business class, may be permitted w hen the flight duration is in excess of fiv e hours or an overnight accommodation can be avoided) Chartered plane travel, spousal tra vel, luxury residences for personal use, health, country or social club dues and personal services (such as maid, chauffeur, chef, landscaper) are not provided (or reimbursed) to B aptist Health executives

Identifier	Return Reference	Explanation
FORM 990 PART VI, LINE 12	EMPLOYEE CONFLICT OF INTEREST	AN ACTUAL, POTENTIAL OR PERCEIVED CONFLICT OF INTEREST OCCURS IN THOSE CIRCUMSTANCES WHERE AN EMPLOYEE'S JUDGEMENT COULD BE AFFECTED BECAUSE THE EMPLOYEE HAS A PERSONAL INTEREST, OTHER THAN THE RECEIPT OF COMPENSATION FROM BAPTIST HEALTH SOUTH FLORIDA, INC AND ITS AFFILIATES ("BHSF"), IN THE OUTCOME OF A DECISION OVER WHICH THE EMPLOYEE HAS CONTROL OR INFLUENCE. FOR THE PURPOSES OF THIS POLICY, IT IS PRESUMED THAT MANAGERS HAVE CONTROL OR INFLUENCE OVER ANY DECISION AFFECTING A MATTER FOR WHICH A MANAGER HAS RESPONSIBILITY A PERSONAL INTEREST EXISTS WHEN AN EMPLOYEE OR A MEMBER OF HIS OR HER FAMILY STANDS TO DIRECTLY OR INDIRECTLY OBTAIN FINANCIAL GAIN AS A RESULT OF A DECISION THIS POLICY IS INTENDED FOR ALL EMPLOYEES IN ORDER THAT THEY MAY UNDERSTAND, IDENTIFY, MANAGE AND APPROPRIATELY DISCLOSE THOSE TRANSACTIONS WHICH COULD RESULT IN AN ACTUAL, POTENTIAL OR PERCEIVED CONFLICT OF INTEREST IN ACCORDANCE WITH OUR CODE OF ETHICS, HIGH ETHICAL STANDARDS MUST BE OBSERVED IN THE NEGOTIATION AND EXECUTION OF ALL BUSINESS ACTIVITIES CONDUCTED AT, BY OR WITH BHSF ANY DECISIONS MADE BY BHSF EMPLOYEES MUST BE MADE IN COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS, WITH THE BEST ORGANIZATIONAL INTERESTS OF BHSF AS THE HIGHEST PRIORITY AND WITHOUT REGARD TO THE PERSONAL GAIN OR INTEREST OF ANY OTHER PERSON OR ENTITY LIKEWISE, THE APPEARANCE OF ANY SUCH IMPROPER INFLUENCE ON ANY DECISIONS SHOULD BE CONSCIOUSLY AVOIDED EMPLOYEES SHOULD ALSO ADHERE TO POLICY 828 WHICH PROHIBITS VENDOR SPONSORED TRAVEL AND POLICY 829 LIMITING ACCEPTANCE OF PERSONAL HONORARIUMS AND POLICY 831 WHICH PROVIDES LIMITATIONS AND GUIDELINES ON PHILANTHROPIC SOLICITATION OF VENDORS A POTENTIAL OR PERCEIVED CONFLICT OR INTEREST MAY EXIST IRRESPECTIVE OF THE INTENT OF THE EMPLOYEE.

Identifier	Return Reference	Explanation
FORM 990 PART VI, LINE 12	BOARD CONFLICT OF INTEREST POLICY	BAPTIST HEALTH AND ITS AFFILIATES HAVE A STRONG AND ROBUST CONFLICT OF INTEREST POLICY THE POLICY IS MEANT TO ENSURE THAT EACH VOTING MEMBER OF THE BOARD OF TRUSTEES GOVERNS THE AFFAIRS OF BAPTIST HEALTH WITH HONESTY AND INTEGRITY AND MAKES DECISIONS FOR THE BENEFIT OF BAPTIST HEALTH VOTING BOARD MEMBERS MAY NOT BE EMPLOYED BY BAPTIST HEALTH NOR ENGAGED TO PROVIDE SERVICES TO BAPTIST HEALTH IN EXCHANGE FOR CASH COMPENSATION CONFLICT FREE DECISION MAKING EXTENDS BEYOND THE BOARD MEMBERS AND PROHIBITS TRANSACTIONS THAT MIGHT BENEFIT (I) THE PRIVATE INTEREST OF A MEMBER OR HIS OR HER FAMILY (II) AN ORGANIZATION CONTROLLED BY A MEMBER OF HIS OR HER FAMILY (III) AN ORGANIZATION IN WHICH A MEMBER OR HIS OR HER FAMILY HAS A MATERIAL INTEREST, ARE PROHIBITED SINCE THE APPEARANCE OF A CONFLICT OF INTEREST MAY BE AS DAMAGING TO BAPTIST HEALTH'S REPUTATION AS ACTUALLY PERMITTING A CONFLICT TO EXIST, EACH BOARD MEMBER HAS A CONTINUING OBLIGATION TO DISCLOSE ANY POTENTIAL CONFLICTS THIS CONTINUING OBLIGATION IS SUPPLEMENTED BY AN ANNUAL CERTIFICATION THAT THE BOARD MEMBER IS FREE FROM ACTUAL OR POTENTIAL CONFLICTS OF INTEREST THE ANNUAL CERTIFICATION IS REVIEWED BY THE VICE PRESIDENT OF COMPLIANCE WHO REPORTS DIRECTLY TO THE BOARD POTENTIAL CONFLICTS ARE FURTHER REVIEWED BY THE BOARD'S ETHICS COMMITTEE IF A CONFLICT DOES EXIST, THE CONFLICTED BOARD MEMBER MAY BE REQUIRED TO (I) RESIGN FROM THE BOARD OR (II) ELIMINATE THE RELATIONSHIP WHICH GIVES RISE TO THE CONFLICT

Identifier	Return Reference	Explanation
FORM 990 PART VI, LINE 12 C	ENFORCEMENT AND MONITORING OF CONFLICT OF INTEREST POLICY	ONE OF BAPTIST HEALTH SOUTH FLORIDA'S GREATEST ASSETS IS THE INTEGRITY OF ITS VOLUNTEER BOARD MEMBERS ONE WAY TO ASSURE INTEGRITY IS OUR COMMITMENT TO A STRINGENT CONFLICT OF INTEREST POLICY FOR OUR GOVERNING BOARDS AND MANAGEMENT AS A PART OF A ROBUST CONFLICT OF INTEREST POLICY, BOARD MEMBERS MUST ANNUALLY COMPLETE A CONFLICT OF INTEREST DECLARATION FORM THE AUDIT AND COMPLIANCE DEPARTMENT MONITOR TO ENSURE ALL VOTING MEMBERS SUBMIT THE DECLARATION FORM AND PERFORM NECESSARY RESEARCH TO UNDERSTAND IF A POTENTIAL CONFLICT EXISTS ALL DISCLOSURES AND THE RELATED RESEARCH ARE SUMMARIZED FOR THE ETHICS COMMITTEE OF THE BAPTIST HEALTH BOARD OF TRUSTEES ANY DISCLOSURES THAT MAY RESULT IN THE APPEARANCE OF A CONFLICT ARE ADDRESSED BY THE COMMITTEE FOR ITS CONSIDERATION AND RESOLUTION

Identifier	Return Reference	Explanation
DOCUMENTS AVAILABLE TO THE PUBLIC	FORM 990, PART VI, SECTION C LINE 19	DOCUMENTS THAT ARE REQUIRED TO BE OPEN FOR PUBLIC INSPECTION ARE MADE AVAILABLE UPON REQUEST IN ADDITION BOTH THE FORM 990 AND AUDITED FINANCIAL STATEMENTS ARE AVAILABLE FOR PUBLIC VIEWING ON THIRD PARTY WEBSITES OUR CONFLICT OF INTEREST POLICY IS AVAILABLE ON WWW BAPTISTHEALTH NET

Identifier	Return Reference	Explanation
US INFORMATIONAL RETURNS	FORM 990, PART V, LINE 1 (a)	BAPTIST HEALTH SOUTH FLORIDA (BHSF) HAS A SYSTEM-WIDE TREASURY POLICY, WHICH RECOGNIZES ITS RESPONSIBILITY TO OVERSEE, MANAGE, AND COORDINATE ALL AFFILIATE OPERATIONS, INCLUDING THE TREASURY FUNCTIONS BHSF SERVES AS THE CENTRALIZED CASH RECEIPT AND DISBURSING AGENT FOR ALL BHSF ENTITIES AS SUCH ONLY BHSF ISSUES US INFORMATIONAL RETURNS

Identifier	Return Reference	Explanation
EMPLOYEES REPORTED ON FROM W-3	FORM 990, PART V, LINE 2(a)	BAPTIST HEALTH SOUTH FLORIDA (BHSF)IS THE APPOINTED PAY AGENT FOR ALL OF ITS AFFILIATES AS SUCH ONLY BHSF ISSUES FORM W-3

Identifier	Return Reference	Explanation
FORM 990 REVIEW PROCESS	FORM 990, PART VI, SECTION B LINE 11B	THE MANAGEMENT OF BAPTIST HEALTH SOUTH FLORIDA (BHSF) IS RESPONSIBLE FOR THE ACCURACY AND COMPLETENESS OF THE TAX RETURNS OF BHSF AND ALL OF ITS NONPROFIT, CHARITABLE AFFILIATES THIS FORM 990 HAS BEEN PREPARED IN CONFORMITY WITH THE INTERNAL REVENUE CODE AND TREASURY REGULATIONS INDEPENDENT TAX CONSULTANTS AND MEMBERS OF MANAGEMENT HAVE REVIEWED IN DETAIL THE COMPLETED FORM 990 PRIOR TO FILING, THE FORM 990 PREPARTION PROCESS AND THE DOCUMENTS ARE DISCUSSED AT A MEETING OF THE FINANCE & INSURANCE COMMITTEE OF THE BOARD OF TRUSTEES AND MADE AVAILABLE ELECTRONICALLY TO ALL MEMBERS OF THE BOARD OF TRUSTEES FOR REVIEW AND COMMENTARY ADDITIONALLY THE EXECUTIVE AND COMPENSATION COMMITTEES OF THE BHSF BOARD OF TRUSTEES, COMPOSED OF INDEPENDENT UNCOMPENSATED MEMBERS, REVIEW OTHER PERTINENT AREAS OF THE RETURN THE PRESIDENT AND CEO AS WELL AS THE EXECUTIVE VICE PRESIDENT AND CFO HEREBY CERTIFY AS TO THE ACCURACY AND COMPLETENESS OF THIS FORM 990

Identifier	Return Reference	Explanation
GOVERNING AND MANAGEMENT	FORM 990 PART VI LINE 7b	THIS ORGANIZATION IS PART OF BAPTIST HEALTH SOUTH FLORIDA, AN INTEGRATED HEALTH CARE DELIVERY SYSTEM THE BOARD OF TRUSTEES OF BAPTIST HEALTH SOUTH FLORIDA HAS THE RIGHT TO APPROVE OR RATIFY CERTAIN CORPORATE DECISIONS OF THE ORGANIZATION

Identifier	Return Reference	Explanation
Schedule J Part II Column (B)(ii)	EXECUTIVE COMPENSATION	All executive compensation is reviewed and approved annually by the compensation committee which is comprised of independent uncompensated members of the Board of Trustees who have certified that they have no conflict of interest with the organization Reportable compensation includes base salary as well as payments under a formal incentive plan which rewards successful achievement of quality, mission, charity care, and financial corporate objectives

Identifier	Return Reference	Explanation
BOND LIABILITY AT PARENT LEVEL	Form 990 Part IV, Line 24a	All bond liabilities will be reported at the parent level, on Schedule K of Baptist Health South Florida, Inc 's 2011 Form 990

Identifier	Return Reference	Explanation
DIRECTOR'S COMPENSATION	PART VII, SECTION A, LN 1, SCHEDULE L, PART IV	George R Tershakovec, M D , P A provided general surgery coverage and services at Homestead Hospital Due to the large uninsured and underinsured population of patients at Homestead Hospital, obtaining physicians to provide general surgery services and coverage to unfunded and indigent patients could only be secured by entering into an agreement with George R Tershakovec, M D , P A Subsequent to the effective date of this agreement, Dr Tershakovec was elected President of the Medical Staff by his peers One of the duties of the President of the Medical Staff is to serve as an ex-officio member of the Board of Directors Total compensation of $1,077,775 was paid to George R Tershakovec, M D , P A by Homestead Hospital This payment is considered market value for the services rendered by George R Tershakovec, M D , P A This arrangement has been reviewed and approved by an independent committee of the board of directors

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS/FUND BALANCE	FORM 990 PART XI LINE 5	OTHER CHANGES IN NET ASSETS OR FUND BALANCES OTHER INCREASE IN FUND BALANCES CHANGES IN POST RETIREMENT HEALTH OBLIGATION 358,801 CHANGE IN BENFEFICIAL INTEREST IN BHSF 210,734 ____________ TOTAL 569,535

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME RENE W TAYLOR TITLE TRUSTEE HOURS 2

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME M JOHANNA PATERSON TITLE TRUSTEE HOURS 2

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME.REV WILLIAM L CHAMBERS TITLE.CHAIRPERSON HOURS 2

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME HERBERT H GREENE TITLE TRUSTEE HOURS 2

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME GEORGE TERSHAKOVEC, MD TITLE TRUSTEE HOURS 2

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME:WENDELL R BEARD TITLE:TRUSTEE HOURS 2

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME BILL TILLET TITLE TRUSTEE HOURS 6

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME STEVEN FLETCHER, MD TITLE PRESIDENT OF THE MEDICAL STAFF HOURS 2

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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
HOMESTEAD HOSPITAL INC

Employer identification number
65-0232993

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

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
See Additional Data Table							

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) Disproprtionate 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	

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
See Additional Data Table							

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

		Yes	No
1 During the tax year, did the orgranization 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	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Sale of assets to related organization(s)	1f	Yes	
g Purchase of assets from related organization(s)	1g		No
h Exchange of assets with related organization(s)	1h	Yes	
i Lease of facilities, equipment, or other assets to related organization(s)	1i		No
j Lease of facilities, equipment, or other assets from related organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations by related organization(s)	1l	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	Yes	
n Sharing of paid employees with related organization(s)	1n		No
o Reimbursement paid to related organization(s) for expenses	1o		No
p Reimbursement paid by related organization(s) for expenses	1p		No
q Other transfer of cash or property to related organization(s)	1q	Yes	
r Other transfer of cash or property from related organization(s)	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)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate 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		Yes	No	

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 65-0232993
Name: HOMESTEAD HOSPITAL INC

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
BAPTIST HEALTH SOUTH FLORIDA 6855 RED ROAD CORAL GABLES, FL 33143 65-0267668	HEALTHCARE	FL	501(C)(3)	11C, TYPE 3	NA		No
BAPTIST HOSPITAL OF MIAMI 8900 N KENDALL DRIVE MIAMI, FL 33176 59-0910342	HOSPITAL	FL	501(C)(3)	3	NA		No
BHSF REAL ESTATE FOUNDATION 6855 RED ROAD CORAL GABLES, FL 33143 65-0611015	SUPPORT	FL	501(C)(3)	11A, TYPE 1	NA		No
SOUTH MIAMI HOSPITAL 6200 SW 73 ST SOUTH MIAMI, FL 33143 59-0872594	HOSPITAL	FL	501(C)(3)	3	NA		No
MARINERS HOSPITAL 91500 OVERSEAS HIGHWAY TAVERNIER, FL 33070 59-1987355	HOSPITAL	FL	501(C)(3)	3	NA		No
DOCTORS HOSPITAL 5000 UNIVERSITY DRIVE CORAL GABLES, FL 33146 04-3775926	HOSPITAL	FL	501(C)(3)	3	NA		No
WEST KENDALL BAPTIST HOSPITAL 9555 SW 162 AVE MIAMI, FL 33196 52-2438452	HOSPITAL	FL	501(C)(3)	3	NA		No
BAPTIST HEALTH SOUTH FLORIDA FOUNDATION 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 59-1923401	SUPPORT	FL	501(C)(3)	7	NA		No
BAPTIST OUTPATIENT SERVICES 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 56-2290370	MED DIAG	FL	501(C)(3)	3	NA		No

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
BAPTIST HEALTH ENTERPRISES INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 59-2572862	REAL ESTATE MNGT	FL	NA	C	0	0	0 %
SAMARITAN RISK RETENTION GROUP 7301 RIVERS AVENUE SUITE 230 NORTH CHARLESTON, SC 29406 20-3433505	INSURANCE	SC	NA	C	0	0	0 %
PINEAPPLE INSURANCE COMPANY 23 LIME TREE BAY AVE PO BOX 1051 GRAND CAYMAN KY1-11 CJ 98-0465790	INSURANCE	CJ	NA	C	0	0	0 %
BMAB EAST TOWER INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 65-4047110	REAL ESTATE MNGT	FL	NA	C	0	0	0 %
BAPTIST MEDICAL SERVICES CORP 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 65-0506620	HOLDING COMPANY	FL	NA	C	0	0	0 %
KENDALL CREDIT & BUSINESS SERVICES INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 65-0434778	COLLECTIONS	FL	NA	C	0	0	0 %
WEST KENDALL PROFESSIONAL SERVICES INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 65-0475570	COLLECTIONS	FL	NA	C	0	0	0 %
SOUTH MIAMI HEALTH ENTERPRISES INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 59-2623930	MEDICAL CENTER	FL	NA	C	0	0	0 %
BAPTIST MEDICAL TRANSPORT SERVICES INC 6855 RED ORAD STE 600 CORAL GABLES, FL 33143 65-0732544	TRANSPORT PATIENT	FL	NA	C	0	0	0 %
EAST KENDALL INVESTMENTS INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 65-0593165	RENT REAL ESTATE	FL	NA	C	0	0	0 %
BAPTIST AMBULATORY SERVICES INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 42-1573814	HOLDING COMPANY	FL	NA	C	0	0	0 %
BHE REALTY 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 90-0152617	R ESTATE BROKER	FL	NA	C	0	0	0 %
BAPTIST ANCILLARY SERVICES INC 6855 RED ROAD STE 600 CORAL GABLES, FL 33143 55-0800138	HOLDING COMPANY	FL	NA	C	0	0	0 %

BAPTIST HEALTH SOUTH FLORIDA, INC.
AND AFFILIATES

Annual Financial Report as of and for the Years Ended
September 30, 2012 and 2011

BAPTIST HEALTH SOUTH FLORIDA, INC AND AFFILIATES

ANNUAL FINANCIAL REPORT
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REPORT OF MANAGEMENT

The management of Baptist Health South Florida, Inc is responsible for the integrity and objectivity of the financial statements of Baptist Health and affiliates ("Baptist Health") The annual financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, and include amounts that are based on our best judgments with due consideration given to materiality

Management is responsible for establishing and maintaining a system of internal controls over financial reporting and safeguarding assets against unauthorized acquisition, use or disposition This system is designed to provide reasonable assurance as to the integrity and reliability of financial reporting and safeguarding of assets The concept of reasonable assurance is based on the recognition that there are inherent limitations in all systems of internal controls and that the cost of such systems should not exceed the benefits to be derived from them

Management believes that the foundation of an appropriate system of internal controls is a strong ethical company culture and climate It has always been the policy and practice of Baptist Health to conduct its affairs in a highly ethical and socially responsible manner This responsibility is characterized and reflected in Baptist Health's Code of Ethics (the "Code") that is distributed throughout Baptist Health Management maintains a systematic program to ensure compliance with this Code

The Audit and Compliance Committee of the Board of Trustees, which is composed of independent persons who are not employees, meets periodically with management, the internal auditors and the independent auditors to review the manner in which these groups are performing their responsibilities and to carry out the Audit and Compliance Committee's oversight role with respect to auditing, internal controls and financial reporting matters Both the internal auditors and the independent auditors periodically meet privately with the Audit and Compliance Committee and have access to its individual members

Baptist Health engaged Deloitte & Touche LLP, independent auditors, to audit our accompanying consolidated financial statements as of and for the years ended September 30, 2012 and 2011, in accordance with auditing standards generally accepted in the United States of America Their report follows

Brian E Keeley
President and Chief Executive Officer

Ralph E Lawson
Executive Vice President and
Chief Financial Officer

BAPTIST HEALTH SOUTH FLORIDA, INC AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Baptist Health
South Florida, Inc. and Affiliates

We have audited the accompanying consolidated balance sheets of Baptist Health South Florida, Inc. and affiliates (BHSF), as of September 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of BHSF'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BHSF's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such consolidated financial statements present fairly, in all material respects, the financial position of Baptist Health South Florida, Inc. and affiliates as of September 30, 2012 and 2011, and the results of their operations, their changes in net assets, and their 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 consolidated financial statements taken as a whole. The supplemental consolidating balance sheet and statement of operations information of BHSF on pages 27 and 28 and the supplemental combining balance sheet and statement of operations information of Baptist Health South Florida, Inc. Hospitals on pages 29 and 30 as of and for the year ended September 30, 2012, are presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities, and are not a required part of the consolidated financial statements. This supplemental information is the responsibility of BHSF's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Deloitte & Touche LLP

December 17, 2012

BAPTIST HEALTH SOUTH FLORIDA, INC. AND AFFILIATES

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2012 AND 2011

ASSETS	2012	2011
CURRENT ASSETS		
Cash and cash equivalents	$62,750,738	$69,526,252
Assets whose use is limited	520,671	450,711
Accounts receivable - net	244,735,933	241,515,086
Other current assets	86,492,975	64,714,367
Total current assets	394,500,317	376,206,416
ASSETS WHOSE USE IS LIMITED	2,345,989,524	2,046,904,192
OTHER INVESTMENTS	58,723,009	51,154,336
PROPERTY AND EQUIPMENT - NET	1,140,283,178	1,091,679,292
GOODWILL	42,961,881	42,961,881
OTHER ASSETS	28,677,754	23,308,676
TOTAL ASSETS	$4,011,135,663	$3,632,214,793
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$27,443,339	$35,045,591
Estimated third-party payor settlements	18,977,217	7,576,937
Commercial paper notes	29,982,572	
Current maturities of long-term debt	11,433,529	11,077,762
Accrued wages, salaries and benefits	161,134,473	148,391,561
Accrued expenses and other current liabilities	253,033,284	254,804,633
Total current liabilities	502,004,414	456,896,484
LONG-TERM DEBT	1,004,350,222	1,016,969,940
OTHER LIABILITIES	173,894,622	157,028,949
Total liabilities	1,680,249,258	1,630,895,373
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted		
Baptist Health South Florida, Inc. and Affiliates	2,270,997,724	1,946,775,047
Noncontrolling interests	5,657,222	5,314,932
Total unrestricted net assets	2,276,654,946	1,952,089,979
Temporarily restricted	42,732,621	38,040,885
Permanently restricted	11,498,838	11,188,556
Total net assets	2,330,886,405	2,001,319,420
TOTAL LIABILITIES AND NET ASSETS	$4,011,135,663	$3,632,214,793

See accompanying notes to consolidated financial statements.

BAPTIST HEALTH SOUTH FLORIDA, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT		
Net patient service revenue	$2,253,533,177	$2,260,438,999
Rental revenue	10,406,271	9,734,362
Other operating revenue	56,597,245	33,435,969
Total unrestricted revenues, gains and other support	2,320,536,693	2,303,609,330
EXPENSES		
Wages, salaries and benefits	1,114,988,175	1,026,665,474
Supplies	253,381,422	262,096,552
Malpractice and other insurance	53,363,295	32,798,989
Administrative and general	375,405,892	347,737,831
Provision for doubtful accounts	282,213,678	280,850,862
Depreciation and amortization	112,818,236	106,161,218
Interest	45,093,853	34,364,771
Total expenses	2,237,264,551	2,090,675,697
INCOME FROM OPERATIONS	83,272,142	212,933,633
OTHER INCOME (EXPENSE)		
Investment income (loss)	250,866,021	(54,758,565)
Other income - net	93,786	624,655
Total other income (expense)	250,959,807	(54,133,910)
EXCESS OF REVENUES OVER EXPENSES BEFORE INCOME TAX PROVISION AND NONCONTROLLING INTERESTS	334,231,949	158,799,723
INCOME TAX PROVISION	6,238,327	4,017,143
EXCESS OF REVENUES OVER EXPENSES FROM CONSOLIDATED OPERATIONS	327,993,622	154,782,580
INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(10,548,467)	(9,007,500)
EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO BAPTIST HEALTH SOUTH FLORIDA, INC. AND AFFILIATES	$317,445,155	$145,775,080

See accompanying notes to consolidated financial statements.

BAPTIST HEALTH SOUTH FLORIDA, INC AND AFFILIATES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
UNRESTRICTED NET ASSETS		
Excess of revenues over expenses from consolidated operations	$327,993,622	$154,782,580
Net assets released from restrictions used for property and equipment acquisitions	3,094,801	2,671,492
Change in value of split-interest agreements	(89,354)	4,058
Transfers (to) from temporarily restricted net assets	(28,852)	2,500
Changes in accumulated postretirement benefit obligation other than periodic benefit cost	3,800,927	8,730,209
Sale of limited partnership interests	937,903	483,784
Purchase of limited partnership interests	(115,069)	(384,442)
Partnership distributions	(11,029,011)	(9,438,331)
Noncontrolling interests related to acquisitions by Baptist Sleep Centers, LLC		889,600
Increase in unrestricted net assets	324,564,967	157,741,450
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	9,662,504	4,140,714
Restricted income on temporarily restricted contributions	525,556	905,149
Net assets released from restrictions	(5,133,577)	(4,221,699)
Transfers from (to) unrestricted net assets	28,852	(2,500)
Transfers to permanently restricted net assets		(90,000)
Provision for and write-off of prior years' pledges	(391,599)	(48,380)
Increase in temporarily restricted net assets	4,691,736	683,284
PERMANENTLY RESTRICTED NET ASSETS		
Contributions	310,282	116,384
Transfers from temporarily restricted net assets		90,000
Increase in permanently restricted net assets	310,282	206,384
INCREASE IN NET ASSETS	329,566,985	158,631,118
NET ASSETS - BEGINNING OF YEAR	2,001,319,420	1,842,688,302
NET ASSETS - END OF YEAR	$2,330,886,405	$2,001,319,420

See accompanying notes to consolidated financial statements

BAPTIST HEALTH SOUTH FLORIDA, INC AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$329,566,985	$158,631,118
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	112,818,236	106,161,218
Provision for doubtful accounts	282,213,678	280,850,862
Accretion of bond premium	(1,117,883)	(1,249,272)
Deferred income tax	2,468,438	202,659
Realized loss (gain) on sales of securities - net	17,123,901	(57,578,606)
Change in net unrealized gains and losses	(211,185,130)	158,472,126
Sale of limited partnership interests	(937,903)	(483,784)
Purchase of limited partnership interests	115,069	384,442
Partnership distributions	11,029,011	9,438,331
Noncontrolling interests related to the purchase of Baptist Sleep Centers, LLC		(889,600)
(Gain) loss on disposal of assets - net	(6,781,080)	572,826
Changes in accumulated postretirement benefit obligation other than periodic benefit cost	(3,800,927)	(8,730,209)
Changes in assets and liabilities		
Net increase in accounts receivable	(285,434,525)	(298,547,700)
Net increase in other assets	(29,724,138)	(10,578,680)
Net (decrease) increase in accounts payable	(7,602,252)	3,543,512
Net increase (decrease) in third-party payor settlements	11,400,280	(1,357,681)
Net increase in accrued expenses and other liabilities	32,395,275	61,505,014
Net cash provided by operating activities	252,547,035	400,346,576
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(156,258,899)	(161,724,026)
Acquisitions by Baptist Sleep Centers, LLC		(1,179,979)
Sale of limited partnership interests	937,903	483,784
Purchase of limited partnership interests	(115,069)	(384,442)
Purchase of investments	(2,925,618,945)	(2,911,081,801)
Proceeds from sales and maturities of investments	2,813,924,967	2,484,306,043
Net cash used in investing activities	(267,130,043)	(589,580,421)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt	59,914,267	250,000,000
Debt issue costs		(1,792,853)
Repayment of debt	(41,077,762)	(10,552,893)
Partnership distributions	(11,029,011)	(9,438,331)
Net cash provided by financing activities	7,807,494	228,215,923
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,775,514)	38,982,078
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	69,526,252	30,544,174
CASH AND CASH EQUIVALENTS, END OF YEAR	$62,750,738	$69,526,252
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest - net of amounts capitalized	$45,794,000	$33,929,000
Cash paid for income taxes	$3,833,000	$3,085,000
Acquisition of property and equipment through accrued expenses	$20,116,000	$21,845,000

See accompanying notes to consolidated financial statements

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Baptist Health South Florida, Inc ("BHSF" or "Baptist Health"), a not-for-profit Florida corporation located in Miami-Dade County, Florida, is the parent of a system of not-for-profit hospitals and other not-for-profit and for-profit corporations

Mission - The mission of Baptist Health is to improve the health and well-being of individuals, and to promote the sanctity and preservation of life, in the communities it serves Baptist Health is a faith-based organization guided by the spirit of Jesus Christ and the Judeo-Christian ethic, and is committed to maintaining the highest standards of clinical and service excellence, rooted in the utmost integrity and moral practice Consistent with its spiritual foundation, Baptist Health is dedicated to providing high-quality, cost-effective, compassionate healthcare services to all, regardless of religion, creed, race or national origin, including, as permitted by its resources, charity care to those in need

Organization - The not-for-profit hospitals comprising BHSF are Baptist Hospital of Miami, Inc ("Baptist Hospital"), Doctors Hospital, Inc ("Doctors Hospital"), Homestead Hospital, Inc ("Homestead Hospital"), South Miami Hospital, Inc ("South Miami Hospital") and West Kendall Baptist Hospital, Inc ("West Kendall Baptist Hospital"), all located in south Miami-Dade County, Florida, and Mariners Hospital, Inc ("Mariners Hospital") located in Monroe County, Florida (collectively, the "BHSF Hospitals") BHSF also includes Baptist Outpatient Services, Inc ("BOS"), a not-for-profit Florida corporation, which owns and operates two large diagnostic imaging centers, one located on the Baptist Hospital campus, and a second center located on the West Kendall Baptist Hospital campus, 13 satellite diagnostic imaging facilities in Miami-Dade and Broward counties, and a home health agency, and manages 16 urgent care centers, of which seven operate under the license of Baptist Hospital and nine under the license of South Miami Hospital, and Baptist Health South Florida Foundation, Inc (the "Foundation"), a Florida not-for-profit corporation, whose purpose is to raise funds for the BHSF Hospitals and BOS

Baptist Health Enterprises, Inc ("BHE") is a for-profit Florida corporation, which is wholly owned by BHSF BHE's lines of business include real estate, outpatient surgery centers, sleep diagnostic centers and collection services BHE is the general partner and the owner of all the limited partnership interests in Kendall Professional Center, Ltd , doing business as Baptist Medical Arts Building ("BMAB"), a Florida limited partnership that owns a professional office building and parking garage, located adjacent to Baptist Hospital on land leased from Baptist Hospital BHE owns 100% of the stock of BMAB East Tower, Inc ("East Tower"), a for-profit Florida corporation which owns a second medical office building, located adjacent to Baptist Hospital on land leased from Baptist Hospital BHE also owns a medical office building and parking garage, located on the South Miami Hospital campus on land leased from South Miami Hospital Other wholly-owned subsidiaries of BHE include Kendall Credit and Business Service, Inc , an entity that provides collection services, Baptist Medical Services, Corp , Baptist Ancillary Services, Inc and Baptist Sleep Centers, LLC Baptist Medical Services, Corp owns a 68% interest in BHS Ambulatory Surgical Center at Baptist, Ltd , doing business as Medical Arts Surgery Center ("MASC at Baptist"), a free-standing, multi-specialty surgery center Baptist Ancillary Services, Inc is the corporate parent of Baptist Ambulatory Services, Inc ("BAS"), a wholly-owned subsidiary, which is the managing member of, and currently owns a 78% interest in, Baptist Surgery and Endoscopy Centers, LLC ("BSEC") BSEC is organized as a single partnership that holds investments in multiple ambulatory surgery center divisions, namely Medical Arts Surgery Center at South Miami ("MASC at South Miami"), a multi-specialty, ambulatory surgical center, Galloway Endoscopy Center ("GEC") and Baptist Endoscopy Center at Coral Springs, two free-standing, single-specialty surgery centers, specializing in outpatient endoscopy procedures Baptist Sleep Centers, LLC, a Florida single-member limited liability company, owns a 60% controlling interest in two sleep diagnostic centers, Baptist Sleep Centers of South Florida, LLC and Baptist Sleep Center at Galloway, LLC

In September 2002, BHSF formed Pineapple Insurance Company ("PIC"), a single-parent, Cayman Islands captive insurance company, to facilitate BHSF's professional and general liability, self-insurance and property insurance programs, including contracting for reinsurance (see Note 8) In January 2006, Samaritan Risk Retention Group, Inc ("SRRG" and together with PIC, the "Insurance Companies") was licensed to transact business under the laws of the state of South Carolina SRRG is also chartered as a risk retention group and is registered to conduct business in the state of Florida SRRG was organized for the purpose of offering professional liability insurance to physicians who meet the company's underwriting requirements, are Florida-licensed, practicing physicians and have privileges to treat patients at BHSF facilities In March 2006, SRRG issued a surplus note in the amount of $5,000,000 to BHSF Until the note is satisfied, the governing Board of Directors of SRRG is elected by proxy and controlled by BHSF

In April 2005, Baptist Cardiac & Vascular Institute Management Company, LLC ("BCVI Management Company"), a Florida limited liability corporation, was formed Baptist Hospital has a 50% interest in BCVI Management Company, which was established to provide management services for the Baptist Cardiac and Vascular Institute, in order to improve clinical performance and achieve operational efficiency. Baptist Hospital's investment in BCVI Management Company is accounted for using the equity method. At September 30, 2012 and 2011, Baptist Hospital's investment in BCVI Management Company was approximately $1,318,000 and $1,142,000, respectively, and is recorded in other assets in the accompanying consolidated balance sheets.

BHSF, certain BHSF Hospitals, and BOS control several affiliated physician practices ("Baptist Health Medical Group") as the sole member or through contractual arrangements. These physician practices provide a variety of specialty physician services.

Basis of Presentation - The consolidated financial statements include the accounts of BHSF, the BHSF Hospitals, BOS, Baptist Health Medical Group, the Foundation, BHE and its wholly-owned subsidiaries, and Insurance Companies. All intercompany transactions have been eliminated in consolidation.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. Significant estimates and assumptions are used for, but not limited to: recognition of net patient service revenue, valuation of accounts receivable, including contractual allowances and provisions for doubtful accounts, reserves for losses and expenses related to employee healthcare and professional and general liability risks, asset impairments, including goodwill, and estimated third-party settlements. Future events and their effects cannot be predicted with certainty; accordingly, management's accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of the accompanying consolidated financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the operating environment changes. Management regularly evaluates the accounting policies and estimates it uses. In general, management relies on historical experience and on other assumptions believed to be reasonable under the circumstances, and may employ outside experts to assist in the evaluation, as considered necessary. Although management believes all adjustments considered necessary for fair presentation have been included, actual results may vary from those estimates.

Community Benefits - In pursuing its mission, BHSF provides services to the financially disadvantaged and to the broader community in which it operates, despite the lack or adequacy of payment for those services. These services are categorized as follows:

Charity Care - BHSF provides a level of charity care that is consistent with the needs of the community it serves and the financial resources that are available. All or a portion of the charges incurred at established rates are classified as charity by reference to BHSF's established policies. Essentially, these policies define charitable services as those for which no payment is anticipated. In assessing a patient's ability to pay, BHSF utilizes generally recognized poverty income levels for the respective community, but also includes certain cases where incurred charges are considered to be beyond the patient's ability to pay. In addition, BHSF provides services to other indigent patients under various state and local programs which pay healthcare providers amounts which are less than the cost of the services provided. Because BHSF does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue in the accompanying consolidated financial statements (see Note 2).

Other Community Benefits - BHSF has entered into agreements to pay certain physician specialists for healthcare they provide to BHSF's charity care patients. In addition to the services that are provided to the financially disadvantaged, BHSF provides services to the broader community. These services include educational programs, community information on health services, donations and the cost of healthcare in excess of payments for patients under federal and state programs.

Treasury Policy - BHSF has a system-wide treasury policy, which recognizes its responsibility to oversee, manage, and coordinate all affiliate operations, including the treasury functions. BHSF serves as the centralized cash receipt and disbursing agent for all BHSF entities. The treasury policy provides that each BHSF affiliate's unrestricted cash and investments be transferred to BHSF, and that BHSF shall provide or arrange for advances and loans to its affiliates and will utilize the cash and investments held by it to provide financial support for the BHSF Hospitals and the other corporations comprising the system. These transfers have been eliminated in consolidation. Debt and related issuance costs are allocated to affiliates based on the use of debt proceeds.

New Accounting Pronouncements - Effective October 1, 2011, BHSF adopted the gross roll-forward presentation of Level 3 investments requirement of Accounting Standards Update ("ASU") 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements* ("ASU 2010-06"). The adoption of the gross roll-forward requirement of Level 3 investments was limited to the form and content of disclosures, and did not have a material effect on BHSF's consolidated financial statements.

Effective October 1, 2011, BHSF adopted the provisions of ASU 2010-23, *Healthcare Entities (Topic 954) Measuring Charity Care for Disclosure* ("ASU 2010-23") The provisions of ASU 2010-23 are intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care Charity care is required to be measured at cost, defined as the direct and indirect costs of providing charity care The provisions of the standard related to the disclosure of charity care were applied retrospectively to all periods presented

Effective October 1, 2011, BHSF adopted the provisions of ASU 2010-24, *Healthcare Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries* ("ASU 2010-24") ASU 2010-24 prohibits the netting of insurance recoveries against related claim liability and requires the claim liability be calculated without consideration of insurance recoveries The adoption of ASU 2010-24 did not have a significant impact on BHSF's consolidated financial condition, results of operations or cash flows

Effective October 1, 2011, BHSF adopted the provisions of ASU 2010-28, *Intangibles—Goodwill and Other (Topic 350) When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts* ("ASU 2010-28") ASU 2010-28 modified Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts and requires Step 2 of the goodwill impairment test be performed, if it is more likely than not that a goodwill impairment exists ASU 2010-28 requires an entity to consider whether there are any adverse qualitative factors indicating that it is more likely than not that a goodwill impairment exists The adoption of ASU 2010-28 did not have an effect on BHSF's consolidated financial statements

During the fiscal year ended September 30, 2012, BHSF adopted the provisions of ASU 2011-08, *Intangibles—Goodwill and Other (Topic 350) Testing Goodwill for Impairment* ("ASU 2011-08") ASU 2011-08 amended the guidance in ASC 350-20 on testing goodwill for impairment Under the revised guidance, entities testing goodwill for impairment have the option of performing a qualitative assessment before calculating the fair value of the reporting unit The adoption of ASU 2011-08 did not have an effect on BHSF's consolidated financial statements

In October 2010, the Financial Accounting Standards Board ("FASB") issued ASU 2010-26, *Financial Services—Insurance (Topic 944) Accounting for Costs Associated With Acquiring or Renewing Insurance Contracts* ("ASU 2010-26") ASU 2010-26 specifies which costs relating to the acquisition of new or renewal insurance contracts qualify for deferral The guidance permits deferral of qualifying costs only when associated with successful contract acquisitions Internal selling agent and underwriter salary and benefit costs allocated to unsuccessful contracts, as well as advertising costs, are excluded ASU 2010-26 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011, and is required to be applied prospectively upon adoption Retrospective application to all prior periods presented upon the date of adoption also is permitted, but not required The adoption of ASU 2010-26 is not expected to have a material effect on BHSF's consolidated financial statements

In July 2011, the FASB issued ASU 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Services Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* ("ASU 2011-07") ASU 2011-07 requires certain healthcare entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) Additionally, those healthcare entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts ASU 2011-07 also requires disclosures of patient service revenue (net of contractual allowances and discounts), as well as qualitative and quantitative information about changes in the allowance for doubtful accounts ASU 2011-07 is effective for public entities for fiscal years and interim periods within those fiscal years beginning after December 15, 2011, with early adoption permitted BHSF has not determined the impact to its consolidated financial statements from the adoption of this standard

In October 2012, FASB issued ASU 2012-05, *Statement of Cash Flows (Topic 230) Not-for-Profit Entities Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows* ("ASU 2012-05") ASU 2012-05 requires not-for-profit entities to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any not-for-profit-imposed limitations for sale and were converted nearly immediately into cash ASU 2012-05 is effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013, with early adoption permitted but not required Retrospective application to all prior periods presented upon the date of adoption is permitted BHSF has not determined the impact to its consolidated financial statements from the adoption of this standard

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand and cash in depository accounts maintained with various commercial banks, all of which are federally insured without limits Nonetheless, management periodically evaluates the creditworthiness of those institutions BHSF has not experienced any losses on such deposits

Inventories - Inventories, totaling approximately $22,859,000 and $22,270,000 at September 30, 2012 and 2011, respectively, consisting primarily of pharmaceutical, medical and surgical supplies, are stated at average cost, and are included in other current assets in the consolidated balance sheets.

Assets Whose Use is Limited and Other Investments - Assets whose use is limited include assets set aside by the Board of Trustees for future capital improvements and education, over which the Board retains control and may at its discretion subsequently use for other purposes, note proceeds designated for capital improvements, assets held under a reinsurance trust agreement, insurance surplus reserves and assets held by a trustee under bond indenture agreements. Assets whose use is limited that are required for obligations classified as current liabilities are reported in current assets. Other investments are held by the Foundation and include certain assets whose use is restricted by donors (see Note 3).

BHSF manages the investment function based upon a comprehensive written investment policy approved by the Board of Trustees that provides for a diversified investment portfolio based upon return, risk, social values and projected liquidity requirements. Investment results, portfolio allocations and investment policy compliance are regularly reviewed with the Investment Review Committee of the Board of Trustees.

BHSF holds certain financial instruments with derivative features, including forward foreign exchange contracts. BHSF records these derivatives at fair value in its consolidated balance sheets and records the changes in fair value of the derivatives as changes in unrealized gains and losses in investment income (loss) in the consolidated statements of operations. The change in fair value of derivative instruments held by BHSF resulted in investment losses of approximately $6,668,000 and $3,819,000, for the years ended September 30, 2012 and 2011, respectively. BHSF also holds various hybrid financial instruments with embedded derivative features, including convertible preferred stock and convertible bonds.

BHSF records a liability for forward foreign exchange contracts that are in a loss position. The obligations arising from such transactions are recorded on a trade-date basis and carried at current market values. The majority of these transactions are settled on a short-term basis. Forward foreign exchange contracts that are not subject to a master netting agreement represent obligations to settle the contract at a rate above the current market exchange rate. At September 30, 2012 and 2011, forward foreign exchange contract obligations totaled approximately $3,495,000 and $4,494,000, respectively, and are recorded in accrued expenses and other current liabilities in the accompanying consolidated balance sheets.

Derivatives may expose BHSF to market risk or credit risk in excess of the amounts recorded in the consolidated balance sheets. Market risk on a derivative or foreign exchange product is the exposure created by potential fluctuations in interest rates, foreign exchange rates and other values, and is a function of the type of product, the volume of transactions, the tenor and terms of the agreement, and the underlying volatility. Credit risk is the exposure to loss in the event of nonperformance by the other party to the transaction, where the value of collateral held, if any, is not adequate to cover such losses. Management does not believe that there are significant market or credit risks associated with these transactions, given BHSF's investment strategies and the overall characteristics of its investment portfolio.

BHSF holds alternative investment interests in two limited partnerships and one Cayman Islands exempt company. One of the partnerships was established to invest in a broad range of infrastructure and infrastructure-related assets located in member countries of the Organization for Economic Co-operation and Development with a primary focus on the United States, Canada, Western Europe and Australia. The second partnership was established to construct and manage a well-diversified portfolio of publicly-traded equity securities issued by real estate investment trusts and other publicly-held real estate companies in North America, Europe and Asia. The Cayman Islands exempt company is a commodities relative value fund. It is market neutral and nondirectional and focuses on various commodity interests, including physical commodities, forwards, exchange-listed futures, options and over-the-counter derivatives. These investments are accounted for using the equity method and reported at fair value. All changes in BHSF's ownership interest are reflected in investment income. The carrying value of BHSF's interests in these partnerships and the Cayman Islands exempt company, as of September 30, 2012 and 2011, was approximately $153,954,000 and $122,464,000, respectively (see Note 3).

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Property and Equipment - Net - Property and equipment are stated at cost or, if donated, at fair market value on the date of donation, less the allowance for depreciation. Depreciation is computed on the straight-line method using estimated useful lives ranging from two to forty years. Expenditures that materially increase values, change capacities or extend useful lives are capitalized, as are interest costs, during the period of construction. For those qualifying assets for which construction is funded with tax-exempt borrowings, BHSF capitalizes interest cost until the assets are ready for their intended use. Any interest earned on interest-bearing investments acquired with proceeds of the tax-exempt borrowings is recorded as an offset to capitalized interest costs. Gains and losses on dispositions are recorded in the year of disposal.

Gifts of long-lived assets, such as land, buildings or equipment, are reported as a direct addition to unrestricted net assets, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as additions to temporarily or permanently restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Property and equipment are more fully described in Note 4.

BHSF management is responsible for evaluating long-lived assets for impairment by monitoring internal and external environments for events and circumstances that would indicate that the carrying value of an asset may not be recoverable. When these events occur, management measures impairment by comparing the carrying amount of the asset to future undiscounted cash flows expected to result from the use of the assets and their residual value. If the undiscounted cash flow is less than the net book value of the assets, an impairment loss based on the fair value of the assets is recognized.

Determination of the fair value of acquired long-lived assets involves certain judgments and estimates. Fair value estimates are derived from appraisals, established market values of comparable assets or internal estimates of future cash flows. These fair value estimates can change by material amounts in subsequent periods. Many factors and assumptions can impact the estimates, including future financial trends, changes in healthcare trends and regulations, and the nature of the ultimate disposition of assets. In some cases, these fair value estimates assume the highest and best use of hospital assets in the future to a market place participant other than a hospital.

Impairment tests are based on programs and initiatives implemented or to be implemented that are designed to achieve the most recent projections. If these projections are not met or if in the future negative trends occur that impact our future outlook, impairments of long-lived assets may occur.

Malpractice Liability Claims - Provisions for losses related to malpractice liability risks are based upon actuarially determined estimates and represent the estimated ultimate net cost of all reported and unreported losses incurred through the respective balance sheet dates. Those estimates are subject to the effects of trends in loss severity and frequency. The estimates are reviewed and adjustments are recorded as experience develops or new information becomes known.

Temporarily and Permanently Restricted Net Assets - Temporarily restricted net assets are those for which use has been limited by donors to a specific time period or purpose. Permanently restricted net assets are those for which use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of BHSF or its affiliates (see Note 7).

Excess of Revenues Over Expenses - The consolidated statements of operations 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 contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets), changes in the value of split-interest agreements, transfers from temporarily restricted net assets, changes in accumulated postretirement benefit obligation other than periodic benefit cost, purchase and sale of limited partnership interests, partnership distributions and noncontrolling interests related to acquisitions by a single-member limited liability company.

Donor-Restricted Gifts - Unconditional promises to give cash and other assets to BHSF and its affiliates are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support, if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets. Net assets released from restrictions used for operations are included in excess of revenues over expenses. Net assets released from restrictions used to purchase property and equipment are reported as a change in net assets.

Goodwill - Goodwill represents the excess of purchase price and related costs over the value assigned to net tangible assets and identifiable intangible assets of businesses acquired and accounted for under the acquisition method of accounting. Goodwill has arisen from various acquisitions by affiliates of BHSF (see Note 5).

Deferred Bond Issue Costs and Bond Premium - Deferred bond issue costs and bond premium are being amortized and accreted using the bonds-outstanding method. For the years ended September 30, 2012 and 2011, amortization of bond issue costs totaled approximately $371,000 and $197,000, respectively, and accretion of bond premium totaled approximately $1,186,000 and $1,249,000, respectively.

Indigent Care Assessment - The Healthcare Consumer Protection and Awareness Act of 1984 created a fund to provide for the treatment of indigent patients. Hospitals in the state of Florida are required to pay into the fund an amount equal to 1.5% of net inpatient revenue and 1% of net outpatient revenue. The indigent care assessment is included in administrative and general expenses in the consolidated statements of operations.

Income and Other Taxes - BHSF, BHSF Hospitals, BOS and the Foundation are not-for-profit corporations and are recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. BHE and the Insurance Companies provide for income taxes in accordance with the provisions of FASB Accounting Standards Codification 740, *Income Taxes* ("ASC 740"). As required under ASC 740, deferred tax assets and liabilities are recognized under the balance sheet approach, which recognizes the future tax effect of temporary differences between the amounts recorded in the financial statements and the tax basis of these amounts. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax assets or liabilities are expected to be realized or settled (see Note 12). Taxes collected from patients, tenants, customers and others, concurrent with specific revenue-producing transactions and subsequently remitted to governmental authorities, are recorded on a net basis and excluded from revenues.

Asset Retirement Obligations - BHSF has various conditional asset retirement obligations for the removal of asbestos. The carrying amount of the obligations for the years ended September 30, 2012 and 2011, totaled approximately $1,915,000 and $2,229,000, respectively. For the years ended September 30, 2012 and 2011, BHSF settled obligations of approximately $424,000 and $99,000, respectively.

Electronic Health Records Incentive Payment - The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act ("HITECH"). These provisions were designed to increase the use of electronic health records ("EHR") technology and establish the requirements for a Medicare and Medicaid incentive payments program beginning in 2011 for eligible hospitals and providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement or upgrade certified EHR technology, but providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional incentive payments. Medicaid EHR incentive payments are fully funded by the federal government and administered by the states; however, the states are not required to offer EHR incentive payments to providers.

During the year ended September 30, 2012, BHSF recognized HITECH incentives from Medicare and Medicaid of approximately $8,700,000 and $4,700,000, respectively, related to certain of the BHSF's hospitals that have demonstrated meaningful use of, and completed attestations as to their adoption or implementation of, certified EHR technology. These incentive reimbursements are included in other operating revenue in the consolidated statement of operations. BHSF received cash related to the HITECH incentive reimbursements of approximately $13,400,000 during the first quarter of fiscal year 2013. This amount is included in other current assets in the accompanying consolidated balance sheets.

Reclassifications - Certain amounts of accrued expenses and other current liabilities in the 2011 consolidated balance sheet have been reclassified to conform to the current year presentation.

2. NET PATIENT SERVICE REVENUE

Net patient service revenue is recorded based upon established billing rates less allowances for contractual adjustments. Revenue is recorded during the period the healthcare services are provided, based upon the estimated amounts due from the patients and third-party payors, including federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies and employers. Estimates of contractual allowances under managed care health plans are based upon the payment terms specified in the related contractual agreements. The bases for payment under these agreements include prospectively determined rates per diagnosis, per diem or per procedure rates, or discounts from established charges.

Mariners Hospital is a critical access hospital ("CAH"). As such, it is certified to receive cost-based reimbursement for services provided to Medicare beneficiaries. Among other participation constraints, CAH status requires that Mariners Hospital operates no more than 25 beds and that its average length of stay does not exceed four days.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Federal regulations require submission of annual cost reports covering medical costs and expenses associated with the services provided by each facility to program beneficiaries. Annual cost reports required under the Medicare and Medicaid programs are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due to BHSF under these payment programs. These audits often require several years to reach the final determination of amounts earned under the programs. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Such audits of the Medicare cost reports have been completed for Mariners Hospital for fiscal years through 2010, for Homestead Hospital for fiscal years through 2007 and for all other BHSF Hospitals for fiscal years through 2006. Medicaid audits for all BHSF Hospitals have been completed through fiscal year 2008.

BHSF provides charity care to patients who are financially unable to pay for the healthcare services they receive and who are unable to access federal or state entitlement programs. BHSF does not pursue collection of amounts determined to qualify as charity care and does not report such amounts as revenue. Uninsured patients treated at BHSF who have income at or below 500% of the federal poverty level may be eligible for charity care. Uninsured patients whose income exceeds 500% of the federal poverty level also may be eligible for charity care, if incurred charges are considered beyond the patient's ability to pay. The federal poverty level is established by the federal government and is based on income and family size. BHSF provided charity care at a cost of approximately $95,229,000 and $80,447,000, during the years ended September 30, 2012 and 2011, respectively. The estimated cost of providing charity services is based on recent historical cost-to-charge ratios for charity patients from BHSF's cost accounting system, applied to the current period gross uncompensated charges associated with providing care to charity patients.

BHSF receives payments for services rendered from government agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, employers and patients. During the years ended September 30, 2012 and 2011, approximately 12% and 15%, respectively, of BHSF's net patient service revenue related to patients participating in the Medicare program. BHSF recognizes that revenues and receivables from the Medicare program are significant to its operations but does not believe that there are significant credit risks associated with this federal program. BHSF does not believe that there are any other significant concentrations of revenues from any particular payor that would subject it to any significant credit risks in the collection of its accounts receivable.

The concentration of net patient service accounts receivable by payor class, as a percentage of total net patient service accounts receivable, at September 30, 2012 and 2011, was as follows:

	2012	2011
Medicare	14%	13%
Managed care	71	72
Medicaid	5	5
Other third-party payors	6	9
Patients	4	1
Total	100%	100%

BHSF records a provision for accounts receivable that could become uncollectible in the future by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value. BHSF estimates this allowance based on the aging of its accounts receivable and historical and expected net collections, business and economic conditions, trends in federal and state governmental and private employer healthcare coverage and other collection indicators. Additions to the allowance for doubtful accounts are made by means of the provision for doubtful accounts. Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added to the allowance.

The following summarizes the activity in BHSF's allowance for doubtful accounts for the years ended September 30, 2012 and 2011:

	2012	2011
Balance, beginning of year	$171,301,561	$173,055,933
Provision, during the year	282,213,678	280,850,862
Accounts written off (net of recoveries)	(291,937,391)	(282,605,234)
Balance, end of year	$161,577,848	$171,301,561

Net patient service revenue recognized for medical services rendered includes adjustments resulting from reviews and audits of prior-year Medicare and Medicaid cost reports and subsequent payment experience from patients and third-party payors. Such adjustments are considered in the recognition and estimation of revenue in the periods the adjustments become known or as cost report years are no longer subject to reviews and audits.

In 2012, the Center for Medicare and Medicaid Services ("CMS") released revised rates related to the disproportionate share ("DSH") adjustment that is applied to eligible hospitals' diagnosis related groupings ("DRG") payments. The DSH adjustment is a percentage add-on to the basic DRG payments and is available to hospitals that serve a disproportionate number of indigent patients. All of the BHSF hospitals are considered disproportionate share hospitals, except Mariners, which is classified as a critical access hospital. The newly-released, revised rates substantially reduced the add-on percentage for each of the BHSF DSH hospitals, not only for current and prospective encounters but also for all Medicare discharges beginning in fiscal year 2006. The cumulative negative effect of the new payment rates is reflected as a reduction in net patient service revenue of approximately $22,500,000, in the fiscal year ended September 30, 2012.

The combined effects from changes in estimates related to the valuation of prior periods accounts receivable, primarily due to favorable payment experience from patients and third-party payors, was an increase in income from operations of approximately $49,400,000 and $64,000,000, for the years ended September 30, 2012 and 2011, respectively. Additionally, during the years ended September 30, 2012 and 2011, BHSF received approximately $4,500,000 and $2,800,000, respectively, related to favorable settlements of outstanding disputes with various commercial third-party payors. Third-party payor settlements are recorded as an increase to net patient service revenue when the disputes are settled and the cash settlements are received.

3. ASSETS WHOSE USE IS LIMITED AND OTHER INVESTMENTS

Assets whose use is limited and other investments at September 30, 2012, are set forth in the following table and stated at fair value:

	Assets Whose Use is Limited	Other Investments	Total
Cash and short-term investments	$238,364,436	$2,841,432	$241,205,868
U.S. Treasury obligations	108,917,615	1,722,761	110,640,376
U.S. Agency obligations	58,769,439	1,471,986	60,241,425
Municipal bonds	9,477,098	270,922	9,748,020
Corporate equity instruments	870,303,260	26,450,454	896,753,714
Corporate bonds	491,398,674	9,718,198	501,116,872
Foreign government bonds	364,888,402	10,402,385	375,290,787
Foreign municipal bonds	52,198,235	1,216,091	53,414,326
Foreign exchange contracts	2,789,538	78,587	2,868,125
Global properties securities fund	62,264,246	1,688,348	63,952,594
Infrastructure fund	33,531,815	1,198,185	34,730,000
Commodity fund	53,607,437	1,663,660	55,271,097
Total	$2,346,510,195	$58,723,009	$2,405,233,204

Assets whose use is limited and other investments at September 30, 2011, are set forth in the following table and stated at fair value

	Assets Whose Use is Limited	Other Investments	Total
Cash and short-term investments	$462,573,138	$4,377,039	$466,950,177
U S Treasury obligations	76,266,730	2,177,133	78,443,863
U S Agency obligations	40,756,066	1,142,766	41,898,832
Municipal bonds	9,290,416	265,473	9,555,889
Corporate equity instruments	749,282,156	22,993,978	772,276,134
Corporate bonds	247,791,759	6,884,227	254,675,986
Foreign government bonds	279,552,510	8,072,184	287,624,694
Foreign corporate bonds	52,570,400	1,514,079	54,084,479
Foreign exchange contracts	10,227,975	307,640	10,535,615
Global properties securities fund	48,306,945	1,284,416	49,591,361
Infrastructure fund	32,563,404	1,156,596	33,720,000
Commodity fund	38,173,404	978,805	39,152,209
Total	$2,047,354,903	$51,154,336	$2,098,509,239

The following is the composition of assets whose use is limited at September 30, 2012 and 2011

	2012	2011
Board designated for		
Funded depreciation	$2,026,195,921	$1,699,485,514
Education	335,043	335,043
Total Board designated	2,026,530,964	1,699,820,557
Note proceeds designated for capital improvements	255,456,552	248,322,783
Cash and short-term investments held by trustee under bond indenture agreement	51,306,817	91,200,344
Insurance reserves	13,215,862	8,011,219
Total	2,346,510,195	2,047,354,903
Less amount required for current liabilities	(520,671)	(450,711)
Assets whose use is limited	$2,345,989,524	$2,046,904,192

Assets held by the trustee under the bond indenture agreement include a project fund with unexpended bond proceeds (see Note 6) At September 30, 2012 and 2011, the balance in the project fund was approximately $51,289,000 and $91,182,000, respectively

Other investments represent assets of the Foundation At September 30, 2012 and 2011, other investments in the amount of approximately $26,190,000 and $23,719,000, respectively, were temporarily restricted as to use by donors, and approximately $11,294,000 and $11,135,000, respectively, were permanently restricted as to use by donors

Investment income and gains and losses for assets whose use is limited, other investments and cash and cash equivalents are comprised of the following for the years ended September 30, 2012 and 2011

	2012	2011
Investment income (loss)		
Interest and dividends income	$56,804,792	$46,134,955
Realized gains on sales of securities	88,507,489	150,476,032
Realized losses on sales of securities	(105,631,390)	(92,897,426)
Change in net unrealized gains and losses	211,185,130	(158,472,126)
Investment income (loss)	$250,866,021	($54,758,565)
Other changes in temporarily restricted net assets		
Investment income	$638,304	$771,374
Realized (losses) gains on investments - net	(112,748)	133,775
Total	$525,556	$905,149

4 PROPERTY AND EQUIPMENT - NET

Property and equipment at September 30, 2012 and 2011, are summarized as follows

	2012	2011
Land and land improvements	$184,662,584	$177,831,122
Buildings and improvements	936,318,435	904,563,495
Equipment	761,613,735	714,037,545
Total	1,882,594,754	1,796,432,162
Less accumulated depreciation	(859,865,395)	(769,902,273)
Total	1,022,729,359	1,026,529,889
Construction in progress	117,553,819	65,149,403
Property and equipment - net	$1,140,283,178	$1,091,679,292

Interest costs incurred during fiscal years 2012 and 2011 were approximately $48,595,000 and $41,306,000, respectively Interest capitalized was approximately $3,496,000 and $6,885,000, during fiscal years 2012 and 2011, respectively Capitalized interest was net of approximately $5,000 and $56,000 of interest income earned on temporary investments of bond proceeds, during fiscal years 2012 and 2011, respectively Depreciation expense on property and equipment, for the years ended September 30, 2012 and 2011, amounted to approximately $112,707,000 and $105,738,000, respectively

In April 2011, West Kendall Baptist Hospital began operations in a newly-constructed, 133-bed hospital in southwest Miami-Dade County on 30 acres of land owned by West Kendall Baptist Hospital, the total cost of which was approximately $198,840,000 A portion of the proceeds from tax-exempt borrowings in 2007 was used to partially fund construction (see Note 6)

5 GOODWILL

Goodwill of approximately $29,351,000 arose from the acquisition of Doctors Hospital by South Miami Hospital in October 2003 Goodwill has arisen from various acquisitions by BHE, including approximately $17,554,000 from the acquisition of GEC on January 1, 2009 Doctors Hospital's and BHE's goodwill is subject to at least an annual assessment for impairment by applying a fair-value based test, which is conducted each year as of September 30 or more frequently, when events or other changes in circumstances indicate that the carrying value of goodwill may not be recoverable There was no impairment of Doctors Hospital's or BHE's goodwill at September 30, 2012 or 2011

A summary of changes in goodwill for the years ended September 30, 2012 and 2011, is listed below.

	2012	2011
Goodwill, beginning of year	$42,961,881	$41,198,425
Acquisition of Baptist Sleep Centers, LLC		1,773,456
Impairment of Baptist Cardiac & Vascular Outpatient Center		(10,000)
Goodwill, end of year	$42,961,881	$42,961,881

6. DEBT

Pursuant to a Master Trust Indenture, an obligated group was created, which at September 30, 2012 and 2011, consisted of BHSF, the BHSF Hospitals and BOS (the "BHSF Obligated Group"). Each member of the BHSF Obligated Group is jointly and severally liable for all debt issued under the Master Trust Indenture.

On May 16, 2007, the BHSF Obligated Group issued through the City of South Miami Health Facilities Authority $800,000,000 of its Hospital Revenue Bonds, Series 2007 ("2007 Bonds") in accordance with the provisions of a new Master Trust Indenture dated as of May 1, 2007. The 2007 Bonds bear interest at rates ranging from 4.62% to 5.00%, payable semiannually each February 15 and August 15, and mature annually on August 15 through 2042. Payment of principal and interest on the 2007 Bonds is wholly dependent on the credit of the BHSF Obligated Group. Certain proceeds of the 2007 Bonds, together with other available funds, were used to refund outstanding bonds and pay expenses incurred in connection with the issuance of the 2007 Bonds, and the remaining proceeds have been or will be used for the costs of acquiring, constructing, renovating, rehabilitating and equipping certain healthcare facilities of BHSF, including constructing and equipping the new facility for West Kendall Baptist Hospital Florida (see Note 4).

On May 25, 2011, the BHSF Obligated Group issued $250,000,000 of its Baptist Health South Florida Obligated Group Taxable Notes, Series 2011 (the "2011 Taxable Notes"). The 2011 Taxable Notes were issued under the Master Trust Indenture, as amended and supplemented by a First Supplemental Master Trust Indenture. The 2011 Taxable Notes bear interest at 4.59% per annum and mature on August 15, 2021. Proceeds of the 2011 Taxable Notes may be used for any corporate purposes, however, BHSF has designated that the proceeds will be used to finance capital improvements to the healthcare facilities of the BHSF Obligated Group members.

On December 21, 2011, the BHSF Obligated Group implemented a commercial paper program that allows BHSF to issue up to $150,000,000 of taxable commercial paper notes for general corporate purposes at an interest rate to be determined at the time of the commercial paper notes issuance. As of September 30, 2012, approximately $30,000,000 had been drawn on the available commercial paper, all of which matured on November 2, 2012. Commercial paper borrowings had a weighted-average interest rate of 0.35%, during fiscal year 2012.

Under the Master Trust Indenture, as amended and supplemented by a First Supplemental Master Trust Indenture, the BHSF Obligated Group has certain restrictions on incurrence of additional debt and certain other covenants. At September 30, 2012, the BHSF Obligated Group was in compliance with all of its debt covenants.

A summary of debt at September 30, 2012 and 2011, is as follows:

	2012	2011
2007 Bonds (including unaccreted bond premium: 2012 - $14,950,221, 2011 - $16,136,410)	$765,720,221	$777,736,410
2011 Taxable Notes	250,000,000	250,000,000
Commercial paper notes (net of unamortized discount: $17,428)	29,982,572	
Capital lease obligation	63,530	311,292
Total	1,045,766,323	1,028,047,702
Amount representing current maturities	(41,416,101)	(11,077,762)
Long-term debt	$1,004,350,222	$1,016,969,940

At September 30, 2012, the scheduled principal payments on long-term debt for the next five years and thereafter are as follows

Year ending September 30	Revenue Bonds	Taxable Notes	Capital Lease Obligation	Total
2013	$11,370,000		$63,530	$11,433,530
2014	11,940,000			11,940,000
2015	12,535,000			12,535,000
2016	13,160,000			13,160,000
2017	13,820,000			13,820,000
Thereafter	687,945,000	$250,000,000		937,945,000
Total	$750,770,000	$250,000,000	$63,530	$1,000,833,530

The Internal Revenue Service ("IRS") routinely examines municipal debt to determine compliance with federal tax regulations On January 24, 2011, the City of Coral Gables Health Facilities Authority received a letter from the IRS stating that the Hospital Revenue Bonds, Series 2004 had been selected for a routine examination Upon conclusion of the audit, the IRS issued a no-change determination letter on November 10, 2011 On November 28, 2011, the City of South Miami Health Facilities Authority received a letter from the IRS stating that the 2007 Bonds have been selected for a routine examination

7 NET ASSETS

A summary of the changes in consolidated unrestricted net assets attributable to BHSF and the noncontrolling interests for the year ended September 30, 2012, is as follows

	Total	BHSF	Noncontrolling Interests
Balance, beginning of year	$1,952,089,979	$1,946,775,047	$5,314,932
Excess of revenues over expenses	327,993,622	317,445,155	10,548,467
Net assets released from restrictions used for property and equipment acquisitions	3,094,801	3,094,801	
Change in value of split-interest agreements	(89,354)	(89,354)	
Transfers from temporarily restricted net assets	(28,852)	(28,852)	
Changes in accumulated postretirement benefit obligation other than periodic benefit cost	3,800,927	3,800,927	
Sale of limited partnership interests	937,903		937,903
Purchase of limited partnership interests	(115,069)		(115,069)
Partnership distributions	(11,029,011)		(11,029,011)
Increase in unrestricted net assets	324,564,967	324,222,677	342,290
Balance, end of year	$2,276,654,946	$2,270,997,724	$5,657,222

A summary of the changes in consolidated unrestricted net assets attributable to BHSF and the noncontrolling interests for the year ended September 30, 2011, is as follows

	Total	BHSF	Noncontrolling Interests
Balance, beginning of year	$1,794,348,529	$1,789,591,708	$4,756,821
Excess of revenues over expenses	154,782,580	145,775,080	9,007,500
Net assets released from restrictions used for property and equipment acquisitions	2,671,492	2,671,492	
Change in value of split-interest agreements	4,058	4,058	
Transfers from temporarily restricted net assets	2,500	2,500	
Changes in accumulated postretirement benefit obligation other than periodic benefit cost	8,730,209	8,730,209	
Noncontrolling interest related to acquisitions by Baptist Sleep Centers, LLC	889,600		889,600
Sale of limited partnership interests	483,784		483,784
Purchase of limited partnership interests	(384,442)		(384,442)
Partnership distributions	(9,438,331)		(9,438,331)
Increase in unrestricted net assets	157,741,450	157,183,339	558,111
Balance, end of year	$1,952,089,979	$1,946,775,047	$5,314,932

Temporarily and permanently restricted net assets are available for the following purposes at September 30, 2012 and 2011

	2012	2011
Equipment and building fund	$25,979,453	$21,820,820
Indigent care	11,876,676	13,272,146
Health education	16,375,330	14,136,475
Temporarily and permanently restricted net assets	$54,231,459	$49,229,441

BHSF's endowment consists of funds that have been limited by donors to a specific time period or purpose As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions Endowment funds received are included in assets whose use is limited and invested in accordance with BHSF's investment policy (see Note 1)

Gifts donated to the permanently restricted endowments are classified as permanently restricted net assets at their original fair value Gifts donated with temporary restrictions are classified as temporarily restricted net assets at their original fair value, until those amounts are appropriated for expenditure by the BHSF Hospitals or BOS in accordance with donors' wishes Income derived from permanently and temporarily restricted net assets is expendable to support the BHSF Hospitals and BOS, absent explicit donor stipulations to the contrary

8 MEDICAL MALPRACTICE AND GENERAL LIABILITY INSURANCE

BHSF is self-insured for professional and general liability coverage Coverage in excess of the self-insurance limits, less coinsurance, is provided on a claims-made basis by PIC, which reinsures 100% of the professional and general liability risk with unrelated commercial insurance carriers The adequacy of the coverage provided and the provisions for losses are reviewed quarterly by independent actuaries Should the claims-made policies be terminated, or not renewed or replaced with equivalent insurance, claims based on incidents during their term, but reported subsequently, will be uninsured At September 30, 2012 and 2011, BHSF has accrued undiscounted estimates of approximately $154,248,000 and $138,676,000, respectively, which represents the cost to settle malpractice and general liability claims reported and claims incurred but not reported Approximately $36,292,000 and $31,990,000 is included in accrued expenses and other current liabilities and approximately $117,956,000 and $106,686,000 is included in other liabilities in the accompanying consolidated balance sheets at September 30, 2012 and 2011, respectively

The fiscal year 2012 and 2011 consolidated statements of operations reflect a change in estimate in the accrued undiscounted cost to settle malpractice and general liability claims of approximately $14,156,000 and $19,908,000, respectively, primarily due to favorable development and settlement of historical outstanding claims.

Effective December 31, 2010, BHSF exercised the option in its general and professional liability policies, provided through PIC and reinsured through unrelated carriers, to commute both coverage and reinsurance on the first $10,000,000 layer for the policy period from October 1, 2007, through September 30, 2010. In exchange for full and final settlement of all amounts due or claimed, $4,600,000 in premiums was returned to BHSF and is included as a reduction in malpractice and other insurance expense in the accompanying consolidated statement of operations for the year ended September 30, 2011.

9. EMPLOYEE BENEFITS PROGRAMS

BHSF subsidizes the cost of health insurance for its employees. Prior to January 1, 2011, employees could elect coverage through an unrelated insurance company or through a self-insured employee health plan. Beginning January 1, 2011, BHSF provided only a self-insured option. Under the self-insurance plan, all claims from employees and their dependents, less deductibles and coinsurance, as provided in the plan, are paid directly by BHSF to the plan administrators. BHSF has commercial insurance coverage for per occurrence claims in excess of the self-insured limits. At September 30, 2012 and 2011, BHSF has recorded liabilities for outstanding and estimated unreported claims of its employees and their covered dependents under this plan of approximately $15,600,000 and $14,600,000, respectively, which are included in accrued wages, salaries and benefits in the accompanying consolidated balance sheets.

BHSF is self-insured for workers' compensation claims. BHSF purchases commercial insurance coverage for per occurrence workers' compensation claims in excess of the self-insurance limit. BHSF has recorded liabilities for outstanding and estimated unreported claims covered under this plan, which are included in accrued expenses and other current liabilities in the accompanying consolidated balance sheets.

10. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

BHSF provides certain healthcare benefits for retired employees. Under accounting principles generally accepted in the United States of America, BHSF is required to accrue the estimated cost of retiree benefit payments during the years the employee provides service.

The following table sets forth the changes in benefit obligation, plan liability and funded status of the postretirement healthcare benefit plan for the years ended September 30, 2012 and 2011.

	2012	2011
Change in benefit obligation		
Benefit obligation, beginning of year	$41,539,093	$44,177,067
Service cost	4,154,339	4,374,554
Interest cost	1,670,757	1,729,292
Benefits paid - net	(49,472)	(11,611)
Actuarial gain	(3,800,927)	(8,730,209)
Benefit obligation, end of year	$43,513,790	$41,539,093
Change in plan liability		
Net plan liability, beginning of year	$41,539,093	$44,177,067
Other changes in benefit obligation recognized in net unrestricted assets	(3,800,927)	(8,730,209)
Net periodic benefit cost	5,825,096	6,103,846
Benefits paid - net	(49,472)	(11,611)
Net postretirement liability, end of year	$43,513,790	$41,539,093
Funded status of plan		
Current assets	$0	$0
Noncurrent assets	$0	$0
Current liabilties	$740,648	$687,606
Noncurrent liabilities	$42,773,142	$40,851,487

Components of the net periodic benefit cost of the postretirement benefit plan for the years ended September 30, 2012 and 2011, consisted of the following:

	2012	2011
Service cost	$4,154,339	$4,374,554
Interest cost	1,670,757	1,729,292
Net periodic benefit cost	$5,825,096	$6,103,846

The following benefit payments, which reflect expected future service and expected benefit payments for services previously rendered relative to the postretirement benefit plan, are expected to be paid as follows:

Year ending September 30	
2013	$740,648
2014	$1,046,926
2015	$1,349,201
2016	$1,696,564
2017	$2,075,094
2018 - 2022	$18,084,568

The assumed healthcare cost trend rate used in measuring the accumulated postretirement benefit obligation of the medical plan at September 30, 2012, was 8.5% in 2012, declining gradually to 5.0% by the year 2020. The assumed healthcare cost trend rate used in measuring the accumulated postretirement benefit obligation of the medical plan at September 30, 2011, was 10.3% in 2011, declining gradually to 5.0% by the year 2022. The assumed discount rate used in determining the accumulated postretirement benefit obligation at September 30, 2012 and 2011, was 4.2% and 4.9%, respectively. A one-percentage point increase in the assumed healthcare cost trend rates would increase the total of service cost and interest cost components and the postretirement benefit obligation by approximately $983,000 and $6,239,000, respectively. A one-percentage point decrease in the assumed healthcare cost trend rates would decrease the total of service cost and interest cost components and the postretirement benefit obligation by approximately $816,000 and $5,273,000, respectively.

11. RETIREMENT PLAN

BHSF sponsors a defined contribution retirement plan (the "Plan") in which participation is available to substantially all full-time employees. Employees of BHSF, the BHSF Hospitals, BOS, the Foundation and BHE are eligible for participation in the Plan. Under the terms of the Plan, BHSF provides a basic contribution of 3% of the employee's gross salary. In addition, BHSF matches 50% of the amount the participating employee has contributed through a voluntary salary reduction agreement with BHSF. The maximum matching contribution is limited to 2% of the employee's gross salary. Provisions of the Plan include 100% vesting of BHSF contributions after three years of continuous service. Upon a participant's retirement, death or disability, or as required by law, the participant's vested interest in his or her account can be distributed in either a lump-sum amount equal to the value of the participant's vested interest in his or her account or annual installments over the life expectancy of the participant. The funding levels for the Plan are subject to periodic determination by the Board of Trustees of BHSF. Costs incurred in connection with the Plan, for the years ended September 30, 2012 and 2011, were approximately $36,723,000 and $32,867,000, respectively, and are included in wages, salaries and benefits expense in the accompanying consolidated statements of operations.

12 INCOME TAXES

The components of the income tax provision for the years ended September 30, 2012 and 2011, are as follows

	2012	2011
Current income tax provision		
Federal	$3,487,891	$3,266,168
State	281,998	548,316
Total current income tax provision	3,769,889	3,814,484
Deferred income taxes		
Federal	2,312,532	145,174
State	155,906	57,485
Total deferred income taxes	2,468,438	202,659
Income tax provision	$6,238,327	$4,017,143

Deferred income taxes, at September 30, 2012 and 2011, are provided for the temporary differences between the tax bases of the assets and liabilities of BHE and Insurance Companies and their bases for financial reporting purposes

The tax effects of temporary differences are as follows

	2012	2011
Current deferred tax (liabilities) assets		
Unrealized (gains) losses	($196,828)	$81,976
Realized losses	87,560	54,839
Other current assets	79,584	
Accrued liabilities and other	(4,926)	(3,747)
Total current deferred tax (liabilities) assets	(34,610)	133,068
Non-current deferred tax (liabilities) assets		
Depreciation	582,675	1,178,560
Net unearned premiums	327,359	247,192
Loss and loss adjustment	76,189	167,873
Investment in unconsolidated subsidiaries	(3,252,297)	(2,135,335)
Start-up expenses		42,330
Interest on surplus note	82,648	616,714
Installment gain	(667,631)	(667,631)
Total non-current deferred tax liabilities	(2,851,057)	(550,297)
Total net deferred tax liabilities	($2,885,667)	($417,229)

The current accounting standards require that deferred income taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their bases for financial reporting purposes In addition, future tax benefits, such as minimum tax credit carryforwards, are required to be recognized to the extent that realization of such benefits is more likely than not

BHSF is periodically audited by federal and state taxing authorities The outcome of these audits may result in BHSF being assessed taxes in addition to amounts previously paid In October 2010, the IRS initiated an examination of BHE's federal income tax returns for the years ended September 30, 2009 and 2008 On June 1, 2011, BHE received a closing letter from the IRS for this audit reflecting immaterial audit adjustments to the organization Federal returns, for all entities other than BHE, for fiscal years 2009 through 2011, remain open and subject to examination by the IRS

As of September 30, 2012 and 2011, BHSF had no material unrecognized tax positions

13 LEASE AGREEMENTS

BHSF and its affiliates have lease agreements that provide for terms of five to twenty years and for renewals at rents to be negotiated. Rents are adjusted annually for changes in the Consumer Price Index.

The following is a schedule of the approximate minimum future rental income for the next five years and thereafter on noncancelable leases in effect at September 30, 2012:

Year ending September 30	
2013	$8,771,000
2014	7,389,000
2015	5,013,000
2016	3,535,000
2017	2,648,000
Thereafter	5,768,000
Total	$33,124,000

14 COMMITMENTS AND CONTINGENCIES

Construction - BHSF has made certain commitments associated with its continuous construction programs. BHSF's future construction expenditures related to these commitments in years subsequent to 2012 are currently estimated at $111,736,000. Actual construction expenditures may vary from these estimates.

Operating Leases - BHSF's operating leases are primarily related to its copy machines, miscellaneous medical equipment, and parking and office space. Copy machine and miscellaneous medical equipment leases are subject to automatic renewal at the end of their respective lease terms for successive one-year periods under renegotiated terms and conditions. BHSF leases parking and office space under agreements that provide for terms of three to thirty years and renewals at rates to be negotiated. Office space rents are adjusted annually for changes in the Consumer Price Index. Total lease expenses charged to operations for the years ended September 30, 2012 and 2011, amounted to approximately $19,370,000 and $16,796,000, respectively.

The following is a schedule of the approximate minimum future rental payments for the next five years and thereafter on noncancelable leases in effect at September 30, 2012:

Year ending September 30	
2013	$11,214,000
2014	11,177,000
2015	10,366,000
2016	9,073,000
2017	6,597,000
Thereafter	16,897,000
Total	$65,324,000

Physician Income Guarantees - Baptist Hospital, South Miami Hospital, West Kendall Baptist Hospital, Mariners Hospital and Homestead Hospital provide income and revenue guarantee agreements to certain physicians and physician groups who agree to fill a community need in the hospitals' service areas and commit to remain in practice there for a specified period of time. Under such agreements, the hospitals are required to make payments to the physicians and physician groups in excess of the amounts earned or revenue collected in their practices up to the amount of the guarantees. The income and revenue collection guarantee agreements in effect at September 30, 2012, expire at various times through June 30, 2015.

At September 30, 2012, the maximum potential amount of future payments under the income and revenue collection guarantees was $23,427,000. At September 30, 2012, a liability for future payments under the income and revenue collection guarantees in the amount of $21,220,000 is included in accrued expenses and other current liabilities and other liabilities in the accompanying consolidated balance sheet.

Litigation - BHSF is subject to claims and suits, including malpractice allegations, arising in the ordinary course of business. It is management's opinion, based on consultation with legal counsel and prior experience with similar cases, that the ultimate resolution of such suits now pending will not have a material adverse effect on BHSF's future financial position, results from consolidated operations or its cash flows.

Other Industry Risks - The healthcare industry is subject to numerous laws and regulations of federal, state and local governments, which are complex and subject to interpretation. Compliance with these laws and regulations, including those relating to the Medicare and Medicaid programs, can be subject to governmental review and interpretation. Federal government activity has increased with respect to investigations and allegations concerning possible violations of laws and regulations by healthcare providers. Unfavorable outcomes related to these regulatory investigations could result in the imposition of significant monetary fines, and civil and criminal penalties, as well as significant repayments of previously billed and collected revenue from patient services, and exclusion from participation in the Medicare and Medicaid programs.

In March 2010, the Patient Protection and Affordability Care Act (the "Act"), a comprehensive healthcare reform bill, was signed into law. The legislation is complex and will be phased in over several years, with the most significant parts not taking effect until 2014. BHSF is in the process of assessing the potential impact of this reform on its operations but does not have enough information or data to predict the effects with certainty. However, it is possible that the Act will have an adverse impact on the operations or financial results of BHSF.

15. FUNCTIONAL EXPENSES

BHSF provides general healthcare services to residents within its geographic location. Expenses related to providing these services during the years ended September 30, 2012 and 2011, are as follows:

	2012	2011
Healthcare services	$1,546,596,546	$1,454,995,288
Other operating expenses	690,843,005	635,680,409
Total	$2,237,439,551	$2,090,675,697

16. FAIR VALUE MEASUREMENTS

Assets Whose Use is Limited and Other Investments - BHSF has elected the fair value option for all investments in debt and equity securities. BHSF classifies investments according to a hierarchy of techniques used to determine fair value based on the types of inputs. Level 1 inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that are available as of the measuring date. Level 2 inputs are quoted prices in markets that are not active or inputs that are observable either directly or indirectly. Level 2 inputs include quoted prices for similar assets other than quoted prices in Level 1 or other inputs that are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities. Level 3 inputs are unobservable inputs that are supported by little or no market activity and are significant to the fair value of the asset or liability. Unobservable inputs reflect BHSF's own judgment about the assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. For the years ended September 30, 2012 and 2011, BHSF had alternative investments which are Level 3 on the fair value hierarchy. BHSF's Level 3 investments are valued using the net asset value provided by the investment manager.

The disclosure of fair value measurements as of September 30, 2012, is as follows

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Financial assets				
Cash and short-term investments	$241,205,868			$241,205,868
U.S. Treasury obligations	110,640,376			110,640,376
U.S. Agency obligations		$60,241,425		60,241,425
Municipal bonds		9,748,020		9,748,020
Corporate equity instruments	896,516,178	237,536		896,753,714
Corporate bonds		501,116,872		501,116,872
Foreign government bonds		375,290,787		375,290,787
Foreign corporate bonds		53,414,326		53,414,326
Foreign exchange contracts	2,868,125			2,868,125
Global properties securities fund		63,952,594		63,952,594
Infrastructure fund			$34,730,000	34,730,000
Commodity fund			55,271,097	55,271,097
Total	$1,251,230,547	$1,064,001,560	$90,001,097	$2,405,233,204
Financial liabilities				
Foreign exchange contracts	$3,495,000			$3,495,000

The disclosure of fair value measurements as of September 30, 2011, is as follows

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Financial assets				
Cash and short-term investments	$466,950,176			$466,950,176
U.S. Treasury obligations	78,443,863			78,443,863
U.S. Agency obligations		$41,898,832		41,898,832
Municipal bonds		9,555,889		9,555,889
Corporate equity instruments	738,756,620	33,519,514		772,276,134
Corporate bonds		254,675,986		254,675,986
Foreign government bonds		287,624,695		287,624,695
Foreign corporate bonds		54,084,479		54,084,479
Foreign exchange contracts	10,535,615			10,535,615
Global properties securities fund		49,591,361		49,591,361
Infrastructure fund			$33,720,000	33,720,000
Commodity fund			39,152,209	39,152,209
Total	$1,294,686,274	$730,950,756	$72,872,209	$2,098,509,239
Financial liabilities				
Foreign exchange contracts	$4,493,669			$4,493,669

A summary of the change in the fair value of BHSF's Level 3 alternative investments for the years ended September 30, 2012 and 2011, is as follows

	2012	2011
Balance, beginning of year	$72,872,209	$35,751,127
Purchases	20,000,000	40,000,000
Sales and distributions	(2,274,920)	(2,145,584)
Realized and unrealized gains (losses) - net	(596,192)	(733,334)
Balance, end of year	$90,001,097	$72,872,209

At September 30, 2012, approximately $14,786,000 in securities classified as Level 1 securities were classified as Level 2 at September 30, 2011 These securities are reclassified as a result of the securities' inclusion or exclusion in active markets

BHSF's investment policy provides for a diversified investment portfolio which considers return, risk, social politics and BHSF's short-term and long-term liquidity needs, and supports its self-liquidity program This policy allows participation in alternative investment funds Three of BHSF's investments, the global properties securities fund, with a fair value of $63,952,594 at September 30, 2012, the infrastructure fund, with a fair value of $34,730,000 at September 30, 2012, and the commodities fund, with a fair value of $55,271,097 at September 30, 2012, are considered alternative investments and do not have readily determinable fair values All of these funds contain restrictions on an investor's ability to liquidate the investment All funds may restrict redemptions if, in their respective determinations, it would be in the best interest of the fund to do so Absent the fund manager's election to restrict, redemptions are available as follows the global properties securities fund allows redemptions on a monthly basis, with 15 days notice, the infrastructure fund has two redemption dates per year with 90 days notice required, and the commodities fund allows redemptions on a quarterly basis with 90 days notice BHSF did not seek any redemption from any of the funds, during fiscal years 2012 and 2011, and was not aware of any redemption restrictions in place as of September 30, 2012 In addition, BHSF had $15,000,000 in commitments outstanding for the infrastructure fund as of September 30, 2012 This commitment was funded in October 2012

Debt - The fair value of debt is estimated using discounted cash flow analyses, based on BHSF's current incremental borrowing rates for similar types of borrowing arrangements The carrying value and estimated fair value of BHSF's debt at September 30, 2012, was $1,045,766,323 and $1,131,706,000, respectively The carrying value and estimated fair value of BHSF's long-term debt at September 30, 2011, was $1,028,047,702 and $1,060,967,000, respectively

Other Assets and Liabilities - The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, other assets, estimated third-party payor settlements and accrued expenses and other liabilities approximate fair value because of the short maturity of these instruments

17 SUBSEQUENT EVENTS

BHSF evaluated events and transactions for potential recognition or disclosure through December 17, 2012, the date the consolidated financial statements were issued

BAPTIST HEALTH SOUTH FLORIDA, INC. AND AFFILIATES

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET INFORMATION
SEPTEMBER 30, 2012

	Baptist Health South Florida, Inc.	BHSF Hospitals	Baptist Outpatient Services, Inc.	Baptist Health Enterprises, Inc. & Subsidiaries	Baptist Health Medical Group	Insurance Companies	Baptist Health South Florida Foundation, Inc.	Consolidating Entries	Consolidated
ASSETS									
CURRENT ASSETS									
Cash and cash equivalents	$43,401,153	$50,725	$1,100	$10,221,703	$3,105	$8,956,868	$116,084		$62,750,738
Assets whose use is limited	185,628	335,043							520,671
Accounts receivable - net		216,448,820	7,864,817	5,494,880	2,737,489	3,588,129	8,601,798		244,735,933
Due from affiliates	13,027,203							($13,027,203) (2)	0
Other current assets	32,969,509	54,396,952	696,968	1,156,725	312,226	53,711	1,395,732	(4,488,848) (2)	86,492,975
Total current assets	89,583,493	271,231,540	8,562,885	16,873,308	3,052,820	12,598,708	10,113,614	(17,516,051)	394,500,317
ASSETS WHOSE USE IS LIMITED	2,332,773,663					13,215,861			2,345,989,524
OTHER INVESTMENTS							58,723,009		58,723,009
PROPERTY AND EQUIPMENT - NET	182,881,103	835,197,627	53,929,418	66,673,009	1,583,659		18,362		1,140,283,178
BENEFICIAL INTEREST IN NET ASSETS OF BAPTIST HEALTH SOUTH FLORIDA FOUNDATION, INC.	8,524,574	60,183,628	1,050,101					(69,758,303) (3)	0
GOODWILL		22,547,681		20,414,200					42,961,881
OTHER ASSETS	2,315,033	13,528,651	30,892	453,106	7,256	4,969,893	7,372,923		28,677,754
DUE FROM AFFILIATES	452,997,474			448,535				(453,446,009) (2)	0
NOTE RECEIVABLE - AFFILIATE	5,000,000			3,109,381				(8,109,381) (2)	0
INVESTMENT IN AFFILIATES	180,345,706							(180,345,706) (5)	0
TOTAL ASSETS	$3,254,421,046	$1,202,689,127	$63,573,296	$107,971,539	$4,643,735	$30,784,462	$76,227,908	($729,175,450)	$4,011,135,663
LIABILITIES AND NET ASSETS (DEFICIT)									
CURRENT LIABILITIES									
Accounts payable	$27,443,339								$27,443,339
Estimated third-party payor settlements		$18,977,217							18,977,217
Commercial paper notes	29,982,572								29,982,572
Current maturities of long-term debt	619,816 (1)	10,652,378 (1)	$97,805 (1)	$63,530					11,433,529
Accrued wages, salaries and benefits	61,609,101	86,884,228	4,068,698	2,120,351	$5,750,016		$702,079		161,134,473
Accrued expenses and other liabilities	37,747,656	184,659,706	9,248,510	9,031,370	1,671,684	$12,192,712	2,970,494	($4,488,848) (2)	253,033,284
Due to affiliates		10,247,237				60,749	2,719,217	(13,027,203) (2)	0
Total current liabilities	157,402,484	311,420,766	13,415,013	11,215,251	7,421,700	12,253,461	6,391,790	(17,516,051)	502,004,414
LONG-TERM DEBT	291,125,195 (1)	706,736,097 (1)	6,488,930 (1)						1,004,350,222
OTHER LIABILITIES	9,944,843	151,033,097	2,681,254	5,450,318	349,564	4,357,731	77,815		173,894,622
NOTE PAYABLE - AFFILIATE		3,109,381				5,000,000		(8,109,381) (2)	0
DUE TO AFFILIATES	470,719,341	319,556,324		25,630,167	108,016,436	243,082		(924,165,350) (2)	0
Total liabilities	929,191,863	1,491,855,665	22,585,197	42,295,736	115,787,700	21,854,274	6,469,605	(949,790,782)	1,680,249,258
NET ASSETS (DEFICIT)									
Unrestricted									
Baptist Health South Florida, Inc. and Affiliates	2,270,997,724	(349,685,209)	39,937,998		(111,143,965)		20,861,887	400,029,289 (5)	2,270,997,724
Noncontrolling interests								5,657,222 (4)	5,657,222
Total unrestricted net assets	2,270,997,724	(349,685,209)	39,937,998		(111,143,965)		20,861,887	405,686,511	2,276,654,946
Temporarily restricted	42,732,621	49,019,833	1,050,101				37,397,578	(87,467,512) (3,5)	42,732,621
Permanently restricted	11,498,838	11,498,838					11,498,838	(22,997,676) (3,5)	11,498,838
Total net assets (deficit)	2,325,229,183	(289,166,538)	40,988,099		(111,143,965)		69,758,303	295,221,323	2,330,886,405
STOCKHOLDER'S EQUITY									
Capital stock				3,000		1,200		(4,200) (5)	0
Additional paid-in-capital				19,852,061		221,105		(20,073,166) (5)	0
Retained earnings				40,163,520		8,707,883		(48,871,403) (5)	0
Total stockholder's equity				60,018,581		8,930,188		(68,948,769)	0
Noncontrolling interests				5,657,222				(5,657,222) (4)	0
Total equity				65,675,803		8,930,188		(74,605,991)	0
Total net assets (deficit) and stockholder's equity	2,325,229,183	(289,166,538)	40,988,099	65,675,803	(111,143,965)	8,930,188	69,758,303	220,615,332	2,330,886,405
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$3,254,421,046	$1,202,689,127	$63,573,296	$107,971,539	$4,643,735	$30,784,462	$76,227,908	($729,175,450)	$4,011,135,663

Notes:

(1) The members of the BHSF Obligated Group are jointly and severally liable for the entire amount of the long-term debt issued under the Master Trust Indenture. Long-term debt has been allocated to members of the BHSF Obligated Group based on the use of the proceeds.
(2) To eliminate intercompany receivables and payables.
(3) To eliminate beneficial interest in net assets of Baptist Health South Florida Foundation, Inc.
(4) To reclassify noncontrolling interests.
(5) To eliminate equity in income, the investment balance in affiliates and the related retained earnings.

BAPTIST HEALTH SOUTH FLORIDA INC AND AFFILIATES

SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION
YEAR ENDED SEPTEMBER 30 2012

	Baptist Health South Florida Inc	BHSF Hospitals	Baptist Outpatient Services Inc	Baptist Health Enterprises Inc & Subsidiaries	Baptist Health Medical Group	Insurance Companies	Baptist Health South Florida Foundation Inc	Consolidating Entries		Consolidated
UNRESTRICTED REVENUES GAINS AND OTHER SUPPORT										
Net patient service revenue		$2 047 103 410	$108 836 629	$57 110 188	$40 482 950					$2 253 533 177
Rental revenue	$1 059 712			14 234 824				($4 888 265)	(6 7)	10 406 271
Equity in affiliates	68 190 775							(68 190 775)	(5)	0
Other operating revenue	537 682 351	42 064 377	6 371 351	8 455 665	154 852	$7 496 122	$3 264 404	(548 891 877)	(6)	56 597 245
Total unrestricted revenues gains and other support	606 932 838	2 089 167 787	115 207 980	79 800 677	40 637 802	7 496 122	3 264 404	(621 970 917)		2 320 536 693
EXPENSES										
Wages salaries and benefits	247 702 481	756 886 789	29 698 621	21 158 656	56 664 421		2 785 333	91 874	(7)	1 114 988 175
Supplies	2 670 524	235 375 355	2 817 068	7 036 962	894 340		103 728	4 483 445	(6 7)	253 381 422
Malpractice and other insurance	51 162 582	50 562 347	71 495	463 919	2 382 249			(51 279 297)	(7)	53 363 295
Administrative and general	164 705 915	600 745 321	51 602 762	22 756 707	10 464 288	431 983	2 953 952	(478 255 036)	(6 7)	375 405 892
Provision for doubtful accounts		269 098 967	2 276 421	1 257 030	9 581 260					282 213 678
Depreciation and amortization	27 421 078	68 084 627	9 119 577	6 031 142	577 358		3 298	1 581 156	(7)	112 818 236
Interest	45 079 483	36 312 385	262 319	1 317 347		325 000		(38 202 681)	(6)	45 093 853
Total expenses	538 742 063	2 017 065 791	95 848 263	60 021 763	80 563 916	756 983	5 846 311	(561 580 539)		2 237 264 551
INCOME (LOSS) FROM OPERATIONS	68 190 775	72 101 996	19 359 717	19 778 914	(39 926 114)	6 739 139	(2 581 907)	(60 390 378)		83 272 142
OTHER INCOME										
Investment income										
Interest on affiliate advances	5 877 093			204 523				(6 081 616)	(6)	0
Other investment income	243 186 798			115		849 534	6 829 574			250 866 021
Other income	190 489	1 373 461	248 549	68				(1 718 781)	(6 7)	93 786
Total other income	249 254 380	1 373 461	248 549	204 706		849 534	6 829 574	(7 800 397)		250 959 807
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) BEFORE INCOME TAX PROVISION AND NONCONTROLLING INTERESTS	317 445 155	73 475 457	19 608 266	19 983 620	(39 926 114)	7 588 673	4 247 667	(68 190 775)		334 231 949
INCOME TAX PROVISION				3 657 959		2 580 368				6 238 327
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FROM CONSOLIDATED OPERATIONS	317 445 155	73 475 457	19 608 266	16 325 661	(39 926 114)	5 008 305	4 247 667	(68 190 775)		327 993 622
INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS				(10 548 467)						(10 548 467)
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) ATTRIBUTABLE TO BAPTIST HEALTH SOUTH FLORIDA INC AND AFFILIATES	$317 445 155	$73 475 457	$19 608 266	$5 777 194	($39 926 114)	$5 008 305	$4 247 667	($68 190 775)		$317 445 155

Notes

(5) To eliminate equity in income the investment balance in affiliates and the related retained earnings

(6) To eliminate intercompany revenue and expense transactions

(7) To reclassify rental income and expense of Baptist Health South Florida Inc Affiliate Hospitals from other income to income from operations

BAPTIST HEALTH SOUTH FLORIDA INC HOSPITALS

SUPPLEMENTAL COMBINING BALANCE SHEET INFORMATION
SEPTEMBER 30 2012

	Baptist Hospital of Miami Inc	Doctors Hospital Inc	Homestead Hospital Inc	Mariners Hospital Inc	South Miami Hospital Inc	West Kendall Baptist Hospital Inc	Combined
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	$16 650	$7 815	$4 310	$2 250	$14 300	$5 400	$50 725
Assets whose use is limited					335 043		335 043
Accounts receivable - net	99 636 998	22 953 941	18 502 911	5 153 237	54 144 206	16 057 527	216 448 820
Other current assets	17 806 698	4 914 522	12 416 998	1 998 968	12 869 912	4 389 854	54 396 952
Total current assets	117 460 346	27 876 278	30 924 219	7 154 455	67 363 461	20 452 781	271 231 540
PROPERTY AND EQUIPMENT - NET	289 927 140	119 132 948	39 248 298	24 836 412	181 013 644	181 039 185	835 197 627
BENEFICIAL INTEREST IN NET ASSETS OF BAPTIST HEALTH SOUTH FLORIDA FOUNDATION INC	32 375 434	2 506 470	2 934 589	6 536 256	15 754 954	75 925	60 183 628
GOODWILL		22 547 681					22 547 681
OTHER ASSETS	7 747 802	505 861	3 099 992	766 399	808 247	600 350	13 528 651
TOTAL ASSETS	$447 510 722	$172 569 238	$76 207 098	$39 293 522	$264 940 306	$202 168 241	$1 202 689 127
LIABILITIES AND NET ASSETS (DEFICIT)							
CURRENT LIABILITIES							
Estimated third-party payor settlements	$10 472 338	$2 274 375	$890 127	$1 318 118	$4 022 259		$18 977 217
Current maturities of long-term debt	3 149 530 (1)	1 608 931 (1)	1 906 834 (1)	179 062 (1)	2 059 487 (1)	$1 748 534 (1)	10 652 378
Accrued wages salaries and benefits	39 340 295	7 844 254	9 828 407	2 556 814	20 920 512	6 393 946	86 884 228
Accrued expenses and other liabilities	84 479 003	19 121 441	20 372 927	4 807 960	45 740 843	10 137 532	184 659 706
Due to affiliates		2 152 983		1 076 976	7 017 278		10 247 237
Total current liabilities	137 441 166	33 001 984	32 998 295	9 938 930	79 760 379	18 280 012	311 420 766
LONG-TERM DEBT	208 957 695 (1)	106 745 582 (1)	126 509 980 (1)	11 879 978 (1)	136 636 687 (1)	116 006 175 (1)	706 736 097
OTHER LIABILITIES	81 455 965	12 295 033	16 408 758	3 239 843	28 993 792	8 639 706	151 033 097
NOTE PAYABLE - AFFILIATE	3 109 381						3 109 381
DUE TO AFFILIATES	448 535		167 148 799			151 958 990	319 556 324
Total liabilities	431 412 742	152 042 599	343 065 832	25 058 751	245 390 858	294 884 883	1 491 855 665
NET ASSETS (DEFICIT)							
Unrestricted	(16 277 454)	18 020 169	(269 793 323)	7 698 515	3 459 451	(92 792 567)	(349 685 209)
Temporarily restricted	29 693 624	2 506 470	2 934 589	5 286 015	8 523 210	75 925	49 019 833
Permanently restricted	2 681 810			1 250 241	7 566 787		11 498 838
Total net assets (deficit)	16 097 980	20 526 639	(266 858 734)	14 234 771	19 549 448	(92 716 642)	(289 166 538)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$447 510 722	$172 569 238	$76 207 098	$39 293 522	$264 940 306	$202 168 241	$1 202 689 127

Note

(1) The members of the BHSF Obligated Group are jointly and severally liable for the entire amount of the long-term debt issued under the Master Trust Indenture Long-term debt has been allocated to members of the BHSF Obligated Group based on the use of the proceeds

BAPTIST HEALTH SOUTH FLORIDA. INC HOSPITALS

SUPPLEMENTAL COMBINING STATEMENT OF OPERATIONS INFORMATION
YEAR ENDED SEPTEMBER 30. 2012

	Baptist Hospital of Miami. Inc	Doctors Hospital. Inc	Homestead Hospital. Inc	Mariners Hospital. Inc	South Miami Hospital. Inc	West Kendall Baptist Hospital. Inc	Combined
UNRESTRICTED REVENUES. GAINS AND OTHER SUPPORT							
Net patient service revenue	$916.712.287	$202.951.017	$223.012.780	$53.010.448	$484.696.836	$166.720.042	$2.047.103.410
Other operating revenue	16.371.496	3.467.459	5.275.189	877.492	14.612.880	1.459.861	42.064.377
Total unrestricted revenues. gains and other support	933.083.783	206.418.476	228.287.969	53.887.940	499.309.716	168.179.903	2.089.167.787
EXPENSES							
Wages. salaries and benefits	336.781.127	70.789.119	89.693.519	17.628.309	179.586.922	62.407.793	756.886.789
Supplies	108.445.459	27.961.332	15.388.322	3.980.535	65.583.933	14.015.774	235.375.355
Malpractice and other insurance	28.308.309	3.033.828	(2.739.916)	498.726	9.660.416	11.800.984	50.562.347
Administrative and general	254.273.422	58.714.411	71.050.200	19.948.809	145.532.331	51.226.148	600.745.321
Provision for doubtful accounts	96.910.003	15.532.363	60.689.884	8.491.157	42.058.403	45.417.157	269.098.967
Depreciation and amortization	27.296.752	7.146.318	4.469.532	1.595.972	16.111.841	11.464.212	68.084.627
Interest	10.020.080	4.348.576	7.974.682	580.013	5.280.398	8.108.636	36.312.385
Total expenses	862.035.152	187.525.947	246.526.223	52.723.521	463.814.244	204.440.704	2.017.065.791
INCOME (LOSS) FROM OPERATIONS	71.048.631	18.892.529	(18.238.254)	1.164.419	35.495.472	(36.260.801)	72.101.996
OTHER INCOME (EXPENSE)	875.626	(24.407)	151.985	325.677	1.163.981	(1.119.401)	1.373.461
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	$71.924.257	$18.868.122	($18.086.269)	$1.490.096	$36.659.453	($37.380.202)	$73.475.457