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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

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 04-01-2012 , 2012, and ending 03-31-2013

<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization FREEMAN HEALTH SYSTEM		<b>D Employer identification number</b>  43-1704371	
	Doing Business As FREEMAN HOSPITAL			
	Number and street (or P O box if mail is not delivered to street address) 1102 WEST 32ND STREET Suite		Room/suite	
	City or town, state or country, and ZIP + 4 JOPLIN, MO 64804			
	<b>F</b> Name and address of principal officer PAULA BAKER 1102 WEST 32ND STREET JOPLIN, MO 64804		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)		
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) <input type="checkbox"/> (insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(c)</b> Group exemption number <input type="checkbox"/>		
<b>J Website:</b> WWW.FREEMANHEALTH.COM				

<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other <input type="checkbox"/>	<b>L</b> Year of formation 1999	<b>M</b> State of legal domicile MO
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Part I

Summary

Activities & Governance	<b>1</b>	Briefly describe the organization's mission or most significant activities FREEMAN HEALTH SYSTEM PROVIDES WORLD-CLASS, COMPASSIONATE HEALTHCARE SERVICES WHERE IT MATTERS MOST, CLOSE TO HOME SEE SCHEDULE O FOR ADDITIONAL INFORMATION		
	<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	<b>3</b>	Number of voting members of the governing body (Part VI, line 1a) . . . . .		
	<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b) . . . . .		
	<b>5</b>	Total number of individuals employed in calendar year 2012 (Part V, line 2a) . . . . .		
	<b>6</b>	Total number of volunteers (estimate if necessary) . . . . .		
	<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .		
	<b>7b</b>	Net unrelated business taxable income from Form 990-T, line 34 . . . . .		
	Revenue	<b>8</b>	Contributions and grants (Part VIII, line 1h) . . . . .	
		<b>9</b>	Program service revenue (Part VIII, line 2g) . . . . .	
<b>10</b>		Investment income (Part VIII, column (A), lines 3, 4, and 7d ) . . . . .		
<b>11</b>		Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		
<b>12</b>		Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .		
Expenses	<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) . . . . .		
	<b>14</b>	Benefits paid to or for members (Part IX, column (A), line 4) . . . . .		
	<b>15</b>	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		
	<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e) . . . . .		
	<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 788,830		
	<b>17</b>	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) . . . . .		
	<b>18</b>	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		
	<b>19</b>	Revenue less expenses Subtract line 18 from line 12 . . . . .		
Net Assets or Fund Balances		Beginning of Current Year	End of Year	
	<b>20</b>	Total assets (Part X, line 16) . . . . .	383,470,034	378,578,769
	<b>21</b>	Total liabilities (Part X, line 26) . . . . .	218,305,842	204,269,981
	<b>22</b>	Net assets or fund balances Subtract line 21 from line 20 . . . . .	165,164,192	174,308,788

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	<input type="checkbox"/> ***** Signature of officer	2014-01-18 Date				
	<input type="checkbox"/> STEVE GRADDY CFO Type or print name and title					
Paid Preparer Use Only	Prnt/Type preparer's name Bran D Todd		Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name <input type="checkbox"/> BKD LLP				Firm's EIN <input type="checkbox"/>	
	Firm's address <input type="checkbox"/> 910 E ST LOUIS 200/PO BOX 1190 SPRINGFIELD, MO 658062523				Phone no (417) 865-8701	

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 FREEMAN HEALTH SERVICES IS TO IMPROVE THE HEALTH OF THE COMMUNITIES WE SERVE THROUGH CONTEMPORARY, INNOVATIVE, QUALITY HEALTHCARE SOLUTIONS

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes

☒ No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes

☒ No

If "Yes," describe these changes on Schedule O

4

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 \$ 211,531,493 including grants of \$ 1,436,505 ) (Revenue \$ 229,886,496 )

THROUGH TWO JOPLIN HOSPITALS, FREEMAN PROVIDES A WIDE ARRAY OF INPATIENT SERVICES FREEMAN PROVIDES SERVICES TO PATIENTS THROUGH GENERAL MEDICAL, GENERAL SURGERY, ORTHOPAEDIC, NEUROSURGERY, CARDIOVASCULAR, CARDIAC/MEDICAL, ONCOLOGY, CRITICAL CARE, MATERNAL, PEDIATRIC, PSYCHIATRIC, GERIATRIC PSYCHIATRIC, SKILLED NURSING, AND REHABILITATION UNITS SEE SCHEDULE O FOR ADDITIONAL INFORMATION

4b

(Code ) (Expenses \$ 210,126,730 including grants of \$ ) (Revenue \$ 228,359,838 )

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

4c

(Code ) (Expenses \$ 16,221,901 including grants of \$ ) (Revenue \$ 22,142,498 )

FREEMAN CANCER INSTITUTE PROVIDES PHYSICAL AND EMOTIONAL CARE FOR PATIENTS AND FAMILIES THROUGH COMPREHENSIVE SERVICES AND THE MOST UP-TO-DATE TECHNOLOGICAL ADVANCES, ALL LOCATED IN ONE CONVENIENT AND COMFORTABLE SETTING FREEMAN CANCER INSTITUTE ACCEPTS MEDICAID AND MEDICARE PATIENTS SEE SCHEDULE O FOR ADDITIONAL INFORMATION

4d

Other program services (Describe in Schedule O )

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

4e
























Total program service expenses ▶

437,880,124

Form 990 (2012)

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 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	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 and XII 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, Parts I and IV	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 United States? If "Yes," complete Schedule F, Parts 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 United States? If "Yes," complete Schedule F, Parts 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 (see instructions) 	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II 	18 Yes	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III 	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> . . . . .	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b	Yes	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> 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.	182	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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.	4,540	
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		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?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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 as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
7a	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?	Yes	
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	Yes	
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	<b>Section 501(c)(7) organizations.</b> Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	<b>Section 501(c)(12) organizations.</b> Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
13a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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	13	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	9	
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	Yes
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
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 during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization STEVE GRADDY 1102 WEST 32ND STREET JOPLIN, MO (417) 347-6678

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

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

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

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

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

- List all of the organization's **former** officers, key employees, 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 organization compensated any current officer, director, or trustee

[illegible]



## Part VII

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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			
<b>1b</b> Sub-Total . . . . .										
<b>c</b> Total from continuation sheets to Part VII, Section A . . . . .										
<b>d</b> Total (add lines 1b and 1c) . . . . .								16,140,731	166,687	1,671,986

**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 ▶284

		Yes	No
<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>3</b> Yes	
<b>4</b>	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>4</b> Yes	
<b>5</b>	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> . . . . .	<b>5</b>	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)	(B)	(C)
Name and business address	Description of services	Compensation
CROTHAL SERVICES GROUP ,	CLEANING	4,829,074
NURSEFINDERS ,	MEDICAL STAFFING	3,359,722
MEDICUS RADIOLOGY SERVICES LLC ,	RADIOLOGY SERVICES	1,358,394
MEDICUS HEALTHCARE SOLUTIONS ,	MEDICAL SERVICES	1,183,322
FOUR STATE HOME LLC ,	CONSTRUCTION	1,459,285

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

Part VIII

Statement of Revenue

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

				(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	15,750			
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c	35,013			
	d	Related organizations . . . . .	1d	8,651			
	e	Government grants (contributions)	1e	273,017			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	2,320,130			
	g	Noncash contributions included in lines 1a-1f \$		28,658			
	h	Total. Add lines 1a-1f . . . . .		2,652,561			
Program Service Revenue	2a	PATIENT SERVICES	Business Code				
			900099	457,532,471	457,532,471		
	b	CAFETERIA & VENDING	722210	1,739,891	1,739,891		
	c	RENT FROM AFFILIATES	531390	288,725	288,725		
	d	UNRELATED RETAIL PHARMACY	446110	5,998,869		5,998,869	
	e	UNRELATED LAB SERVICES	621610	332,584		332,584	
	f	All other program service revenue		26,220,184	20,827,745	5,392,439	
	g	Total. Add lines 2a-2f . . . . .		492,112,724			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		2,068,579			2,068,579
	4	Income from investment of tax-exempt bond proceeds . . .		286,395			286,395
	5	Royalties . . . . .		0			
	6a	Gross rents	(i) Real				
			1,925,037				
	b	Less rental expenses	(ii) Personal				
			667,041				
	c	Rental income or (loss)					
			1,257,996				
	d	Net rental income or (loss) . . . . .		1,257,996			1,257,996
	7a	Gross amount from sales of assets other than inventory	(i) Securities				
			16,088,001				
	b	Less cost or other basis and sales expenses	(ii) Other				
			15,331,115				
	c	Gain or (loss)					
			756,886				
	d	Net gain or (loss) . . . . .		668,894			668,894
	8a	Gross income from fundraising events (not including \$ 35,013 of contributions reported on line 1c) See Part IV, line 18 . . . . .					
			a	309,119			
	b	Less direct expenses . . . . .	b	207,186			
	c	Net income or (loss) from fundraising events . . .		101,933			101,933
	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	676,491			
	b	Less cost of goods sold . . . . .	b	407,086			
	c	Net income or (loss) from sales of inventory . . .		269,405			269,405
		Miscellaneous Revenue	Business Code				
	11a	LOSS ON EXTINGUISHMENT OF DEBT	900099	-1,396,149			-1,396,149
	b	LOSS ON REG SETTLEMENT	900099	-2,916,139			-2,916,139
	c	INVESTMENT IN SUBSIDIARY	900099	1,479,282		86,951	1,392,331
	d	All other revenue . . . . .					
	e	Total. Add lines 11a-11d . . . . .		-2,833,006			
	12	Total revenue. See Instructions . . . . .		496,585,481	480,388,832	11,810,843	1,733,245

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).

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.	1,139,551	1,139,551		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	296,954	296,954		
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.	7,902,381	1,983,514	5,918,867	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	2,469,109	1,063,386	1,405,723	
7	Other salaries and wages.	196,298,235	178,349,264	17,264,628	684,343
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	1,930,536	1,930,536	0	0
9	Other employee benefits.	20,336,054	18,194,547	2,141,507	0
10	Payroll taxes.	11,719,196	10,390,341	1,328,855	0
11	Fees for services (non-employees):				
a	Management.	0	0	0	0
b	Legal.	439,141	0	439,141	0
c	Accounting.	269,390	0	269,390	0
d	Lobbying.	0			
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	335,343		335,343	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	42,501,192	29,110,189	13,346,128	44,875
12	Advertising and promotion.	886,604	699,089	146,573	40,942
13	Office expenses.	20,258,816	18,025,630	2,226,074	7,112
14	Information technology.	303,841	0	303,841	0
15	Royalties.	0			
16	Occupancy.	7,776,661	6,444,344	1,332,317	0
17	Travel.	753,550	590,860	157,845	4,845
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	577,586	282,917	291,515	3,154
20	Interest.	7,158,886	6,340,470	818,416	0
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	17,008,311	15,063,891	1,944,420	0
23	Insurance.	8,520,501	3,843,038	4,677,463	0
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	BAD DEBT	54,042,903	54,042,903	0	0
b	TAXES, LICENSES, & FEES	400,317	251,656	146,550	2,111
c	PROVIDER TAXES AND FEES	16,331,276	16,331,276	0	0
d	MEDICAL SUPPLIES & DRUGS	73,474,003	73,474,003	0	0
e	All other expenses	271,090	31,765	237,877	1,448
25	Total functional expenses. Add lines 1 through 24e.	493,401,427	437,880,124	54,732,473	788,830
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		5,284,331	1	6,787,393
	2	Savings and temporary cash investments		31,932,887	2	25,631,838
	3	Pledges and grants receivable, net		6,256,972	3	6,424,881
	4	Accounts receivable, net		56,677,774	4	63,353,880
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	15,691
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		978,901	7	824,145
	8	Inventories for sale or use		7,425,643	8	7,398,700
	9	Prepaid expenses and deferred charges		1,925,360	9	1,729,686
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a341,784,059			
	b	Less accumulated depreciation	10b193,886,475	147,038,167	10c	147,897,584
	11	Investments—publicly traded securities		117,857,370	11	108,577,957
	12	Investments—other securities See Part IV, line 11		1,731,731	12	1,905,918
	13	Investments—program-related See Part IV, line 11		1,418,754	13	1,524,307
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		4,942,144	15	6,506,789
	16	Total assets. Add lines 1 through 15 (must equal line 34)		383,470,034	16	378,578,769
Liabilities	17	Accounts payable and accrued expenses		44,617,415	17	44,931,521
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		148,731,178	20	136,209,051
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		2,116,859	23	6,948,359
	24	Unsecured notes and loans payable to unrelated third parties		1,500,000	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		21,340,390	25	16,181,050
	26	Total liabilities. Add lines 17 through 25		218,305,842	26	204,269,981
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		157,044,457	27	165,657,269
	28	Temporarily restricted net assets		8,119,735	28	8,651,519
	29	Permanently restricted net assets		0	29	0
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		165,164,192	33	174,308,788
	34	Total liabilities and net assets/fund balances		383,470,034	34	378,578,769

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	496,585,481
2	Total expenses (must equal Part IX, column (A), line 25)	2	493,401,427
3	Revenue less expenses Subtract line 2 from line 1	3	3,184,054
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	165,164,192
5	Net unrealized gains (losses) on investments	5	5,960,542
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	174,308,788

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a	No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2b	Yes
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes
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	No
3b	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	

Additional Data

Software ID:

Software Version:

EIN: 43-1704371

Name: FREEMAN HEALTH SYSTEM

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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			
LANCE BESHORE PHD CHAIR	1 0	X		X						
DIAN DOODY MD VICE CHAIR	1 0	X		X						
LARRY MCINTIRE DO SECRETARY/TREASURER	60 0	X		X				542,559		8,007
JOHN M COX DO DIRECTOR	60 0	X						1,116,189		26,344
RODNEY MCFARLAND MD DIRECTOR	60 0	X						267,760		22,655
JIM ARMSTRONG DIRECTOR	1 0	X								
GLENN MITCH MCCUMBER DIRECTOR	1 0	X								
SCOTT BROTHERS DIRECTOR	1 0	X								
GLENN BROWN DIRECTOR	1 0	X								
MARK WILLIAMS DIRECTOR	1 0	X								
JAMES FLEISCHAKER DIRECTOR	1 0	X								
LARRY NEFF DIRECTOR	1 0	X								
PAULA F BAKER PRESIDENT/CEO	54 0 13 5	X		X				845,122	0	647,268
JOE L KIRK CHIEF OPERATIONS OFFICER	60 0			X				574,441		88,786
STEVE W GRADDY CFO	50 0 10 0			X				523,298	0	89,283
RICHARD D SCHOOLER CHIEF MEDICAL OFFICER	60 0				X			546,433		81,321
DEBRA M KOELKEBECK VP RETAIL/CLINICAL OPERATIONS	60 0				X			289,645		50,404
MICHAEL J LEONE CONTROLLER	60 0				X			281,173		46,927
JEFFREY M CARRIER CHIEF CLINICAL OFFICER	60 0				X			274,161		56,432
KEVIN P GAUDETTE VP REVENUE CYCLE	60 0				X			247,792		52,500
DEBORAH E CHIDO CHIEF HUMAN RESOURCES OFFICER	60 0				X			259,293		43,040
WESLEY B BRAMAN VP BUSINESS DEVELOPMENT	60 0				X			233,326		43,600
SUE A ANNESSER CHIEF INFORMATION OFFICER	60 0				X			282,098		48,828
DAXTON D HOLCOMB ER/TRAUMA SERV BEG 07/2012	20 0 40 0				X			69,613	166,687	35,114
COLEEN S CAMERON CHIEF REGULATORY OFFICER	60 0				X			196,882		30,911

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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			
THOMAS B COY PHYSICIAN	60 0					X		1,656,846		23,344
WILLIAM J NICHOLAS PHYSICIAN	60 0					X		2,393,445		19,047
JOSHUA M BALL PHYSICIAN	60 0					X		1,491,230		23,233
RAYMOND VETSCH PHYSICIAN	60 0					X		1,305,652		197,766
CHRISTOPHER R LONGNECKER PHYSICIAN	60 0					X		1,352,084		23,142
GARY D DUNCAN FORMER PRESIDENT/CEO							X	1,391,689		14,034

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.

OMB No 1545-0047

2012

Open to Public Inspection

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

Name of the organization  
FREEMAN HEALTH SYSTEM

Employer identification number  
43-1704371

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E )
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state \_\_\_\_\_
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II )
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II )
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 9

☐

An organization that normally receives (1) more than 33<sup>1</sup>/<sub>3</sub>% 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<sup>1</sup>/<sub>3</sub>% 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 - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

A family member of a person described in (i) above?

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?
- h

☐

Provide the following information about the supported organization(s)

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

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



Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here . . . . . ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. 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—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2012. 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—2011. 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 IIISupport Schedule for Organizations Described in Section 509(a)(2)

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f))	15		
16 Public support percentage from 2011 Schedule A, Part III, line 15	16		

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17		
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2012. 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—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶			
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶			

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.  
▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

If the organization answered “Yes” to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

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

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

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

If the organization answered “Yes” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

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

Name of the organization FREEMAN HEALTH SYSTEM	Employer identification number  43-1704371
---	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If “Yes,” describe in Part IV	

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

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

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

Part II-A

Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities?	Yes		27,377
	j	Total Add lines 1c through 1i		
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
OTHER LOBBYING ACTIVITIES	SCHEDULE C, PART II-B, LINE 1(i)	THE ORGANIZATION PAYS DUES TO THE MISSOURI HOSPITAL ASSOCIATION (MHA), THE AMERICAN HOSPITAL ASSOCIATION (AHA), AND THE SAFETY NET HOSPITALS FOR PHARMACEUTICAL ACCESS (SNHPA). A PORTION OF THESE DUES, TOTALING \$27,377, ARE ATTRIBUTABLE TO LOBBYING PURPOSES.

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
FREEMAN HEALTH SYSTEM

Employer identification number  
43-1704371

Part I

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

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

Part II

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

1

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

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

2

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

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

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶\_\_\_\_\_

4

Number of states where property subject to conservation easement is located ▶\_\_\_\_\_

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes☐ No

6

Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶\_\_\_\_\_

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶\$ \_\_\_\_\_

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

(i) Revenues included in Form 990, Part VIII, line 1

▶\$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶\$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶\$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶\$ \_\_\_\_\_

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

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

3

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

a

☐ Public exhibition

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 XIII

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 XIII and complete the following table

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

☐

Part V

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

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

2

Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a

Board designated or quasi-endowment

b

Permanent endowment

c

Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%

3a

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

(i) unrelated organizations . . . . .

3a(i)

Yes

No

(ii) related organizations . . . . .

3a(ii)

Yes

No

b

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

3b

Yes

No

4

Describe in Part XIII 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 . . . . .	3,859,359	7,029,574		10,888,933
b Buildings . . . . .		169,973,341	92,635,419	77,337,922
c Leasehold improvements . . . . .				
d Equipment . . . . .		145,602,959	96,043,740	49,559,219
e Other . . . . .		15,318,826	5,207,316	10,111,510
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				147,897,584

Schedule D (Form 990) 2012





Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return				
1	Total revenue, gains, and other support per audited financial statements . . . . .	1		449,665,789
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	2e		
a	Net unrealized gains on investments . . . . .		2a	5,960,542
b	Donated services and use of facilities . . . . .		2b	
c	Recoveries of prior year grants . . . . .		2c	
d	Other (Describe in Part XIII ) . . . . .		2d	-54,161,547
e	Add lines 2a through 2d . . . . .	2e		-48,201,005
3	Subtract line 2e from line 1 . . . . .	3		497,866,794
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	4c		
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .		4a	
b	Other (Describe in Part XIII ) . . . . .		4b	-1,281,313
c	Add lines 4a and 4b . . . . .			-1,281,313
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12 ) . . . . .	5		496,585,481

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return				
1	Total expenses and losses per audited financial statements . . . . .	1		440,521,193
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	2e		
a	Donated services and use of facilities . . . . .		2a	
b	Prior year adjustments . . . . .		2b	
c	Other losses . . . . .		2c	
d	Other (Describe in Part XIII ) . . . . .		2d	1,281,313
e	Add lines 2a through 2d . . . . .	2e		1,281,313
3	Subtract line 2e from line 1 . . . . .	3		439,239,880
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	4c		
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .		4a	118,644
b	Other (Describe in Part XIII ) . . . . .		4b	54,042,903
c	Add lines 4a and 4b . . . . .			54,161,547
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18 ) . . . . .	5		493,401,427

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
UNCERTAIN TAX POSITIONS	SCHEDULE D, PART X, LINE 2	MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740. BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS.
OTHER REVENUE INCLUDED ON LINE 1, BUT NOT ON FORM 990, PART VIII, LINE 12	SCHEDULE D, PART XI, LINE 2D	\$(54,042,903) BAD DEBT (118,644) INVESTMENT FEES ----- \$(54,161,547)
OTHER REVENUE INCLUDED ON FORM 990, PART VIII, LINE 12, BUT NOT ON LINE 1	SCHEDULE D, PART XI, LINE 4B	\$ (667,041) RENTAL EXPENSES (407,086) COST OF GOODS (207,186) SPECIAL EVENT EXPENSES ----- \$ (1,281,313)
OTHER EXPENSE INCLUDED ON LINE 1, BUT NOT ON FORM 990, PART IX, LINE 25	SCHEDULE D, PART XII, LINE 2D	\$ 667,041 RENTAL EXPENSES 407,086 COST OF GOODS 207,186 SPECIAL EVENT EXPENSES ----- \$ 1,281,313
OTHER EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, BUT NOT ON LINE 1	SCHEDULE D, PART XII, LINE 4B	\$ 54,042,903 BAD DEBT



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

Revenue			(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col (a) through col (c))	
			<u>JEWELRY SALE</u> (event type)	<u>GADGET SALE</u> (event type)	<u>11</u> (total number)		
	1	Gross receipts . . . .	78,670	43,561	221,901	344,132	
	2	Less Contributions . . .			35,013	35,013	
3	Gross income (line 1 minus line 2) . . . .	78,670	43,561	186,888	309,119		
Direct Expenses	4	Cash prizes . . . .			1,800	1,800	
	5	Noncash prizes . . .			5,441	5,441	
	6	Rent/facility costs . . .			3,435	3,435	
	7	Food and beverages .			305	305	
	8	Entertainment . . . .					
	9	Other direct expenses .	56,678	35,130	104,397	196,205	
	10	Direct expense summary Add lines 4 through 9 in column (d) . . . . . ►					(207,186)
	11	Net income summary Combine line 3, column (d), and line 10 . . . . . ►					101,933

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

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Revenue	1	Gross revenue . . . . .			
	2	Cash prizes . . . . .			
	3	Non-cash prizes . . . .			
	4	Rent/facility costs . . . .			
	5	Other direct expenses . . .			
Direct Expenses	6	Volunteer labor . . . .			
	7	Direct expense summary Add lines 2 through 5 in column (d) . . . . . ▶			
	8	Net gaming income summary Combine lines 1 and 7 in column (d) . . . . . ▶			

9 Enter the state(s) in which the organization operates gaming activities \_\_\_\_\_

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

b If "No," explain \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

b If "Yes," explain \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Does the organization operate gaming activities with nonmembers? ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a The organization's facility	13a	
b An outside facility	13b	

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

Name  .....

Address  .....

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization  \$ \_\_\_\_\_ and the amount of gaming revenue retained by the third party  \$ \_\_\_\_\_

c If "Yes," enter name and address of the third party

Name  .....

Address  .....

16 Gaming manager information

Name  .....

Gaming manager compensation  \$ .....

Description of services provided  .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year  \$ \_\_\_\_\_

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

Identifier	Return Reference	Explanation
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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

2012

Open to Public Inspection

**Name of the organization**  
FREEMAN HEALTH SYSTEM

**Employer identification number**  
43-1704371

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . .	1a	Yes	
b	If "Yes," was it a written policy? . . . . .	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year  <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year  <b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care  <input type="checkbox"/> 100% <input checked="" type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care . . . . .  <input type="checkbox"/> 200% <input checked="" type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .	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 financial assistance expenses exceed the budgeted amount? . . . . .	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5c		
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	6a	Yes	
b	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

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . .			6,521,333		6,521,333	1 480 %
b Medicaid (from Worksheet 3, column a) . . . . .			58,001,006	49,451,842	8,549,164	1 950 %
c Costs of other means-tested government programs (from Worksheet 3, column b) .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs .			64,522,339	49,451,842	15,070,497	3 430 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .			589,531	132,972	456,559	0 100 %
f Health professions education (from Worksheet 5) . . . .			1,831,530		1,831,530	0 420 %
g Subsidized health services (from Worksheet 6) . . . .			30,868,908	7,192,771	23,676,137	5 390 %
h Research (from Worksheet 7)			534,330		534,330	0 120 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,371,486		1,371,486	0 310 %
j <b>Total</b> Other Benefits . . . .			35,195,785	7,325,743	27,870,042	6 340 %
k <b>Total.</b> Add lines 7d and 7j .			99,718,124	56,777,585	42,940,539	9 770 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development			30,000		30,000	0.010 %
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other			35,019		35,019	0.010 %
10Total			65,019		65,019	0.020 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1

No

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

54,042,903

3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

1,449,004

4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME).

5

114,841,813

6Enter Medicare allowable costs of care relating to payments on line 5.

6

107,308,863

7Subtract line 6 from line 5. This is the surplus (or shortfall).

7

7,532,950

8Describe 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

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

9a

Yes

bIf "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 IVManagement Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—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 %
1FREEMAN SURGICAL CTR	AMBULATORY SURGERY CENTER	51.000 %		39.000 %
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—see instructions)  
How many hospital facilities did the organization operate during the tax year?  
1

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	FREEMAN HEALTH SYSTEM 1102 W 32ND ST JOPLIN, MO 64804	X	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 or facility reporting groups listed in Part V, Section A)

FREEMAN HEALTH SYSTEM

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . . If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4	No
5 Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . . . .	7 Yes	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
<b>9</b> Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		<b>9</b>	Yes		
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>150</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes		
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes		
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> Income level					
<b>b</b> <input checked="" type="checkbox"/> Asset level					
<b>c</b> <input checked="" type="checkbox"/> Medical indigency					
<b>d</b> <input type="checkbox"/> Insurance status					
<b>e</b> <input type="checkbox"/> Uninsured discount					
<b>f</b> <input type="checkbox"/> Medicaid/Medicare					
<b>g</b> <input type="checkbox"/> State regulation					
<b>h</b> <input checked="" type="checkbox"/> Other (describe in Part VI)					
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes		
<b>14</b> Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		<b>14</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
<b>b</b> <input checked="" type="checkbox"/> The policy was attached to billing invoices					
<b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
<b>e</b> <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request					
<b>g</b> <input type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
<b>15</b> 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? . . . . .		<b>15</b>	Yes		
<b>16</b> Check all of the following 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					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)					
<b>17</b> 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? . . . . .				<b>17</b>	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)					

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☒

Notified individuals of the financial assistance policy on admission
- b

☒

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals 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)

Policy Relating to Emergency Medical Care

		Yes	No
19	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . . If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

**Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?  
26

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

Part VI Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any 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
- 8
- Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
PERCENT OF TOTAL EXPENSE	SCHEDULE H, PART I, LINE 7, COLUMN F	TO ARRIVE AT THE PERCENT OF TOTAL EXPENSES, THE DENOMINATOR WHICH EQUALS TOTAL OPERATING EXPENSES PER PART IX, LINE 25, OF THE FORM 990 (\$493,401,427) WAS REDUCED BY BAD DEBT EXPENSE (\$54,042,903)
SUBSIDIZED SERVICES	SCHEDULE H, PART I, LINE 7G	THE ORGANIZATION HAS INCLUDED COSTS ASSOCIATED WITH ITS PHYSICIAN SERVICES IN THE CALCULATION OF SUBSIDIZED SERVICES ON LINE 7G FREEMAN HEALTH SYSTEM PROVIDES PHYSICIAN SERVICES TO ITS SURROUNDING COMMUNITIES IF FREEMAN HEALTH SYSTEM WAS TO CEASE OFFERING THESE SERVICES, A SHORTAGE OF QUALITY MEDICAL CARE WILL RESULT FREEMAN HEALTH SYSTEM CONTINUES TO PROVIDE THESE SERVICES AS A BENEFIT TO THE COMMUNITY DESPITE KNOWING THAT FINANCIAL SHORTFALLS WILL BE SUSTAINED

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	SCHEDULE H, PART III, SECTION A, LINE 4	THE AUDITED FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE THAT DESCRIBES BAD DEBT EXPENSE IT DOES, HOWEVER, CONTAIN A FOOTNOTE THAT DESCRIBES PATIENT ACCOUNTS RECEIVABLE THAT FOOTNOTE READS AS FOLLOWS ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE HEALTH SYSTEM ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYER SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR UNCOLLECTIBLE ACCOUNTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYER SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE HEALTH SYSTEM ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR UNCOLLECTIBLE ACCOUNTS, IF NECESSARY (FOR EXAMPLE, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYER HAS NOT YET PAID, OR FOR PAYERS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY) FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE HEALTH SYSTEM RECORDS A SIGNIFICANT PROVISION FOR UNCOLLECTIBLE ACCOUNTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED OR PROVIDED BY POLICY) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE ORGANIZATION CALCULATED BAD DEBT USING THE AMOUNTS CALCULATED IN THE ORGANIZATION'S AUDITED FINANCIAL STATEMENTS BAD DEBT ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY WAS DETERMINED USING INTERNAL PATIENT DEMOGRAPHICS, AS WELL AS, CORE BASED STATISTICAL AREA AND POVERTY LIMIT DEMOGRAPHIC INFORMATION OBTAINED THROUGH THE US CENSUS BUREAU
COMMUNITY BUILDING ACTIVITIES	SCHEDULE H, PART II	THE ECONOMIC DEVELOPMENT EXPENSES NOTED IN PART II RELATES TO FREEMAN'S CONTRIBUTION TO THE JOPLIN BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATION WHICH SUPPORTS THE ECONOMIC DEVELOPMENT EFFORTS IN THE JOPLIN AREA IN ADDITION, OTHER EXPENSES ARE INCURRED BY THE ORGANIZATION'S EMPLOYEES AS A RESULT OF THEIR INVOLVEMENT IN THE COMMUNITY FREEMAN HEALTH SYSTEM ENCOURAGES ITS EMPLOYEES TO BE INVOLVED IN THE COMMUNITY AS SUCH INVOLVEMENT PROVIDES THE COMMUNITY A UNIQUE HEALTH CARE PERSPECTIVE AND PROVIDES THE ORGANIZATION A VOICE TO PROMOTE THE HEALTH AND WELLNESS INITIATIVES OF THE ORGANIZATION

Identifier	ReturnReference	Explanation
COMMUNITY BENEFIT RATIONALE	SCHEDULE H, PART III, SECTION B, LINE 8	SERVING PATIENTS WITH GOVERNMENT HEALTH BENEFITS, SUCH AS MEDICARE, IS A COMPONENT OF THE COMMUNITY BENEFIT STANDARD THAT TAX-EXEMPT HOSPITALS ARE HELD TO THIS IMPLIES THAT SERVING MEDICARE PATIENTS IS A COMMUNITY BENEFIT AND THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY
COLLECTION POLICY	SCHEDULE H, PART III, SECTION C, LINE 9B	FREEMAN HEALTH SYSTEM'S COLLECTION POLICY STATES THAT ANY AMOUNT NOT ADJUSTED FOR FINANCIAL ASSISTANCE DUE TO A PARTIAL 50% ADJUSTMENT OR 75% ADJUSTMENT WILL FOLLOW ITS NORMAL COLLECTION PROCESS FREEMAN HEALTH WILL CONTINUE TO BILL THE PATIENT FOR 120 DAYS FROM FIRST STATEMENT, IF NO ARRANGEMENTS ARE MADE TO SATISFY THE REMAINING BALANCE WITH A PAYMENT IN FULL OR PAYMENT PLAN, THE ACCOUNT WILL AUTOMATICALLY ROLL TO ITS EXTERNAL AGENCY

Identifier	ReturnReference	Explanation
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION A	PURSUANT TO REG 1 501(R)-1(B)(15), FREEMAN HEALTH SYSTEM CONSIST OF TWO HOSPITALS OPERATED UNDER A SINGLE LICENSE ISSUED BY THE STATE OF MISSOURI AS SUCH, A SINGLE HOSPITAL FACILITY IS BEING REPORTED
COMMUNITY INPUT	SCHEDULE H, PART V, SECTION B, LINE 3	INTERVIEWING KEY INFORMANTS (COMMUNITY STAKEHOLDERS THAT REPRESENT THE BROAD INTERESTS OF THE COMMUNITY WITH KNOWLEDGE OF OR EXPERTISE IN PUBLIC HEALTH) IS A TECHNIQUE EMPLOYED TO ASSESS PUBLIC PERCEPTIONS OF THE COUNTY'S HEALTH STATUS AND UNMET NEEDS THESE INTERVIEWS ARE INTENDED TO ASCERTAIN OPINIONS AMONG INDIVIDUALS LIKELY TO BE KNOWLEDGEABLE ABOUT THE COMMUNITY AND INFLUENTIAL OVER THE OPINIONS OF OTHERS ABOUT HEALTH CONCERNS IN THE COMMUNITY INTERVIEWS WITH 25 KEY INFORMANTS WERE CONDUCTED OVER NINE DATES IN JULY, AUGUST AND SEPTEMBER 2012 INFORMANTS WERE DETERMINED BASED ON THEIR A) SPECIALIZED KNOWLEDGE OR EXPERTISE IN PUBLIC HEALTH, B) THEIR AFFILIATION WITH LOCAL GOVERNMENT, SCHOOLS AND INDUSTRY OR C) THEIR INVOLVEMENT WITH UNDERSERVED AND MINORITY POPULATIONS A REPRESENTATIVE FROM THE HOSPITAL CONTACTED ALL INDIVIDUALS NOMINATED FOR INTERVIEWING IF THE RESPECTIVE KEY INFORMANT AGREED TO AN INTERVIEW, AN INTERVIEW TIME AND PLACE WAS SCHEDULED MOST OF THE INTERVIEWS WERE CONDUCTED AT FREEMAN BUSINESS CENTER IN SOME INSTANCES, INTERVIEWS WERE CONDUCTED OVER THE PHONE ALL INTERVIEWS WERE CONDUCTED USING A STANDARD QUESTIONNAIRE A SUMMARY OF THEIR OPINIONS IS REPORTED WITHOUT JUDGING THE TRUTHFULNESS OR ACCURACY OF THEIR REMARKS COMMUNITY LEADERS PROVIDED COMMENTS ON THE FOLLOWING ISSUES -HEALTH AND QUALITY OF LIFE FOR RESIDENTS OF THE COMMUNITY -BARRIERS TO IMPROVING HEALTH AND QUALITY OF LIFE FOR RESIDENTS OF THE COMMUNITY -OPINIONS REGARDING THE IMPORTANT HEALTH ISSUES THAT AFFECT NEWTON AND MCDONALD COUNTY RESIDENTS AND THE TYPES OF SERVICES THAT ARE IMPORTANT FOR ADDRESSING THESE ISSUES -DELINEATION OF THE MOST IMPORTANT HEALTH CARE ISSUES OR SERVICES DISCUSSED AND ACTIONS NECESSARY FOR ADDRESSING THOSE ISSUES INTERVIEW DATA WAS INITIALLY RECORDED IN NARRATIVE FORM THEMES IN THE DATA WERE IDENTIFIED AND REPRESENTATIVE QUOTES HAVE BEEN DRAWN FROM THE DATA TO ILLUSTRATE THE THEMES INFORMANTS WERE ASSURED THAT PERSONAL IDENTIFIERS SUCH AS NAME OR ORGANIZATIONAL AFFILIATIONS WOULD NOT BE CONNECTED IN ANY WAY TO THE INFORMATION PRESENTED IN THIS REPORT THEREFORE, QUOTES INCLUDED IN THE REPORT MAY HAVE BEEN ALTERED SLIGHTLY TO PRESERVE CONFIDENTIALITY THIS TECHNIQUE DOES NOT PROVIDE A QUANTITATIVE ANALYSIS OF THE LEADERS' OPINIONS, BUT REVEALS COMMUNITY INPUT FOR SOME OF THE FACTORS AFFECTING THE VIEWS AND SENTIMENTS ABOUT OVERALL HEALTH AND QUALITY OF LIFE WITHIN THE COMMUNITY THE ORGANIZATION INTERVIEWED THE FOLLOWING COMMUNITY MEMBERS BARBIE BILTON, EXECUTIVE DIRECTOR, JOPLIN COMMUNITY CLINIC REBA SNAVELY, HR DIRECTOR, CITY OF JOPLIN CINDY KATCHUM, BENEFITS MANAGER, THE INSURANCE CENTER DAVID MCMILIN, BUSINESS OFFICE DIRECTOR, OZARK CHRISTIAN COLLEGE DEAN WILLIS, ALLGEIER MARTIN JOHN JOINES, CEO, ECONOMIC SECURITY CORP OF SW AREA KEITH STAMMER, EMERGENCY MANAGEMENT DIRECTOR, EMERGENCY MANAGEMENT PHIL COOK, SUPERINTENDENT, CARL JUNCTION SCHOOL DISTRICT DEBBIE DUTCH KELLY, HR DIRECTOR, MISSOURI SOUTHERN UNIVERSITY MICHELE DUCRE, REGIONAL DEVELOPMENT DIRECTOR, COMMUNITY FOUNDATION OF THE OZARKS SHARA GAMBLE, HR DIRECTOR, TAMKO BUILDING PRODUCTS DON MCBRIDE, CEO, ACCESS FAMILY CARE LISA OLLIGES, REPORTER, KOAM TV BILL WHITE, STATE REPRESENTATIVE, DISTRICT 129 ANNETTE THURSDON, EXECUTIVE DIRECTOR, RONALD MCDONALD HOUSE DAVID POWELL, OWNER, BENEFITS MANAGEMENT RANDY KRAFT, OWNER, KRAFT INSURANCE SUSAN VERSLUIS, HR DIRECTOR, K & S WIRE GARY ROARK, DIRECTOR, NEWTON COUNTY EMERGENCY MANAGEMENT GIB GARROW, NEOSHO CHAMBER TODD DECKER, PASTOR, FREEMAN PASTORAL CARE PHIL WILCOXON, CEO, OZARK CENTER DAN PEKAREK, DIRECTOR, JOPLIN HEALTH DEPARTMENT ROBERT POOLE, DIRECTOR OF ADMISSIONS, CHC OF SE KS NEAL MCDONALD, CONTROLLER, O & F MACHINE IN ADDITION TO THE INTERVIEWS CONDUCTED, FREEMAN HEALTH SYSTEM CIRCULATED A COMMUNITY HEALTH INPUT QUESTIONNAIRE THAT GATHERED A WIDE RANGE OF INFORMATION WHICH WAS WIDELY DISTRIBUTED TO MEMBERS OF THE COMMUNITY THE COMMUNITY HEALTH QUESTIONNAIRE BROAD SURVEY WAS INTENDED TO GATHER INFORMATION REGARDING THE OVERALL HEALTH OF THE COMMUNITY THE RESULTS ARE INTENDED TO PROVIDE INFORMATION ON DIFFERENT HEALTH AND COMMUNITY FACTORS REQUESTED COMMUNITY INPUT INCLUDED DEMOGRAPHICS AND SOCIOECONOMIC CHARACTERISTICS, BEHAVIORAL RISK FACTORS, HEALTH CONDITIONS AND ACCESS TO HEALTH RESOURCES



Identifier	ReturnReference	Explanation
HOSPITALS REPORTED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT	SCHEDULE H, PART V, SECTION B, LINE 4	PURSUANT TO REG 1 501(R)-1(B)(15), THE COMMUNITY HEALTH NEEDS ASSESSMENT SERVED BOTH FREEMAN HEALTH SYSTEM WEST AND FREEMAN HEALTH SYSTEM EAST AS THE HOSPITALS OPERATE TOGETHER AS ONE UNIT AND UNDER ONE STATE LICENSE
BASIS FOR CALCULATING AMOUNTS CHARGED TO PATIENTS	SCHEDULE H, PART V, SECTION B, LINE 12H	THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY ALSO USES FAMILY SIZE IN THE DETERMINATION OF AMOUNTS CHARGED TO PATIENTS

Identifier	ReturnReference	Explanation
MAXIMUM AMOUNTS CHARGED TO FAP-ELIGIBLE INDIVIDUALS	SCHEDULE H, PART V, SECTION B, LINE 20D	THE HOSPITAL USED A LOOK BACK METHOD AND THE MEDIAN NEGOTIATED COMMERCIAL INSURANCE RATES WHEN CALCULATING THE MAXIMUM AMOUNTS THAT CAN BE CHARGED
NEEDS ASSESSMENT		IN ADDITION TO THE COMMUNITY HEALTH NEEDS ASSESSMENT DESCRIBED IN PART V, SECTION B, FREEMAN REVIEWS STUDIES AND ASSESSMENTS FROM JOPLIN HEALTH DEPARTMENT AND OTHER LOCAL GOVERNMENTAL AGENCIES TO ASSESS COMMUNITY NEEDS, INCORPORATING THIS INFORMATION INTO THE FREEMAN STRATEGIC PLAN AND MONITORING THE EDUCATIONAL AND OUTREACH PROGRAMS PROVIDED IN THE COMMUNITY FREEMAN ALSO WORKS WITH THE COMMUNITY HEALTH COLLABORATIVE, WHICH DEVELOPED A PRIORITIZED LISTING OF COMMUNITY HEALTH ISSUES USING TOOLS PROVIDED BY THE MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES FURTHERMORE, TO FIND OUT WHAT PATIENTS THINK OF THE SERVICE THEY RECEIVE, FREEMAN WORKS WITH HEALTHSTREAM RESEARCH, AN INDEPENDENT COMPANY THAT TELEPHONES A REPRESENTATIVE NUMBER OF PATIENTS AT HOME AFTER THEIR DISCHARGE FROM THE HOSPITAL AND ASKS THEM TO RATE FREEMAN IN A VARIETY OF AREAS RESULTS FROM THESE SURVEYS ARE REFLECTED IN HOSPITAL CONSUMER ASSESSMENT OF HEALTHCARE PROVIDERS AND SYSTEMS (HCAHPS) SCORES THAT THE FEDERAL GOVERNMENT USES TO EVALUATE FREEMAN SERVICES FREEMAN USES INFORMATION OBTAINED IN THE HCAHPS SURVEYS TO EVALUATE TRENDS IN PATIENT CARE AND ADDRESS ANY ISSUES DISCOVERED ADDITIONALLY, FREEMAN SUBSCRIBES TO AND MANAGES A NUMBER OF DATABASE SERVICES TO ANALYZE CONSUMER USE OF FREEMAN PRODUCTS AND SERVICES AND FORMULATE PLANS TO STAY AHEAD OF PATIENT NEEDS, AND FREEMAN PARTNERS WITH THE MISSOURI HOSPITAL ASSOCIATION FOR DATA ASSESSMENT DEMOGRAPHIC INFORMATION, TREND ANALYSIS, AND EDUCATION FREEMAN SENIOR LEADERS ROUTINELY MAKE APPEARANCES AT COMMUNITY FUNCTIONS, SUCH AS ROTARY INTERNATIONAL AND KIWANIS MEETINGS THEY INFORM CONSTITUENTS ABOUT HAPPENINGS IN THE HEALTH SYSTEM AND SEEK INPUT FROM AUDIENCE MEMBERS TO SERVE THE COMMUNITY AND SEEK OUT INFORMATION REGARDING CONSUMER TRENDS AND OPINIONS, FREEMAN SENIOR LEADERS SERVE ON A VARIETY OF BOARDS, COUNCILS, AND COMMITTEES WHILE PROVIDING LEADERSHIP AND SUPPORT TO THESE ORGANIZATIONS, FREEMAN LEADERS MAKE CONTACT WITH MANY OTHER COMMUNITY LEADERS TO CHECK THE PULSE OF THE COMMUNITY IN TERMS OF HEALTHCARE NEEDS AND OPINION

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE		<p>FREEMAN HAS STEPPED UP EFFORTS TO COMMUNICATE INFORMATION ABOUT FINANCIAL ASSISTANCE, OR CHARITY CARE, OPTIONS AVAILABLE TO PATIENTS IN MANY WAYS FREEMAN PUBLISHES COMMUNICATION PIECES ON FINANCIAL SERVICES, INCLUDING A BROCHURE TITLED FINANCIAL SERVICES AND PAYMENT OPTIONS FREEMAN ALSO INCLUDES MESSAGING ABOUT ITS FINANCIAL ASSISTANCE PROGRAM ON BILLS, STATEMENTS, AND ENVELOPES SENT TO PATIENTS' HOMES AND ON SIGNS POSTED AROUND FREEMAN PATIENT ACCOUNTS AND ADMISSIONS PUBLIC AREAS FREEMAN HAS ALSO PLACED FINANCIAL ASSISTANCE INFORMATION, INCLUDING A FINANCIAL ASSISTANCE APPLICATION IN ENGLISH AND SPANISH, ON THE FREEMAN WEBSITE ADDITIONALLY, FREEMAN HAS IMPLEMENTED SEVERAL EDUCATIONAL OPPORTUNITIES TO ENSURE THE COMMUNITY IS AWARE OF ITS FINANCIAL ASSISTANCE PROGRAM THESE INCLUDE - FREEMAN ADMISSIONS STAFF MEMBERS PERSONALLY INTERVIEW PATIENTS, BASED ON THE SETTING OF CARE (PRIOR TO SERVICES, AT TIME OF SERVICE, AND AFTER CARE PROVIDED), TO PROVIDE EDUCATION ON AVAILABLE BENEFITS FREEMAN HELPS UNINSURED AND UNDERINSURED PATIENTS WITH STATE AND FEDERAL ASSISTANCE RESOURCES, AS WELL AS THE FREEMAN FINANCIAL ASSISTANCE PROGRAM -FREEMAN CONTINUALLY PROVIDES EDUCATION TO EMPLOYEES, FROM CLINICAL STAFF TO VOLUNTEERS, REGARDING ITS FINANCIAL ASSISTANCE POLICY SO THEY CAN HELP CUSTOMERS LEARN ABOUT AVAILABLE RESOURCES - FREEMAN PROVIDES SYSTEM-WIDE COMMUNICATION, SUCH AS THE DAILY LINEUP NEWSLETTER (REQUIRED READING FOR STAFF MEMBERS AT EVERY LEVEL) AND COMMUNICATION BOARDS POSTED IN ALL DEPARTMENTS, TO REMIND STAFF OF THE FREEMAN FINANCIAL ASSISTANCE POLICY THROUGHOUT THE YEAR -PATIENTS NEEDING HELP PAYING FOR HEALTHCARE ARE INTERVIEWED THROUGH MEDIASSIST, FREEMAN'S THIRD-PARTY ELIGIBILITY VENDOR MEDIASSIST ON-SITE STAFF SPECIALIZE IN THE STATE ASSISTANCE APPLICATION PROCESS FOR THE FOUR-STATE AREA (MISSOURI, ARKANSAS, OKLAHOMA, AND KANSAS), AS WELL AS OTHER STATES, BASED ON PATIENTS' NEEDS MEDASSIST HELPS PATIENTS WITH THE APPLICATION PROCESS VIA FACE-TO-FACE INTERVIEWS, HOME VISITS, AND OVER-THE-PHONE CONVERSATIONS -FREEMAN WORKS WITH MANY OF OUR COMMUNITY'S EMPLOYERS, SENDING WRITTEN NOTICES TO THEIR BENEFITS DEPARTMENTS EXPLAINING THE FREEMAN FINANCIAL ASSISTANCE ELIGIBILITY PROCESS FREEMAN ALSO MEETS WITH EMPLOYERS TO ENSURE THEIR EMPLOYEES UNDERSTAND THE AVAILABILITY OF ASSISTANCE OFFERED THROUGH FREEMAN -IN RESPONSE TO EDUCATION OFFERED ABOUT THE FREEMAN FINANCIAL ASSISTANCE PROGRAM, THE HEALTH SYSTEM RECEIVES REFERRALS FROM PHYSICIANS AND COMMUNITY CLINICS THIS HELPS PATIENTS ARRANGE FOR MEDICALLY NECESSARY HEALTHCARE PRIOR TO THE TIME SERVICES ARE RENDERED FREEMAN HEALTH SYSTEM STRONGLY BELIEVES THAT ITS FINANCIAL ASSISTANCE, OR CHARITY CARE, AND THE RELATED COMMUNITY BENEFIT PROVIDED BY SUCH CARE, IS UNDERSTATED ON ITS FINANCIAL STATEMENTS BECAUSE SOME PATIENTS THAT POTENTIALLY QUALIFY FOR FINANCIAL ASSISTANCE DO NOT WISH TO APPLY FOR IT IN ADDITION, SOME PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE DO NOT RECEIVE FINANCIAL ASSISTANCE BECAUSE THEY REFUSE TO PROVIDE REQUIRED DOCUMENTATION TO PROCESS THE APPLICATION THUS, FREEMAN'S BAD DEBT INCLUDES A PORTION THAT COULD BE CLASSIFIED AS FINANCIAL ASSISTANCE IF THE APPLICATION FOR FINANCIAL ASSISTANCE HAD BEEN PROPERLY COMPLETED BY THE PATIENT</p>
COMMUNITY INFORMATION		<p>FREEMAN'S COMMUNITY AND ITS PRIMARY SERVICE AREA CONSIST OF A POPULATION OVER 160,000 PEOPLE IN TWO MISSOURI COUNTIES, DUE TO THE EXTENSIVE SERVICE OFFERINGS THE ORGANIZATION RECOGNIZES A SECONDARY SERVICE AREA WHICH INCLUDES NINE ADDITIONAL, LARGELY RURAL COUNTIES IN SOUTHWEST MISSOURI, SOUTHEAST KANSAS, AND NORTHEAST OKLAHOMA, WITH A COMBINED POPULATION OVER 240,000 INCOMES AND EDUCATION LEVELS LAG BEHIND NATIONAL AVERAGES, WHILE THE PERCENTAGE OF PEOPLE LIVING IN POVERTY IS HIGHER THAN THE NATIONAL AVERAGE</p>

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES		<p>FREEMAN HEALTH SYSTEM WORKS TO IMPROVE THE HEALTH OF THE COMMUNITY THROUGH A VARIETY OF COMMUNITY SERVICE PROGRAMS BOTH INSIDE AND OUTSIDE THE ORGANIZATION AS A SYSTEM, FREEMAN PARTICIPATES IN THE JOPLIN AREA CHAMBER OF COMMERCE AS A TOP LEVEL SPONSOR, WITH STAFF MEMBERS SERVING ON A VARIETY OF COMMITTEES AND PARTICIPATING IN LEADERSHIP JOPLIN AND THE YOUNG PROFESSIONALS NETWORK UNITED WAY OF SOUTHWEST MISSOURI AND SOUTHEAST KANSAS COUNTS ON FREEMAN, AS ONE OF ITS PACESETTER COMPANIES, TO HELP SET THE TONE FOR GIVING IN THE COMMUNITY FREEMAN PROVIDES FINANCIAL SUPPORT FOR A MANY COMMUNITY SERVICE GROUPS, INCLUDING THE ALZHEIMER'S ASSOCIATION, AMERICAN CANCER SOCIETY, AMERICAN DIABETES ASSOCIATION, AMERICAN HEART ASSOCIATION, BIG BROTHERS/BIG SISTERS OF JASPER &amp; NEWTON COUNTIES, BOYS &amp; GIRLS CLUB OF JOPLIN, CHILDREN'S CENTER OF SOUTHWEST MISSOURI, COMMUNITY BLOOD CENTER OF THE OZARKS, COMMUNITY CLINIC OF JOPLIN, FREEMAN SOUTHWEST FAMILY Y IN NEOSHO, JOPLIN FAMILY Y, GEORGE A SPIVA CENTER FOR THE ARTS, LAFAYETTE HOUSE, MARCH OF DIMES, NATIONAL MULTIPLE SCLEROSIS SOCIETY, NEOSHO AREA UNITED FUND, RONALD MCDONALD HOUSE CHARITIES OF THE FOUR STATES, AND MANY OTHER LOCAL, REGIONAL, AND NATIONAL ORGANIZATIONS SETTING AN EXAMPLE FOR THEIR STAFFS, FREEMAN SENIOR LEADERS SERVE IN VOLUNTARY LEADERSHIP POSITIONS FOR SERVICE/COMMUNITY ORGANIZATIONS SUCH AS COMMUNITY ADVISORY COUNCIL OF MISSOURI FOUNDATION FOR HEALTH, PITTSBURG STATE UNIVERSITY FOUNDATION, RONALD MCDONALD HOUSE CHARITIES OF THE FOUR STATES, TALKINGTON FOUNDATION, MID AMERICA SERVICE SOLUTIONS, ASPIRE OF SOUTHWEST MISSOURI, MISSOURI HOSPITAL ASSOCIATION, VHA MID-AMERICA, BLUE CROSS/BLUE SHIELD OF MISSOURI PHYSICIAN CONSULTATIVE COMMITTEE, GRADUATE MEDICAL EDUCATION COMMITTEE OF THE OSTEOPATHIC MEDICAL EDUCATION CONSORTIUM OF OKLAHOMA, JOPLIN METRO EMERGENCY TRANSPORTATION SYSTEM, GEORGE A SPIVA CENTER FOR THE ARTS, JOPLIN REGIONAL ECONOMIC DEVELOPMENT ASSOCIATION, WILDCAT GLADES CONSERVATION &amp; AUDUBON CENTER, UNITED WAY OF SOUTHWEST MISSOURI &amp; SOUTHEAST KANSAS, AND JOPLIN PUBLIC SCHOOLS BOARD OF EDUCATION IN COLLABORATION WITH JOPLIN PUBLIC SCHOOLS, FREEMAN WORKS TO ENHANCE EDUCATIONAL OPPORTUNITIES FOR CHILDREN THROUGH BRIGHT FUTURES, AN INITIATIVE FOCUSED ON IMPROVING THE LIVES OF JOPLIN STUDENTS FREEMAN PARTICIPATES IN THIS INITIATIVE THROUGH A PARTNERSHIP SUPPORTING VARIOUS SCHOOLS BY HELPING WITH EVENTS, FUNCTIONS, AND OTHER NEEDS OF STUDENTS AND TEACHERS FREEMAN ALSO SPONSORS THE TOGETHER REACHING EVERY KID PROJECT, IN WHICH MEMBERS OF THE COMMUNITY VOLUNTEER THEIR TIME TO TUTOR AND MENTOR STUDENTS AFTER SCHOOL TO IMPROVE STUDENT ACHIEVEMENT IN READING AND MATH FREEMAN SERVES MORE THAN 1 MILLION MEALS EACH YEAR AND RECOGNIZES THE IMPORTANCE OF PROVIDING WHOLESOME FOODS TO THE COMMUNITY ESTABLISHING ITS COMMITMENT TO SERVING LOCAL, NUTRITIOUS, AND SUSTAINABLE FOOD, FREEMAN BECAME THE FIRST HOSPITAL IN MISSOURI TO SIGN THE HEALTHY FOOD IN HEALTHCARE PLEDGE THE PLEDGE, PART OF THE NATIONAL HEALTHY FOOD IN HEALTHCARE INITIATIVE DEVELOPED BY THE INSTITUTE FOR AGRICULTURE AND TRADE POLICY AND HEALTH CARE WITHOUT HARM, WAS FREEMAN'S FIRST STEP TOWARD IMPROVING COMMUNITY HEALTH THROUGH FOOD POLICY CHANGE SINCE SIGNING THE PLEDGE IN 2010, FREEMAN HAS PROMOTED THE AVAILABILITY OF NUTRITIOUS FOODS TO PATIENTS, EMPLOYEES, AND VISITORS FREEMAN RE-SIGNED THE PLEDGE IN APRIL 2012, REAFFIRMING ITS COMMITMENT TO PROVIDING ALTERNATIVES FOR HEALTHY EATING FREEMAN OPERATES FARMERS MARKETS FIVE MONTHS A YEAR AT FREEMAN WEST AND FREEMAN EAST THESE MARKETS PROVIDE THE COMMUNITY WITH OPPORTUNITIES TO BUY FRESH, NUTRITIOUS FRUIT, VEGETABLES, AND OTHER LOCALLY PRODUCED FOODS FREEMAN HELPS WITH COMMUNITY-BUILDING MY OFFERING SOLUTIONS TO HELP MEET THE NEEDS OF SPECIFIC POPULATIONS, SUCH AS CHILDREN WITH AUTISM, CHILDREN WITH MEDICAL EXPENSES, CHILDREN WHO HAVE EXPERIENCED EMOTIONAL TRAUMA, AND SENIOR CITIZENS OZARK CENTER FOR AUTISM, FOR INSTANCE, PROVIDES HOPE FOR CHILDREN WITH AUTISM THROUGH A PRESCHOOL PROGRAM AND RECENTLY EXPANDED SERVICES FOR SCHOOL-AGE CHILDREN AS A CHILDREN'S MIRACLE NETWORK HOSPITAL, FREEMAN RAISES MONEY TO HELP SICK AND INJURED CHILDREN WITH MEDICAL EXPENSES AFTER THE MAY 2011 TORNADO, THE COMMUNITY SAW A RISE IN CASES OF CHILD TRAUMA TO ADDRESS THIS NEED, FREEMAN AND OZARK CENTER, WITH SUPPORT FROM GOV JAY NIXON AND THE STATE LEGISLATURE, OPENED WILL'S PLACE, A HEALING CENTER FOR KIDS, TO PROVIDE THE COMMUNITY WITH A MUCH-NEEDED CHILD TRAUMA TREATMENT CENTER TO PROMOTE THE HEALTH OF THE AREA'S GERIATRIC POPULATION, FREEMAN ADVANTAGE OFFERS OPPORTUNITIES FOR LEARNING, TRAVEL, SOCIALIZING, AND HEALTHY LIVING ADDITIONALLY, MEN AND WOMEN OF ALL AGES AND FROM ALL WALKS OF LIFE PARTICIPATE IN FREEMAN AUXILIARY, AN ORGANIZATION THAT RAISES MONEY FOR HOSPITAL EQUIPMENT, SERVICES, SCHOLARSHIPS, AND COMMUNITY NEEDS AND, FREEMAN FOUNDATION WORKS WITH THE COMMUNITY TO FIND FUNDING FOR INNOVATIVE, LIFESAVING TECHNOLOGIES AND MEDICAL SERVICES ONE OF FREEMAN'S GOALS IS TO BECOME THE COMMUNITY'S BEST CORPORATE PARTNER TO ACCOMPLISH THIS, FREEMAN DONATES TIME, RESOURCES, AND FUNDING AS AN ORGANIZATION, WHILE THOSE WORKING AT FREEMAN GIVE BACK TO THE COMMUNITY AS WELL, DONATING MAN-HOURS, MORE THAN 51,000 HOURS LAST YEAR, AND MONEY FOR THE BETTERMENT OF THE COMMUNITY</p>
OTHER INFORMATION		<p>FREEMAN PROMOTES THE HEALTH OF THE COMMUNITY THROUGH MANY OUTREACH PROGRAMS THESE INCLUDE PROGRAMS TO HELP PEOPLE QUIT SMOKING, SUPPORT GROUPS FOR A VARIETY OF ILLNESSES AND CONDITIONS, OZARK CENTER FOR AUTISM, PROGRAMS FOR SENIOR CITIZENS, COMMUNITY HEALTH SCREENINGS, AND MANY MORE FREEMAN SCREEN TEAM TRAVELS THROUGHOUT THE COMMUNITY, OFFERING LOW-COST HEALTH SCREENINGS TO HELP PEOPLE GET A HANDLE ON THEIR MEDICAL CONDITIONS AND SEEK HELP BEFORE SMALL PROBLEMS BECOME MEDICAL EMERGENCIES FREEMAN SUPPORT GROUPS OFFER SUPPORT TO PARTICIPANTS AND EDUCATION ON TOPICS SUCH AS AUTISM, DIABETES, STROKE RECOVERY, CANCER RECOVERY, SLEEP DISORDERS, AND ALZHEIMER'S DISEASE FOR THE FOURTH TIME SINCE 2007, FREEMAN HEALTH SYSTEM WAS RECOGNIZED FOR ITS EMPLOYEE HEALTH INITIATIVES WITH THE HEALTH AT WORK SILVER AWARD IN OCTOBER 2012 SPONSORED BY COMPSYCH, THIS AWARD HONORS ORGANIZATIONS THAT PROMOTE EMPLOYEE HEALTH AND WELLNESS FREEMAN EARNED THIS MERIT BASED ON ITS COMPREHENSIVE WELLNESS PROGRAM, PARTICIPATION RATES, AND RESULTS ADDITIONALLY, FREEMAN WAS RECOGNIZED AS A PLATINUM-LEVEL FIT-FRIENDLY COMPANY BY THE AMERICAN HEART ASSOCIATION AS A FIT-FRIENDLY COMPANY, FREEMAN SERVES AS AN EXAMPLE OF POSITIVE CHANGE IN THE AMERICAN WORKFORCE BY MAKING EMPLOYEES' HEALTH AND WELLNESS A PRIORITY FREEMAN ALSO PROVIDES AUTISM SERVICES TO THE COMMUNITY PRIOR TO THE OPENING OF OZARK CENTER FOR AUTISM IN FALL 2007, FAMILIES SEEKING TREATMENT FOR CHILDREN WITH AUTISM HAD TWO CHOICES-RELOCATE TO RECEIVE TREATMENT OR GO WITHOUT IT DEVELOPED IN CONSULTATION WITH THE CLEVELAND CLINIC AUTISM CONSULTING GROUP, OZARK CENTER FOR AUTISM IS ONE OF ONLY A FEW TREATMENT CENTERS OF ITS CALIBER OZARK CENTER FOR AUTISM INCLUDES A SPECIAL EDUCATION CENTER, PROVIDING THERAPY SERVICES TO STUDENTS FROM KINDERGARTEN THROUGH HIGH SCHOOL OZARK CENTER FOR AUTISM ALSO OFFERS THE AREA'S ONLY AUTISM DIAGNOSTIC TEAM, PROVIDING PARENTS OF CHILDREN ON THE AUTISM SPECTRUM THE OPPORTUNITY TO RECEIVE AN AUTISM DIAGNOSIS WITHOUT HAVING TO TRAVEL HUNDREDS OF MILES AWAY FROM HOME FREEMAN STAFF MEMBERS, SUCH AS DOCTORS AND NURSES, HELP THE COMMUNITY BY WORKING AT THE COMMUNITY CLINIC OF JOPLIN AND ACCESS FAMILY CARE, ORGANIZATIONS THAT PROVIDE FREE OR LOW-COST HEALTHCARE SERVICES TO INDIGENT PORTIONS OF THE COMMUNITY DEPENDING ON THE SITUATION, FREEMAN STAFF MEMBERS VOLUNTEER OR FREEMAN PAYS THEM TO WORK FOR THE COMMUNITY THROUGH THESE ORGANIZATIONS IT IS OFTEN DIFFICULT TO ATTRACT NEW PHYSICIANS TO CITIES LOCATED IN LARGELY RURAL AREAS ONE WAY FREEMAN HELPS ATTRACT DOCTORS TO JOPLIN IS THROUGH GRADUATE MEDICAL EDUCATION AS A TEACHING HOSPITAL, FREEMAN BROUGHT 89 THIRD- AND FOURTH-YEAR MEDICAL STUDENTS AND 24 RESIDENT DOCTORS TO ITS CAMPUSES THROUGH THE FREEMAN GRADUATE MEDICAL EDUCATION PROGRAM IN THE 2012-2013 SCHOOL YEAR MEDICAL STUDENTS AND RESIDENT DOCTORS OFTEN REMAIN IN THE COMMUNITIES IN WHICH THEY TRAINED THIS COMMUNITY BENEFIT IS VITAL TO THE POPULATION SERVED BY FREEMAN BECAUSE IT IS DIFFICULT AND EXPENSIVE TO ATTRACT AND RECRUIT PHYSICIANS TO WORK IN THE JOPLIN AREA ADDITIONALLY, FREEMAN REACHES OUT TO YOUNGER STUDENTS AS WELL THROUGH A SUMMER VOLUNTEER PROGRAM, HIGH SCHOOL STUDENTS SPEND SEVERAL WEEKS AT THE HOSPITALS, WORKING SIDE-BY-SIDE WITH NURSES AND DOCTORS FREEMAN HEALTH ACADEMY, ON THE OTHER HAND, WORKS WITH MIDDLE SCHOOL STUDENTS TO ENCOURAGE THEM TO GRADUATE FROM HIGH SCHOOL AND HELP THEM CHOOSE COURSES, SUCH AS MATH AND SCIENCE, TO PREPARE THEM FOR FURTHER EDUCATION AND CAREERS IN HEALTHCARE</p>

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM		FREEMAN HEALTH SYSTEM CONSISTS OF FREEMAN HOSPITAL WEST AND FREEMAN HOSPITAL EAST IN JOPLIN, FREEMAN NEOSHO HOSPITAL, AND OZARK CENTER, WHICH PROVIDES COMPREHENSIVE BEHAVIORAL HEALTH SERVICES FREEMAN IS NOT AFFILIATED WITH ANOTHER HEALTHCARE SYSTEM
STATE FILING OF COMMUNITY BENEFIT REPORT		FREEMAN HEALTH SYSTEM IS INCORPORATED IN THE STATE OF MISSOURI AND FILES A COMMUNITY BENEFIT REPORT IN MISSOURI IMPLEMENTATION STRATEGY IN RESPONSE TO THE RESULTS OF FREEMAN HEALTH SYSTEM'S MOST RECENTLY CONDUCTED COMMUNITY HEALTH NEEDS ASSESSMENT, THE ORGANIZATION ADOPTED AN IMPLEMENTATION STRATEGY THE IMPLEMENTATION CAN BE FOUND AT THE FOLLOWING URL <a href="http://www.freemanhealth.com/?ID=939&amp;SID=1">HTTP //WWW.FREEMANHEALTH.COM/?ID=939&amp;SID=1</a>

Additional Data

Software ID:

Software Version:

EIN: 43-1704371

Name: FREEMAN HEALTH SYSTEM

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

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?

26

Name and address	Type of Facility (describe)
FREEMAN CANCER INSTITUTE 3415 MCINTOSH JOPLIN, MO 64804	MEDICAL SERVICES
FREEMAN MIDWEST ORTHOPAEDIC SURGERY 3105 MCCLELLAND BLVD JOPLIN, MO 64804	MEDICAL SERVICES
FREEMAN WOMEN'S CENTER 1532 W 32ND ST JOPLIN, MO 64804	MEDICAL SERVICES
URGENT CARE - JOPLIN 1130 E 32ND ST JOPLIN, MO 64804	MEDICAL SERVICES
FREEMAN WOUND CARE & HOME CARE 3315 MCINTOSH JOPLIN, MO 64804	MEDICAL SERVICES
OCCUMED - JOPLIN 3201 MCCLELLAND BLVD JOPLIN, MO 64804	MEDICAL SERVICES
CH BENTLAGE MEDICAL CENTER 3202 MCINTOSH JOPLIN, MO 64804	MEDICAL SERVICES
MEDICAL OFFICE BUILDING 336 S JEFFERSON NEOSHO, MO 64580	MEDICAL SERVICES
FREEMAN CHILDREN'S CLINIC 1030 MCINTOSH JOPLIN, MO 64804	MEDICAL SERVICES
REHABILITATION & SPORTS CENTER 2206 E 32ND STREET JOPLIN, MO 64804	MEDICAL SERVICES
URGENT CARE - WEBB CITY 1010 S MADISON WEBB CITY, MO 64870	MEDICAL SERVICES
FREEMAN NEUROSPINE 1905 W 32ND ST JOPLIN, MO 64804	MEDICAL SERVICES
FREEMAN EAR NOSE AND THROAT CENTER 1331 W 32ND ST JOPLIN, MO 64804	MEDICAL SERVICES
JOPLIN UROLOGY PHYSICIAN OFFICES 3302 MCINTOSH JOPLIN, MO 64804	MEDICAL SERVICES
FREEMAN SLEEP CENTER GERIATRIC CARE 931 E 32ND ST JOPLIN, MO 64804	MEDICAL SERVICES
HIGGINS MEDICAL BUILDING 1020 MCINTOSH JOPLIN, MO 64804	MEDICAL SERVICES
FREEMAN PROFESSIONAL CENTER 3333 MCINTOSH JOPLIN, MO 64804	MEDICAL SERVICES
FREEMAN CLINIC OF ANDERSON 510 PARK ST ANDERSON, MO 64831	MEDICAL SERVICES
BIG SPRING PEDIATRICS REHABILITATION 204 N LINCOLN NEOSHO, MO 64850	MEDICAL SERVICES
DAVID A BALL MEDICAL BUILDING 1111 MCINTOSH CIRCLE DRIVE JOPLIN, MO 64804	MEDICAL SERVICES
FREEMAN MEDICAL PLAZA I 702 E 34TH ST JOPLIN, MO 64804	MEDICAL SERVICES
FREEMAN CLINIC OF CARTHAGE 719 W CENTENNIAL CARTHAGE, MO 64836	MEDICAL SERVICES
FREEMAN CLINIC OF BAXTER SPRINGS 322 E 11TH ST BAXTER SPRINGS, KS 66713	MEDICAL SERVICES
OCCUMED - CARTHAGE SPECIALTY CLINIC 1500 S CASE ST CARTHAGE, MO 64836	MEDICAL SERVICES
FREEMAN LAMAR FAMILY CARE 307 W 11TH ST LAMAR, MO 64759	MEDICAL SERVICES
SWEETEN MEDICAL CLINIC 1606 OLIVE SENECA, MO 64865	MEDICAL SERVICES

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
FREEMAN HEALTH SYSTEM

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

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

OMB No 1545-0047

2012

Open to Public  
Inspection

Employer identification number  
43-1704371

Part I

General Information on Grants and Assistance

1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . .

☒ Yes ☐ No

2

Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) OZARK CENTER 3006 MCCLELLAND JOPLIN,MO 64804	43-0821959	501(C)(3)	752,312				SUPPORT
(2) CROWDER COLLEGE 601 LACLEDE AVE NEOSHO,MO 64850	44-0668521	501(C)(3)	61,317				SUPPORT
(3) MISSOURI SOUTHERN FOUNDATION 3950 E NEWMAN ROAD JOPLIN,MO 64801	43-0907114	501(C)(3)	55,000				SUPPORT
(4) COMMUNITY HEALTH CLINIC OF JOPLIN 701 SOUTH JOPLIN AVENUE JOPLIN,MO 64801	43-1643962	501(C)(3)	29,000				SUPPORT
(5) JOPLIN BUSINESS & INDUSTRIAL DEVELOPMENT CORP 320 E 4TH ST JOPLIN,MO 64801	43-1386973	501(C)(3)	30,000				SUPPORT
(6) JACC FOUNDATION PO BOX 3102 JOPLIN,MO 64801	43-1569729	501(C)(3)	10,000				SUPPORT

2

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

6

3

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

Part III

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) CMN AID TO FAMILIES	967	166,245			
(2) MAMMOGRAMS	34	11,061			
(3) PRESCRIPTIONS, MEALS, TRANSPORTATION	2405	49,701			
(4) TORNADO ASSISTANCE	100	59,900			
(5) NURSING SCHOLARSHIPS	4	10,047	816 FMV		TEXTBOOKS

Part IV

Supplemental Information.

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
MONITORING USE OF GRANT FUNDS	SCHEDULE I, PART I, LINE 2	OZARK CENTER IS A RELATED ORGANIZATION TO AND WORKS CLOSELY WITH FREEMAN HEALTH SYSTEM TO FURTHER THE ORGANIZATION'S EXEMPT PURPOSE THROUGH CARING FOR PATIENTS SUFFERING FROM PSYCHIATRIC, SUBSTANCE ABUSE AND AUTISM SPECTRUM DISORDERS THIS CLOSE RELATIONSHIP ALLOWS FREEMAN HEALTH SYSTEM TO CLOSELY MONITOR THE USE OF FUNDS AMOUNTS ARE ALSO CONTRIBUTED TO CROWDER COLLEGE AND THE MISSOURI SOUTHERN FOUNDATION FOR NURSING SCHOLARSHIPS FOR AREA STUDENTS THE ORGANIZATION IS ABLE TO MONITOR FUNDS BY PROVIDING THESE AMOUNTS DIRECTLY TO THE SCHOOLS, TO BE USED FOR THE DESIGNATED ENROLLED STUDENT RECIPIENTS OTHER AMOUNTS GIVEN DURING THE YEAR WERE TO LOCAL ORGANIZATIONS PRIMARILY FOR TORNADO RELIEF THE USE OF THE FUNDS CAN BE SEEN IN THE COMMUNITY AND CAN BE MONITORED ACCORDINGLY
GRANTS AND OTHER ASSISTANCE TO INDIVIDUALS	SCHEDULE I, PART III	IN FISCAL YEAR 2013, FREEMAN HEALTH SYSTEM PROVIDED ASSISTANCE THROUGH THE FOLLOWING PROGRAMS *HELPING FRIENDS MAMMOGRAM PROGRAM - \$11,061 WAS SPENT TO HELP OVER 30 WOMEN WITH FREE MAMMOGRAPHY *CHAPLAINS DISCRETIONARY FUND - \$49,701 WAS SPENT TO HELP OVER 2,400 WITH PRESCRIPTIONS/FREE MEALS OR TRANSPORTATION HOME *FHS CHILDREN'S MIRACLE NETWORK - \$166,245 WAS SPENT HELPING OVER 900 FAMILIES WITH MEDICINE, TRANSPORTATION AND LODGING *TORNADO ASSISTANCE - \$59,900 WAS GIVEN TO FREEMAN HOSPITAL EMPLOYEES WHO SUFFERED LOSSES DUE TO THE JOPLIN AREA TORNADO *SCHOLARSHIPS - A TOTAL OF \$10,047 WAS PROVIDED TO NURSING STUDENTS, INCLUDING \$816 FOR TEXTBOOKS



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

2012

Open to Public  
Inspection

Name of the organization  
FREEMAN HEALTH SYSTEM

Employer identification number

43-1704371

Part I

Questions Regarding Compensation

- 1a

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

☐ First-class or charter travel

☐ 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)
- 1b

If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.
- 2

Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?
- 3

Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

☒ 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?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

c Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.
- 5

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

a The organization?

b Any related organization?

If "Yes," to line 5a or 5b, describe in Part III.
- 6

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

a The organization?

b Any related organization?

If "Yes," to line 6a or 6b, describe in Part III.
- 7

For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.
- 8

Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.
- 9

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

Yes

No

1b

2

4a

No

4b

Yes

4c

No

5a

No

5b

No

6a

Yes

6b

No

7

No

8

No

9

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

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

**Note.** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(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 as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

**Part III** Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	SCHEDULE J, PART I, LINE 4B	THE FOLLOWING INDIVIDUALS RECEIVED CONTRIBUTIONS FROM A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN THROUGH FREEMAN HEALTH SYSTEM OR FREEMAN NEOSHO DURING THE YEAR \$ 248,924 PAULA BAKER \$ 170,000 RAYMOND VETSCH \$ 69,056 STEVE GRADDY \$ 66,609 JOE KIRK \$ 62,621 RICHARD SCHOOLER \$ 33,725 JEFFREY CARRIER \$ 31,203 DEBRA KOELKEBECK \$ 30,128 KEVIN GAUDETTE \$ 27,042 SUE ANNESSER \$ 25,208 DEBORAH CHIODO \$ 22,290 WESLEY BRAMAM \$ 20,562 COLEEN CAMERON \$ 20,208 MICHAEL LEONE \$ 15,673 DAXTON HOLCOMB THE FOLLOWING INDIVIDUALS RECEIVED PAYMENTS FROM A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN \$ 68,735 STEVE GRADDY \$ 68,437 JOE KIRK \$ 57,928 RICHARD SCHOOLER \$ 53,145 PAULA BAKER \$ 30,558 DEBRA KOELKEBECK \$ 25,665 JEFFREY CARRIER \$ 24,800 SUE ANNESSER \$ 23,555 COLEEN CAMERON \$ 22,748 MICHAEL LEONE \$ 22,742 DEBORAH CHIODO \$ 22,539 KEVIN GAUDETTE \$ 18,219 WESLEY BRAMAM \$ 16,260 DAXTON HOLCOMB THE FOLLOWING INDIVIDUAL RECEIVED CURRENT YEAR PAYMENT FROM A NONQUALIFIED RETIREMENT PLAN THROUGH FREEMAN HEALTH SYSTEM DURING THE YEAR \$838,668 GARY DUNCAN
MANAGEMENT COMPENSATION	SCHEDULE J, PART I, LINE 6	FREEMAN HEALTH SYSTEM PROVIDES MANAGEMENT THE POTENTIAL TO RECEIVE AN AT-RISK PAYMENT BASED ON SYSTEM AND INDIVIDUAL GOAL ACHIEVEMENT THE AMOUNT OF COMPENSATION IS BASED UPON A PERCENTAGE OF THE EMPLOYEE'S ANNUAL COMPENSATION AND IS SUBJECT TO BOARD APPROVAL
BONUS & INCENTIVE COMPENSATION	SCHEDULE J, PART II, COLUMN (B) (II)	THE ORGANIZATION PROVIDES PHYSICIANS THE POTENTIAL TO RECEIVE ANNUAL BONUS COMPENSATION PHYSICIAN BONUSES ARE CALCULATED BASED ON GENERATING WORKED RELATIVE VALUE UNITS (WRVU) EMPLOYMENT CONTRACTS SPECIFY THE NUMBER OF REQUIRED WRVUS (TO OBTAIN AN ANNUAL SALARY) AND THE ADDITIONAL BONUS COMPENSATION PHYSICIANS WILL RECEIVE ONCE THE REQUIRED WRVUS HAVE BEEN MET ADDITIONAL BONUS COMPENSATION IS CALCULATED BY MULTIPLYING THE WRVUS IN EXCESS OF REQUIRED WRVUS TIMES A PREDETERMINED COMPENSATION FACTOR WRVUS SHALL BE COMPUTED BY USE OF THE APPROVED MEDICARE METHODS OF COMPUTATION FOR PHYSICIAN PRACTICES
COMPENSATION REPORTED IN PRIOR FORM 990	SCHEDULE J, PART II, COLUMN F	COMPENSATION IS REPORTED ON THE FORM 990 IN THE YEAR THAT THE COMPENSATION IS EARNED BY OR AWARDED TO AN INDIVIDUAL, EVEN IF THE COMPENSATION IS NOT PAID TO THE INDIVIDUAL, IS NOT FULLY VESTED, OR IS SUBJECT TO SUBSTANTIAL RISK OF FORFEITURE IF COMPENSATION IS EARNED OR AWARDED IN ONE YEAR BUT PAID IN A LATER YEAR, THEN THE COMPENSATION IS REPORTED A SECOND TIME ON THE FORM 990 IN THE YEAR THE COMPENSATION IS VESTED OR PAID TO THE INDIVIDUAL AMOUNTS REPORTED IN COLUMN F INCLUDE BOTH PRIOR CONTRIBUTIONS AS WELL AS EARNINGS ON THOSE CONTRIBUTIONS

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
LARRY MCINTIRE DO	(i) (ii)	342,714	182,845	17,000	7,350	657	550,566	0
JOHN M COX DO	(i) (ii)	841,156	259,559	15,474	7,350	18,994	1,142,533	0
RODNEY MCFARLAND MD	(i) (ii)	231,721	19,539	16,500	7,350	15,305	290,415	0
GARY D DUNCAN	(i) (ii)	483,208	0	908,481	7,350	6,684	1,405,723	0
JOE L KIRK	(i) (ii)	328,139	147,674	98,628	73,959	14,827	663,227	68,437
STEVE W GRADDY	(i) (ii)	318,890	135,433	68,975	76,406	12,877	612,581	68,735
PAULA F BAKER	(i) (ii)	534,525	224,450	86,147	631,274	15,994	1,492,390	53,145
RICHARD D SCHOOLER	(i) (ii)	347,749	136,568	62,116	69,971	11,350	627,754	57,928
DEBRA M KOELKEBECK	(i) (ii)	184,615	55,020	50,010	37,197	13,207	340,049	30,558
MICHAEL J LEONE	(i) (ii)	211,789	38,741	30,643	27,367	19,560	328,100	22,748
THOMAS B COY	(i) (ii)	1,324,891	318,955	13,000	7,350	15,994	1,680,190	0
WILLIAM J NICHOLAS	(i) (ii)	1,833,175	543,270	17,000	7,350	11,696	2,412,491	0
JEFFREY M CARRIER	(i) (ii)	197,731	50,525	25,905	39,188	17,244	330,593	25,665
KEVIN P GAUDETTE	(i) (ii)	184,473	30,812	32,507	35,584	16,916	300,292	22,539
DEBORAH E CHIDO	(i) (ii)	201,248	35,063	22,982	31,666	11,374	302,333	22,742
WESLEY B BRAMAN	(i) (ii)	182,931	31,936	18,459	22,290	21,310	276,926	18,219
SUE A ANNESSER	(i) (ii)	213,095	43,963	25,040	33,466	15,362	330,926	24,800
JOSHUA M BALL	(i) (ii)	480,137	1,001,590	9,503	7,350	15,883	1,514,463	0
RAYMOND VETSCH	(i) (ii)	781,587	507,065	17,000	177,350	20,416	1,503,418	0
CHRISTOPHER R LONGNECKER	(i) (ii)	764,933	538,247	48,904	7,350	15,792	1,375,226	0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
DAXTON D HOLCOMB	(i)	69,108	401	104	9,335	6,955	85,903	0
	(ii)	97,076	53,216	16,395	11,128	7,696	185,511	16,260
COLEEN S CAMERON	(i)	134,765	36,905	25,212	24,646	6,265	227,793	23,555
	(ii)							

Schedule K (Form 990)	<div>Supplemental Information on Tax Exempt Bonds</div> <div>▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.</div> <div>▶ Attach to Form 990. ▶ See separate instructions.</div>	OMB No 1545-0047
		2012
		Open to Public Inspection

Department of the Treasury Internal Revenue Service	Name of the organization FREEMAN HEALTH SYSTEM	Employer identification number 43-1704371
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Part I

Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	THE INDUSTRIAL DEVELOPMENT AUTHORITY OF JOPLIN MO	52-1299414	480639AN3	11-30-2004	49,064,229	CONSTRUCT & EQUIP WEST CAMPUS HOSP		X		X		X
B	THE INDUSTRIAL DEVELOPMENT AUTHORITY OF JOPLIN MO	52-1299414		07-23-2009	18,950,000	REFUND 2008 BOND AND 2008 TAXABLE		X		X		X
C	THE INDUSTRIAL DEVELOPMENT AUTHORITY OF JOPLIN MO	52-1299414		12-20-2010	10,393,515	EQUIPMENT		X		X		X
D	THE INDUSTRIAL DEVELOPMENT AUTHORITY OF JOPLIN MO	52-1299414	480639AY9	12-13-2011	25,031,815	CONSTRUCT & EQUIP WEST CAMPUS HOSP		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	5,950,000		2,171,583		4,932,215		110,000	
2	Amount of bonds legally defeased	0		0		0		0	
3	Total proceeds of issue	52,108,917		18,950,000		10,393,515		25,031,815	
4	Gross proceeds in reserve funds	3,411,927		0		0		2,060,843	
5	Capitalized interest from proceeds	2,010,267		0		0		0	
6	Proceeds in refunding escrows	0		0		0		0	
7	Issuance costs from proceeds	733,012		0		42,200		403,785	
8	Credit enhancement from proceeds	0		0		0		0	
9	Working capital expenditures from proceeds	0		0		0		0	
10	Capital expenditures from proceeds	46,024,301		0		9,827,036		13,778,935	
11	Other spent proceeds	0		18,950,000		0		0	
12	Other unspent proceeds	0		0		524,279		8,784,270	
13	Year of substantial completion	2008		2008		YesNoYesNo			
		Yes	No	Yes	No				
14	Were the bonds issued as part of a current refunding issue?		X	X			X		X
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X			X		X
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III

Private Business Use

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

Part III Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X			X		X	X	
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X						X	
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0%		0%		0%		0%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0%		%		%		%	
6	Total of lines 4 and 5	0%		%		%		%	
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?		X		X		X		X
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X		X	

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X				X		X	
b	Exception to rebate?	X		X					
c	No rebate due?	X							
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed									
3	Is the bond issue a variable rate issue?		X		X		X		X
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
b	Name of provider	0		0		0			
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b	Name of provider	0		0		0		0	
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?	X			X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X		X	

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

Identifier	Return Reference	Explanation
TAX EXEMPT BONDS	SCHEDULE K, PART II, LINE 3, COLUMN A	AMOUNT DOES NOT EQUAL ISSUE PRICE OF THE BONDS DUE TO INVESTMENT EARNINGS EARNED DURING THE PROJECT PERIOD
TAX EXEMPT BONDS	SCHEDULE K, PART II, LINE 5, COLUMN A	THE TOTAL AMOUNT OF INTEREST FUNDED DURING THE PROJECT PERIOD WAS \$2,039,657, OF WHICH \$2,010,267 IS CAPITALIZED INTEREST AND \$29,390 IS ADDITIONAL INVESTMENT EARNINGS EARNED IN THE DEBT SERVICE RESERVE FUND DURING THE PROJECT PERIOD AFTER THE PROJECT WAS PLACED-IN-SERVICE
TAX EXEMPT BONDS	SCHEDULE K, PART II, LINE 11, COLUMN B	ALL BOND PROCEEDS WERE USED ON THE ISSUE DATE TO CURRENTLY REFUND THE 2008 BOND AND THE 2008 BANK LOAN
TAX EXEMPT BONDS	SCHEDULE K, PART II, LINES 12, 13 AND 16, COLUMN C	THE PROJECT WAS COMPLETED AFTER THE 2013 FISCAL YEAR END AND THE FINAL ALLOCATION WILL BE COMPLETED PRIOR TO THE NEXT FISCAL YEAR END
TAX EXEMPT BONDS	SCHEDULE K, PART II, LINES 12, 13 AND 16, COLUMN D	AMOUNT REMAINING IN THE PROJECT FUND AS OF THE FISCAL YEAR END PROJECT IS NOT SUBSTANTIALLY COMPLETE AND AS A RESULT THE FINAL ALLOCATION HAS NOT YET BEEN COMPLETED
TAX EXEMPT BONDS	SCHEDULE K, PART III, COLUMNS C & D	AS NOTED ABOVE, THE FINAL ALLOCATION HAS NOT BEEN COMPLETED FOR THE 2010 AND 2011 FINANCINGS AS A RESULT, PART III HAS BEEN COMPLETED BASED ON AGREEMENTS IN PLACE THAT MAY POTENTIALLY RELATE TO FINANCED ASSETS AND MAY CHANGE UPON COMPLETION OF THE FINAL ALLOCATIONS
TAX EXEMPT BONDS	SCHEDULE K, PART IV, LINE 2C, COLUMN A	REBATE COMPUTATION PERFORMED AS OF 11/1/2009



Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
FREEMAN HEALTH SYSTEM

Employer identification number  
43-1704371

Part I Bond Issues											
(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A HEALTH AND EDUCATION FACILITIES AUTHORITY OF MO	43-1178966	60637ADK5	12-20-2012	40,129,591	REFUND 1994 BOND AND 1998 BOND		X		X		X

Part II    Proceeds									
		A		B		C		D	
1	Amount of bonds retired	2,085,000							
2	Amount of bonds legally defeased	0							
3	Total proceeds of issue	40,129,591							
4	Gross proceeds in reserve funds	3,557,201							
5	Capitalized interest from proceeds	0							
6	Proceeds in refunding escrows	0							
7	Issuance costs from proceeds	403,785							
8	Credit enhancement from proceeds	0							
9	Working capital expenditures from proceeds	0							
10	Capital expenditures from proceeds	0							
11	Other spent proceeds	36,010,967							
12	Other unspent proceeds	31,842							
13	Year of substantial completion	1999							
		Yes	No						
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?								
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?								
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
7	Does the bond issue meet the private security or payment test?								
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?								
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?								

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X							
b	Exception to rebate?								
c	No rebate due?								
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider	0							
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b	Name of provider	0							
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X						
7	Has the organization established written procedures to monitor the requirements of section 148?	X							

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X							

Part VI

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

Identifier	Return Reference	Explanation
TAX EXEMPT BONDS 2	SCHEDULE K, PART II, LINE 11, COLUMN A	PROCEEDS WERE USED TO REDEEM THE SERIES 1994A AND SERIES 1998A BONDS ON DECEMBER 27, 2012
TAX EXEMPT BONDS 2	SCHEDULE K, PART II, LINE 12, COLUMN A	AMOUNTS REMAINING IN THE COSTS OF ISSUANCE ACCOUNT WERE TRANSFERRED TO THE DEBT SERVICE FUND ON 3/26/2013 AND WILL BE USED TO PAY INTEREST ON THE BONDS ON 8/15/2013
TAX EXEMPT BONDS 2	SCHEDULE K, PART III, LINES 2, 3A, 3C, 4, 5, 7 AND 8A, COLUMN A	THE SERIES 2012 BONDS REFINANCED PROJECTS THAT WERE ORIGINALLY FINANCED PRIOR TO JANUARY 1, 2003

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, line 38a or 40b.  
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047  
**2012**  
Open to Public Inspection

Name of the organization FREEMAN HEALTH SYSTEM	Employer identification number  43-1704371
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Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

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

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No

2 Enter the amount of tax incurred by 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-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1) THOMAS COY	EMPLOYEE	PHYSICIAN EQUIP		X	154,655	15,691		No		No	Yes	
Total ▶ \$						15,691						

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 assistance	(d) Type of assistance	(e) Purpose 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
See Additional Data Table					

**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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Additional Data

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

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ADAM GRADDY	SON OF STEVE GRADDY, CFO	48,542	EMPLOYEE COMPENSATION		No
(2) KENT MCINTIRE	SON OF LARRY MCINTIRE	822,086	EMPLOYEE COMPENSATION		No
(3) PAMELA HUNT	DAUGHTER OF RICK SCHOOLER	67,123	EMPLOYEE COMPENSATION		No
(4) PAM JONES	SISTER OF RICK SCHOOLER	25,559	EMPLOYEE COMPENSATION		No
(5) DEBORAH CANSLER	IN-LAW OF D KOELKEBECK	35,304	EMPLOYEE COMPENSATION		No
(6) BRYAN GRADDY	SON OF STEVE GRADDY, CFO	17,549	EMPLOYEE COMPENSATION		No
(7) LARRY ANNESSER	HUSBAND OF SUE ANNESSER	34,761	EMPLOYEE COMPENSATION		No
(8) CALEIGH TAYLOR	STEP-DAUGHTER OF BRAMAN	12,462	EMPLOYEE COMPENSATION		No

SCHEDULE M  
(Form 990)

Noncash Contributions

OMB No 1545-0047

2012

Open to Public Inspection

►Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.  
► Attach to Form 990.

Name of the organization  
FREEMAN HEALTH SYSTEM

Employer identification number  
43-1704371

Part I

Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art . . . . .				
2 Art—Historical treasures . . . . .				
3 Art—Fractional interests . . . . .				
4 Books and publications . . . . .	X		22,438	FMV
5 Clothing and household goods . . . . .				
6 Cars and other vehicles . . . . .				
7 Boats and planes . . . . .				
8 Intellectual property . . . . .				
9 Securities—Publicly traded . . . . .	X	1	6,220	FMV
10 Securities—Closely held stock . . . . .				
11 Securities—Partnership, LLC, or trust interests . . . . .				
12 Securities—Miscellaneous . . . . .				
13 Qualified conservation contribution—Historic structures . . . . .				
14 Qualified conservation contribution—Other . . . . .				
15 Real estate—Residential . . . . .				
16 Real estate—Commercial . . . . .				
17 Real estate—Other . . . . .				
18 Collectibles . . . . .				
19 Food inventory . . . . .				
20 Drugs and medical supplies . . . . .				
21 Taxidermy . . . . .				
22 Historical artifacts . . . . .				
23 Scientific specimens . . . . .				
24 Archeological artifacts . . . . .				
25 Other ► ( )				
26 Other ► ( )				
27 Other ► ( )				
28 Other ► ( )				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . . .29

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? . . . . .

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions? . . . . .

33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

Yes

No

No

No

No

Part III

**Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
NUMBER OF CONTRIBUTIONS	SCHEDULE M, PART I, COLUMN B	THE NUMBERS IN COLUMN B REPRESENTS THE NUMBER OF CONTRIBUTORS



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

2012

Open to Public  
Inspection

Name of the organization FREEMAN HEALTH SYSTEM	Employer identification number 43-1704371
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Identifier	Return Reference	Explanation
ORGANIZATIONS VISION	FORM 990, PART I, LINE 1	VISION - TO BE THE LEADING PROVIDER OF PATIENT CENTERED, PHYSICIAN DIRECTED HEALTHCARE IN AN ENVIRONMENT OF COMPASSION AND TRUST, SUPPORTED BY DEDICATED EMPLOYEES WITH A DESIRE TO PROVIDE EXCELLENCE IN CARE AND SERVICE. FREEMAN HEALTH SYSTEM IN JOPLIN, MISSOURI IS A 404 BED, THREE HOSPITAL SYSTEM PROVIDING COMPREHENSIVE HEALTHCARE AND BEHAVIORAL HEALTH SERVICES TO AN AREA THAT INCLUDES MORE THAN 450,000 FROM MISSOURI, ARKANSAS, OKLAHOMA, AND KANSAS

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINE 4	<p>FREEMAN HEALTH SYSTEM, NOT-FOR-PROFIT, COMMUNITY-OWNED, AND LOCALLY GOVERNED BY A VOLUNTEER BOARD OF DIRECTORS, PROVIDES FULL-SERVICE HEALTHCARE TO SOUTHWEST MISSOURI, SOUTHEAST KANSAS, NORTHEAST OKLAHOMA, AND NORTHWEST ARKANSAS. A THREE-HOSPITAL HEALTH SYSTEM, FREEMAN PROVIDES COMPREHENSIVE SERVICES INCLUDING CANCER CARE, HEART CARE, ORTHOPAEDICS, NEUROSURGERY, WOMENS SERVICES, AND BEHAVIORAL HEALTHCARE. FREEMAN ACCEPTS MEDICAID AND MEDICARE PATIENTS AND OFFERS CHARITY CARE AND PAYMENT PLANS, PROVIDING A SAFETY NET TO A THIRD OF THE LOCAL POPULATION WITH HOUSEHOLD INCOMES BELOW \$25,000. FREEMAN ASKS ALL EMPLOYEES AND VOLUNTEERS TO EMBRACE THE MISSION OF IMPROVING THE HEALTH OF THE COMMUNITIES SERVED THROUGH CONTEMPORARY, INNOVATIVE, QUALITY HEALTHCARE SOLUTIONS. THE FREEMAN MEDICAL TEAM, WHICH INCLUDES MORE THAN 300 PHYSICIANS REPRESENTING 60 SPECIALTIES, USES THE LATEST TECHNIQUES, BEST PRACTICES, AND TECHNOLOGIES TO PROVIDE LIFESAVING MEDICAL CARE, PROVIDING CONSTITUENTS WITH THE HEALTHCARE THEY NEED RIGHT IN THEIR OWN BACK YARD. JOPLIN-AREA PATIENTS DO NOT HAVE TO TRAVEL TO BIG CITIES TO RECEIVE HEART INTERVENTIONS, CARDIOTHORACIC SURGERIES, NEUROSURGERIES, PAIN THERAPIES, INTENSIVE CARE, TRAUMA CARE, AND ADVANCED DIAGNOSTIC SERVICES. THE CLOSE-TO-HOME AVAILABILITY OF PROGRESSIVE HEALTHCARE SERVICES EASES STRESS ON PATIENTS, FOR WHOM TRAVEL CAN BE UNCOMFORTABLE, AND THEIR FAMILIES, FOR WHOM TRAVEL CAN PRESENT A GREAT FINANCIAL BURDEN. FY 2013 WAS CHALLENGING BECAUSE FREEMAN WAS STILL DEALING WITH THE AFTER EFFECTS OF THE BIGGEST DISASTER TO EVER HIT JOPLIN, THE MAY 2011 EF5 TORNADO THAT DEVASTATED MUCH OF THE CITY. THE TORNADO DESTROYED THE CITY'S ONLY OTHER TRAUMA CENTER, AND FREEMAN WAS LEFT TO CARE FOR ALL OF THE AREA'S TRAUMA CASES. ADDITIONALLY, FREEMAN FACED A SURGE OF PATIENTS THAT LASTED INTO FY 2013. TO PROVIDE TREATMENT FOR THE ADDITIONAL PATIENTS, FREEMAN HIRED MORE THAN 200 NURSES, AS WELL AS MANY PHYSICIANS AND SUPPORT STAFF. BECAUSE THERE WERE NOT ENOUGH NURSES AVAILABLE LOCALLY AT THE TIME, SOME OF THE NURSES WERE HIRED THROUGH AGENCIES, WHICH IS MUCH MORE EXPENSIVE THAN EMPLOYING STAFF DIRECTLY AND RAISED THE COST OF LABOR FOR FREEMAN. TO CARE FOR THE INCREASED NUMBERS OF PATIENTS, FREEMAN ADDED 58 NEW PATIENT ROOMS AT FREEMAN HOSPITAL WEST. WHEN FREEMAN BUILT A NEW SIX-STORY WING ON ITS WEST CAMPUS IN 2007, THE TOP TWO FLOORS WERE LEFT UNFINISHED FOR FUTURE EXPANSION. AFTER THE TORNADO, FREEMAN ADMINISTRATORS DECIDED TO GO AHEAD AND FINISH OUT THE TWO FLOORS TO PROVIDE FOR THE NEEDS OF THE COMMUNITY. THE FIFTH FLOOR OPENED IN MARCH 2012, AND THE SIXTH FLOOR OPENED IN OCTOBER 2012. ONE LESSON LEARNED FROM THE TORNADO WAS THAT THE HEALTH SYSTEM NEEDED THE CAPACITY TO CARE FOR MORE CRITICAL CARE PATIENTS IN TIMES OF EMERGENCY. TO MEET THIS NEED, ALL OF THE BEDS ON THE SIXTH FLOOR ARE EQUIPPED TO BE USED FOR CRITICAL CARE, IF NEEDED. AFTER THE TORNADO, JOPLIN SAW A DRAMATIC INCREASE IN CHILD TRAUMA. TO PROVIDE CRITICAL SERVICES FOR CHILDREN AND FAMILIES IN NEED, GOV. JAY NIXON AND THE STATE LEGISLATURE ALLOCATED FUNDS FOR CREATION OF WILLS PLACE, A HEALING CENTER FOR KIDS. FREEMAN AND OZARK CENTER COLLABORATED WITH AREA CHILD CARE PROVIDERS AND CHILD-SERVING AGENCIES IN THE DESIGN OF THE CENTER. WHILE FREEMAN AND OZARK CENTER BEGAN OFFERING ADDITIONAL CHILD TRAUMA SERVICES SOON AFTER THE TORNADO, THE NEW CHILD TRAUMA TREATMENT CENTER OFFICIALLY OPENED IN JANUARY 2012. TO HELP ENSURE THE COMMUNITY HAS THE PHYSICIANS IT NEEDS, FREEMAN BROUGHT 26 NEW PHYSICIANS INTO THE COMMUNITY DURING FY 2013, PROVIDING A GREAT BENEFIT, IN TERMS OF BOTH HEALTHCARE AND ECONOMICS. ACCORDING TO THE MISSOURI HOSPITAL ASSOCIATION, FAMILY PHYSICIANS MAKE AN ECONOMIC IMPACT OF MORE THAN \$1 MILLION EACH YEAR ON THE COMMUNITIES THEY SERVE. FREEMAN NEOSHO HOSPITAL IS A CRITICAL-ACCESS FACILITY THAT SERVES THE NEEDS OF LARGELY RURAL NEWTON AND MCDONALD COUNTIES IN SOUTHWEST MISSOURI. FREEMAN NEOSHO HOSPITAL PROVIDES THE COMMUNITY WITH EMERGENCY SERVICES, PEDIATRIC SERVICES, SURGICAL SERVICES, CARDIOLOGY AND ORTHOPAEDIC SPECIALTY CLINICS, AND CARDIAC, PHYSICAL THERAPY, SPEECH THERAPY REHABILITATION SERVICES, AND MAMMOGRAPHY AND OTHER DIAGNOSTIC SERVICES. FREEMAN ALSO PROVIDES EMERGENCY TRANSPORT FOR NEWTON AND MCDONALD COUNTIES THROUGH FREEMAN AMBULANCE SERVICE. FREEMAN FAST FACTS FY 2013 (JOPLIN &amp; NEOSHO COMBINED) -OUTPATIENT REGISTRATIONS 403,076 -EMERGENCY/TRAUMA/URGENT CARE VISITS 115,033 -FREEMAN OCCURED VISITS 46,676 -ADMISSIONS 22,794 -SURGICAL PROCEDURES 10,923 -BIRTHS 2,561 -BABIES IN NEONATAL INTENSIVE CARE UNIT 251</p>

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINE 4	<p>FOR 22 YEARS, FREEMAN ORTHOPAEDICS &amp; SPORTS MEDICINE AND FREEMAN REHABILITATION SERVICES HAVE PROVIDED FREE ANNUAL PRESEASON PHYSICAL EXAMS FOR HUNDREDS OF ATHLETES ATTENDING AREA SCHOOLS. MORE THAN 75 VOLUNTEERS, INCLUDING DOCTORS, NURSES, THERAPISTS, AND OTHER CLINICIANS, ASSIST WITH THE EXAMS, SCHEDULED AT SPECIFIC TIMES THROUGHOUT THE YEAR. THESE FREE PRESEASON PHYSICALS PROVIDE COMPREHENSIVE EVALUATION AND ASSESSMENT TO ATHLETES PARTICIPATING IN A SANCTIONED SPORT IN A SCHOOL-BASED PROGRAM, THROUGH THE AREAS PARKS AND RECREATION DEPARTMENTS, YMCAS, OR LOCAL LEAGUES, OR IN TRAINING TO COMPETE IN A SPECIFIC EVENT, SUCH AS A MARATHON OR TRIATHLON. A HUGE COMMUNITY BENEFIT. IN FY 2013, THIS PROGRAM HELPED HUNDREDS OF FAMILIES BY PROVIDING REQUIRED MEDICAL EXAMINATIONS FREE OF CHARGE. THROUGH THE CHAPLAINS FUND, FREEMAN OFFERS HELP TO PATIENTS UPON DISMISSAL FROM THE HOSPITAL, SOMETIMES PATIENTS CANT AFFORD A NEEDED PRESCRIPTION OR DONT HAVE A WAY TO GET HOME. IN FY 2013, THE CHAPLAINS FUND PROVIDED A COMMUNITY BENEFIT OF \$41,664 THROUGH ASSISTANCE FOR PRESCRIPTIONS, TRANSPORTATION, MEALS, AND OTHER ISSUES TO 2,001 PEOPLE. IN TERMS OF COMMUNITY SERVICE AS COMMUNITY BENEFIT, FREEMAN EMPLOYEES SPENT 51,379 HOURS ENGAGED IN COMMUNITY BENEFIT ACTIVITIES IN 2013. THIS ON-THE-JOB COMMUNITY BENEFIT INCLUDES TIME FREEMAN HEALTHCARE PROFESSIONALS SPENT TRAINING OR SERVING AS PRECEPTORS FOR STUDENT NURSES, MEDICAL STUDENTS, AND RESIDENT PHYSICIANS, AMONG OTHERS. STAFF MEMBERS ALSO SPENT COUNTLESS HOURS GIVING TOURS TO SCHOOL AND COMMUNITY GROUPS, WORKING WITH HIGH SCHOOL STUDENTS AND OTHER COMMUNITY MEMBERS ON JOB-SHADOWING PROJECTS, AND ENGAGING THE PUBLIC THROUGH PUBLIC PROGRAMS AND EVENTS. FREEMAN PROVIDES EMERGENT CARE FOR ALL WHO ENTER ITS DOORS, REGARDLESS OF THE PATIENTS ABILITY TO PAY OR INSURANCE STATUS. FREEMAN ENDEAVORS TO GIVE PATIENTS MORE OPTIONS FOR PAYING THEIR BILLS, INCLUDING SETTING UP PAYMENT PLANS FOR QUALIFYING PATIENTS, A PROGRAM THAT PROVES ESPECIALLY BENEFICIAL TO PEOPLE WHO HAVE HEALTH INSURANCE, BUT LACK FUNDS TO PAY LARGE DEDUCTIBLES, CO-PAYS, OR OUT-OF-POCKET EXPENSES. ON A RELATED NOTE, FREEMAN ALLOWS FREEMAN EMPLOYEES TO PAY OFF HOSPITAL BILLS IN INSTALLMENTS AS LOW AS \$50 EVERY TWO WEEKS. CONSIDERING THE FACT THAT FREEMAN EMPLOYS MORE THAN 4,000 PEOPLE AND MOST OF THEIR FAMILIES RECEIVE TREATMENT AT FREEMAN, THIS ACT ALONE AMOUNTS TO A SIZABLE COMMUNITY BENEFIT. FREEMAN URGENT CARE, WITH WALK-IN CLINICS IN JOPLIN AND WEBB CITY, OFFERS CONVENIENT, COST-EFFECTIVE CARE FOR MINOR MEDICAL ISSUES. WHILE FREEMAN URGENT CARE PROVIDES PATIENTS, INCLUDING THOSE WITHOUT PRIMARY CARE PROVIDERS, AN APPROPRIATE, LESS EXPENSIVE ALTERNATIVE TO AN EMERGENCY ROOM VISIT, MANY PATIENTS STILL CHOOSE TO USE THE EMERGENCY ROOM FOR PRIMARY MEDICAL CARE. FREEMAN HELPS MANY ORGANIZATIONS THAT, IN TURN, HELP SOME OF THE MOST FRAGILE MEMBERS OF THE COMMUNITY. FOR INSTANCE, FOR \$1 PER YEAR, FREEMAN LEASES THE LAND AND BUILDING AT 34TH STREET AND INDIANA AVENUE TO CHILDRENS CENTER OF SOUTHWEST MISSOURI, A NOT-FOR-PROFIT AGENCY THAT PROTECTS AND ADVOCATES FOR CHILDREN WHO HAVE BEEN VICTIMS OF ABUSE. SIMILARLY, FREEMAN LEASES LAND TO RONALD MCDONALD HOUSE CHARITIES OF THE FOUR STATES FOR \$1 PER YEAR, AND FREEMAN MAINTAINS THE GROUNDS AND PROVIDES HOUSEKEEPING SERVICES, SERVICES WITH AN ANNUAL RETAIL VALUE OF \$1,602.04. FREEMAN HEALTH SYSTEM CONTRIBUTES TO THE HEALTH OF THE COMMUNITY BY CREATING A WIDE RANGE OF CAREER OPPORTUNITIES. PROFESSIONALS IN MANY FIELDS AT FREEMAN EARN ABOVE-AVERAGE WAGES AND SALARIES, AND THE BENEFITS FREEMAN OFFERS HELP ATTRACT AND MAINTAIN AN AFFLUENT MIDDLE CLASS, WHOSE MEMBERS BUY HOMES, SPEND MONEY, AND BOOST THE AREA ECONOMY. IN FY 2013, FREEMAN HEALTH SYSTEM PROVIDED PAYROLL AND BENEFITS IN EXCESS OF \$250,000,000. TO HELP ENSURE A STEADY SUPPLY OF PHYSICIANS, NURSES, AND OTHER CLINICIANS IN THE FUTURE, FREEMAN EDUCATES YOUNG PEOPLE ABOUT HEALTHCARE CAREERS. HIGH SCHOOL STUDENTS PARTICIPATE IN A SUMMER VOLUNTEER PROGRAM, WORKING WITH HEALTHCARE PROFESSIONALS IN REAL-LIFE HOSPITAL SITUATIONS. THE HIGH SCHOOL VOLUNTEER PROGRAM ALSO PROVIDES SCHOLARSHIP MONEY FOR OUTSTANDING PARTICIPANTS. ADDITIONALLY, FREEMAN HEALTH ACADEMY, PROVIDED AT NO COST TO FAMILIES, REACHES OUT TO MIDDLE SCHOOL STUDENTS TO HELP THEM PREPARE FOR HEALTHCARE CAREERS. THE FIRST PROGRAM OF ITS KIND IN THE COMMUNITY, IT GIVES STUDENTS THE OPPORTUNITY TO LEARN ABOUT HEALTHCARE CAREERS FROM FREEMAN PHYSICIANS AND STAFF. IT ENCOURAGES STUDENTS TO GRADUATE FROM HIGH SCHOOL AND HELPS THEM CHOOSE HIGH SCHOOL COURSES, SUCH AS SCIENCE AND MATH, TO PREPARE THEM FOR FURTHER EDUCATION AND HEALTHCARE CAREERS.</p>

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINE 4A	<p>INPATIENT SERVICES FREEMAN JOPLIN INPATIENT SERVICES TOTALED 21,505 CASES, OF WHICH, 5,100, OR 24%, WERE MEDICAID CASES. ADDITIONALLY, 1,617 INPATIENT CASES, OR 8% OF THE TOTAL, FELL INTO THE SELF-PAY (NO INSURANCE) CATEGORY. ADDITIONAL PATIENT ROOMS TO MEET THE NEEDS OF THE COMMUNITY IN FY 2013, FREEMAN WAS STILL DEALING WITH THE AFTEREFFECTS OF BIGGEST DISASTER TO EVER HIT JOPLIN, THE MAY 2011 EF-5 TORNADO THAT DEVASTATED MUCH OF THE CITY. BECAUSE THE CITY'S OTHER HOSPITAL HAD BEEN DESTROYED IN THE STORM AND SERVICES OFFERED THROUGH ITS TEMPORARY LOCATION WERE MORE LIMITED THAN THEY HAD BEEN BEFORE THE STORM, FREEMAN CONTINUED TO EXPERIENCE AN INCREASED PATIENT CENSUS IN FY 2013. TO PROVIDE TREATMENT FOR THE ADDITIONAL PATIENTS, FREEMAN HIRED MORE THAN 200 NURSES, AS WELL AS MANY PHYSICIANS AND SUPPORT STAFF. BECAUSE THERE WERE NOT ENOUGH NURSES AVAILABLE LOCALLY AT THE TIME, SOME OF THE NURSES WERE HIRED THROUGH AGENCIES, WHICH IS MUCH MORE EXPENSIVE THAN EMPLOYING STAFF DIRECTLY AND RAISED THE COST OF LABOR FOR FREEMAN. TO CARE FOR THE INCREASED NUMBERS OF PATIENTS, FREEMAN ADDED 58 NEW PATIENT ROOMS AT FREEMAN HOSPITAL WEST. WHEN FREEMAN BUILT A NEW SIX-STORY WING ON ITS WEST CAMPUS IN 2007, THE TOP TWO FLOORS WERE LEFT UNFINISHED FOR FUTURE EXPANSION. AFTER THE TORNADO, FREEMAN ADMINISTRATORS DECIDED TO GO AHEAD AND FINISH OUT THOSE FLOORS TO PROVIDE FOR THE NEEDS OF THE COMMUNITY. THE FIFTH FLOOR OPENED IN MARCH 2012, AND THE SIXTH FLOOR OPENED IN OCTOBER 2012. ONE LESSON LEARNED FROM THE TORNADO WAS THAT THE HEALTH SYSTEM NEEDED THE CAPACITY TO CARE FOR MORE CRITICAL CARE PATIENTS IN TIMES OF EMERGENCY. TO MEET THIS NEED, ALL OF THE BEDS ON THE SIXTH FLOOR ARE EQUIPPED TO BE USED FOR CRITICAL CARE, IF NEEDED.</p> <p>FREEMAN PEDIATRIC UNIT THE FREEMAN PEDIATRIC UNIT PROVIDES CARE TO CHILDREN FROM BIRTH TO AGE 18 AND WORKS WITH FAMILIES TO MAKE THEIR CHILDREN'S HOSPITALIZATION LESS TRAUMATIC BY ENCOURAGING PARENTAL INVOLVEMENT. CHAIR BEDS IN EACH ROOM, AS WELL AS MEAL TRAYS FOR PARENTS, ENABLE FAMILIES TO REMAIN TOGETHER DURING DIFFICULT TIMES. EACH ROOM HAS A TV/VCR, VIDEOS AND VIDEO GAMES ARE AVAILABLE UPON REQUEST. THE UNIT INCLUDES A BRIGHTLY DECORATED EXAMINATION ROOM AND A PLAY ROOM FILLED WITH BOOKS AND TOYS. FREEMAN JOPLIN INPATIENT PEDIATRIC SERVICES TOTALED 582 CASES, OF WHICH, 321, OR 55%, WERE MEDICAID CASES. ADDITIONALLY, 3% OF THE PEDIATRIC INPATIENT CASES FELL INTO THE SELF-PAY (NO INSURANCE) CATEGORY. MATERNITY SERVICES DESIGNED TO GIVE NEW MOTHERS AND THEIR FAMILIES THE COMFORTS OF HOME WITHIN THE SECURITY OF A HOSPITAL, FREEMAN MATERNITY CENTER DELIVERED 2,561 BABIES IN FY 2013. THE UNIT INCLUDES BOARD-CERTIFIED OBSTETRICIANS AVAILABLE 24 HOURS A DAY AND THE REGION'S ONLY BOARD-CERTIFIED PERINATOLOGIST CARING FOR PATIENTS WITH HIGH-RISK PREGNANCIES. OF THE 2,561 CASES SEEN IN FY 2013, FREEMAN MATERNAL SERVICES SERVED 1,336 MEDICAID PATIENTS, OR 52% OF ITS CASELOAD. SELF-PAY PATIENTS (THOSE WITH NO INSURANCE) REPRESENTED 3% OF THE DELIVERIES. AS THESE STATISTICS INDICATE, FREEMAN PROVIDES A SAFETY NET FOR EXPECTANT MOTHERS WHO LIVE IN POVERTY AND RECEIVE GOVERNMENT ASSISTANCE AND THOSE WHO SCRAPE BY WITHOUT ASSISTANCE BUT HAVE NO HEALTH INSURANCE. MEDICAID REIMBURSEMENT DOES NOT COVER THE COST OF PROVIDING THE LEVEL OF TREATMENT REQUIRED. NICU FREEMAN HAS THE REGION'S ONLY NEONATAL INTENSIVE CARE UNIT (NICU) PROVIDING IMMEDIATE CRITICAL CARE FOR PREMATURE AND CRITICALLY ILL INFANTS. THE UNIT INCLUDES SKILLED AND EXPERIENCED PHYSICIANS AND STAFF WHO STAND READY TO PROVIDE THE IMMEDIATE CRITICAL CARE PREMATURE BABIES NEED. FREEMAN NICU PROVIDES SPECIALIZED CARE USING STATE-OF-THE-ART TECHNOLOGY AND DECADES OF EXPERIENCE. SURVIVAL RATES FOR INFANTS LESS THAN THREE POUNDS HAVE INCREASED SIGNIFICANTLY AS A RESULT OF THE OUTSTANDING MEDICAL CARE PROVIDED BY THE FREEMAN NICU TEAM OF DOCTORS, NEONATAL NURSE PRACTITIONERS, SPECIALIZED DEVELOPMENTAL THERAPISTS, AND NURSES.</p>

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINES 4B	<p>OUTPATIENT SERVICES FREEMAN CENTER FOR GERIATRIC MEDICINE FREEMAN CENTER FOR GERIATRIC MEDICINE OFFERS MANY SPECIALISTS AND SERVICES IN ONE LOCATION, PROVIDING EASY ACCESS FOR PATIENTS, FAMILIES, AND CAREGIVERS DURING EACH VISIT, A GERIATRICIAN TAKES THE TIME TO ANSWER THE PATIENTS QUESTIONS, REVIEW MEDICATIONS, AND COORDINATE CARE WITH OTHER SPECIALISTS PATIENTS RECEIVE A REPORT SUMMARIZING ALL SPECIALISTS' FINDINGS THE CENTER CAN SHARE THIS REPORT WITH THE PATIENTS DOCTOR OR IT CAN SERVE AS THE PATIENTS PRIMARY CARE PROVIDER ONE PROGRAM, DEVELOPED BY THE CENTER FOR GERIATRIC MEDICINES MEDICAL DIRECTOR, ADDRESSED THE ISSUE OF HEALTH LITERACY AMONG OLDER ADULTS HEALTH LITERACY REFERS AN INDIVIDUALS ABILITY TO UNDERSTAND BASIC HEALTH INFORMATION, SUCH AS INSTRUCTIONS ON PRESCRIPTION BOTTLES REPEATED RESEARCH HAS SHOWN THAT THE GERIATRIC POPULATION IS AT RISK FOR INADEQUATE OR MARGINAL HEALTH LITERACY AS THE NEED FOR HEALTHCARE PROFESSIONALS RISES, CARE IS INCREASINGLY PROVIDED BY NURSING STAFF AND PHYSICIAN ASSISTANTS THE NET EFFECT IS YOUNGER PROFESSIONALS CARING FOR AN AGING POPULATION, RESULTING IN A GENERATION GAP THAT CAN IMPEDE EFFECTIVE PATIENT/PROVIDER COMMUNICATION RECOGNIZING THAT IMPROVED COMMUNICATION ENHANCES HEALTH LITERACY, DR SABA HABIS, FREEMAN CENTER FOR GERIATRIC MEDICINE MEDICAL DIRECTOR IN FY 2013, CREATED AN EDUCATIONAL PROGRAM TO REACH SENIOR CITIZENS, EMERGING HEALTHCARE PROFESSIONALS, AND PHARMACISTS IN RURAL SOUTHWESTERN MISSOURI THE PROGRAM INVOLVED TWO EDUCATIONAL COMPONENTS, ONE FOR SENIOR CITIZENS TO HELP THEM TAKE CHARGE OF THEIR HEALTH BY LEARNING TO MANAGE THEIR OWN MEDICATIONS AND ASK QUESTIONS OF THEIR HEALTHCARE PROVIDERS AND ONE FOR STUDENTS ENROLLED IN HEALTHCARE CAREER COURSES TO HELP THEM BETTER COMMUNICATE WITH OLDER ADULTS THE PROJECT HELPED BRIDGE THE GAP BETWEEN YOUNGER PEOPLE (EMERGING HEALTHCARE PROFESSIONALS) AND SENIOR CITIZENS TO IMPROVE HEALTH LITERACY AND HELP IMPROVE THE HEALTH OF AN AGING POPULATION OUTCOMES OF THIS PROJECT INCLUDED -A VIDEO OF DR HABIS PRESENTATION WAS PRODUCED AND GIVEN TO THE TECHNICAL CENTERS AND COLLEGES THAT PARTICIPATED IN THE PROGRAM, CREATING A LEGACY OF SUSTAINABILITY BY HELPING THE SCHOOLS INTEGRATE HEALTH LITERACY INTO THE CURRICULUM FOR YEARS TO COME -THE POWERPOINT PRESENTATION USED BY DR HABIS WAS GIVEN TO THE PARTICIPATING SCHOOLS FOR FUTURE USE -THIS PROGRAM HAS BEEN USED AS MODEL FOR A PROGRAM AT THE ST LOUIS COLLEGE OF PHARMACY -THROUGH "TAKE CHARGE OF YOUR HEALTH" WORKSHOPS, NUMEROUS POSSIBLE MEDICATION COMPLIANCE ISSUES WERE SPOTTED AND FLAGGED FOR FOLLOW-UP OR IMMEDIATE INTERVENTION FREEMAN HEALTH ACADEMY FREEMAN HEALTH ACADEMY WAS ESTABLISHED IN 2011 AND CONTINUED IN 2012 TO SERVE RURAL SOUTHWEST MISSOURI COUNTIES EXPERIENCING A SHORTAGE OF HEALTHCARE PROFESSIONALS FREEMAN HEALTH ACADEMY EQUIPS MIDDLE SCHOOLS WITH A CURRICULUM, DESIGNED IN CONSULTATION WITH UNIVERSITY OF MISSOURI, ADDRESSING THE WIDE VARIETY OF 21ST CENTURY HEALTHCARE CAREERS, INCLUDING CLINICAL, BUSINESS, AND OPERATIONS PATHWAYS AREA STUDENTS TOUR FREEMAN TO RECEIVE A GLIMPSE INTO THE FIELD OF THEIR CHOICE AS STUDENTS PROGRESS INTO HIGH SCHOOL AND POSTSECONDARY EDUCATION, THEY ARE GIVEN INFORMATION ABOUT COURSES NEEDED TO PREPARE FOR HEALTHCARE CAREERS, MATH AND SCIENCE COMPETITIONS, AND SCHOLARSHIP AND LEADERSHIP OPPORTUNITIES, THEY ARE ALSO MENTORED REGARDING THEIR CAREER CHOICES RESEARCH SHOWS STUDENTS BEGIN MAKING PLANS FOR FUTURE CAREERS AS EARLY AS MIDDLE SCHOOL, AND BY PROVIDING THIS OPPORTUNITY, FREEMAN CAN BEGIN TO SOLIDIFY WITHIN THESE CHILDREN THE DESIRE TO SELECT A FIELD IN A HEALTHCARE SYSTEM, WHETHER IN A CLINICAL OR NONCLINICAL SETTING THIS IS ONE EXAMPLE OF THE HEALTH SYSTEMS DESIRE TO MAKE A POSITIVE IMPACT ON THE COMMUNITY BY SERVING ITS SCHOOLS AND ENCOURAGING STUDENTS TO GRADUATE EMERGENCY SERVICES THE FREEMAN EMERGENCY/TRAUMA DEPARTMENT CONTINUED TO FACE UNUSUAL CHALLENGES IN FY 2013, DUE TO THE MAY 2011 TORNADO THAT TORE THROUGH JOPLIN, MISSOURI THE CITY'S OTHER HOSPITAL WAS DESTROYED BY THE TORNADO, LEAVING FREEMAN HOSPITAL WEST AS THE ONLY LEVEL II TRAUMA CENTER IN THE AREA THE EMERGENCY/TRAUMA CENTER AT FREEMAN WEST TREATS APPROXIMATELY 45,000 PATIENTS EACH YEAR EMERGENCY ROOMS ROUTINELY DEAL WITH HOMELESS, MENTALLY ILL, AND SUBSTANCE-ADDICTED PATIENTS FREEMAN PLACES MENTAL HEALTH COUNSELORS IN THE EMERGENCY ROOM ON A ROUND-THE-CLOCK BASIS THESE COUNSELORS ARE AVAILABLE TO TALK WITH PATIENTS WHO SHOW SIGNS OF MENTAL HEALTH OR SUBSTANCE ABUSE CONDITIONS AFTER THOROUGH EVALUATION, THE COUNSELORS OFFER RECOMMENDATIONS REGARDING FOLLOW-UP CARE RANGING FROM ASSESSMENT OF SUICIDALITY AND NEED FOR INPATIENT PSYCHIATRIC HOSPITALIZATION TO MAKING OUTPATIENT THERAPY APPOINTMENTS FOR PATIENTS BEFORE THEY LEAVE THE EMERGENCY ROOM IF EVALUATION MANDATES HOSPITALIZATION, COUNSELORS HELP FIND AN APPROPRIATE BED AND TRANSPORTATION ON AVERAGE, COUNSELORS EVALUATE AND RECOMMEND TREATMENT FOR 54 PSYCHIATRIC</p>

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINES 4B	PATIENTS EACH WEEK AS A RESULT OF THIS INTERVENTION, MANY PREVIOUS FREQUENT VISITORS TO THE EMERGENCY ROOM HAVE BEEN REDIRECTED TO APPROPRIATE PSYCHIATRIC OR SUBSTANCE ABUSE PROGRAMS EVERY TWO MINUTES, SOMEWHERE IN AMERICA, SOMEONE IS SEXUALLY ASSAULTED FREEMAN DOCTORS AND NURSES OFFER COMPASSIONATE AND COMPREHENSIVE CARE TO VICTIMS OF SEXUAL ASSAULT IN THE EMERGENCY ROOM THROUGH THE SEXUAL ASSAULT NURSE EXAMINER (SANE) PROGRAM THE PROGRAM PROVIDES A COORDINATED HOSPITAL RESPONSE AND CONTINUUM OF CARE FOR VICTIMS OF SEXUAL VIOLENCE AND ENSURES A MEDICAL EVALUATION, STANDARDIZED FORENSIC EXAMINATION WITH EVIDENCE COLLECTION, AND EFFECTIVE INTERFACE WITH LAW ENFORCEMENT AND ADVOCACY SERVICES IT ALSO PROVIDES EDUCATION TO LOCAL COMMUNITIES ON SEXUAL VIOLENCE AWARENESS, PREVENTION, AND AVAILABLE SERVICES THE NURSE EXAMINER REPORTS THE CRIME AND/OR COLLECTS EVIDENCE OF THE SEXUAL ASSAULT ONLY AT THE VICTIMS REQUEST THE SANE PROGRAM AT FREEMAN IS THE ONLY ONE OF ITS KIND IN THE AREA IN PARTNERSHIP WITH LAFAYETTE HOUSE, THE PROGRAM ALSO OFFERS EMERGENCY SHELTER AND SERVICES

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINE 4C	<p>FREEMAN CANCER INSTITUTE EMPLOYS A SOCIAL WORKER TO HELP PATIENTS DEAL WITH THE ISSUES SURROUNDING TREATMENT AND RECOVERY FREEMAN STAFF WORK WITH DRUG COMPANIES AND OTHER ORGANIZATIONS TO PROCURE FREE CANCER MEDICATIONS FOR PATIENTS WHO CANNOT AFFORD THEM AFTER THE MAY 2011 TORNADO, A MAJOR CANCER TREATMENT PRACTICE IN JOPLIN DECIDED NOT TO REBUILD AND CLOSED ITS TREATMENT FACILITY FREEMAN CANCER INSTITUTE TOOK IN MOST OF THOSE PATIENTS AND, IN FY 2013, HIRED TWO NEW ONCOLOGY/HEMATOLOGY SPECIALISTS TO HELP MEET THE NEEDS OF THE COMMUNITY TO HELP CATCH BREAST CANCER WHILE IT IS TREATABLE, THE FREEMAN HELPING FRIENDS MAMMOGRAM FUND, ADMINISTERED THROUGH FREEMAN FOUNDATION, PROVIDES MAMMOGRAMS FOR WOMEN WHO CANT AFFORD THEM IN FY 2013, HELPING FRIENDS MAMMOGRAM FUND HELPED 34 WOMEN BY PROVIDING \$11,061 IN MAMMOGRAMS FREEMAN CANCER SUPPORT GROUP OFFERS AN OPPORTUNITY FOR CANCER PATIENTS, SURVIVORS, AND FAMILY MEMBERS TO TALK ABOUT THEIR EXPERIENCES AND LEARN ABOUT SUPPORT AND RESOURCES IN A CARING AND INFORMATIVE ENVIRONMENT MEETINGS, WHICH ARE FREE AND OPEN TO THE PUBLIC, ARE HELD MONTHLY</p>

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



Identifier	Return Reference	Explanation
CHANGES TO GOVERNING DOCUMENTS	FORM 990, PART VI, SECTION A, LINE 4	IN FISCAL YEAR 2013, THE ORGANIZATION AMENDED ITS BYLAWS. THE FOLLOWING SIGNIFICANT CHANGE WAS MADE: THE BOARD OF DIRECTORS' DUTIES INCREASED TO INCLUDE OVERSIGHT AND GOVERNANCE OF THE MIDWEST AMBULATORY SURGERY CENTER, WHICH IS A DIVISION OF THE ORGANIZATION.

Identifier	Return Reference	Explanation
REVIEW OF THE FORM 990	FORM 990, PART VI, SECTION B, LINE 11B	THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM BASED ON THE AUDITED FINANCIAL STATEMENTS AND INFORMATION PROVIDED BY THE ACCOUNTING DEPARTMENT OF THE ORGANIZATION PRIOR TO FILING, THE DRAFT OF THE FORM 990 IS REVIEWED BY MEMBERS OF TOP MANAGEMENT. ONCE A FINAL DRAFT IS READY, A POWER POINT PRESENTATION IS MADE TO THE BOARD MEMBERS AT THE BOARD OF DIRECTORS MEETING TO EXPLAIN THE 990 AND ITS USES. THE BOARD REVIEWS THE DOCUMENT FOR KEY INFORMATION INCLUDED. PAPER COPIES ARE MADE AVAILABLE TO THE BOARD MEMBERS AT THEIR REQUEST.

Identifier	Return Reference	Explanation
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY IS REVIEWED BY THE BOARD OF DIRECTORS EACH YEAR IN APRIL. THE BOARD MEMBERS ARE ASKED TO SIGN A NEW CONFLICT OF INTEREST POLICY AND LIST ANY POSSIBLE CONFLICTS. THIS INFORMATION IS REVIEWED AND MAINTAINED IN THE ADMINISTRATIVE OFFICES. IF A BOARD MEMBER ENCOUNTERS A TRANSACTION THAT WOULD CAUSE A POSSIBLE CONFLICT OF INTEREST, A FORM DETAILING THE TRANSACTION IS COMPLETED AND SUBMITTED TO THE BOARD FOR REVIEW AND APPROVAL. IF A CONFLICT IS FOUND, THE INTERESTED PERSON WILL NOT PARTICIPATE IN THE DISCUSSION OR VOTE ON A TRANSACTION INVOLVING HIS OR HER CONFLICT. THE CONFLICT OF INTEREST POLICY WAS UPDATED IN FISCAL YEAR 2011 TO REQUIRE AN ATTESTATION FORM FROM ALL EMPLOYED PHYSICIANS AND LEVEL FOUR SUPERVISORS/MANAGERS AND UP. CORPORATE OFFICERS AND KEY EMPLOYEES ARE ALSO REQUIRED TO ANNUALLY DISCLOSE CONFLICTS OF INTEREST.

Identifier	Return Reference	Explanation
FREEMAN HEALTH SYSTEM COMPENSATION REVIEW	FORM 990, PART VI, SECTION B, LINES 15A & 15B	<p>EXECUTIVE COMPENSATION PHILOSOPHY &amp; STRATEGY I KEY PRINCIPLES FREEMAN HEALTH SYSTEM ("FHS ") DESIRES TO ENSURE THAT ITS EXECUTIVE COMPENSATION PROGRAM IS COMPETITIVE, FAIR, AND EQU ITABLE, COMPLIANT WITH REGULATORY GUIDELINES, AND REPRESENTATIVE OF MARKET BEST PRACTICES KEY PRINCIPLES THAT GUIDE FHS'S EXECUTIVE COMPENSATION DECISION-MAKING PROCESS INCLUDE - EXECUTIVE COMPENSATION PROGRAMS WILL SUPPORT FHS'S MISSION, VALUES, STRATEGIC DIRECTION, A ND TAX-EXEMPT STATUS -FHS COMPETES IN A NATIONAL MARKET FOR ITS EXECUTIVES AND THUS WILL CONSIDER PAY PRACTICES THAT ARE REPRESENTATIVE OF THE INDUSTRY -THE RELATIVE PAY LEVELS O F FHS EXECUTIVES WILL OVER TIME REFLECT BOTH INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE -F HS INTENDS TO ESTABLISH THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER IRS INTERMEDIAT E SANCTIONS REGULATIONS THUS, EXECUTIVE COMPENSATION PROGRAMS AND DECISIONS WILL BE APPRO VED, IN ADVANCE OF ITS IMPLEMENTATION BY THE EXECUTIVE COMPENSATION COMMITTEE (HEREAFTER T HE "COMMITTEE") OF THE BOARD OF DIRECTORS *THE COMMITTEE IS COMPRISED OF MEMBERS OF THE B OARD OF DIRECTORS, WHO ARE INDEPENDENT OF FHS'S MANAGEMENT, HAVE NO PERSONAL INTEREST IN T HE COMPENSATION ARRANGEMENTS, ARE NOT RELATED TO, OR UNDER THE CONTROL OF ANY INDIVIDUAL W HOSE COMPENSATION ARRANGEMENT IS BEING REVIEWED AND HAVE NO MATERIAL BUSINESS RELATIONSHIP WITH FHS *THE COMMITTEE WILL RELY UPON APPROPRIATE, INDEPENDENT COMPARABILITY DATA TO SU PPORT ITS DECISION MAKING PROCESS *THE COMMITTEE WILL ADEQUATELY DOCUMENT ITS DELIBERATIO NS, DECISIONS, AND ACTIONS ON A TIMELY BASIS II PRIMARY PROGRAM COMPONENTS FHS'S EXECUTI VE TOTAL COMPENSATION PROGRAM CONSISTS OF THE FOLLOWING COMPONENTS -BASE SALARY - ANNUAL A T RISK COMPENSATION -STANDARD ALL EMPLOYEE BENEFITS -SUPPLEMENTAL BENEFITS AND PERQUISITES -SEVERANCE ANNUALLY, THE COMMITTEE WILL DIRECT THE REVIEW OF THE COMPONENTS OF THE EXECUT IVE COMPENSATION PROGRAM AND APPROVE PROGRAM MODIFICATIONS AS APPROPRIATE THE COMMITTEE MAY ALSO AUTHORIZE UNIQUE PROGRAM COMPONENTS WHICH SUPPORT THE ACHIEVEMENTS OF FHS'S MISSIO N III MARKET COMPARATORS FHS WILL CONSIDER A NATIONAL PEER GROUP OF HEALTHCARE ORGANIZAT IONS COMPARABLE TO FHS IN SIZE (I E, NET REVENUES) AND COMPLEXITY TO DETERMINE THE MARKET VALUES FOR EACH OF ITS EXECUTIVE POSITIONS THIS PEER GROUP WILL PRIMARILY BE COMPRISED O F NOT-FOR-PROFIT HEALTHCARE ORGANIZATIONS (BUT FOR-PROFIT ORGANIZATIONS MAY BE CONSIDERED SELECTIVELY) FOR FUNCTIONALLY COMPARABLE POSITIONS AS REPORTED IN SURVEY S CONDUCTED BY IND EPENDENT FIRMS -CASH COMPENSATION THE FOLLOWING ORGANIZATIONS/MARKETS ARE THE PRIMARY COM PARATORS FOR COMPENSATION PURPOSES *SY STEM LEVEL EXECUTIVES HEALTH SYSTEMS OF COMPARABLE SIZE TO FHS, BASED ON NET REVENUE THESE WILL BE BASED ON NATIONAL HEALTHCARE LABOR MARKE TS *HOSPITAL LEVEL EXECUTIVES HOSPITALS OF COMPARABLE SIZE TO THE FHS ENTITY, BASED ON N ET REVENUE THESE WILL BE BASED ON NATIONAL HEALTHCARE LABOR MARKETS *OTHER EXECUTIVES O RGANIZATIONS OF COMPARABLE SIZE IN RELEVANT MARKET SEGMENTS SUCH AS MEDICAL GROUP PRACTICE S, HOME HEALTH, AND THE LIKE THESE WILL BE BASED ON NATIONAL HEALTHCARE LABOR MARKET -EX ECUTIVE BENEFITS FHS WILL DEVELOP AND ADMINISTER EXECUTIVE BENEFIT (I E, STANDARD BENEFIT S, SUPPLEMENTAL EXECUTIVE BENEFITS, AND PERQUISITES) PLANS THAT ARE BASED ON NATIONAL HEAL THCARE INDUSTRY MARKET NORMS IV MARKET POSITION TARGETS FHS HAS ESTABLISHED A TARGET MAR KET POSITION FOR EACH OF THE COMPONENTS OF ITS EXECUTIVE TOTAL COMPENSATION PROGRAM -BASE SALARIES FHS WILL MANAGE ITS EXECUTIVES' BASE SALARIES AROUND THE 50TH PERCENTILE OF BAS E SALARIES PAID IN THE MARKET SALARIES WILL VARY FROM THE 50TH PERCENTILE BASED AN EXECUT IVE'S EXPERIENCE AND PERFORMANCE FOR EXAMPLE *EXECUTIVES WHO ARE NEW TO THE ORGANIZATION AND/OR HAVE LIMITED OR NO PRIOR EXECUTIVE-LEVEL EXPERIENCE SHOULD HAVE SALARIES THAT ARE 80 TO 90 PERCENT OF THE 50TH PERCENTILE *EXPERIENCED EXECUTIVES (WITH APPROXIMATELY 5 TO 7 YEARS OF EXECUTIVE-LEVEL EXPERIENCE) WHO CONSISTENTLY MEET FHS'S PERFORMANCE EXPECTATION S SHOULD HAVE SALARIES THAT ARE 90 TO 110 PERCENT OF THE 50TH PERCENTILE *EXPERIENCED EXE CUTIVES (WITH MORE THAN 7 YEARS OF EXECUTIVE-LEVEL EXPERIENCE) WHO CONSISTENTLY EXCEED FHS 'S PERFORMANCE EXPECTATIONS SHOULD HAVE SALARIES THAT ARE 110 TO 120 PERCENT OF THE 50TH P ERCENTILE - TOTAL CASH COMPENSATION THE GOAL OF THIS COMPONENT IS TO PAY UP TO THE 75TH P ERCENTILE OF MARKET TOTAL CASH COMPENSATION WHEN EXCEPTIONAL PERFORMANCE IS ACHIEVED TOTA L CASH COMPENSATION INCLUDES BASE SALARIES AND LUMP-SUM AWARDS FROM FHS'S EXECUTIVE AT RIS K COMPENSATION PLAN(S) ACTUAL TOTAL CASH COMPENSATION WILL REFLECT EXECUTIVES' CURRENT SA LARIES, INDIVIDUAL PERFORMANCE AND CONTRIBUTIONS, AND THE ORGANIZATION'S PERFORMANCE -EXE CUTIVE BENEFITS FHS TARGETS EXECUTIVE BENEFITS (STANDARD BENEFITS PLUS SUPPLEMENTAL EXECU TIVE BENEFITS AND PERQUISITES) AT THE 50TH PERCENTILE OF EXECUTIVE BENEFITS PROVIDED IN TH E HEALTHCARE MARKET -SEVERANCE FHS TARGETS EXECU</p>

Identifier	Return Reference	Explanation
FREEMAN HEALTH SYSTEM COMPENSATION REVIEW	FORM 990, PART VI, SECTION B, LINES 15A & 15B	TIVE SEVERANCE AT THE 50TH PERCENTILE OF CURRENT HEALTHCARE MARKET PRACTICES OTHER BUSINE SS JUDGMENT FACTORS SUCH AS COMPETITIVE MARKET FORCES, EACH EXECUTIVES JOB PERFORMANCE, E ACH EXECUTIVE'S UNIQUE SKILLS, RESPONSIBILITIES AND EFFORTS, AND/OR EACH EXECUTIVE'S MARKE TPLACE STANDING, ARE ALSO CONSIDERED BY THE COMMITTEE DURING ITS DECISION MAKING PROCESS

Identifier	Return Reference	Explanation
FREEMAN HEALTH SYSTEM COMPENSATION REVIEW (CONTINUED)	FORM 990, PART VI, SECTION B, LINES 15A & 15B	<p>EXECUTIVE COMPENSATION COMMITTEE CHARTER THIS EXECUTIVE COMPENSATION COMMITTEE CHARTER WAS ADOPTED BY THE BOARD OF DIRECTORS (THE "BOARD") OF FREEMAN HEALTH SYSTEM (HEREAFTER "FHS" ) ON APRIL 25, 2008 THIS CHARTER APPLIES TO FHS AND ALL OF ITS BUSINESS ENTITIES, INCLUDING FREEMAN NEOSHO HOSPITAL, OZARK CENTER AND THE FREEMAN FOUNDATION (HEREAFTER THE "SYSTEM") THIS CHARTER IS A COMPONENT OF THE FLEXIBLE FRAMEWORK WITHIN WHICH THE BOARD, ASSISTED BY ITS COMMITTEES, DIRECTS THE AFFAIRS OF FHS WHILE THE CHARTER SHOULD BE INTERPRETED IN THE CONTEXT OF ALL APPLICABLE LAWS AND REGULATIONS, AS WELL AS IN THE CONTEXT OF FHS'S ARTICLES OF INCORPORATION AND BYLAWS, IT IS NOT INTENDED TO ESTABLISH BY ITS OWN FORCE ANY LEGALLY BINDING OBLIGATIONS I PURPOSE THE EXECUTIVE COMPENSATION COMMITTEE (HEREAFTER THE "COMMITTEE") IS AUTHORIZED TO ACT ON THE BOARD'S BEHALF IN (I) DETERMINING APPROPRIATE COMPENSATION FOR SYSTEM EXECUTIVES AND OTHER DISQUALIFIED PERSONS AS DEFINED IN THE IRS INTERMEDIATE SANCTIONS REGULATIONS, (II) EVALUATING SYSTEM EXECUTIVES' AND OTHER DISQUALIFIED PERSONS' CASH COMPENSATION PLANS, POLICIES, AND PROGRAMS, (III) REVIEWING BENEFIT PLANS FOR SYSTEM EXECUTIVES AND OTHER DISQUALIFIED PERSONS, AND (IV) VERIFYING THAT COMPENSATION INFORMATION IS APPROPRIATELY AND FULLY DISCLOSED -A DISQUALIFIED PERSON IS ANY PERSON WHO IS OR WAS IN A POSITION TO EXERCISE SUBSTANTIAL INFLUENCE OVER THE AFFAIRS OF THE APPLICABLE TAX-EXEMPT ORGANIZATION IT IS NOT NECESSARY THAT THE PERSON ACTUALLY EXERCISE SUBSTANTIAL INFLUENCE, ONLY THAT THE PERSON BE IN A POSITION TO DO SO -FOR PURPOSES OF THIS CHARTER, "EXECUTIVES" ARE DEFINED AS SYSTEM EXECUTIVES AND OTHER DISQUALIFIED PERSONS VALIDATED BY THE COMMITTEE IN DISCHARGING ITS ROLE, THE COMMITTEE IS EMPOWERED TO INVESTIGATE ANY MATTER BROUGHT TO ITS ATTENTION WITH ACCESS TO ALL BOOKS, RECORDS, FACILITIES, AND PERSONNEL OF THE SYSTEM IT HAS THE AUTHORITY TO RETAIN OUTSIDE ADVISORS (E.G., LEGAL COUNSEL, COMPENSATION CONSULTANTS, OR OTHER EXPERTS) AND WILL RECEIVE ADEQUATE FUNDING FROM THE SYSTEM TO ENGAGE SUCH ADVISORS IT SHALL HAVE THE SOLE AUTHORITY TO RETAIN, COMPENSATE, TERMINATE, AND OVERSEE ITS ADVISORS, WHO SHALL BE ACCOUNTABLE ULTIMATELY TO THE COMMITTEE TO SUPPORT THE COMMITTEE, A TIMETABLE AND RESOURCE BOOK WILL BE DEVELOPED CONTAINING THE NECESSARY DATA, INFORMATION, AND DOCUMENTS THE COMMITTEE WILL NEED TO CARRY OUT ITS DUTIES THE RESOURCE BOOK WILL BE DISTRIBUTED TO THE COMMITTEE IN ADVANCE OF ITS MEETINGS AND FHS WILL MAINTAIN THESE BOOKS AT ITS CORPORATE OFFICE THE COMMITTEE ALSO WILL RECEIVE TRAINING IN COMPENSATION PLAN DESIGN AND ADMINISTRATION, INCLUDING LEGAL AND REGULATORY ISSUES (AS NEEDED) II COMMITTEE MEMBERSHIP THE COMMITTEE IS A STANDING COMMITTEE OF THE BOARD IN ACCORDANCE WITH THE CORPORATE BYLAWS, IT SHALL CONSIST OF AT LEAST THREE, BUT NOT MORE THAN FIVE, MEMBERS OF THE BOARD EACH COMMITTEE MEMBER HAS BEEN DETERMINED BY THE BOARD TO BE "INDEPENDENT" IN ACCORDANCE WITH IRS INTERMEDIATE SANCTIONS REGULATIONS AT THE START OF THE YEAR, EACH MEMBER WILL REVIEW THE ORGANIZATION'S CONFLICT OF INTEREST POLICY TO ENSURE HE OR SHE HAS NO CONFLICT OF INTEREST AND IS "INDEPENDENT" IF A REAL, POTENTIAL, OR PERCEIVED CONFLICT OF INTEREST IS IDENTIFIED, THE COMMITTEE MEMBER WILL REVIEW THE ISSUE WITH THE COMMITTEE CHAIR AND LEGAL COUNSEL TO DETERMINE THE APPROPRIATE ACTION IN ADDITION, NO DIRECTOR MAY SERVE ON THE COMMITTEE UNLESS HE OR SHE IS A "NON-EMPLOYEE" MEMBER OF A SYSTEM BOARD THE FHS BOARD WILL APPOINT A COMMITTEE CHAIR TO CONVENE ALL SESSIONS, SET AGENDAS FOR MEETINGS, AND DETERMINE THE INFORMATION NEEDS OF THE COMMITTEE BEFORE DEBATING AND VOTING ON ANY COMPENSATION ARRANGEMENT, EACH MEMBER SHALL DETERMINE WHETHER HE OR SHE HAS A CONFLICT OF INTEREST REGARDING THE COMPENSATION ARRANGEMENT ANY MEMBER WITH A CONFLICT OF INTEREST REGARDING A PARTICULAR COMPENSATION ARRANGEMENT OR TRANSACTION SHALL RECUSE HIMSELF OR HERSELF FROM THE DISCUSSION AND SHALL NOT VOTE ON THE PENDING COMPENSATION ARRANGEMENT OR TRANSACTION III COMMITTEE SUPPORT STAFF THE COMMITTEE SHALL BE ASSISTED IN FULFILLING ITS DUTIES AND RESPONSIBILITIES BY A FHS SUPPORT STAFF COMPRISED OF THE FOLLOWING POSITIONS -THE PRESIDENT AND CHIEF EXECUTIVE OFFICER (CEO) - CHIEF FINANCIAL OFFICER -CONTROLLER -DIRECTOR OF HUMAN RESOURCES FROM TIME TO TIME, THE COMMITTEE MAY REQUEST OTHER SYSTEM POSITIONS TO SERVE AS SUPPORT STAFF MEMBERS WHEN THE COMMITTEE VOTES ON COMPENSATION MATTERS RELATED TO ANY OF THE SUPPORT STAFF, THE SUPPORT STAFF SHOULD BE EXCUSED FROM THE MEETING IV COMMITTEE MEETINGS THE COMMITTEE SHALL MEET ON A REGULARLY SCHEDULED BASIS TWO TIMES PER YEAR OR MORE FREQUENTLY AS CIRCUMSTANCES DICTATE THE COMMITTEE SHALL MEET AT LEAST (ANNUALLY) WITH FHS'S PRESIDENT AND CEO AND OTHER CORPORATE OFFICERS THE BOARD AND COMMITTEE DEEM APPROPRIATE, TO DISCUSS AND REVIEW THE PERFORMANCE CRITERIA AND COMPENSATION LEVELS OF SYSTEM EXECUTIVES AND OTHER DISQUALIFIED PERSONS</p>

Identifier	Return Reference	Explanation
FREEMAN HEALTH SYSTEM COMPENSATION REVIEW (CONTINUED)	FORM 990, PART VI, SECTION B, LINES 15A & 15B	<p>PERSONS MEETINGS OF THE COMMITTEE MAY BE HELD TELEPHONICALLY A MAJORITY OF THE MEMBERS SHALL CONSTITUTE A QUORUM SUFFICIENT FOR THE TAKING OF ANY ACTION BY THE COMMITTEE V COMMITTEE RESPONSIBILITIES THE FOLLOWING RESPONSIBILITIES ARE SET FORTH AS A GUIDE WITH THE UNDERSTANDING THAT THE COMMITTEE MAY DIVERGE FROM THIS LIST AS APPROPRIATE GIVEN THE CIRCUMSTANCES THE COMMITTEE SHALL REPORT ANY DIVERGENCE FROM THIS LIST TO THE FULL BOARD THE COMMITTEE IS AUTHORIZED TO CARRY OUT THESE AND SUCH OTHER RESPONSIBILITIES ASSIGNED BY THE BOARD FROM TIME TO TIME, AND TAKE ANY ACTIONS REASONABLY RELATED TO THE MANDATE OF THIS CHARTER -ESTABLISH, REGULARLY REVIEW, AND APPROPRIATELY MODIFY THE FHS EXECUTIVE COMPENSATION PHILOSOPHY AND STRATEGY THE EXECUTIVE COMPENSATION PHILOSOPHY AND STRATEGY WILL BE REVIEWED AND APPROVED BY THE FULL BOARD -ADMINISTER EXECUTIVE COMPENSATION PROGRAMS IN A MANNER *CONSISTENT WITH THE EXECUTIVE COMPENSATION PHILOSOPHY AND STRATEGY, *THAT QUALIFIES FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER THE IRS INTERMEDIATE SANCTIONS REGULATIONS -VALIDATE THE GOALS AND OBJECTIVES RELEVANT TO THE COMPENSATION OF THE PRESIDENT AND CEO, SYSTEM EXECUTIVES, AND OTHER DISQUALIFIED PERSONS, INCLUDING ANNUAL PERFORMANCE OBJECTIVES - EVALUATE THE PERFORMANCE OF THE PRESIDENT AND CEO, AND REVIEW THE EVALUATIONS PREPARED BY THE PRESIDENT/CEO AND OTHER SYSTEM EVALUATION COMMITTEES OF OTHER EXECUTIVES/DISQUALIFIED PERSONS BASED ON APPROVED GOALS AND OBJECTIVES -ESTABLISH THE COMPENSATION LEVEL FOR THE PRESIDENT/CEO AND REVIEW AND APPROVE COMPENSATION RECOMMENDATIONS PREPARED BY THE PRESIDENT/CEO FOR ALL EXECUTIVES AND DO SAME FOR EXECUTIVES AND DISQUALIFIED PERSONS FROM OTHER SYSTEM ENTITIES -REVIEW AND APPROVE CHANGES, IN ADVANCE OF THEIR IMPLEMENTATION, INCLUDING *EXECUTIVE BASE SALARIES AND RANGE *AT RISK COMPENSATION PLANS *EXECUTIVE WELFARE AND RETIREMENT BENEFIT PLANS *OTHER EXECUTIVE FRINGE BENEFITS *EMPLOYMENT AGREEMENTS AND /OR SEVERANCE PLANS - MAINTAIN MINUTES OR OTHER RECORDS OF COMMITTEE MEETINGS AND ACTIVITIES, AS REQUIRED BY IRS INTERMEDIATE SANCTIONS REGULATIONS -ENGAGE INDEPENDENT, OUTSIDE ADVISORS TO PROVIDE OBJECTIVE AND IMPARTIAL COMPENSATION DATA AND EXPRESS AN OPINION ON THE REASONABLENESS OF TOTAL COMPENSATION -REVIEW PERIODICALLY THE COMPONENTS OF FHS'S EXECUTIVE TOTAL COMPENSATION PROGRAM TO DETERMINE WHETHER THEY ARE PROPERLY COORDINATED AND ACHIEVE ITS INTENDED PURPOSE(S), AND APPROVE MODIFICATIONS, INCLUDING NEW PROGRAMS -REPORT REGULARLY TO THE FULL BOARD AND TO OTHER SYSTEM BOARDS ON COMMITTEE FINDINGS AND APPROVED ACTIONS AND ANY OTHER MATTERS THE COMMITTEE DEEMS APPROPRIATE OR THE BOARD REQUESTS -CONDUCT AN ANNUAL SELF-EVALUATION OF THE COMMITTEE'S PERFORMANCE, INCLUDING ITS EFFECTIVENESS AND COMPLIANCE WITH THIS CHARTER - REVIEW AND REASSESS THE ADEQUACY OF THIS CHARTER ANNUALLY, AND AMEND IT AS THE COMMITTEE DEEMS APPROPRIATE -COMMUNICATE WITH EXTERNAL PARTIES, AS APPROPRIATE, REGARDING COMMITTEE PROCEDURES AND THE COMPENSATION OF THE ORGANIZATION'S EXECUTIVES AND OTHER DISQUALIFIED PERSONS A COMPENSATION REVIEW LAST OCCURRED IN JUNE OF 2012</p>

Identifier	Return Reference	Explanation
DOCUMENT DISCLOSURE	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE NOT MADE AVAILABLE TO THE PUBLIC



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

2012

Open to Public Inspection

Name of the organization  
FREEMAN HEALTH SYSTEM

Employer identification number  
43-1704371

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) FHS HOLDINGS LLC 1102 W 32ND ST JOPLIN, MO 64804 20-5441528	LT ACUTE CARE	MO	166,625	1,036,200	FREEMAN HLTH

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) FREEMAN NEOSHO HOSPITAL  113 W HICKORY  NEOSHO, MO 64850 43-1240629	HOSPITAL	MO	501(C)(3)	3	FREEMAN HLTH	Yes	
(2) OZARK CENTER  3006 MCCLELLAND BLVD  JOPLIN, MO 64804 43-0821959	BEHAVRL HLTH	MO	501(C)(3)	9	FREEMAN HLTH	Yes	
(3) MAGNOLIA HEIGHTS HOUSING CORPORATION  3006 MCCLELLAND BLVD  JOPLIN, MO 64804 47-0950622	HUD HOUSING	MO	501(C)(3)	11 A I	OZARK CENTER	Yes	
(4) CEDAR HILL HOUSING CORPORATION  3006 MCCLELLAND BLVD  JOPLIN, MO 64804 47-0943557	HUD HOUSING	MO	501(C)(3)	11 A I	OZARK CENTER	Yes	
(5) POPLAR PLACE HOUSING CORPORATION  3006 MCCLELLAND BLVD  JOPLIN, MO 64804 90-0462595	HUD HOUSING	MO	501(C)(3)	11 A I	OZARK CENTER	Yes	

Part III

Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to 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	
(1) FREEMAN SURGICAL CE  11221 ROE AVE STE 320 LEAWOOD LEAWOOD, KS 66211 26-2652980	AMBULATORY SU	MO	FREEMAN HLTH	RELATED	1,614,495	2,176,290		No	0	Yes		51 000 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to 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	(i) Section 512 (b)(13) controlled entity?	
								Yes	No

Part V

Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

1

During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

Yes

1b

Yes

1c

No

1d

Yes

1e

Yes

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

Yes

1l

Yes

1m

Yes

1n

Yes

1o

Yes

1p

Yes

1q

Yes

1r

No

1s

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-s)	(c) Amount involved	(d) Method of determining amount involved
(1) OZARK CENTER	A	126,571	FMV
(2) OZARK CENTER	B	752,312	FMV
(3) FREEMAN NEOSHO HOSPITAL	D	879,559	FMV
(4) OZARK CENTER	D	396,417	FMV
(5) OZARK CENTER	M	585,205	FMV
(6) OZARK CENTER	Q	425,565	FMV

Schedule R (Form 990) 2012

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

[illegible]

Software ID:

Software Version:

EIN: 43-1704371

Name: FREEMAN HEALTH SYSTEM

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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--> Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
O ZARK CENTER	A	126,571	FMV
O ZARK CENTER	B	752,312	FMV
FREEMAN NEOSHO HOSPITAL	D	879,559	FMV
O ZARK CENTER	D	396,417	FMV
O ZARK CENTER	M	585,205	FMV
O ZARK CENTER	Q	425,565	FMV

# **Freeman Health System**

Auditor's Report and Consolidated Financial Statements

March 31, 2013 and 2012

# Freeman Health System

March 31, 2013 and 2012

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## Independent Auditor's Report

Audit Committee  
Freeman Health System  
Joplin, Missouri

We have audited the accompanying consolidated balance sheets of Freeman Health System as of March 31, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Freeman Health System as of March 31, 2013 and 2012, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

***Emphasis of Matter***

As discussed in *Note 21* to the consolidated financial statements, in 2012, the Health System adopted new accounting guidance that changed its method of presentation and disclosure of patient service revenue, provision for uncollectible accounts and the allowance for doubtful accounts in accordance with Accounting Standards update 2011-07. Our opinion is not modified with respect to this matter

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*BKD, LLP*

June 24, 2013

**Freeman Health System**  
**Consolidated Balance Sheets**  
**March 31, 2013 and 2012**

**Assets**

	<b>2013</b>	<b>2012</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 14,712,161	\$ 17,224,728
Assets limited as to use - current	1,892,027	2,172,359
Patients accounts receivable, net of allowance 2013 - \$49,111,000, 2012 - \$41,741,000	72,212,534	65,955,106
Other receivables	3,898,440	2,810,413
Estimated amounts due from third-party payers	1,702,510	689,759
Contributions receivable - current	626,734	673,710
Supplies	8,328,329	8,535,982
Prepaid expenses	2,342,947	2,419,521
Total current assets	<u>105,715,682</u>	<u>100,481,578</u>
<b>Assets Limited As To Use</b>		
Internally designated	96,874,902	85,900,348
Externally restricted	3,053,140	2,561,990
Held by trustees		
Under bond indenture agreements	21,324,983	38,550,247
Under deferred compensation agreements	9,970,631	8,364,507
	<u>131,223,656</u>	<u>135,377,092</u>
Less amount required to meet current obligations	<u>1,892,027</u>	<u>2,172,359</u>
	129,331,629	133,204,733
Contributions receivable	5,798,147	5,583,262
	<u>135,129,776</u>	<u>138,787,995</u>
<b>Long-Term Investments</b>	<u>53,853,560</u>	<u>54,853,736</u>
<b>Property and Equipment</b>		
Land and land improvements	18,500,231	16,471,521
Buildings and leasehold improvements	225,832,666	211,643,021
Equipment	125,137,463	113,401,449
Construction in progress	6,063,366	19,761,038
	<u>375,533,726</u>	<u>361,277,029</u>
Less accumulated depreciation	<u>211,202,710</u>	<u>201,570,040</u>
	164,331,016	159,706,989
<b>Other Assets</b>	<u>4,527,704</u>	<u>4,492,698</u>
Total assets	<u><u>\$ 463,557,738</u></u>	<u><u>\$ 458,322,996</u></u>

## Liabilities and Net Assets

	2013	2012
<b>Current Liabilities</b>		
Note payable to bank	\$ 5,000,000	\$ -
Current maturities of long-term debt	9,440,897	11,914,284
Accounts payable	15,406,772	11,822,701
Accrued salaries and wages	14,930,505	19,986,613
Accrued interest payable	670,182	790,478
Accrued payroll taxes and other accrued liabilities	5,738,843	5,679,375
Estimated amounts due to third-party payers	1,715,000	2,473,000
Estimated professional liability insurance costs - current	3,000,000	4,250,000
Total current liabilities	55,902,199	56,916,451
<b>Deferred Compensation</b>	10,537,095	9,294,907
<b>Estimated Professional Liability Insurance Costs</b>	13,281,050	10,321,045
<b>Estimated Regulatory Settlement</b>	-	6,400,000
<b>Long-Term Debt</b>	132,676,431	143,847,919
Total liabilities	212,396,775	226,780,322
<b>Net Assets</b>		
Unrestricted net assets attributable to the Health System	240,640,277	222,165,954
Unrestricted net assets attributable to noncontrolling interest	822,615	1,164,147
Total unrestricted net assets	241,462,892	223,330,101
Temporarily restricted	9,698,071	8,212,573
Total net assets	251,160,963	231,542,674
Total liabilities and net assets	\$ 463,557,738	\$ 458,322,996

# Freeman Health System

## Consolidated Statements of Operations and Changes in Net Assets

### Years Ended March 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Unrestricted Revenues, Gains and Other Support</b>		
Net patient service revenue (net of contractual allowances)	\$ 537,210,126	\$ 508,365,127
Provision for uncollectible accounts	<u>(62,339,599)</u>	<u>(52,303,620)</u>
Net patient service revenue less provision for uncollectible accounts	474,870,527	456,061,507
Other	23,407,203	11,091,337
Net assets released from restrictions used for operations	<u>1,850,680</u>	<u>1,602,930</u>
Total unrestricted revenues, gains and other support	<u>500,128,410</u>	<u>468,755,774</u>
<b>Expenses and Losses</b>		
Salaries and wages	234,702,701	224,498,143
Employee benefits	41,267,034	36,152,694
Medical supplies and drugs	79,064,551	73,755,007
Physician fees	7,645,369	6,205,437
Other fees	54,022,478	46,072,937
Utilities and telephone	5,718,451	5,728,403
Insurance	9,055,412	10,143,642
Depreciation	19,193,290	15,176,713
Interest	7,374,130	7,106,057
Other	<u>31,582,446</u>	<u>32,597,127</u>
Total expenses and losses	<u>489,625,862</u>	<u>457,436,160</u>
<b>Operating Income</b>	<u>10,502,548</u>	<u>11,319,614</u>
<b>Other Income (Expense)</b>		
Contributions received	599,809	501,555
Investment return	4,152,574	4,515,514
Change in unrealized gains and losses on trading securities	8,595,210	2,907,513
Impairment of property and equipment	-	(1,857,487)
Tornado related expenses	-	(1,249,396)
Insurance recovery - property, equipment and other expenses	-	9,652,306
Insurance settlement	-	13,416,375
Loss on estimate of regulatory settlement	(2,916,139)	(5,600,000)
Loss on extinguishment of debt	(1,483,109)	-
Other	<u>-</u>	<u>(1,174,861)</u>
Total other income (expense)	<u>8,948,345</u>	<u>21,111,519</u>
<b>Excess of Revenues Over Expenses</b>	<u>19,450,893</u>	<u>32,431,133</u>

**Freeman Health System**  
**Consolidated Statements of Operations and Changes in Net Assets (Continued)**  
**Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Unrestricted Net Assets</b>		
<b>Attributable to the Health System</b>		
Excess of revenues over expenses	\$ 18,272,926	\$ 31,052,817
Net assets released from restriction for purchase of property and equipment	-	1,554,728
Contributions and grants for the acquisition of property and equipment	<u>201,397</u>	<u>379,827</u>
Increase in net assets attributable to the Health System	<u>18,474,323</u>	<u>32,987,372</u>
<b>Attributable to Noncontrolling Interest</b>		
Excess of revenues over expenses	1,177,967	1,378,316
Contributions from noncontrolling interest	95,820	60,000
Distributions to noncontrolling interest	<u>(1,615,319)</u>	<u>(274,169)</u>
Increase (decrease) in net assets attributable to noncontrolling interest	<u>(341,532)</u>	<u>1,164,147</u>
Increase in unrestricted net assets	<u>18,132,791</u>	<u>34,151,519</u>
<b>Temporarily Restricted Net Assets</b>		
Contributions received	3,336,178	4,393,110
Net assets released from restriction	<u>(1,850,680)</u>	<u>(3,157,658)</u>
Increase in temporarily restricted net assets	<u>1,485,498</u>	<u>1,235,452</u>
<b>Change in Net Assets</b>	19,618,289	35,386,971
<b>Net Assets, Beginning of Year</b>	<u>231,542,674</u>	<u>196,155,703</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 251,160,963</u></u>	<u><u>\$ 231,542,674</u></u>

# Freeman Health System

## Consolidated Statements of Cash Flows

### Years Ended March 31, 2013 and 2012

	2013	2012
<b>Operating Activities</b>		
Change in net assets before attribution of noncontrolling interest	\$ 19,618,289	\$ 35,386,971
Change in net assets attributable to noncontrolling interest	341,532	(1,164,147)
Change in net assets attributable to the Health System	19,959,821	34,222,824
Items not requiring (providing) operating cash flow		
Depreciation and amortization	19,382,072	15,438,334
Gain on investment in equity investee	(105,553)	(213,069)
Net gain on investments	(9,775,614)	(3,559,684)
Restricted contributions and investment income received	(3,336,178)	(4,393,110)
Contributions and grants restricted for acquisition of property and equipment	(201,397)	(379,827)
Provision for uncollectible accounts	62,339,599	52,303,620
Loss on sale of property and equipment	88,217	20,937
Loss on impairment of property and equipment	-	1,857,487
Gain from insurance recovery - property and equipment	-	(8,402,910)
Loss from extinguishment of debt	1,483,109	-
Loss on regulatory settlement	2,916,139	5,600,000
Changes in		
Noncontrolling interest in subsidiary	1,177,967	1,378,316
Patient accounts receivable, net	(68,597,027)	(65,122,356)
Estimated amounts due from and to third-party payers	(1,770,751)	(3,900,893)
Supplies	207,653	(387,544)
Accounts payable and accrued expenses	(139,221)	3,724,237
Other assets and liabilities	(9,449,585)	(246,288)
Net cash provided by operating activities	14,179,251	27,940,074
<b>Investing Activities</b>		
Purchase of investments	(4,834,027)	(34,824,820)
Proceeds from disposition of investments	21,005,441	5,799,874
Purchase of property and equipment	(24,833,112)	(31,483,017)
Proceeds from sale of property and equipment	274,281	49,681
Proceeds from insurance recovery - property and equipment	-	8,402,910
Net cash used in investing activities	(8,387,417)	(52,055,372)
<b>Financing Activities</b>		
Net borrowings (repayments) under line-of-credit agreement	5,000,000	(695,000)
Proceeds from restricted contributions	3,336,178	1,643,440
Proceeds from contributions and grants for acquisition of property and equipment	201,397	379,827
Contributions from (distributions to) noncontrolling interest, net	(1,519,499)	(214,169)
Proceeds from issuance of long-term debt	39,845,477	26,668,952
Principal payments on long-term debt	(55,167,954)	(12,106,331)
Net cash provided by (used in) financing activities	(8,304,401)	15,676,719

**Freeman Health System**  
**Consolidated Statements of Cash Flows (Continued)**  
**Years Ended March 31, 2013 and 2012**

	<u><b>2013</b></u>	<u><b>2012</b></u>
<b>Decrease in Cash and Cash Equivalents</b>	\$ (2,512,567)	\$ (8,438,579)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>17,224,728</u>	<u>25,663,307</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 14,712,161</u></u>	<u><u>\$ 17,224,728</u></u>
<b>Supplemental Cash Flows Information</b>		
Capital lease and other financial obligations	\$ 1,114,533	\$ -
Interest paid	\$ 6,397,374	\$ 6,763,129
Purchase of property and equipment in accounts payable	\$ 1,031,231	\$ 2,799,061

**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
**March 31, 2013 and 2012**

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

***Nature of Operations***

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

***Principles of Consolidation***

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

Freeman Health System, d/b/a Freeman Hospital, is a 450-bed acute care hospital which provides services from its facilities located in Joplin, Missouri.

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

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

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

FHS Holdings, LLC was formed in January 2006 and shall continue perpetually. FHS Holdings, LLC has a 13% ownership interest in a long-term acute care hospital (LTACH) that commenced operations in May 2007 and a 25% ownership interest in Heartland Kidney and Dialysis Center, LLC commencing in 2013.

Freeman Surgical Center, LLC is a limited liability company formed in May 2008 for the purpose of operating an ambulatory surgery center. The surgical center commenced operations in fiscal year 2011. Freeman Health System owns a 51.00% and 53.13% interest in Freeman Surgical Center LLC at March 31, 2013 and 2012, respectively.

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



# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2013 and 2012**

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

#### ***Use of Estimates***

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

#### ***Cash Equivalents***

The Health System considers all liquid investments with original maturities of three months or less to be cash equivalents. At March 31, 2013 and 2012, cash equivalents consisted primarily of money market accounts with brokers and repurchase agreements.

At March 31, 2013, the Health System's cash accounts exceeded federally insured limits by approximately \$11,000,000.

#### ***Investments and Investment Return***

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

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

#### ***Assets Limited As To Use***

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

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2013 and 2012**

#### ***Patient Accounts Receivable***

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Health System analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, the Health System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely.)

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Health System records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Health System's allowance for doubtful accounts for self-pay patients increased from 74% of self-pay accounts receivable at March 31, 2012, to 79% of self-pay accounts receivable at March 31, 2013. In addition, the Health System's write-offs increased approximately \$20,379,000 from approximately \$34,011,000 for the year ended March 31, 2012, to approximately \$54,390,000 for the year ended March 31, 2013. Both increases were the result of negative trends experienced in the collection of amounts from self-pay patients in fiscal year 2013.

#### ***Supplies***

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

#### ***Property and Equipment***

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

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

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2013 and 2012**

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

#### ***Long-Lived Asset Impairment***

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

The Health System recognized \$0 and \$1,857,487, respectively, in asset impairment during the years ended March 31, 2013 and 2012. See *Note 18* for discussion of impaired property and equipment related to destruction by the 2011 tornado.

#### ***Deferred Financing Costs***

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

#### ***Guarantees***

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

The Health System has also guaranteed certain debt of Freeman Surgical Center, LLC, a consolidated affiliate, excluded from the obligated group. The Health System's obligation under the guarantee is limited to its ownership percentage. At March 31, 2013 and 2012, the total amount guaranteed on the outstanding loan was approximately \$910,000 and \$1,355,000, respectively.

#### ***Temporarily and Permanently Restricted Net Assets***

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

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2013 and 2012**

#### ***Net Patient Service Revenue***

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

#### ***Charity Care***

The Health System provides charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

#### ***Contributions***

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

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

#### ***Professional Liability Claims***

The Health System recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in *Note 6*.

#### ***Noncontrolling Interest***

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

#### ***Income Taxes***

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

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2013 and 2012**

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

The Health System files tax returns in the U S federal jurisdiction. With a few exceptions, the Health System is no longer subject to U S federal examinations by tax authorities for years before 2009.

#### ***Excess of Revenues Over Expenses***

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

#### ***Self-Insurance***

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

#### ***Goodwill***

The Health System acquired Freeman Neosho Hospital in 1993 for a price in excess of the fair value of identifiable assets, thereby generating goodwill. Effective April 1, 2010, the Health System adopted the provisions of ASC Topic 958-805, *Not-for-Profit Entities: Mergers and Acquisitions*, which requires goodwill to be evaluated annually for impairment rather than amortized. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements. No goodwill impairment was recognized in 2013 or 2012. Goodwill, which is included in other noncurrent assets on the accompanying consolidated balance sheets, is approximately \$665,000 as of March 31, 2013 and 2012.

#### ***Transfers Between Fair Value Hierarchy Levels***

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

#### ***Electronic Health Records Incentive Program***

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2013 and 2012**

up to four years based on a statutory formula. Payments under the Medicaid program are made for up to three years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the Health System continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

The Health System recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

In 2013, the Health System completed the first-year requirements under the Medicaid program and has recorded revenue of approximately \$3,295,000, which is included in other revenue within operating revenues in the statement of operations.

#### ***Reclassifications***

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation.

#### ***Subsequent Events***

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

#### **Note 2: Net Patient Service Revenue**

The Health System recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Health System recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Health System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Health System records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided. This provision for uncollectible accounts is presented on the statement of operations as a component of net patient service revenue.

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

*Medicare* Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries by Freeman Hospital are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient skilled nursing services are paid at prospectively determined per diem rates that are based on the patients' acuity. Freeman

# Freeman Health System

## Notes to Consolidated Financial Statements

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Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor

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

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

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

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

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

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the years ended December 31, 2013 and 2012, respectively, was approximately

	2013	2012
Medicare	\$ 165,756,413	\$ 156,856,276
Medicaid	54,496,375	51,570,243
Third-party payers	199,185,091	188,490,032
Patients	117,772,247	111,448,576
Total	<u>\$ 537,210,126</u>	<u>\$ 508,365,127</u>

# Freeman Health System

## Notes to Consolidated Financial Statements

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The Health System receives additional reimbursement from the Missouri Medicaid program in relation to the percentage of Medicaid and indigent population they serve. Beginning in 2011, funding received in excess of costs to provide these services was refunded to the state for reallocation to other health care systems. The Health System accrued \$0 and \$1,300,000 for 2013 and 2012, respectively, under this program and was repaid to the state in 2013. It is reasonably possible that circumstances related to the state's Medicaid program could change materially in the near term.

Over the past year, consistent with many healthcare providers, the Health System has undergone Medicare claim reviews by Recovery Audit Contractors. Due to these claim reviews, Medicare has denied certain claims and requested repayment. Although the Health System believes it will prevail through the appeals process, they have deposited \$5,300,000 with Medicare to avoid significant interest penalties. In addition, an estimated loss of \$1,500,000 has been recorded for certain claims for which the Health System believes will ultimately be repaid to the Medicare program due to these claim reviews. The Health System is in the early stages of the appeals process, therefore, events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

On March 1, 2013, certain provisions of the Federal Government's *Budget Control Act of 2011* went into effect. Among these are mandatory payment reductions under the Medicare Fee-for-Service program, known as sequestration. Under these provisions, Medicare reimbursement was reduced by two percent on all claims with dates-of-service or dates-of-discharge on or after April 1, 2013. The continuation of these payment cuts for an extended period of time will have an adverse effect on operating results to the Hospital.

#### **Note 3: Concentration of Credit Risk**

The Health System grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of net receivables from patients and third-party payers at March 31, 2013 and 2012, is

	<b>2013</b>	<b>2012</b>
Medicare	30%	30%
Medicaid	10%	11%
Blue Cross	5%	3%
Other third-party payers	34%	30%
Patients	21%	26%
	<u>100%</u>	<u>100%</u>



**Freeman Health System**  
**Notes to Consolidated Financial Statements**  
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**Note 4: Investments and Investment Return**

***Assets Limited As To Use***

Assets limited as to use include

	<b>2013</b>	<b>2012</b>
Internally designated for capital improvements		
Cash and cash equivalents	\$ 2,798,673	\$ 2,726,161
Mutual funds - equity securities	60,758,531	52,277,107
Mutual funds - fixed income securities	7,263	7,263
Corporate obligations	15,406,868	13,177,294
Mortgage-backed obligations	11,721,830	13,452,549
Government obligations	5,818,784	3,910,088
Interest receivable	362,953	349,886
	<u>\$ 96,874,902</u>	<u>\$ 85,900,348</u>
Externally restricted		
Cash and cash equivalents	\$ 1,509,927	\$ 1,293,269
Mutual funds - equity securities	1,011,681	739,477
Mutual funds - fixed income securities	531,532	529,244
	<u>\$ 3,053,140</u>	<u>\$ 2,561,990</u>
Held by trustee		
Under bond indenture		
Cash and cash equivalents	\$ 15,413,269	\$ 29,085,960
Fixed income securities	3,961,714	7,514,287
Guaranteed investment contract	1,950,000	1,950,000
	<u>21,324,983</u>	<u>38,550,247</u>
Under deferred compensation agreements		
Cash	41,320	179,956
Mutual funds - equity securities	9,929,311	8,184,551
	<u>9,970,631</u>	<u>8,364,507</u>
	<u>\$ 31,295,614</u>	<u>\$ 46,914,754</u>

**Freeman Health System**  
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***Other Investments***

Long-term investments include

	<b>2013</b>	<b>2012</b>
Cash and cash equivalents	\$ 2,315,823	\$ 454,999
Fixed income securities	10,553,668	6,594,551
Equity securities	788,627	960,681
Land held for investment	3,859,359	4,606,034
Mutual funds - equity securities	24,167,564	26,329,466
Mutual funds - fixed income securities	242,714	4,322,094
Corporate obligations	5,681,903	5,169,532
Mortgage-backed obligations	4,091,048	4,764,578
Government obligations	2,027,199	1,523,393
Interest receivable	125,655	128,408
	<u>\$ 53,853,560</u>	<u>\$ 54,853,736</u>

Total investment return is comprised of the following

	<b>2013</b>	<b>2012</b>
Interest and dividend income	\$ 3,153,012	\$ 3,910,367
Realized gains on securities	1,180,404	652,171
Unrealized gains on trading securities	8,595,210	2,907,513
Gain on investment in equity investee	105,553	213,069
	<u>\$ 13,034,179</u>	<u>\$ 7,683,120</u>

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

	<b>2013</b>	<b>2012</b>
Unrestricted net assets		
Other operating revenue	\$ 286,395	\$ 260,093
Investment return	4,152,574	4,515,514
Change in unrealized gains and losses on trading securities	<u>8,595,210</u>	<u>2,907,513</u>
	<u>\$ 13,034,179</u>	<u>\$ 7,683,120</u>

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

**Note 5: Contributions Receivable**

Contributions receivable consisted of the following

	<b>2013</b>	<b>2012</b>
Due within one year	\$ 626.734	\$ 673.710
Due in one to five years	3,544.802	4,078.837
Due in more than five years	3,811.116	3,007.476
	<u>7,982.652</u>	<u>7,760.023</u>
Less unamortized discount	<u>1,557.771</u>	<u>1,503.051</u>
	<u><u>\$ 6,424.881</u></u>	<u><u>\$ 6,256.972</u></u>

The discount rate was 4% for 2013 and 2012. Once the Health System meets the donor restriction, the funds are available for use at the Health System's discretion.

**Note 6: Professional Liability Claims**

The Health System is self-insured for the first \$1,000,000 per occurrence and \$2,000,000 in aggregate of medical malpractice risks. The Health System purchases commercial insurance coverage above the self-insurance limits under a claims made policy on a retrospective premium basis.

Reserves for professional liability claims were \$16,281,050 and \$14,571,045 at March 31, 2013 and 2012, respectively. The current portion of the reserves, \$3,000,000 and \$4,250,000 at March 31, 2013 and 2012, respectively, is included in estimated professional liability insurance costs - current in the accompanying consolidated balance sheets. The provision for losses related to professional liability risks for 2013 and 2012 are presented net of expected insurance recoveries in the consolidated statements of operations and was \$4,372,000 and \$5,267,000 for 2013 and 2012. Professional liability reserve estimates represent the estimated ultimate cost of all reported and unreported losses incurred through the respective consolidated balance sheet dates. The reserve for unpaid losses and loss expenses are estimated using individual case-basis valuations and actuarial analyses. Those estimates are subject to the effects of trends in loss severity and frequency. The estimates are continually reviewed and adjustments are recorded as experience develops or new information becomes known. The time period required to resolve these claims

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can vary depending upon whether the claim is settled or litigated. The estimation of the timing of payments beyond a year can vary significantly. Although considerable variability is inherent in professional liability reserve estimates, we believe the reserves for losses and loss expenses are adequate based on information currently known. It is reasonably possible that this estimate could change materially in the near term.

**Note 7: Self-Insurance**

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

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

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

**Note 8: Note Payable to Bank**

On November 1, 2012, the Health System entered into a \$20,000,000 line of credit with a local financial institution expiring September 30, 2013. At March 31, 2013, there was \$5,000,000 borrowed against this line. The line is collateralized by certain investments held by the local financial institution. Interest varies with LIBOR, which was 1.360% on March 31, 2013, and is payable monthly.

**Freeman Health System**  
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**Note 9: Long-Term Debt**

	<u>2013</u>	<u>2012</u>
Freeman Hospital and Freeman Neosho Hospital Health Facilities Revenue Bonds Series 1994 (A)	\$ -	\$ 34,635,000
Freeman Hospital Health Facilities Revenue Bonds Series 1998 (B)	-	10,300,000
Freeman Hospital Health Facilities Revenue Bonds Series 1999B (C)	5,335,000	5,905,000
Freeman Hospital Health Facilities Revenue Bonds Series 1999C (D)	6,075,000	6,335,000
Freeman Hospital Health Facilities Revenue Bonds Series 2004B (E)	41,815,000	42,785,000
Freeman Hospital Health Facilities Revenue Bonds Series 2009 (F)	16,778,418	17,412,847
Freeman Hospital Health Facilities Financing Lease Series 2010 (G)	5,291,379	7,588,331
Freeman Hospital Health Facilities Revenue Bonds Series 2011 (H)	24,090,000	25,000,000
Freeman Hospital Health Facilities Revenue Bonds Series 2012 (I)	33,480,000	-
Freeman Health System, note payable (J)	1,000,000	1,500,000
Capital lease obligations (K)	1,990,589	2,116,859
Freeman Surgical Center, note payable to bank (L)	1,784,679	2,550,446
	<u>137,640,065</u>	<u>156,128,483</u>
Plus bond premium	5,284,953	861,952
Less bond discount	807,690	1,228,232
Less current maturities	<u>9,440,897</u>	<u>11,914,284</u>
	<u>\$ 132,676,431</u>	<u>\$143,847,919</u>

(A) Tax-exempt Health Facilities Revenue Bonds, Series 1994A, payable in the original amount of \$57,530,000, bearing interest at rates of 5.375% to 5.5%. The bonds were due in graduated annual installments beginning February 15, 2008, through February 15, 2024, and were secured by substantially all gross receipts of the Health System. The bonds were redeemed upon issuance of the Health Facilities Revenue Bonds, Series 2012.

**Freeman Health System**  
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(B) Tax-exempt Health Facilities Revenue Bonds, Series 1998, payable in the original amount of \$26,285,000, bearing interest at 5.25%. The bonds were due in graduated annual installments beginning February 15, 1999, through February 15, 2028, and were secured by a pledge of substantially all gross receipts of the Health System. The bonds were redeemed upon issuance of the Health Facilities Revenue Bonds, Series 2012.

(C) Tax-exempt Health Facilities Variable Rate Demand Bonds, Series 1999B, payable in the original amount of \$11,000,000, bearing interest at a variable rate (1.2% and 1.35% as of March 31, 2013 and 2012, respectively). The bonds are due in graduated annual installments beginning August 1, 2001, through August 1, 2020, and are secured by an irrevocable bank letter of credit, which in turn is secured by a pledge of substantially all gross receipts of the Health System.

The Health System maintains a letter of credit facility that permits the remarketing agent to draw down an amount up to the principal amount outstanding should the bonds not be remarketed and become due. The letter of credit, which expires on October 3, 2014, can be used to pay principal or interest on the Series 1999B bonds. The letter of credit is renewable, subject to approval by the financial institution, through the terms of the Series 1999B bonds. Drawings under the letter-of-credit agreement are due to be paid 367 days after the drawdown, bearing interest at the prime rate and gradually increasing to prime plus 2%.

(D) Tax-exempt Health Facilities Variable Rate Demand Bonds, Series 1999C, payable in the original amount of \$8,500,000, bearing interest at a variable rate (1.2% and 1.35% as of March 31, 2013 and 2012, respectively). The bonds are due in graduated annual installments beginning August 1, 2002, through August 1, 2029, and are secured by an irrevocable bank letter of credit which in turn is secured by a pledge of substantially all gross receipts of the Health System.

The Health System maintains a letter-of-credit facility that permits the remarketing agent to draw down an amount up to the principal amount outstanding should the bonds not be remarketed and become due. The letter of credit, which expires on October 3, 2014, can be used to pay principal or interest on the Series 1999C bonds. The letter of credit is renewable, subject to approval by the financial institution, through the terms of the Series 1999C bonds. Drawings under the letter-of-credit agreement are due to be paid 367 days after the drawdown, bearing interest at the prime rate and gradually increasing to prime plus 2%.

(E) Tax-exempt Health Facilities Revenue Bonds, Series 2004B, payable in the original amount of \$47,765,000, bearing interest at rates of 4.125% to 5.750%. The bonds are due in graduated annual installments beginning March 15, 2007, through March 15, 2035, and are secured by a pledge of substantially all gross receipts of the Health System.

(F) Tax-exempt Health Facilities Revenue Bonds, Series 2009, payable in the original amount of \$18,950,000 bearing interest at 5.16% through July 23, 2014, variable thereafter. The bonds are due in graduated annual installments beginning August 23, 2009, through July 23, 2029, and are secured by a pledge of substantially all gross receipts of the Health System.

(G) Tax-exempt Health Facilities Financing Lease, Series 2010, payable in the original amount of \$10,393,515 bearing interest at 2.07% through December 20, 2015. The lease is due in graduated annual installments beginning January 20, 2011, through December 20, 2015, and is secured by equipment under financing agreement and investment funds maintained related to the financing not yet expended.

# Freeman Health System

## Notes to Consolidated Financial Statements

### March 31, 2013 and 2012

- (H) Tax-exempt Health Facilities Revenue Bonds, Series 2011, payable in the original amount of \$25,000,000, bearing interest at rates of 2.50% to 5.5%. The bonds are due in graduated annual installments beginning February 15, 2013, through February 15, 2031, and are secured by a pledge of substantially all gross receipts of the Health System.
- (I) Tax-exempt Health Facilities Revenue Bonds, Series 2012, payable in the original amount of \$35,565,000, bearing interest at 5.0% through February 15, 2024. The bonds are due in graduated annual installments beginning February 15, 2013, through February 15, 2024, and are secured by a pledge of substantially all gross receipts of the Health System.
- (J) Secured note payable in the original amount of \$5,000,000, due July 1, 2016, payable in annual installments including interest at prime less 2%, provided the interest rate shall not be less than 4% at any time. The interest rate in effect as of March 31, 2013 and 2012, was 4%.
- (K) Capital lease obligation, payable in monthly installments, including interest from 3.25% to 4.33%, secured by equipment.
- (L) Note payable of \$3,655,000 due July 15, 2015, with interest on the unpaid balance from January 15, 2011, until paid in full at a rate of 5.75%, secured by equipment.

Aggregate annual maturities of long-term debt at March 31, 2013, are

2014	\$ 9,440,897
2015	9,466,903
2016	8,576,205
2017	7,488,425
2018	7,060,238
Thereafter	<u>95,607,397</u>
	<u><u>\$ 137,640,065</u></u>

#### ***Obligated Group***

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

# Freeman Health System

## Notes to Consolidated Financial Statements

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The Obligated Group has pledged all gross receipts (receipts, revenue and income) excluding only grants, bequests, contributions and other donations to the extent specifically restricted by the donor or grantor, to secure the principal and interest on the Series 2012, 2011, 2009, 2008A, Series 2004B, Series 1999B and C. While no property of the Obligated Group (other than gross receipts) is mortgaged, assigned or pledged under the master indenture, the Obligated Group covenants not to create or permit any lien on property other than encumbrances specifically permitted under the terms of the master indenture and not to incur any indebtedness except as specifically permitted under the terms of the master indenture. The master indenture includes various covenants by the Obligated Group relating to corporate existence, maintenance of properties, continued tax-exempt status and certain restrictive covenants. In addition, the master indenture provides for establishment of certain trust funds to which the bond proceeds and revenue will be credited in specified amounts for the purpose of providing for the payment of principal, sinking fund installments and interest on the bonds.

#### **Note 10: Temporarily and Permanently Restricted Net Assets**

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

	<b>2013</b>	<b>2012</b>
Children's health programs	\$ 1,184,902	\$ 1,119,216
Community health benefits	615,948	675,140
Mental health care services	1,046,552	92,838
Education programs and scholarships	28,844	14,110
Time restricted contributions	6,083,512	5,573,689
Acquisition of property and equipment	738,313	737,580
	<u>\$ 9,698,071</u>	<u>\$ 8,212,573</u>

During 2013 and 2012, net assets were released from donor restrictions by incurring expenses, satisfying the restricted operating purposes in the amount of \$1,850,680 and \$1,602,930, respectively. During 2013 and 2012, net assets of \$0 and \$1,554,728, respectively, were released from donor restrictions to purchase property and equipment.

#### **Note 11: Financial Assistance**

The costs of charity care provided under the Health System's charity care policy were approximately \$7,831,000 and \$8,013,000 for 2013 and 2012, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.



# Freeman Health System

## Notes to Consolidated Financial Statements

### March 31, 2013 and 2012

#### Note 12: Functional Expenses

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

	2013	2012
Health care services	\$ 416,476,364	\$ 392,803,953
General and administrative	70,996,971	62,577,267
Fundraising	2,152,527	2,054,940
	<u>\$ 489,625,862</u>	<u>\$ 457,436,160</u>

#### Note 13: Pension Plan

The Health System has a defined contribution pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of the Hospital's contributions to the plan. Pension expense was \$3,550,000 and \$2,950,000 for 2013 and 2012, respectively.

#### Note 14: Deferred Compensation

The Health System has implemented nonqualified deferred compensation plans for employees. The plans are administered under Section 457(b) and (f) of the Internal Revenue Code. As of March 31, 2013 and 2012, plan assets are stated at fair value and classified as held by trustee in the assets limited as to use section of the consolidated balance sheets.

Also, Freeman Hospital has deferred compensation agreements with key employees that provide benefits upon disability or retirement. As of March 31, 2013 and 2012, related assets are stated at fair value and classified as held by trustee in the assets limited as to use section of the consolidated balance sheets.

#### Note 15: Related Party Transaction

During 2013 and 2012, the Health System purchased certain supplies from a related party in the amount of \$4,129,190 and \$10,469,668, respectively.

**Freeman Health System**  
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**Note 16: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

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

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation technique during the year ended March 31, 2013.

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 securities.

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The following table presents the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at March 31, 2013 and 2012

		<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
		<b>Fair Value</b>		
<b>March 31, 2013</b>				
Money market funds	\$ 21,816,352	\$ 21,816,352	\$ -	\$ -
Equity securities	788,627	788,627	-	-
Mutual funds - domestic	80,952,452	80,952,452	-	-
Mutual funds - international	14,914,635	14,914,635	-	-
Mutual funds - fixed income	781,509	781,509	-	-
Fixed income securities	14,515,382	-	14,515,382	-
Corporate obligations	21,088,771	-	21,088,771	-
Mortgage-backed obligations	15,812,878	-	15,812,878	-
Government obligations	7,845,983	2,287,025	5,558,958	-
<b>March 31, 2012</b>				
Money market funds	\$ 32,203,726	\$ 32,203,726	\$ -	\$ -
Equity securities	960,681	960,681	-	-
Mutual funds - domestic	75,126,903	75,126,903	-	-
Mutual funds - international	12,403,698	12,403,698	-	-
Mutual funds - fixed income	4,858,601	4,858,601	-	-
Fixed income securities	14,108,838	-	14,108,838	-
Corporate obligations	18,346,826	-	18,346,826	-
Mortgage-backed obligations	18,217,127	-	18,217,127	-
Government obligations	5,433,481	3,373,527	2,059,954	-

# Freeman Health System

## Notes to Consolidated Financial Statements

### March 31, 2013 and 2012

#### ***Fair Value of Financial Instruments***

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

#### ***Cash and Cash Equivalents***

The carrying amount approximates fair value

#### ***Contributions Receivable***

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

#### ***Estimated Amounts Due to Third-Party Payers***

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

#### ***Notes Payable and Long-Term Debt***

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

The following table presents estimated fair values of the Health System's financial instruments at March 31, 2013 and 2012

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets (Liabilities)</b>				
Cash and cash equivalents	\$ 14,712,161	\$ 14,712,161	\$ 17,224,728	\$ 17,224,728
Contributions receivable	6,424,881	6,424,881	6,256,972	6,256,972
Note payable to bank	(5,000,000)	(5,000,000)	-	-
Long-term debt	(142,117,328)	(142,999,819)	(155,762,203)	(159,882,868)

#### **Note 17: Significant Estimates and Concentrations**

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

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2013 and 2012**

#### ***Allowance for Net Patient Service Revenue Adjustments***

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

#### ***Professional Liability Claims***

Estimates related to the accrual for professional liabilities claims are described in *Notes 1* and *6*

#### ***Estimated Liability for Employee Health Care and Workers' Compensation***

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

#### ***Litigation***

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

#### ***Investments***

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

#### ***Voluntary Disclosure of Regulatory Matter***

As a result of an internal investigation, the Health System voluntarily disclosed a potential Stark Law violation in relation to physician compensation arrangements to the Office of Inspector General (OIG). In October 2012, the Health System reached an agreement to settle the regulatory matter with the OIG in the amount of approximately \$9,300,000. The Health System recorded the provisions, approximately \$2,900,000, \$5,600,000 and \$800,000 in the statement of operations and changes in net assets for the years ended March 31, 2013, 2012 and 2011, respectively. In consideration of the voluntary disclosure and payment of agreed-upon settlement amount, no further penalties are expected by the OIG.

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2013 and 2012**

#### ***Current Economic Conditions***

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

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

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

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

#### **Note 18: Impairment of Property and Equipment and Related Insurance Proceeds**

On May 22, 2011, a tornado touched down approximately two miles from Freeman Hospital's main campus facility and moved through the town of Joplin, Missouri, coming within two blocks of the Health System and growing to EF-5 status when it reached Mercy Hospital (formally known as St. John's Regional Medical Center), a competing health system of the Health System. The tornado left a fourteen-mile long,  $\frac{3}{4}$  of a mile wide path of destruction. The tornado was the deadliest since 1947, and one of the most expensive tornadoes on record, having caused direct insured losses of \$2 billion.

At the time of the tornado, there had been three hospital facilities in Joplin, Missouri: Freeman West (285 beds), Freeman East (94 subacute beds) and Mercy Hospital (367 beds). Freeman West incurred minor roof damage, Freeman East was not damaged, and the Mercy facility suffered severe damage and was later demolished. Several physician offices surrounding the hospitals incurred roof and content damage. One Freeman Hospital physician building and several Ozark Center buildings were deemed a total loss and several other Health System buildings sustained some level of damage. A total of ten Freeman Hospital buildings and eight Ozark Center buildings were in the tornado path and received some level of damage.

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2013 and 2012**

The Health System's property insurance coverage was in force with CNA. The Health System's policy limit at the time of the tornado was \$450 million with a deductible of \$50,000. The Health System's insurance coverage provided complete restoration, repair, or replacement to all the damage caused by the tornado. As of March 31, 2012, the Health System received \$9,652,306 in insurance recovery proceeds to cover impairment of property, equipment and other tornado related expenses. Amounts were recorded in other income in the statement of operations and changes in net assets.

Mercy is constructing a 260-bed facility which is scheduled for completion in 2015. Mercy is currently operating out of a 100-bed temporary modular hospital. Mercy also acquired the former 49-bed McCune Brooks Hospital in Carthage, Missouri, located approximately 20 miles from the Health System.

To meet the health care needs of Joplin, Freeman expanded its adult psych unit at Freeman East, and finished infill construction of the fifth and sixth floors of the Gary and Donna Hall Tower adding 58 licensed beds to Freeman West bringing Health System's total licensed bed count to 450. Freeman also expanded its kitchen facility in Freeman West to meet the increased patient and visitor volumes.

The lasting impact of this devastating tornado may not be known for many years. The Health System will continue to monitor its financial statements and adjust them as data becomes more clear.

#### **Note 19: Reciprocal of America Settlement**

The Health System incurred significant losses in previous years when Reciprocal of America (ROA), the Health System's malpractice insurance carrier at that time, filed for bankruptcy. On May 6, 2011, ROA was approved by the Virginia State Corporation Commission to repay 95% of losses incurred by ROA's insureds. The Health System received final payment from ROA of \$13,416,375 on May 27, 2011. This settlement was recorded as other income in the statement of operations and changes in net assets in 2012.

#### **Note 20: Patient Protection and Affordable Care Act**

The *Patient Protection and Affordable Care Act* (PPACA) will substantially reform the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies. Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer provided health care coverage the opportunity to purchase insurance. It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. It is possible that the reimbursement rates paid by insurers participating in the

# **Freeman Health System**

## **Notes to Consolidated Financial Statements**

### **March 31, 2013 and 2012**

insurance exchanges may be substantially different than rates paid under current health insurance products. Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs will be substantially decreased. Each state's participation in an expanded Medicaid program is optional.

The State of Missouri has not indicated whether or not it will participate in the expansion of the Medicaid program. The impact of that decision on the overall reimbursement to the Health System cannot be quantified at this point.

#### **Note 21: Change in Accounting Principle**

In 2013, the Hospital changed its method of presentation and disclosure of patient service revenue, provision of uncollectible accounts and the allowance for doubtful accounts in accordance with Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. The major changes associated with ASU 2011-07 are to reclassify the provision for uncollectible accounts to a deduction from patient service revenue and to provide enhanced disclosures around the Hospital's policies related to uncollectible accounts. As a result of adapting ASU 2011-07, total net patient service revenue, total revenues and total expenses decreased by \$62,339,599 and \$52,303,620 for the years ended March 31, 2013 and 2012, respectively. The change had no effect on the operating income or on prior year change in net assets.



## **Supplementary Information**

# Freeman Health System

## Consolidating Schedule – Balance Sheet Information

### March 31, 2013

#### Assets

	Freeman Hospital	Freeman Neosho Hospital	Ozark Center	Obligated Group Eliminations	Obligated Group Total	FHS Holdings, LLC	Freeman Surgical Center, LLC	Cedar Hill, Magnolia Heights Housing and Poplar Place	Eliminations	Total
<b>Current Assets</b>										
Cash and cash equivalents	\$ 9 039 664	\$ 579 484	\$ 4 811 094	\$ -	\$ 14 430 242	\$ -	\$ 249 046	\$ 32 873	\$ -	\$ 14 712 161
Assets limited as to use - current	1 892 027	-	-	-	1 892 027	-	-	-	-	1 892 027
Patient accounts receivable - net	63 353 880	3 778 268	4 604 201	(214 664)	71 521 685	-	690 849	-	-	72 212 534
Other receivables	3 428 443	-	1 387 853	(921 150)	3 895 146	291 200	-	3 298	(291 204)	3 898 440
Estimated amounts due from third-party payers	1 702 510	-	-	-	1 702 510	-	-	-	-	1 702 510
Contributions receivable - current	626 734	-	-	-	626 734	-	-	-	-	626 734
Supplies	7 398 700	454 704	195 224	-	8 048 628	-	279 701	-	-	8 328 329
Prepaid expenses	1 729 686	90 884	406 724	-	2 227 294	-	94 269	21 384	-	2 342 947
Total current assets	89 171 644	4 903 340	11 405 096	(1 135 814)	104 344 266	291 200	1 313 865	57 555	(291 204)	105 715 682
						-				
<b>Assets Limited As To Use</b>										
Internally designated	77 288 803	19 586 099	-	-	96 874 902	-	-	-	-	96 874 902
Externally restricted	2 193 545	-	-	-	2 193 545	745 000	-	114 595	-	3 053 140
Held by trustee										
Under bond indenture agreements	21 204 841	120 142	-	-	21 324 983	-	-	-	-	21 324 983
Under deferred compensation agreements	9 970 631	-	-	-	9 970 631	-	-	-	-	9 970 631
	110 657 820	19 706 241	-	-	130 364 061	745 000	-	114 595	-	131 223 656
Less amount required to meet current obligations	1 892 027	-	-	-	1 892 027	-	-	-	-	1 892 027
	108 765 793	19 706 241	-	-	128 472 034	745 000	-	114 595	-	129 331 629
Contributions receivable	5 798 147	-	-	-	5 798 147	-	-	-	-	5 798 147
	114 563 940	19 706 241	-	-	134 270 181	745 000	-	114 595	-	135 129 776
<b>Long-Term Investments</b>	24 981 990	-	28 871 570	-	53 853 560	-	-	-	-	53 853 560
<b>Property and Equipment</b>										
Land and land improvements	16 566 785	1 058 485	632 058	29 531	18 286 859	-	-	223 626	(10 254)	18 500 231
Buildings and leasehold improvements	206 347 535	6 968 208	7 171 627	-	220 487 370	-	-	5 345 296	-	225 832 666
Equipment	109 228 765	8 274 488	3 907 716	-	121 410 969	-	3 718 959	7 535	-	125 137 463
Construction in progress	5 781 615	243 398	38 353	-	6 063 366	-	-	-	-	6 063 366
	337 924 700	16 544 579	11 749 754	29 531	366 248 564	-	3 718 959	5 576 457	(10 254)	375 533 726
Less accumulated depreciation	193 886 475	12 178 599	3 226 070	-	209 291 144	-	1 313 623	597 943	-	211 202 710
	144 038 225	4 365 980	8 523 684	29 531	156 957 420	-	2 405 336	4 978 514	(10 254)	164 331 016
<b>Other Assets</b>	6 114 170	1 523 808	5 129 102	(1 255 522)	11 511 558	-	-	-	(6 983 854)	4 527 704
Total assets	\$ 378 869 969	\$ 30 499 369	\$ 53 929 452	\$ (1 361 805)	\$ 460 936 985	\$ 1 036 200	\$ 3 719 201	\$ 5 150 664	\$ (7 285 312)	\$ 463 557 738

# Freeman Health System

## Consolidating Schedule – Balance Sheet Information

### March 31, 2013

#### Liabilities and Net Assets

	Freeman Hospital	Freeman Neosho Hospital	Ozark Center	Obligated Group Eliminations	Obligated Group Total	FHS Holdings, LLC	Freeman Surgical Center, LLC	Cedar Hill, Magnolia Heights Housing and Poplar Place	Eliminations	Total
<b>Current Liabilities</b>										
Note payable to bank	\$ 5 000 000	\$ -	\$ -	\$ -	\$ 5 000 000	\$ -	\$ -	\$ -	\$ -	\$ 5 000 000
Current maturities of long-term debt	8 334 340	80 000	263 249	(41 587)	8 636 002	-	804 895	-	-	9 440 897
Accounts payable	14 605 528	398 018	359 886	(149 229)	15 214 203	-	189 743	2 830	(4)	15 406 772
Accrued salaries and wages	13 689 401	-	1 175 122	-	14 864 523	-	65 982	-	-	14 930 505
Accrued interest payable	663 838	6 344	-	-	670 182	-	-	-	-	670 182
Accrued payroll taxes and other accrued liabilities	5 435 659	2 250	294 831	-	5 732 740	-	-	6 103	-	5 738 843
Due to related parties	291 200	879 559	52 810	(944 998)	278 571	-	-	12 629	(291 200)	-
Estimated amounts due to third-party payers	-	1 715 000	-	-	1 715 000	-	-	-	-	1 715 000
Estimated professional liability insurance costs - current	3 000 000	-	-	-	3 000 000	-	-	-	-	3 000 000
Total current liabilities	51 019 966	3 081 171	2 145 898	(1 135 814)	55 111 221	-	1 060 620	21 562	(291 204)	55 902 199
<b>Deferred Compensation</b>	10 537 095	-	-	-	10 537 095	-	-	-	-	10 537 095
<b>Estimated Professional Liability Insurance Costs</b>	13 181 050	100 000	-	-	13 281 050	-	-	-	-	13 281 050
<b>Long-Term Debt</b>	129 823 070	1 053 131	1 216 863	(396 417)	131 696 647	-	979 784	-	-	132 676 431
Total liabilities	204 561 181	4 234 302	3 362 761	(1 532 231)	210 626 013	-	2 040 404	21 562	(291 204)	212 396 775
<b>Net Assets</b>										
Unrestricted net assets attributable to the Health System	165 657 269	25 519 795	49 520 139	(84 302)	240 612 901	1 036 200	856 182	5 110 535	(6 975 541)	240 640 277
Unrestricted net assets attributable to noncontrolling interest	-	-	-	-	-	-	822 615	-	-	822 615
Total unrestricted net assets	165 657 269	25 519 795	49 520 139	(84 302)	240 612 901	1 036 200	1 678 797	5 110 535	(6 975 541)	241 462 892
Temporarily restricted	8 651 519	745 272	1 046 552	(745 272)	9 698 071	-	-	18 567	(18 567)	9 698 071
Total net assets	174 308 788	26 265 067	50 566 691	(829 574)	250 310 972	1 036 200	1 678 797	5 129 102	(6 994 108)	251 160 963
Total liabilities and net assets	\$ 378 869 969	\$ 30 499 369	\$ 53 929 452	\$ (1 361 805)	\$ 460 936 985	\$ 1 036 200	\$ 3 719 201	\$ 5 150 664	\$ (7 285 312)	\$ 463 557 738

# Freeman Health System

## Consolidating Schedule – Statement of Operations Information

### Year Ended March 31, 2013

	Freeman Hospital	Freeman Neosho Hospital	Ozark Center	Obligated Group Eliminations	Obligated Group Total	FHS Holdings, LLC	Freeman Surgical Center, LLC	Cedar Hill, Magnolia Heights Housing and Poplar Place	Eliminations	Total
<b>Unrestricted Revenues, Gains and Other Support</b>										
Net patient service revenue	\$ 468 923 778	\$ 30 610 067	\$ 28 860 112	\$ -	\$ 528 393 957	\$ -	\$ 8 816 169	\$ -	\$ -	\$ 537 210 126
Provision for uncollectible accounts	(54 042 903)	(7 696 170)	(475 809)	-	(62 214 882)	-	(124 717)	-	-	(62 339 599)
Net patient service revenue less provision for uncollectible accounts	414 880 875	22 913 897	28 384 303	-	466 179 075	-	8 691 452	-	-	474 870 527
Other	26 682 993	549 525	4 388 655	(8 469 877)	23 151 296	-	-	277 270	(21 363)	23 407 203
Net assets released from restrictions used for operations	1 294 402	-	556 278	-	1 850 680	-	-	-	-	1 850 680
Total unrestricted revenues gains and other support	442 858 270	23 463 422	33 329 236	(8 469 877)	491 181 051	-	8 691 452	277 270	(21 363)	500 128 410
<b>Expenses and Losses</b>										
Salaries and wages	205 303 095	9 328 218	18 605 471	-	233 236 784	-	1 465 917	-	-	234 702 701
Employee benefits	35 352 416	1 920 677	3 579 442	-	40 852 535	-	414 499	-	-	41 267 034
Medical supplies and drugs	73 474 003	1 340 298	2 680 010	-	77 494 311	-	1 562 017	8 223	-	79 064 551
Physician fees	8 743 992	295 951	-	(1 394 574)	7 645 369	-	-	-	-	7 645 369
Other fees	51 324 299	2 427 947	49 842	(752 359)	53 049 729	-	946 483	26 266	-	54 022 478
Utilities and telephone	4 829 320	277 638	427 206	(73 962)	5 460 202	-	194 306	63 943	-	5 718 451
Insurance	8 520 501	232 796	232 949	-	8 986 246	-	34 063	35 103	-	9 055 412
Depreciation	17 008 311	885 198	667 159	-	18 560 668	-	484 379	148 243	-	19 193 290
Interest	7 158 886	73 007	12 469	(688)	7 243 674	-	130 456	-	-	7 374 130
Other	28 806 370	4 736 668	3 856 326	(7 001 294)	30 398 070	-	1 088 247	122 092	(25 963)	31 582 446
Total expenses and losses	440 521 193	21 518 398	30 110 874	(9 222 877)	482 927 588	-	6 320 367	403 870	(25 963)	489 625 862
<b>Operating Income (Loss)</b>	2 337 077	1 945 024	3 218 362	753 000	8 253 463	-	2 371 085	(126 600)	4 600	10 502 548
<b>Other Income (Expense)</b>										
Contributions received	441 378	-	886 260	(752 312)	575 326	-	-	29 083	(4 600)	599 809
Investment return	4 188 391	569 845	590 356	(688)	5 347 904	164 337	32 917	82	(1 392 666)	4 152 574
Change in unrealized gains and losses on trading securities	5 958 254	1 057 029	1 577 639	-	8 592 922	2 288	-	-	-	8 595 210
Loss on extinguishment of debt	(1 396 149)	(86 960)	-	-	(1 483 109)	-	-	-	-	(1 483 109)
Loss on estimate of regulatory settlement	(2 916 139)	-	-	-	(2 916 139)	-	-	-	-	(2 916 139)
Total other income (expense)	6 275 735	1 539 914	3 054 255	(753 000)	10 116 904	166 625	32 917	29 165	(1 397 266)	8 948 345
<b>Excess of Revenues Over Expenses</b>	\$ 8 612 812	\$ 3 484 938	\$ 6 272 617	\$ -	\$ 18 370 367	\$ 166 625	\$ 2 404 002	\$ (97 435)	\$ (1 392 666)	\$ 19 450 893