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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)	OMB No 1545-0047 2012 Open to Public Inspection
	The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2012 calendar year, or tax year beginning 05-01-2012 , 2012, and ending 04-30-2013

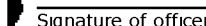
B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization BARBARA ANN KARMANOS CANCER HOSPITAL		D Employer identification number 20-1649466
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 4100 John R	Room/suite	E Telephone number (800) 527-6266
	City or town, state or country, and ZIP + 4 Detroit, MI 482012013		G Gross receipts \$ 661,560,403
	F Name and address of principal officer Gerold Bepler MD 4100 John R Detroit, MI 482012013		H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions)
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () (Insert no) ☐ 4947(a)(1) or ☐ 527		H(c) Group exemption number ▶	
J Website: ▶ www.karmanos.org			

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities The Barbara Ann Karmanos Cancer Hospital is dedicated to the delivery of cancer care services, the treatment and care of cancer patients and the prevention of cancer		
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	21
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	13
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	1,110
	6 Total number of volunteers (estimate if necessary)	6	436
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	449,163	252,606
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	633,136,522	659,789,642
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,880	3,545
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,024,371	1,514,610
		634,615,936	661,560,403
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	304,701	209,185
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	67,183,430	70,473,100
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ☐ 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	565,565,903	587,371,083
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	633,054,034	658,053,368
	19 Revenue less expenses Subtract line 18 from line 12	1,561,902	3,507,035
	Net Assets or Fund Balances		Beginning of Current Year
20 Total assets (Part X, line 16)		86,490,552	98,170,852
21 Total liabilities (Part X, line 26)		55,335,941	57,459,857
22 Net assets or fund balances Subtract line 21 from line 20		31,154,611	40,710,995

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				2014-03-14	
	 Michael F. Grisdela, Chief Financial Officer Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature		Date
	Firm's name 			Check ☐ if self-employed PTIN	
	Firm's address 			Firm's EIN 	
				Phone no	

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 Barbara Ann Karmanos Cancer Hospital is dedicated to the delivery of cancer care services, the treatment and care of cancer patients and the prevention of cancer. Additionally, Karmanos promotes, encourages, aids and performs scientific investigations and research addressing the cause, treatment and prevention of cancer. Essential cancer medical services are provided to the community.

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 \$ 158,108,971 including grants of \$ 0) (Revenue \$ 178,719,955)

Inpatient Health Care delivery & Management: Barbara Ann Karmanos Cancer Hospital is dedicated to the delivery of cancer care services, the treatment and care of cancer patients and the prevention of cancer. Additionally, Karmanos promotes, encourages, aids and performs scientific investigational and research addressing the cause, treatment and prevention of cancer. Essential cancer medical services are provided to the community. In FY2013, 26,979 patient days, 3,939 discharges for an average length of stay of 6.85 days. In addition, there were 301 bone marrow transplant cases, 1,589 inpatient surgical cases, 2,588 inpatient imaging cases and 278,384 Lab RVUs.

4b

(Code) (Expenses \$ 463,197,524 including grants of \$ 0) (Revenue \$ 469,024,065)

Ambulatory Services: The Barbara Ann Karmanos Cancer Hospital provided medical services to cancer patients including radiation oncology, chemotherapy, bone marrow transplant, mammography and hematology consultative, diagnostic and treatment services. Essential cancer and medical services are provided to the community. In FY2013, the following outpatient statistics were reported: clinical visits of 64,127, infusion patients of 36,108, imaging procedures of 56,785, pheresis patients of 2,985, inpatient and outpatient radiation oncology procedures of 29,634, outpatient surgical cases of 2,183, and outpatient Lab RVUs of 1,184,930.

4c

(Code) (Expenses \$ 10,667,439 including grants of \$ 0) (Revenue \$ 9,947,181)

The Barbara Ann Karmanos Cancer Hospital promotes, aids and performs scientific investigations and research addressing the cause, treatments and prevention of cancer. Phase 1 clinic visits of 1,611, Phase 1 Infusion patient visits of 3,141 and active clinical drug trials of 417.

4d

Other program services (Describe in Schedule O)

(Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

4e

Total program service expenses

631,973,934

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)? <i>If "Yes," complete Schedule A.</i> 	Yes	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? 	Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i>		No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i>		No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i>		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? <i>If "Yes," complete Schedule D, Part I.</i>		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? <i>If "Yes," complete Schedule D, Part II.</i>		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	Yes	
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? <i>If "Yes," complete Schedule D, Part IV.</i>		No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i>		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? <i>If "Yes," complete Schedule D, Part VI.</i> 	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? <i>If "Yes," complete Schedule D, Part VII.</i>		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? <i>If "Yes," complete Schedule D, Part VIII.</i>		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? <i>If "Yes," complete Schedule D, Part IX.</i> 	Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	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)? <i>If "Yes," complete Schedule D, Part X.</i>		No
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII.</i> 		No
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional.</i> 	Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		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? <i>If "Yes," complete Schedule F, Parts I and IV.</i>		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? <i>If "Yes," complete Schedule F, Parts II and IV.</i>		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? <i>If "Yes," complete Schedule F, Parts III and IV.</i>		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? <i>If "Yes," complete Schedule G, Part I (see instructions).</i>		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? <i>If "Yes," complete Schedule G, Part II.</i>		No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>		No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H.</i> 	Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	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		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <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		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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		No
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		No
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	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
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		No
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		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
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.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		
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	Organizations that may receive deductible contributions under section 170(c).		
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?		
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		
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?		
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		
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	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
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	Section 501(c)(7) organizations. 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	Section 501(c)(12) organizations. 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	Section 4947(a)(1) non-exempt charitable trusts. 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	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
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	21	
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	13	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	Yes

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	No
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
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	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ 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 Michael F Grisdella 4100 John R Detroit, MI (313) 576-8664

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 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			
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								2,912,911	1,195,943	289,890

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▶105

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A)	(B)	(C)
Name and business address	Description of services	Compensation

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 ►0

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	0				
	b	Membership dues	1b	0				
	c	Fundraising events	1c	0				
	d	Related organizations	1d	0				
	e	Government grants (contributions)	1e	0				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	252,606				
	g	Noncash contributions included in lines 1a-1f \$		0				
	h	Total. Add lines 1a-1f		252,606				
Program Service Revenue			Business Code					
	2a	Outpatient medical services	621400	461,016,923	461,016,923	0	0	
	b	Inpatient medical services	622000	178,719,955	178,719,955	0	0	
	c	Drug clinical studies	900099	9,947,181	9,947,181	0	0	
	d	Professional medical services	621400	8,007,142	8,007,142	0	0	
	e	Professional services revenue, related	900099	2,098,441	2,098,441	0	0	
	f	All other program service revenue		0	0	0	0	
	g	Total. Add lines 2a-2f		659,789,642				
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		3,545	3,545	0	0	
	4	Income from investment of tax-exempt bond proceeds . . .		0	0	0	0	
	5	Royalties		0	0	0	0	
	6a	(i) Real						
		(ii) Personal						
		Gross rents	13,901					0
		b Less rental expenses	0					0
	c	Rental income or (loss)	13,901	0				
	d	Net rental income or (loss)		13,901	13,901	0	0	
	7a	(i) Securities						
		(ii) Other						
		Gross amount from sales of assets other than inventory						
		b Less cost or other basis and sales expenses						
	c	Gain or (loss)	0	0				
	d	Net gain or (loss)						
	8a	Gross income from fundraising events (not including \$ 0 of contributions reported on line 1c) See Part IV, line 18						
	a							
	b	Less direct expenses		b				
	c	Net income or (loss) from fundraising events . . .						
	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 . . .						
10a	Gross sales of inventory, less returns and allowances . .		a					
a								
b	Less cost of goods sold		b					
c	Net income or (loss) from sales of inventory . . .							
Miscellaneous Revenue		Business Code						
11a	Investment loss - MCC	900099	-28,675	-28,675	0	0		
b	Valet parking	900099	79,308	79,308	0	0		
c	Meaningful Use funds	900099	1,210,283	1,210,283	0	0		
d	All other revenue		239,793	239,793	0	0		
e	Total. Add lines 11a-11d		1,500,709					
12	Total revenue. See Instructions		661,560,403	661,307,797	0	0		

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	0	0		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	209,185	209,185		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0	0		
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	409,178	409,178	0	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)	0	0	0	0
7	Other salaries and wages	56,752,320	54,310,089	2,442,231	0
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	467,610	443,292	24,318	0
9	Other employee benefits	9,093,444	8,500,470	592,974	0
10	Payroll taxes	3,750,548	3,568,675	181,873	0
11	Fees for services (non-employees)				
a	Management	0	0	0	0
b	Legal	246,975	51,136	195,839	0
c	Accounting	352,983		352,983	0
d	Lobbying	0	0	0	0
e	Professional fundraising services See Part IV, line 17	0			0
f	Investment management fees	0	0	0	0
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	89,999,822	78,433,911	11,565,911	0
12	Advertising and promotion	305,399	2,850	302,549	0
13	Office expenses	46,390,290	46,317,897	72,393	0
14	Information technology	7,849,616	0	7,849,616	0
15	Royalties	0	0	0	0
16	Occupancy	5,231,979	4,940,517	291,462	0
17	Travel	125,772	121,108	4,664	0
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19	Conferences, conventions, and meetings	78,174	74,240	3,934	0
20	Interest	1,110,372	76,756	1,033,616	0
21	Payments to affiliates	-38,164	-38,164	0	0
22	Depreciation, depletion, and amortization	4,630,648	4,147,248	483,400	0
23	Insurance	613,791	0	613,791	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	4,992,802	4,992,802	0	0
b	Permits, licenses, memberships	183,349	138,488	44,861	0
c	Education, training, property tax and miscellaneous	430,931	407,912	23,019	0
d	Contractual allowances	424,866,344	424,866,344	0	0
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e	658,053,368	631,973,934	26,079,434	0
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 ☐ 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		6,007,402	1	10,632,068
	2	Savings and temporary cash investments			2	0
	3	Pledges and grants receivable, net		3,145,116	3	2,709,641
	4	Accounts receivable, net		22,951,978	4	19,584,259
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	0
	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			6	0
	7	Notes and loans receivable, net			7	0
	8	Inventories for sale or use		2,319,049	8	2,497,103
	9	Prepaid expenses and deferred charges		1,179,570	9	1,169,870
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a53,893,120			
	b	Less accumulated depreciation	10b27,133,661	24,672,938	10c	26,759,459
	11	Investments—publicly traded securities			11	0
	12	Investments—other securities See Part IV, line 11			12	0
	13	Investments—program-related See Part IV, line 11		113,018	13	226,031
	14	Intangible assets			14	0
	15	Other assets See Part IV, line 11		26,101,481	15	34,592,421
	16	Total assets. Add lines 1 through 15 (must equal line 34)		86,490,552	16	98,170,852
Liabilities	17	Accounts payable and accrued expenses		34,170,333	17	39,520,788
	18	Grants payable			18	0
	19	Deferred revenue		240,559	19	236,437
	20	Tax-exempt bond liabilities			20	0
	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		18,984,478	23	16,918,369
	24	Unsecured notes and loans payable to unrelated third parties			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		1,940,571	25	784,263
	26	Total liabilities. Add lines 17 through 25		55,335,941	26	57,459,857
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		30,637,479	27	40,253,898
	28	Temporarily restricted net assets		517,132	28	457,097
	29	Permanently restricted net assets		0	29	0
	Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		31,154,611	33	40,710,995
	34	Total liabilities and net assets/fund balances		86,490,552	34	98,170,852

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	661,560,403
2	Total expenses (must equal Part IX, column (A), line 25)	2	658,053,368
3	Revenue less expenses Subtract line 2 from line 1	3	3,507,035
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	31,154,611
5	Net unrealized gains (losses) on investments	5	0
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	6,049,349
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	40,710,995

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? 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 ☐ Separate basis ☐ Consolidated basis ☐ 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 ☐ Separate basis ☒ Consolidated basis ☐ 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: 12000197

Software Version: v1.00

EIN: 20-1649466

Name: BARBARA ANN KARMANOS CANCER HOSPITAL

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			
Charles E Becker Board Member	11	X						0	0	0
Leslie Bowman Board Member	1	X						0	0	0
Armando R Cavazos Board Member	1	X						0	0	0
Ethan Davidson Board Member	11	X						0	0	0
Myron Frasier Board Member	11	X						0	0	0
Shirish Gadgeel Board Member	1	X						0	0	0
Thomas A Goss Vice Chairman	1	X						0	0	0
S Scott Hunter Board Member	1	X						0	0	0
Thomas Kalas Board Member	1	X						0	0	0
Timothy Monahan Chairman	11	X						0	0	0
Valerie Parisi MD Board Member	11	X						0	0	0
W James Prowse Board Member	11	X						0	0	0
Anthony Rusciano Board Member	1	X						0	0	0
Alan S Schwartz Board Member	11	X						0	0	0
Nettie Seabrooks Board Member	1	X						0	0	0
Maureen L Stapleton Board Member	1	X						0	0	0
Jane R Thomas PhD Board Member	1	X						0	0	0
Samuel Thomas Board Member	1	X						0	0	0
Manuel Valdivieso MD Board Member	1	X						0	0	0
George H Yoo MD Chief Medical Director	40	X			X			0	0	0
Gerold Bepier President	2020	X		X				0	498,449	25,641
Sharon L Lukas Chief of Staff / Secretary	040			X				0	115,400	8,864
Michael Grisdela Treasurer	2020			X				0	278,359	23,870
Gary Morrison Chief Operating Officer	40				X			0	303,735	18,900
Karen Goldman Senior VP, Cancer Patient Services/CNO	40				X			177,418	0	13,874

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			
Kathleen Carolin Senior VP, Operations	40				X			182,407	0	10,639
Sharon Helmer MD Breast Imaging	40					X		581,320	0	45,222
Natasha Robinette Radiologist	40					X		519,086	0	39,103
Hussein Aoun Radiologist	40					X		504,009	0	30,961
Michael Petrnch Radiologist	40					X		472,175	0	30,617
Alit Amit-Yousif Radiologist	40					X		476,496	0	42,199

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization BARBARA ANN KARMANOS CANCER HOSPITAL	Employer identification number 20-1649466
--	--

Part I

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

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

1	☐	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
2	☐	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3	☒	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4	☐	A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state _____
5	☐	An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II)
6	☐	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7	☐	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II)
8	☐	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	☐	An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2). (Complete Part III)
10	☐	An organization organized and operated exclusively to test for public safety See section 509(a)(4).
11	☐	An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - 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 D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization BARBARA ANN KARMANOS CANCER HOSPITAL	Employer identification number 20-1649466
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Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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? ☐ Yes ☐ No	

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or 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

▶ \$ _____ 0

(ii) Assets included in Form 990, Part X

▶ \$ _____ 50,000

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

▶ \$ _____ 0

b

Assets included in Form 990, Part X

▶ \$ _____ 0

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

	Amount
1c	
1d	
1e	
1f	

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

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	0	1,544,809		1,544,809
b Buildings	0	20,482,821	10,278,766	10,204,055
c Leasehold improvements	0	7,353,217	2,735,508	4,617,709
d Equipment	0	18,829,054	12,605,800	6,223,254
e Other	0	5,683,219	1,513,587	4,169,632
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				26,759,459

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	231,739,799
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	2e	
a	Net unrealized gains on investments	2a	0
b	Donated services and use of facilities	2b	0
c	Recoveries of prior year grants	2c	0
d	Other (Describe in Part XIII)	2d	0
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	231,739,799
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	0
b	Other (Describe in Part XIII)	4b	429,820,604
c	Add lines 4a and 4b	4c	429,820,604
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	661,560,403

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	228,194,226
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	2e	
a	Donated services and use of facilities	2a	0
b	Prior year adjustments	2b	0
c	Other losses	2c	0
d	Other (Describe in Part XIII)	2d	0
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	228,194,226
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	0
b	Other (Describe in Part XIII)	4b	429,859,142
c	Add lines 4a and 4b	4c	429,859,142
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	658,053,368

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
SchD_P03_S00_L04	Schedule D, Part III, Line 4	Artwork is displayed for patient enjoyment and relaxation
SchD_P11_S00_L04b	Schedule D, Part XI, Line 4b	Contractual allowances and bad debt expense deducted from revenue on audited financial statements (\$424,866,344 and \$4,992,802, respectively). Other changes in unrestricted and temporarily restricted net assets \$38,542
SchD_P12_S00_L04b	Schedule D, Part XII, Line 4b	Contractual allowances and bad debt expense deducted from revenue on audited financial statements (\$424,866,344 and \$4,992,802, respectively). Rounding of -\$4

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

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

Name of the organization
BARBARA ANN KARMANOS CANCER HOSPITAL

Employer identification number
20-1649466

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 ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) 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 ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ % 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 ☒ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ % 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"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b	Yes	
b	If "Yes," did the organization make it available to the public?	5c		No
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.	6a	Yes	
		6b	Yes	

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)			460,939	0	460,939	0 07 %
b Medicaid (from Worksheet 3, column a)			56,635,304	39,649,737	16,985,567	2 69 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			0			
d Total Financial Assistance and Means-Tested Government Programs	0	0	57,096,243	39,649,737	17,446,506	2 76 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)			5,036,444	2,679,851	2,356,593	0 37 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total Other Benefits	0	0	5,036,444	2,679,851	2,356,593	0 37 %
k Total. Add lines 7d and 7j	0	0	62,132,687	42,329,588	19,803,099	3 13 %

Part II

Community Building Activities

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

1,742,555

3

Enter 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

460,939

4

Provide 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

5

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

5

49,832,956

6

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

6

66,719,720

7

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

7

-16,886,764

8

Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.
☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a

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

9a

Yes

9b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

(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 %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—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	Barbara Ann Karmanos Cancer Hospital 4100 John R Detroit, MI 48201	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)

Barbara Ann Karmanos Cancer Hospital

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) a ☒ A definition of the community served by the hospital facility b ☒ Demographics of the community c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community d ☒ How data was obtained e ☒ The health needs of the community f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs h ☒ The process for consulting with persons representing the community's interests i ☒ Information gaps that limit the hospital facility's ability to assess the community's health needs j ☐ Other (describe in Part VI) 2 Indicate the tax year the hospital facility last conducted a 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 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 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) a ☒ Hospital facility's website b ☒ Available upon request from the hospital facility c ☐ Other (describe in Part VI) 6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date) a ☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA b ☒ Execution of the implementation strategy c ☒ Participation in the development of a community-wide plan d ☒ Participation in the execution of a community-wide plan e ☒ Inclusion of a community benefit section in operational plans f ☒ Adoption of a budget for provision of services that address the needs identified in the CHNA g ☒ Prioritization of health needs in its community h ☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community i ☐ Other (describe in Part VI) 7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs 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)? b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? 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? \$_____	1	Yes	
	3	Yes	
	4		No
	5	Yes	
	7		No
	8a		No
	8b		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 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?		9	Yes
10 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>200</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 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>300</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a ☒ Income level			
b ☒ Asset level			
c ☒ Medical indigency			
d ☒ Insurance status			
e ☒ Uninsured discount			
f ☒ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 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)		14	Yes
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☒ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 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?		15	Yes
16 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			
a ☒ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	Yes
a ☒ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ 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		No
a	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☒ Other (describe in Part VI)		

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	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☒ Other (describe in Part VI)		
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	21	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	22	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?
1

Name and address	Type of Facility (describe)
1 Monroe Cancer Center 800 Stewart Rd Monroe, MI 48162	Outpatient radiation oncology services
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
SchH_P01_S00_L07	Schedule H, Part I, Line 7	Cost of charge ratio
SchH_P01_S00_L072f	Schedule H, Part I, Line 7, Column f	Bad debt expense of \$4,992,802 was included in Form 990, Part IX, line 25 but subtracted when calculating Sch H, Part I, line 7, col F

Identifier	ReturnReference	Explanation
SchH_P03_S0A_L04	Schedule H, Part III, Section A, Line 4	Accounts receivable for patient services, insurance companies, and governmental agencies are based on gross charges. An allowance for uncollectible accounts has been established on an aggregate basis by using historical write-off rate factors applied to unpaid accounts based on aging. Loss rate factors are based on historical loss experience and industry standards and adjusted for economic conditions and other trends affecting the Hospital's ability to collect outstanding amounts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible.
SchH_P03_S0B_L08	Schedule H, Part III, Section B, Line 8	Shortfall of Medicare cost over Medicare payments of (\$16,886,764) should be included as a community benefit. The majority of our Medicare patients are crossover patients with Medicaid as secondary.

Identifier	ReturnReference	Explanation
SchH_P03_S0C_L09b	Schedule H, Part III, Section C, Line 9b	The policy follows the Medicare Reimbursement manual, Part I, Section 312 "Providers can deem Medicare beneficiaries indigent or medically indigent when such individuals have also been determined eligible for Medicaid as either categorically needy individuals or medically needy individuals, respectively Once indigence is determined and the provider concludes that there had been no improvement in the beneficiary's financial condition, the debt may be deemed uncollectible "
SchH_P05_S0B_L03	Schedule H, Part V, Section B, Line 3	In the fall 2010, the KCI Patient and Community Education Department, in conjunction with a group of University of Michigan Public Health students, conducted key informant interviews Key informants were selected from the Wayne, Oakland and Macomb County health departments, and community organizations, such as Gilda's Club of Metro Detroit, the Wayne County Breast and Cervical Cancer Program (BCCCP), the Detroit Area Agency on Aging, and the Arab Community for Economic and Social Services (ACCESS) Also interviewed were cancer survivors from each of the three counties, who had received treatment at KCC The interview questionnaire "was designed to obtain candid information regarding the current needs and gaps, as well as the strengths and existing assets in coordination and delivery of cancer-related services" in Wayne, Oakland and Macomb counties Awareness of program services, cultural sensitivity, lack of access to services, and customer service were the four common themes identified from the key informant interviews

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L07	Schedule H, Part V, Section B, Line 7	The implementation plan is ongoing with goals set for 2014 The CHNA was extensively reviewed by the hospital leadership, the Board, and the Patient/Family Activity Committee The CHNA was also discussed with additional community leaders including a State representative, and members of the Chaldean American Chamber of Commerce Twenty five prostate cancer survivors were trained to be community advocates, and will be setting up contacts for education and awareness presentations in 2014 Zip Code data was analyzed to inform strategies for the next CHNA Low cost avenues for translation of cancer awareness fact sheets have been identified Fact sheets will be translated into Arabic and Spanish and distributed in 2014 The CHNA will be reworked to provide better information to a focused population (KCI patients, Middle Eastern and Hispanic residents) where a gap in response was identified
SchH_P05_S0B_L19	Schedule H, Part V, Section B, Line 19	Barabara Ann Karmanos Cancer Hospital does not have an emergency room

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L20	Schedule H, Part V, Section B, Line 20	Barbara Ann Karmanos Cancer Hospital uses Blue Cross/Blue Shield of Michigan rates for these services
SchH_P06_S00_L02	Schedule H, Part VI, Line 2	The review of SEER data in our immediate service areas of Wayne, Oakland and Macomb counties with particular attention to the morbidity and mortality rates in certain age and ethnic groups. Collaborative work with other NCI designated facilities to track trends in other like communities. In the past, focus groups and cold calls have been used to assess community needs. In 2013, the organization also conducted a full community needs assessment. The implementation plan is ongoing with goals set for 2014.

Identifier	ReturnReference	Explanation
SchH_P06_S00_L03	Schedule H, Part VI, Line 3	All patients receive a copy of their patient rights upon registration as a new patient. Patients are asked about health care coverage when scheduling an appointment and verified during the pre-registration process. Those patients without health insurance or that are underinsured are then directed to special grant programs or to a Financial Counselor for applications to other programs.
SchH_P06_S00_L04	Schedule H, Part VI, Line 4	Located in mid-town Detroit, Michigan, the Barbara Ann Karmanos Cancer Institute and Barbara Ann Karmanos Cancer Hospital (Karmanos) is one of 41 National Cancer Institute-designated comprehensive cancer centers in the United States. For four consecutive years, the Barbara Ann Karmanos Cancer Hospital has topped the list of preferred hospitals in southeast Michigan for cancer care, according to a survey by the National Research Corporation. We are a unique, urban-based center of research, patient care and education dedicated to the prevention, early detection, treatment and eventual eradication of cancer. In 2013, Karmanos provided services to 365,683 individuals representing the 83 counties in the state of Michigan, and 46 of the 50 states in the United States.

Identifier	ReturnReference	Explanation
SchH_P06_S00_L06	Schedule H, Part VI, Line 6	Barabara Ann Karmanos Cancer Hospital (Karmanos) offers education and awareness programs presented by its physicians and researchers, community education staff members, and trained volunteers. Those experts present information on cancer prevention, risk and its reduction, and testing guidelines. Programs are available to businesses, religious congregations and social/community groups in southeastern Michigan. Educational programs and educational materials include, but are not limited to, General Cancer Information, Breast Cancer, Cervical Cancer, Clinical Trials, Colorectal Cancer, Lung Cancer, Prostate Cancer and Skin Cancer. Karmanos also offers free fact sheets on the most common forms of cancer and topics of interest. These are geared to persons concerned about their cancer risk and interested in prevention and early detection - not to persons diagnosed with cancer. Topics include: Breast Cancer, Cervical Cancer, Clinical Trials, Colon Cancer, Lung Cancer, Men's Cancer Screenings, Nutrition and Physical Activity, Ovarian Cancer, Prostate Cancer, Skin Cancer, Testicular Cancer and Women's Cancer Screenings.

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
BARBARA ANN KARMANOS CANCER HOSPITAL

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
20-1649466

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

2

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

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) Provide lodging for cancer patients that come from out of town Lodging paid to the following local facilities include Atheneum Hotel, Inn on Ferry Street, Motor City Casino Hotel and Greektown Casino Hotel	570	83,962		0 Book	
(2) Direct cash assistance provided to patients for treatments	76	30,273		0 Book	
(3) Direct cash assistance for patients for food, travel and parking	278	86,887		0 Book	
(4) Direct cash assistance to patients for utilities, mortgages, insurance and other miscellaneous items	16	4,325		0 Book	

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
SchI_P01_S00_L02	Schedule I, Part I, Line 2	Monitor monthly by reviewing the activity and monthly account reconciliations and by comparison to budgets and contracts

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 BARBARA ANN KARMANOS CANCER HOSPITAL	Employer identification number 20-1649466
--	--

Part I	Questions Regarding Compensation		Yes	No
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			
4a	Receive a severance payment or change-of-control payment?			No
4b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?			No
4c	Participate in, or receive payment from, an equity-based compensation arrangement?			No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
5a	The organization?			No
5b	Any related organization?			No
	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			
6a	The organization?			No
6b	Any related organization?			No
	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			No
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			No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?			

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
SchJ_P01_S00_L03	Schedule J, Part I, Line 3	The KCI Board Chairman established a formal Compensation Committee that is responsible for the review of compensation for the CEO, including the administration of the short term incentive program when the funds are available to distribute under the plan. Any salary increase program is reviewed and approved by the KCI-KCC Finance Committee and the KCI-KCC Board of Directors as part of the annual budget process.

Software ID: 12000197
Software Version: v1.00
EIN: 20-1649466
Name: BARBARA ANN KARMANOS CANCER HOSPITAL

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				
Gerold Beppler	(i)	0	0	0	0	0	0	
	(ii)	396,127	100,000	2,322	0	25,641	524,090	
Michael Grisdela	(i)	0	0	0	0	0	0	
	(ii)	269,976	0	8,383	0	23,870	302,229	
Gary Morrison	(i)	0	0	0	0	0	0	
	(ii)	300,171	0	3,564	0	18,900	322,635	
Karen Goldman	(i)	173,854	0	3,564	0	13,874	191,292	
	(ii)	0	0	0	0	0	0	
Kathleen Carolin	(i)	180,085	0	2,322	0	10,639	193,046	
	(ii)	0	0	0	0	0	0	
Sharon Helmer	(i)	580,546	0	774	22,500	22,721	626,541	
	(ii)	0	0	0	0	0	0	
Natasha Robinette	(i)	518,906	0	180	17,000	22,103	558,189	
	(ii)	0	0	0	0	0	0	
Hussein Aoun	(i)	503,847	0	162	17,000	13,961	534,970	
	(ii)	0	0	0	0	0	0	
Michael Petrich	(i)	472,013	0	162	17,000	13,617	502,792	
	(ii)	0	0	0	0	0	0	
Alit Amit-Yousif	(i)	476,316	0	180	17,000	25,199	518,695	
	(ii)	0	0	0	0	0	0	

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 BARBARA ANN KARMANOS CANCER HOSPITAL	Employer identification number 20-1649466
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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
Total ▶ \$											

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of 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
(1) Alan S Schwartz	Board Member	203,140	Partner in firm that provides legal services		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization BARBARA ANN KARMANOS CANCER HOSPITAL	Employer identification number 20-1649466
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Identifier	Return Reference	Explanation
F990_P06_S0A_L09	Form 990, Part VI, Section A, Line 9	Gary Morrison resigned from the organization in December 2013 His forwarding address is 4505 Senda Lane, Austin, TX 78725
F990_P06_S0B_L11b	Form 990, Part VI, Section B, Line 11b	The review process for Form 990 includes a presentation of the Form 990 to the Finance Committee of the Board of Directors A full copy is made available to all board members prior to filing the return
F990_P06_S0B_L12c	Form 990, Part VI, Section B, Line 12c	Annual conflict of interest questionnaires are completed by Board members, Officers and Executive Administration Conflicts are summarized and reported to the Nominating and Governance Committee Conflicts are compared to our vendor list to ensure all potential transactions that involve a conflict of interest are disclosed
F990_P06_S0B_L15	Form 990, Part VI, Section B, Line 15	The KCI Board Chairman established a formal Compensation Committee that is responsible for the review of compensation for the CEO, including the administration of the short term incentive plan program when the funds are available to distribute under the plan Any salary increase program is reviewed and approved by the KCI-KCC Finance Committee and the KCI-KC Board of Directors as part of the annual budget process
F990_P06_S0C_L19	Form 990, Part VI, Section C, Line 19	The Barbara Ann Karmanos Cancer Hospital governing documents, conflict of interest statements and financial statements are available to the public upon request
F990_P09_S00_L11g	Form 990, Part IX, Line 11g	Service & maintenance contracts \$10,414,876, Corporate allocations, \$4,478,028, Purchased services-DMC \$58,565,054, Contracted arrangements \$8,803,834, Laundry services \$295,306, Transcription services \$959,818, Lab & diagnostic services \$10,694, Consultant fees \$443,372, Clinical trial patient services \$6,010,684, Ambulance services \$1,703, Other contracted services \$16,453
F990_P11_S00_L09	Form 990, Part XI, Line 9	Release from restriction, according to donor wishes, for capital equipment and projects amounting to \$4,860,558 Includes renovations and/or creation of the following departments ICU, Phase I, Laboratory and Bone Marrow Transplant Offset by other changes in unrestricted and restricted net assets (\$1,188,791)

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
BARBARA ANN KARMANOS CANCER HOSPITAL

Employer identification number
20-1649466

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

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) Karmanos Cancer Institute 4100 John R Detroit, MI 48201 38-1613280	Parent company of Barbara Ann Karmanos Cancer Hospital	MI	501(c)(3)	509(a)(3)	N/A		No

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) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

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

No

1b

Yes

1c

Yes

1d

No

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

No

1r

Yes

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

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: 12000197
Software Version: v1.00
EIN: 20-1649466
Name: BARBARA ANN KARMANOS CANCER HOSPITAL

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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Barbara Ann Karmanos Cancer Institute and Subsidiaries

**Consolidated Financial Report
with Additional Information
April 30, 2013**

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Contents

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Independent Auditor's Report

To the Board of Directors
Barbara Ann Karmanos Cancer Institute
and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Barbara Ann Karmanos Cancer Institute and Subsidiaries (the "Institute"), which comprise the consolidated balance sheet as of April 30, 2013 and 2012 and the related consolidated statements of operations, 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 Consolidated 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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.

To the Board of Directors
Barbara Ann Karmanos Cancer Institute
and Subsidiaries

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Barbara Ann Karmanos Cancer Institute and Subsidiaries as of April 30, 2013 and 2012 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the consolidated financial statements, the Institute adopted the provisions of Accounting Standards Update 2011-07, Health Care Entities (Topic 954) *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Health Care Entities*, during 2013. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the accompanying schedules is presented for the purpose of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2013 on our consideration of the Barbara Ann Karmanos Cancer Institute and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Barbara Ann Karmanos Cancer Institute and Subsidiaries' internal control over financial reporting and compliance.

Plante & Moran, PLLC

August 8, 2013

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Consolidated Balance Sheet

	April 30, 2013	April 30, 2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 13,437,320	\$ 8,929,000
Short-term investments (Note 5)	9,083,734	9,289,424
Patient service receivables - Net (Note 2)	17,509,070	21,030,401
Contributions receivable (Note 4)	2,805,799	2,844,715
Affiliation receivables (Note 11)	1,481,476	2,592,167
Donor pledges collateralizing debt (Note 9)	3,050,000	6,200,000
Estimated third-party payor settlements (Note 3)	-	676,154
Other receivables	4,977,011	4,473,740
Prepaid expenses and other	2,792,867	2,981,296
Inventory	2,502,186	2,329,605
Total current assets	57,639,463	61,346,502
Investments (Note 5)	23,556,380	19,133,623
Land, Buildings, and Equipment - Net (Note 7)	33,235,629	31,876,335
Contributions Receivable - Net of current portion (Note 4)	11,679,095	11,832,995
Donor Pledges Collateralizing Debt - Net of current portion (Note 9)	3,150,000	-
Other Noncurrent Assets	1,331,117	2,262,234
Total assets	\$ 130,591,684	\$ 126,451,689
Liabilities and Net Assets		
Current Liabilities		
Current portion of notes payable and lease obligations (Note 8)	\$ 16,482,129	\$ 2,053,057
Current portion of donor-collateralized debt (Note 9)	3,050,000	6,200,000
Accounts payable and accrued expenses	15,946,142	19,561,135
Accrued payroll	7,500,281	7,727,791
Affiliation payable (Note 11)	18,492,563	20,986,603
Estimated third-party payor settlements (Note 3)	8,913,321	993,369
Other current liabilities	4,476,840	4,462,196
Total current liabilities	74,861,276	61,984,151
Long-term Notes Payable and Lease Obligations - Net of current portion (Note 8)	436,241	16,931,422
Donor-collateralized Debt - Net of current portion (Note 9)	3,150,000	-
Long-term Affiliation Payable - Net of current portion (Note 11)	2,323,716	4,154,116
Other Liabilities	1,287,394	2,472,013
Total liabilities	82,058,627	85,541,702
Net Assets		
Unrestricted	802,244	(6,047,071)
Unrestricted - Board designated	2,276,236	735,953
Temporarily restricted (Note 14)	30,619,431	31,424,108
Permanently restricted (Note 14)	14,835,146	14,796,997
Total net assets	48,533,057	40,909,987
Total liabilities and net assets	\$ 130,591,684	\$ 126,451,689

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Consolidated Statement of Operations

	Years Ended	
	April 30, 2013	April 30, 2012
Unrestricted Revenue, Gains, and Other Support		
Net patient service revenue - Net of contractual allowances and discounts (Note 3)	\$ 222,623,683	\$ 222,854,087
Provision for bad debts	(2,707,021)	(2,580,105)
Net patient service revenue less provision for bad debts	219,916,662	220,273,982
Other, principally grants and contracts (Note 15)	26,022,686	25,273,869
Net assets released from restrictions	10,515,878	12,656,058
Total unrestricted revenue, gains, and other support	256,455,226	258,203,909
Expenses		
Salaries and wages	73,838,956	71,491,880
Employee benefits	17,304,967	18,380,268
Supplies	8,160,083	7,997,102
Pharmaceutical supplies	36,470,122	35,591,146
Clinical arrangements	8,821,270	8,640,571
Contracted services	26,575,851	29,501,915
Purchased services - DMC	57,445,496	60,709,850
Professional fees	2,120,070	2,140,480
Insurance	749,722	898,472
Occupancy	3,715,989	3,808,870
Lease expense (Note 17)	6,928,383	6,283,819
Depreciation and amortization (Note 7)	6,425,608	5,930,774
Provision for nonpatient bad debt expense	40,000	291,534
Interest expense	1,438,192	1,701,996
Transfers to WSU for research	1,703,366	2,205,466
Other	464,535	4,395,271
Total expenses (Note 16)	252,202,610	259,969,414
Operating Income (Loss)	4,252,616	(1,765,505)
Other Income (Loss)		
Change in unrealized gains (losses) on investments (Note 5)	274,427	(1,664,093)
Impairment and write-off of property and equipment	-	(239,315)
Net loss on business ventures (Notes 18 and 19)	(923,124)	(1,397,444)
Total other loss	(648,697)	(3,300,852)
Excess of Revenue Over (Under) Expenses (Note 1)	3,603,919	(5,066,357)
Net Assets Released from Restrictions for Capital Acquisitions (Note 1)	6,006,271	4,803,789
Other Equity Transfers (Note 1)	(1,220,592)	471,911
Increase in Unrestricted Net Assets	\$ 8,389,598	\$ 209,343

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Consolidated Statement of Changes in Net Assets

	Years Ended	
	April 30, 2013	April 30, 2012
Unrestricted Net Assets		
Excess of revenue over (under) expenses	\$ 3,603,919	\$ (5,066,357)
Net assets released from restrictions for capital acquisitions	6,006,271	4,803,789
Other equity transfers	(1,220,592)	471,911
Increase in Unrestricted Net Assets	8,389,598	209,343
Temporarily Restricted Net Assets		
Restricted contributions (Note 4)	12,948,785	11,802,566
Restricted investment income	1,555,024	928,671
Net assets released from restriction	(16,522,149)	(17,459,847)
Other equity transfers	1,213,663	(42,945)
Decrease in Temporarily Restricted Net Assets	(804,677)	(4,771,555)
Permanently Restricted Net Assets		
Restricted contributions	31,220	763,483
Other equity transfers	6,929	(428,966)
Increase in Permanently Restricted Net Assets	38,149	334,517
Increase (Decrease) in Net Assets	7,623,070	(4,227,695)
Net Assets - Beginning of year	40,909,987	45,137,682
Net Assets - End of year	\$ 48,533,057	\$ 40,909,987

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Consolidated Statement of Cash Flows

	Years Ended	
	April 30, 2013	April 30, 2012
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 7,623,070	\$ (4,227,695)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities		
Depreciation and amortization	6,425,608	5,930,774
Impairment and write-off of property and equipment	-	239,315
Donated stock	(1,181,824)	(1,091,730)
Realized gains on investments	(709,482)	(732,360)
Unrealized (gains) losses on investments	(274,427)	1,664,093
Net loss on disposal of furniture and equipment	26,364	1,105
Provision for bad debts	2,747,021	2,580,105
Change in the present value of contributions receivable	(556,636)	781,758
Changes in assets and liabilities which (used) provided cash		
Patient service receivables	774,310	(7,603,111)
Affiliation receivables	1,110,691	387,404
Estimated third-party payor settlements - Net	8,596,106	5,799,174
Contributions receivable	749,452	535,469
Other current assets	(487,423)	(351,218)
Other noncurrent assets	931,117	1,491,111
Accounts payable and accrued expenses	(3,614,993)	1,449,480
Affiliation payables	(4,324,440)	2,306,097
Accrued payroll and other current liabilities	(212,866)	811,764
Other noncurrent liabilities	(1,184,619)	980,675
Net cash provided by operating activities	16,437,029	10,952,210
Cash Flows from Investing Activities		
Purchase of property and equipment	(7,811,266)	(7,883,693)
Proceeds from sale of property and equipment	-	43,895
Purchase of investments	(22,966,424)	(28,973,923)
Proceeds from sale and maturities of investments	20,915,090	17,863,599
Net cash used in investing activities	(9,862,600)	(18,950,122)
Cash Flows from Financing Activities		
Proceeds from long-term debt	-	1,485,979
Principal payment on long-term debt	(2,066,109)	(2,993,760)
Net cash used in financing activities	(2,066,109)	(1,507,781)
Net Increase (Decrease) in Cash and Cash Equivalents	4,508,320	(9,505,693)
Cash and Cash Equivalents - Beginning of year	8,929,000	18,434,693
Cash and Cash Equivalents - End of year	\$ 13,437,320	\$ 8,929,000
Supplemental Cash Flow Information		
Cash paid for interest	\$ 1,409,577	\$ 1,566,286
Donated stock in payment of contribution receivable	1,181,824	1,091,730

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 1 - Nature of Business and Significant Accounting Policies

Barbara Ann Karmanos Cancer Institute (the "Institute") is a not-for-profit organization which provides support for laboratory research into causes and treatments of cancer; epidemiology research which can be used to track risk factors; clinical research to improve treatment in cancer patients; community research to prevent cancer in healthy populations or to diagnose it at earlier treatable stages; and provides clinical services to cancer patients and their families such as hospice, diagnostic testing, equipment, and supplies. The Institute's services are primarily funded by research grants and contracts, revenue generated from providing services to cancer patients, and contributions from individuals, corporations, and other private foundations, including the United Way Community Services of Southeastern Michigan and other regional United Way units.

Effective December 1, 2005, the Institute purchased the cancer hospital operations from The Detroit Medical Center and established Barbara Ann Karmanos Cancer Hospital d/b/a Karmanos Cancer Center (the "Center"). The Center's sole member is the Institute and will be referred to herein as a subsidiary. The Center is a not-for-profit organization which is dedicated to the delivery of cancer care services, the treatment and care of cancer patients, and the prevention of cancer.

In May 2010, the Institute formed a wholly owned taxable subsidiary, Delphinus Investment, Inc., for the purpose of holding the Institute's share of Delphinus Medical Technologies, LLC (see Note 18).

Agreements with The Detroit Medical Center (DMC) and Wayne State University (WSU) help the Institute provide integrated cancer research and treatment opportunities for the southeastern Michigan area and help maintain the National Cancer Institute designation for Barbara Ann Karmanos Cancer Institute Comprehensive Cancer Center as one of 41 throughout the nation. Although the Institute is not under common control under either DMC or WSU, these agreements are referred to as affiliation agreements throughout the consolidated financial statements.

There is a coordinated effort among the Institute, DMC, and WSU for education, research, clinical services, community outreach, and development activities.

Basis of Consolidation - The accompanying consolidated financial statements include the accounts of Barbara Ann Karmanos Cancer Institute and Subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Cash and Cash Equivalents - Cash and cash equivalents include cash and investments in highly liquid investments purchased with an original maturity of three months or less.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Accounts Receivable - Accounts receivable for patient services, insurance companies, and governmental agencies are based on gross charges. An allowance for uncollectible accounts has been established on an aggregate basis by using historical write-off rate factors applied to unpaid accounts based on aging. Loss rate factors are based on historical loss experience and industry standards and adjusted for economic conditions and other trends affecting the Institute's ability to collect outstanding amounts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. An allowance for contractual adjustments and interim payment advances is based on expected payment rates from payors based on current reimbursement methodologies. This amount also includes amounts received as interim payments against unpaid claims by certain payors (see Note 3).

For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Institute records a significant provision for bad debts 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) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

Contributions - Contributions, including promises to give and beneficial interests in lead trusts, are recorded as receivables at fair value when received and recognized as revenue concurrently. Conditional promises made by or received by the Institute are not recorded as expenses or revenue until the conditions affecting the obligation have been satisfied.

The Institute reports gifts of cash and other assets as restricted support if they are received with donor stipulations or under circumstances that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of changes in net assets as net assets released from restrictions.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The Institute reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Institute reports the expiration of donor restrictions when the assets are placed in service.

Inventory - Inventories, which consist mostly of pharmaceutical products and medical and office supplies, are stated at cost, determined on a first-in, first-out basis or market.

Investments - Investments in equity securities with readily determinable fair value, investments in debt securities, and funds held in escrow are measured at fair value in the consolidated balance sheet. Investments held by Wayne State University are held in a pooled investment account that is measured at fair value. Investments in a multi-strategy hedge fund are measured at net asset value, which approximates fair value. Investment income or loss (including realized and changes in unrealized gains and losses on investments, interest, and dividends) is included in excess of revenue over (under) expenses unless the income or loss is restricted by donor or law. Changes in unrealized gains or losses on investments are excluded from income from operations.

Substantially all of the Institute's investment portfolio is classified as trading, with unrealized gains and losses included in excess of revenue over expenses.

Concentration of Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Institute's deposits may not be returned to it. The Institute's policy related to custodial credit risk of bank deposits is to maintain all deposits in a high quality institution. The Institute maintains balances in its deposit accounts to adequately cover current operating payment expenses and, as a result, generally requires balances that exceed the FDIC insurance limits of \$250,000. Effective January 1, 2013, noninterest-bearing transaction accounts are no longer insured separately from other accounts at the same institution. All depositor's accounts in the aggregate are insured up to \$250,000 per institution. Of the cash balances maintained in FDIC-insured institutions, the uninsured cash balances total \$12,728,578 at April 30, 2013.

Land, Buildings, and Equipment - Land, buildings, and equipment acquisitions are recorded at cost. Donated property and equipment are recorded at the estimated fair market value at the time of donation. Depreciation is computed using the straight-line basis over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expenses when incurred.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Donor Pledges Collateralizing Debt - Donor pledges collateralizing debt are comprised of pledges that have been committed to support and guarantee bank promissory notes (see Note 9).

Classification of Net Assets - Net assets of the Institute are classified as permanently restricted, temporarily restricted, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Institute's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Additionally, the board of directors has periodically directed management to designate unrestricted funds to be used for specified purposes. These funds are classified on the consolidated balance sheet as unrestricted board-designated net assets. The board retains control over board-designated net assets, and may, at its discretion, subsequently use them for other purposes. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Net Patient Service Revenue - The Institute has agreements with third-party payors that provide for payments to the Institute at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactively calculated adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes that it is in compliance with all applicable laws and regulations. Final determination of compliance with such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action including fines, penalties, and exclusions from the Medicare and Medicaid programs.

Grants and Contracts - Support is recognized as revenue when expenditures are incurred for the specific purposes established under a grant or contract.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Charity Care and Community Benefit - The Institute provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Because the Institute does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

The Institute maintains records to identify and monitor the level of charity care provided. These records include the amount of charges forgone for services and supplies rendered under its charity care policy. The cost of these services is based on the direct and indirect costs of providing the charity care and is calculated based on the ratio of total expenses to gross charges. This cost ratio is then multiplied by the gross charges foregone. For the years ended April 30, 2013 and 2012, charity care services amounted to approximately \$512,000 and \$216,000, respectively.

In addition, under arrangements with various governmental insurance programs, the Institute provides significant care to the local Medicare population as well as the local indigent population for which reimbursement for services rendered is generally less than the cost of providing such services. For the years ended April 30, 2013 and 2012, uncompensated care amounted to a net shortfall of approximately \$19,651,000 and \$20,753,000, respectively.

As part of its obligation to the local communities, the Institute provides numerous other educational and patient and family programs that benefit the communities and are generally performed at no charge. The Institute provides those services through the following: access to the National Cancer Institute's Cancer Information Service and toll-free phone numbers; educational presentations, materials, and displays for prevention and early detection of cancer; genetics educational sessions; publications highlighting new initiatives in cancer research, treatment, and education; and a resource center featuring videos, literature, and special programs and resources for smoking cessation.

Additionally, the Institute makes a significant investment in cancer research. Over 300 Institute investigators conduct all forms of research into the prevention, detection, and causes of cancer including basic, clinical, translational, epidemiological, and behavioral research. For 2013 and 2012, the Institute's investment in research activities exceeded all associated revenue sources by \$2,100,000 and \$4,600,000, respectively, funded by other fundraising activities of the Institute and hospital operations.

Fundraising Events - Fundraising events direct expenses were \$2,496,495 and \$2,120,101 for the years ended April 30, 2013 and 2012, respectively, and are included with expenses on the consolidated statement of operations.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Transfers to WSU - The Institute has certain commitments to fund cancer research. These research activities take place at WSU, where the principal investigators are employed and their cancer research is sponsored. The Institute transfers funds to WSU to help cover those research-related expenditures.

Excess of Revenue Over (Under) Expenses - The consolidated statement of operations includes excess of revenue over (under) expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over (under) expenses, consistent with industry practice, include net assets released from restrictions for capital acquisitions. Other equity transfers represent changes in donor designations and net losses on investments held in donor-restricted endowment funds and are excluded from excess of revenue over (under) expenses.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status - The Institute and the Center are nonprofit, tax-exempt organizations under Section 501(a) and Section 501(c)(3) of the Internal Revenue Code; accordingly, no tax provision is reflected in the consolidated financial statements. The Institute is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. With few exceptions, the Institute is no longer subject to U.S. federal, state, and local, or non-U.S. income tax examinations by tax authorities for years before 2009.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Institute and recognize a tax liability if the Institute has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Institute and has concluded that as of April 30, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

New Accounting Pronouncements - During 2011, the Financial Accounting Standards Board (FASB) adopted Accounting Standards Update (ASU) 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, establishing accounting and disclosures for healthcare entities to recognize significant amounts of patient service revenue at the time services are rendered even though the entities do not assess a patient's ability to pay. The provision for bad debts associated with patient service revenue for certain entities is required to be presented on a separate line as a deduction from patient service revenue (net of contractual allowances and discounts) in the consolidated statement of operations. The ASU is effective for the Institute for the year ended April 30, 2013 and the provision has been applied retrospectively to the year ended April 30, 2012. As a result of the retrospective application, total unrestricted revenue, gains, and other support and total operating expenses decreased by \$5,767,230 with no change to excess of revenue under expenses for the year ended April 30, 2012.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including August 8, 2013, which is the date the consolidated financial statements were available to be issued.

Note 2 - Patient Service Receivables

The details of net patient service receivables are set forth below:

	2013	2012
Medicare	\$ 3,914,639	\$ 4,206,633
Medicaid	805,778	1,564,396
Blue Cross Blue Shield of Michigan	927,353	2,099,395
Managed care	6,430,967	9,070,867
Commercial	5,433,877	5,118,584
Other	(3,544)	(1,029,474)
Total net patient service receivables	<u>\$ 17,509,070</u>	<u>\$ 21,030,401</u>

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 2 - Patient Service Receivables (Continued)

The allowance for contractual adjustments was \$57,718,701 and \$58,030,851 as of April 30, 2013 and 2012, respectively. The allowance for uncollectible accounts was \$3,143,007 and \$3,730,751 as of April 30, 2013 and 2012, respectively.

Certain of the hospital net patient service receivables are collateral for a bank line of credit (see Note 8).

Note 3 - Patient Service Revenue

The Institute has agreements with third-party payors that provide for reimbursement at discounted amounts from established rates. A summary of the basis of reimbursement with these third-party payors follows:

- **Medicare** - Inpatient, acute-care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Outpatient services related to Medicare beneficiaries are primarily reimbursed based on a prospectively determined amount per ambulatory payment classification. Approximately 30.0 percent of the Institute's net patient service revenue is received from the Medicare program.
- **Medicaid** - Inpatient, acute-care services rendered to Medicaid program beneficiaries are also paid at prospectively determined rates per discharge. Outpatient services are reimbursed on an established fee-for-service methodology. Effective January 1, 2013 and January 1, 2012, the Medicaid outpatient payment rate was estimated to total 54.3 and 55.3 percent, respectively, of the Medicare payment rate. Inpatient bone marrow transplant cases are paid on a cost basis. Approximately 15.2 percent of the Institute's net patient service revenue is received from the Medicaid program.
- **Blue Cross Blue Shield of Michigan** - Inpatient, acute-care services are reimbursed at prospectively determined rates per discharge. Outpatient services are reimbursed on fee-for-service, percentage of charge basis, and cost basis depending on type of service provided. Approximately 30.4 percent of the Institute's net patient service revenue is received from the Blue Cross Blue Shield of Michigan program.
- **Other Third-party Payors** - The Institute has also entered into agreements with certain commercial carriers, health maintenance organizations, and preferred provider organizations. The bases for reimbursement under these agreements are discounts from established charges, prospectively determined rates per discharge, percentage of hospital charges, and prospectively determined daily rates.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 3 - Patient Service Revenue (Continued)

Cost report settlements result from the adjustment of interim payments to final reimbursement under these programs and are subject to audit. These audits may result in changes in these estimated program settlement balances and will be adjusted in future periods as final settlements are determined.

The Medicare program has initiated a recovery audit contractor (RAC) initiative, whereby claims subsequent to October 1, 2007 will be reviewed by contractors for validity, accuracy, and proper documentation. A demonstration project completed in several other states resulted in the identification of potential significant overpayments. The RAC program began for Michigan in 2009. Although the Institute is unable to determine the extent of liability for overpayments, if any, management does track the status of audits and has provided a reserve of approximately \$100,000.

The Institute recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Institute recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Institute's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Institute records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources in total was \$222,623,683 at April 30, 2013. This amount is made up of amounts from third-party payors of \$221,169,476 and amounts from self-pay payors of \$1,454,207.

Patient service revenue, net of contractual and other adjustments, for the years ended April 30, 2013 and 2012 are as follows:

	2013	2012
Hospital services	\$ 217,336,220	\$ 216,631,607
Hospice services	1,739,280	2,684,664
Professional radiological services	3,280,431	3,280,746
Other professional services	178,289	169,122
Total patient services revenue	222,534,220	222,766,139
Other services	89,463	87,948
Total	\$ 222,623,683	\$ 222,854,087

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 4 - Contributions Receivable

Unconditional promises to give as of April 30, 2013 and 2012 are as follows:

	2013	2012
To be received in:		
One year or less	\$ 2,805,799	\$ 2,844,715
Two to five years	6,684,560	6,498,022
Over five years	9,764,091	10,666,241
Total	19,254,450	20,008,978
Less present value discount	4,759,336	5,315,972
Less allowance for uncollectible pledges	10,220	15,296
Net unconditional promises to give	<u>\$ 14,484,894</u>	<u>\$ 14,677,710</u>

Contributions receivable may have donor-imposed restrictions for use or time restrictions. Donor-imposed restrictions regarding the use of funds are typically for research, clinical and outreach programs, facilities, and various other projects.

Approximately 81 percent of the net receivable balance is due from three significant contributors at April 30, 2013 and 2012.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 5 - Investments

Investments are reported at fair value. Fair value is generally determined using quoted market prices. The purpose and composition of investments at April 30, 2013 and 2012 are set forth in the following tables:

	2013	2012
Purpose:		
Unrestricted	\$ (458,453)	\$ (753,016)
Donor temporarily restricted investments	18,357,479	15,352,248
Donor permanently restricted investments	14,741,088	13,823,815
Total investments	32,640,114	28,423,047
Less short-term investments	9,083,734	9,289,424
Investments greater than one-year maturity	<u>\$ 23,556,380</u>	<u>\$ 19,133,623</u>
Composition:		
Debt mutual funds	\$ 15,344,503	\$ 14,074,228
Domestic equity mutual funds	10,488,267	9,331,983
International equity mutual funds	1,374,741	642,381
Investments held by Wayne State University	3,434,716	3,153,930
Multi-strategy hedge fund	895,463	685,263
Other	876,393	422,244
Funds held in escrow	226,031	113,018
Total	<u>\$ 32,640,114</u>	<u>\$ 28,423,047</u>

Investments held by WSU consist of the Meyer and Anna Prentis Endowment Fund, which is held in a pooled investment account.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 5 - Investments (Continued)

Investment income and gains and losses are comprised of the following for the years ended April 30, 2013 and 2012:

	2013	2012
Unrestricted investment income (loss):		
Investment income (loss) included in other revenue, net of fees	\$ 316,125	\$ (70,135)
Realized (loss) gain on investments	(162,131)	7,282
Change in net unrealized gains (losses) on investments	274,427	(1,664,093)
Temporarily restricted investment income:		
Realized interest and dividend income	683,411	203,593
Realized gain on investments	871,613	725,078
Total	<u>\$ 1,983,445</u>	<u>\$ (798,275)</u>

Note 6 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Institute's assets measured at fair value on a recurring basis at April 30, 2013 and 2012 and the valuation techniques used by the Institute to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Institute has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 6 - Fair Value Measurements (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Institute's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets Measured at Fair Value on a Recurring Basis at April 30, 2013

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at April 30, 2013
Debt mutual funds	\$ -	\$ 15,344,503	\$ -	\$ 15,344,503
Domestic equity mutual funds	10,488,267	-	-	10,488,267
International equity mutual funds	1,374,741	-	-	1,374,741
Investments held by Wayne State University	-	-	3,434,716	3,434,716
Multi-strategy hedge fund	-	-	895,463	895,463
Other	876,393	-	-	876,393
Funds held in escrow - Money market funds	226,031	-	-	226,031
Total	<u>\$ 12,965,432</u>	<u>\$ 15,344,503</u>	<u>\$ 4,330,179</u>	<u>\$ 32,640,114</u>

Assets Measured at Fair Value on a Recurring Basis at April 30, 2012

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at April 30, 2012
Debt mutual funds	\$ -	\$ 14,074,228	\$ -	\$ 14,074,228
Domestic equity mutual funds	9,331,983	-	-	9,331,983
International equity mutual funds	642,381	-	-	642,381
Investments held by Wayne State University	-	-	3,153,930	3,153,930
Multi-strategy hedge fund	-	-	685,263	685,263
Other	422,244	-	-	422,244
Funds held in escrow - Money market funds	113,018	-	-	113,018
Total	<u>\$ 10,509,626</u>	<u>\$ 14,074,228</u>	<u>\$ 3,839,193</u>	<u>\$ 28,423,047</u>

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 6 - Fair Value Measurements (Continued)

The Institute's policy is to recognize transfers between levels of the fair value hierarchy as of the actual date of the event of change in circumstances that caused the transfer. There were no significant transfers between levels of the fair value hierarchy during 2013 and 2012.

The debt mutual funds are categorized as Level 2 assets. The fair value of these investments is determined primarily on quoted prices from the Institute's custodian bank and administrator of the funds.

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended April 30, 2013 and 2012 are as follows:

	Investments Held by Wayne State University	Multi-strategy Hedge Fund
Balance at April 30, 2012	\$ 3,153,930	\$ 685,263
Purchases	-	181,000
Total realized (losses) gains	455,442	14,595
Total unrealized (losses) gains included in change in net assets	(13,040)	19,577
Net transfers out	(161,616)	(4,972)
Balance at April 30, 2013	<u>\$ 3,434,716</u>	<u>\$ 895,463</u>

	Investments Held by Wayne State University	Multi-strategy Hedge Fund
Balance at April 30, 2011	\$ 3,341,826	\$ 1,390,729
Purchases	-	(662,340)
Total realized gains	(91,881)	12,322
Total unrealized gains (losses) included in change in net assets	52,076	(55,448)
Net transfers out	(148,091)	-
Balance at April 30, 2012	<u>\$ 3,153,930</u>	<u>\$ 685,263</u>

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 6 - Fair Value Measurements (Continued)

Observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

The investments held under Wayne State University are categorized as Level 3 assets. The fair value of the Institute's interest in these investments is equal to the net asset value of the fund given there are no restrictions on redemptions or withdrawal penalties in place by the trustee. These investments have a weekly redemption frequency. The multi-strategy hedge fund is also categorized as a Level 3 asset. The multi-strategy hedge fund invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The fair values of the investment have been estimated using the net asset value per share of the investment. The multi-strategy hedge fund has a quarterly redemption frequency and has no redemption restrictions or withdrawal penalties. There are no unfunded commitments.

Note 7 - Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following for the years ended April 30, 2013 and 2012:

	2013	2012	Depreciable Life - Years
Land	\$ 1,553,405	\$ 1,553,405	-
Buildings and building improvements	21,665,570	19,171,503	5-30
Transportation equipment	83,968	83,968	4-8
Leasehold improvements	7,673,747	6,976,708	10-12
Furniture - Artwork	2,923,591	2,586,380	5-20
Software, office, and computer equipment	21,217,401	19,244,306	3-20
Medical equipment	17,071,976	15,636,581	3-15
Construction in progress	1,462,544	686,997	-
Total cost	73,652,202	65,939,848	
Accumulated depreciation	(40,416,573)	(34,063,513)	
Net land, buildings, and equipment	\$ 33,235,629	\$ 31,876,335	

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 7 - Land, Buildings, and Equipment (Continued)

Depreciation and amortization expense on property and equipment totaled \$6,425,608 and \$5,930,774 in 2013 and 2012, respectively.

Medical equipment includes leased assets at April 30, 2013 and 2012 of \$4,985,051, net of accumulated amortization of \$4,346,453 and \$3,612,521, respectively.

Computer equipment includes leased assets at April 30, 2013 and 2012 of \$228,417, net of accumulated amortization of \$220,396 and \$204,354, respectively.

Note 8 - Notes Payable and Lease Obligations

Notes payable and installment obligations are comprised of the following for the years ended April 30, 2013 and 2012:

	2013	2012
Equipment financing through seller, monthly principal and interest payments of \$68,660 over 84 months, interest rate at 6 percent through November 2012	\$ -	\$ 471,154
Equipment financing, monthly principal and interest payments of \$51,438 over 72 months, interest rate at 10 percent through May 2012	-	51,012
Membership interest in prior joint venture financed through seller. Quarterly payments at interest rate of LIBOR plus 0.5 percent. Quarterly principal payments of \$145,414, plus interest to begin April 2014 through January 2015	581,655	581,655
Bank line of credit, collateralized by certain hospital patient accounts receivable, monthly interest payments at LIBOR plus 3.75 and floor of 1.0 percent (4.75 percent and 5.75 percent at April 30, 2013 and 2012, respectively). Outstanding amounts are due at maturity on December 1, 2013	10,000,000	10,000,000

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 8 - Notes Payable and Lease Obligations (Continued)

	2013	2012
Bank term loan, collateralized by certain properties and other assets, monthly interest payments at LIBOR plus 3.75 and floor of 1.0 percent (4.75 percent and 5.75 percent at April 30, 2013 and 2012, respectively). Outstanding amounts are due at maturity on December 1, 2013	\$ 5,937,500	\$ 6,687,500
Total notes payable	16,519,155	17,791,321
Capital lease obligations	399,215	1,193,158
Total notes payable and capital lease obligations	16,918,370	18,984,479
Less current portion	16,482,129	2,053,057
Total long-term portion	\$ 436,241	\$ 16,931,422

The Institute has historically been successful in refinancing its debt and intends to refinance the bank debt. The Institute has begun negotiations and expects to complete a refinancing prior to December 31, 2013.

Minimum principal payments on notes payable and aggregate payments, including estimated interest due on capital lease obligations for the years subsequent to April 30, 2013, are as follows:

Years Ending April 30	Notes Payable	Capital Leases
2014	\$ 16,082,914	\$ 406,909
2015	436,241	-
Subtotal	\$ 16,519,155	406,909
Less amount representing interest under capital lease obligations		7,694
Total		\$ 399,215

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 9 - Donor-collateralized Debt

Donor-collateralized debt is comprised of the following for the years ended April 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Promissory notes A, C, D, F, I, and K interest payable quarterly at an interest rate of 3.50 percent over the LIBOR-based rate through December 1, 2014, at which time the principal sum is due to a financial institution, guaranteed by various donors	\$ 2,650,000	\$ 2,650,000
Promissory notes B, E, and L, interest payable quarterly at an interest rate of 3.00 percent over the LIBOR-based rate through December 1, 2013, at which time the principal sum is due to a financial institution, guaranteed by various donors	1,550,000	1,550,000
Promissory note J interest payable quarterly at an interest rate of 3.50 percent over the LIBOR-based rate through December 1, 2014, at which time the principal sum is due to a financial institution, guaranteed by a donor	500,000	500,000
Promissory notes G and H, interest payable quarterly at an interest rate of 3.00 over the LIBOR-based rate through December 1, 2013, at which time the principal sum is due to a financial institution, guaranteed by various donors	<u>1,500,000</u>	<u>1,500,000</u>
Subtotal	6,200,000	6,200,000
Less current portion	<u>3,050,000</u>	<u>6,200,000</u>
Total long-term portion	<u>\$ 3,150,000</u>	<u>\$ -</u>

Donors have committed to support and guarantee various components of donor-collateralized debt. These pledges are reflected as donor pledges collateralizing debt in the consolidated balance sheet and follow the maturity schedules of the debt instruments.

The bank line of credit, bank term loan, and donor-collateralized promissory notes are subject to certain financial covenants calculated on a quarterly basis. As of April 30, 2013, the Institute was in compliance with debt covenants.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 10 - Employee Benefit Plans

Employees of the Institute, upon attaining age 21 and two years of credited service, may participate on a voluntary basis in the two contributory, defined contribution money purchase pension plans. The Institute made an annual contribution to one of the plans of \$599,284 and \$1,362,005 for the years ended April 30, 2013 and 2012, respectively.

In addition to the above plans, the Institute provides certain healthcare benefits to retirees who have at least 10 years of credited service. The postretirement benefit plan was frozen effective December 31, 1999. Employees retiring after December 31, 1999 do not receive healthcare benefits. Actual cash payments related to the retiree benefit program were \$79,999 and \$76,641 for the years ended April 30, 2013 and 2012, respectively.

Note 11 - Transactions Under Affiliation Agreements

Consistent with affiliation agreements, funds flow between certain organizations for a variety of programmatic and operating purposes. The following revenue from certain affiliates was recorded by the Institute:

	2013	2012
Revenue received from:		
DMC	\$ 549,477	\$ 396,695
WSU	1,055,105	1,130,872
UPG	366,603	407,940
Monroe Cancer Center	672,232	568,561
Crittenton Karmanos Health Services	3,000	218,101
Other affiliations	-	48,299
Total	<u>\$ 2,646,417</u>	<u>\$ 2,770,468</u>

The Institute provides certain patient services to DMC at amounts which approximate its cost.

During 2013 and 2012, \$2,565,624 and \$4,502,665, respectively, was received from WSU and is included in grants and contracts revenue.

At April 30, 2013 and 2012, net receivables of \$1,422,946 and \$2,462,435, respectively, were due from DMC and WSU. At April 30, 2012, the Institute owed WSU \$1,500,000 for advances received to help with construction projects. There was no balance due at April 30, 2013.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 11 - Transactions Under Affiliation Agreements (Continued)

After the purchase of cancer hospital operations from DMC, the Center continues to purchase certain clinical ancillary and non-ancillary services from DMC. The initial term of the services agreement was five years and expired November 30, 2010. The current agreement has been extended on a rolling 180-day period.

The WSU affiliation agreement, as amended, expires September 30, 2014 with an automatic one-year extension unless otherwise terminated by either party with notice prior to September 30 of any year.

Expenses and transfers recorded by the Institute included ancillary and non-ancillary services from DMC, leased facilities from DMC and WSU, and research support consistent with affiliation agreements as follows:

	2013	2012
DMC	\$ 68,556,648	\$ 71,880,975
WSU	7,099,794	7,137,373
Total	<u>\$ 75,656,442</u>	<u>\$ 79,018,348</u>

Affiliation payables included \$16,380,037 and \$2,112,526 for DMC and WSU, respectively, at April 30, 2013 and \$17,427,806 and \$3,517,735 for DMC and WSU, respectively, at April 30, 2012 of amounts owed to affiliates for operating expenses. Noncurrent affiliation payables included \$0 and \$2,323,716 for DMC and WSU, respectively, at April 30, 2013 and \$799,379 and \$3,354,737 for DMC and WSU, respectively, at April 30, 2012.

As noted in Note 19, affiliation receivables and payables of \$58,530 and \$0, respectively, relate to the joint venture in Monroe Cancer Center as of April 30, 2013. Affiliation receivables and payables of \$129,732 and \$41,062, respectively, relate to the joint venture in Monroe Cancer Center as of April 30, 2012.

Note 12 - Commitments and Contingencies

The Institute receives funds from various organizations to finance cancer research and other services to the community. Accordingly, the Institute's compliance with applicable grant requirements may be subject to further verification by the grantors at some future date. Although expenditures that may be disallowed by the granting organizations cannot be determined at this time, the management of the Institute believes that the amount, if any, would not be material.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 12 - Commitments and Contingencies (Continued)

In February 2010, the Institute signed a contract revision with Allscripts (formerly Eclipsys) providing for continued outsourcing of its information technology services for a 10-year term and the implementation of a patient financial management system for a seven-year term. Payments under the contract will aggregate approximately \$54,000,000 through February 2020. Payments for the years ended April 30, 2013 and 2012 were approximately \$5,872,000 and \$6,343,000, respectively. At April 30, 2013, the remaining commitment under the contract was approximately \$39,675,000 excluding annual inflation. The patient financial management system was implemented December 1, 2011.

Note 13 - Medical Malpractice Claims

The Institute, from time to time, is subject to claims and suits arising in the normal course of its operations. In the opinion of management, resolution of these claims and suits will not have a material effect on the consolidated financial statements of the Institute.

The Institute is insured against medical malpractice claims under a claims-based policy, whereby only the claims reported to the insurance carrier during the policy period are covered regardless of when the incident giving rise to the claim occurred.

Should the claims-made policy not be renewed, claims based on the occurrences during the claims-made term, but reported subsequently, may be uninsured. The Institute has the option to purchase tail coverage to cover claims based on occurrences during the claims-made term but reported subsequently.

The Institute is not aware of any medical malpractice claims, either asserted or unasserted, that would exceed the policy limits. No claims have been settled that have exceeded policy coverage limits. The cost of this insurance policy represents the Institute's cost for such claims for the year and has been charged to operations as a current expense.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 14 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at April 30, 2013 and 2012:

	2013	2012
Specific program activities:		
Research	\$ 10,595,541	\$ 10,534,323
Clinical and outreach programs	3,378,701	5,575,887
Facilities	2,274,237	787,474
Research, clinical and outreach programs, and facilities for periods after April 30	14,370,952	14,526,424
Total temporarily restricted net assets	<u>\$ 30,619,431</u>	<u>\$ 31,424,108</u>

Permanently restricted net assets at April 30, 2013 and 2012, as comprised below, are restricted to investments in perpetuity, the income from which is to be expended for the respective purposes below:

	2013	2012
Specific program activities:		
Research	\$ 13,116,672	\$ 13,109,490
Clinical and outreach programs	213,120	183,788
Facilities	1,505,354	1,503,719
Total permanently restricted net assets	<u>\$ 14,835,146</u>	<u>\$ 14,796,997</u>

During 2012, the Institute received consent from an original donor to borrow \$236,000 from one of the permanently restricted endowment funds for a temporarily restricted fund project. The amounts are being repaid into the endowment fund as other donor pledge payments are being made. As of April 30, 2013, \$215,000 had been repaid into the endowment fund.

Note 15 - Other Revenue

The detail of other revenue is shown below:

	2013	2012
Donor contributions and fundraising events	\$ 3,827,726	\$ 2,533,604
Grants and contracts	16,047,534	17,795,672
Affiliation revenue	2,646,417	2,770,468
United Way contributions	450,607	211,564
Other	3,050,402	1,962,561
Total other revenue	<u>\$ 26,022,686</u>	<u>\$ 25,273,869</u>

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 16 - Functional Expenses

Most expenses have been charged to the various programs and management and general on an actual basis. Other expenses have been allocated using compensation costs as an allocation base. Although the method of allocation used is considered appropriate, other methods could be used that would produce different amounts. Expenses related to providing these services for the years ended April 30, 2013 and 2012 are as follows:

	2013	2012
Research	\$ 11,898,551	\$ 15,277,939
Clinical and outreach programs	212,268,772	214,329,681
Management and general	23,747,054	26,543,488
Fundraising	4,288,233	3,818,306
Total	<u>\$ 252,202,610</u>	<u>\$ 259,969,414</u>

Note 17 - Operating Leases

The Institute is obligated under certain operating leases, primarily for facilities and medical equipment. Total rent expense under these leases was \$6,928,383 and \$6,283,819 for the years ended April 30, 2013 and 2012, respectively.

The following is a schedule of future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year:

Years Ending April 30	Amount
2014	\$ 7,052,581
2015	5,875,819
2016	3,330,253
2017	2,515,366
2018	2,164,086
Thereafter	<u>1,885,153</u>
Total	<u>\$ 22,823,258</u>

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 18 - Imaging Technology Development

In 1999, the Institute began to develop a proprietary apparatus for high resolution detection and characterization of medical pathologies, which is a new imaging and characterization device. The Institute has received U.S. patent protection to cover the intellectual value developed as a result of this project. A first prototype has been built and a second is under performance testing. Since 1999, \$18,631,674 has been expended on the project.

Of the total amount expended by the Institute on the project, \$6,490,000 was borrowed from a financial institution and \$6,200,000 is still outstanding. This borrowing was collateralized by the pledges or guaranties of a number of significant donors, who currently are making the interest payments on this indebtedness. Under the terms of the pledges, if the invention fails to lead to a commercially viable product, or if the loans are otherwise required to be repaid prior to the Institute receiving funds from the product, the principal of the loans is expected to be repaid by these donors through their pledges or guaranties.

The Institute formed Delphinus Medical Technologies, LLC, a Michigan limited liability company (Delphinus LLC) in May 2008. Effective May 13, 2010, Delphinus LLC merged with and into Delphinus Medical Technologies, Inc., a Delaware corporation (Delphinus Inc.) with Delphinus Inc. being the surviving entity. As part of the merger, 3,260,950 shares of common stock of Delphinus Inc. were issued to the Institute with an estimated fair value of \$3,260,960, which was reported in net gain on business ventures in the consolidated statement of operations as of April 30, 2011. The Institute was the owner of 25.7 percent of the voting stock and has accounted for its investment in Delphinus Inc. under the equity method. Effective April 12, 2012, Delphinus Inc. received additional financing, primarily from its preferred stockholders, which resulted in a dilution of the Institute's ownership to 20.9 percent. The Institute's ownership interest in Delphinus Inc. was transferred to Delphinus Investment Inc., a wholly owned subsidiary, in May 2011. Included in the consolidated statement of operations is the Institute's share of the net losses through April 30, 2013 and 2012 of \$923,124 and \$1,397,444, respectively.

The summary of financial position and results of operations of Delphinus Medical Technologies, Inc. as of December 31, 2012 and 2011 is as follows:

	2012	2011
Total assets	\$ 2,015,153	\$ 2,547,639
Total liabilities	2,731,954	508,738
Stockholders' equity	(716,801)	2,038,901
Total revenue	\$ 2,873	\$ -
Total expenses	\$ 5,141,965	\$ 4,362,314

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 19 - Joint Ventures

Crittenton

In 2006, the Institute entered into a joint venture with Crittenton Hospital Medical Center (Crittenton) for the purpose of owning and operating a joint radiation oncology program. In 2010, services were expanded to include other cancer-related patient care at a newly constructed facility in Rochester Hills. In consideration of the original membership interest, the Institute entered into a promissory note agreement with the other member of the joint venture in the amount of \$2,525,000.

In June 2011, the two members signed a letter of intent for the Institute to sell its membership interest back to Crittenton and the sale was effective June 30, 2011. As a result of this transaction, the promissory note was reduced to approximately \$582,000. See Note 8.

While still a member of the joint venture, the Institute had a joint and several guaranteed obligation for the mortgage loan through the bank. Crittenton refinanced the loan in November 2012 and released the Institute of its obligation under the new financing documents.

Monroe

Effective October 2009, the Institute entered into a joint venture with two other facilities for the purpose of owning and operating a radiation oncology program in Monroe, Michigan. The three organizations are equal members in the not-for-profit, non-stock corporation. The two other organizations made cash contributions for their membership and the Institute has provided the Certificate of Need for the radiation oncology equipment. The joint venture is leasing space for the operations in a facility owned by one of the other members. The facility became operational in June 2011. There was \$58,530 and \$129,732 as of April 30, 2013 and 2012, respectively, included in affiliation receivables due from the joint venture to reimburse the Institute for organization costs. Additionally, there was \$0 and \$41,062 as of April 30, 2013 and 2012, respectively, included in affiliation payables due to the joint venture.

The summary of financial position and results of operations of the joint venture in Monroe as of December 31, 2012 and 2011 is as follows: total assets were \$2,259,164 and \$2,704,364, total liabilities were \$265,808 and \$468,675, net assets totaled \$1,993,356 and \$2,235,689, revenue totaled \$2,147,077 and \$1,420,613, and expense totaled \$2,389,409 and \$1,315,953, respectively.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 20 - Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents - The carrying amount approximates fair value because of the short maturity of those instruments.

Investments - Fair values, which are the amounts reported in the consolidated balance sheet, are determined based on the level of input as described in Note 6.

Accounts Receivable, Accounts Payable, and Accrued Liabilities - The carrying amount reported in the consolidated balance sheet for accounts receivable, accounts payable, and accrued liabilities approximates its fair value.

Estimated Third-party Payor Settlements - Net - The carrying amount reported in the consolidated balance sheet for estimated third-party payor settlements - net approximates its fair value.

Notes Payable and Lease Obligations - The fair value of the Institute's notes payable and lease obligations is estimated using discounted cash flow analysis, based on current investment borrowing rates for similar types of borrowing arrangements. The carrying amount reported in the consolidated balance sheet for notes payable and lease obligations approximates its fair value.

Donor-collateralized Debt - The carrying amount reported in the consolidated balance sheet for donor-collateralized debt approximates its fair value.

Note 21 - Donor- and Board-restricted Endowments

The Institute's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Institute classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Institute in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 21 - Donor- and Board-restricted Endowments (Continued)

The Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Institute and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Institute
- (7) The investment policies of the Institute

Endowment Net Asset Composition by Type of Fund as of April 30, 2013

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 3,919,113	\$ 14,835,146	\$ 18,754,259

Changes in Endowment Net Assets for the Fiscal Year Ended April 30, 2013

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ 2,926,195	\$ 14,796,997	\$ 17,723,192
Net appreciation (realized and unrealized)	1,853,428	-	1,853,428
Contributions	-	31,220	31,220
Other changes - Equity transfers	(860,510)	6,929	(853,581)
Endowment net assets - End of year	\$ 3,919,113	\$ 14,835,146	\$ 18,754,259

Endowment Net Asset Composition by Type of Fund as of April 30, 2012

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 2,926,195	\$ 14,796,997	\$ 17,723,192

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 21 - Donor- and Board-restricted Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended April 30, 2012

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ 4,491,263	\$ 14,462,480	\$ 18,953,743
Net depreciation (realized and unrealized)	(804,946)	-	(804,946)
Contributions	-	763,483	763,483
Other changes - Equity transfers	(760,122)	(428,966)	(1,189,088)
Endowment net assets - End of year	<u>\$ 2,926,195</u>	<u>\$ 14,796,997</u>	<u>\$ 17,723,192</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Institute to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles (GAAP), deficiencies of this nature that are reported in unrestricted net assets were \$123,166 and \$167,478 as of April 30, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

Return Objectives and Risk Parameters

The Institute has adopted investment and spending policies for endowment assets and their investment returns that attempt to provide funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Institute must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to meet fiduciary requirements, follows a stated spending policy, and strives to expand the purchasing power while tolerating the risk of interim fluctuations in the market value. The Institute expects its endowment funds, over time, to provide an average rate of return of approximately 7 percent annually. Actual returns in any given year may vary from this amount.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 21 - Donor- and Board-restricted Endowments (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Institute targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Institute has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior four quarters through the calendar year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Institute considered the long-term expected return on its endowment. Accordingly, over the long term, the Institute expects the current spending policy to allow its endowment to grow at an average of 2 percent annually. This is consistent with the Institute's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 22 - The American Recovery and Reinvestment Act of 2009

The American Recovery and Reinvestment Act of 2009 (AARA) established funding in order to provide incentive payments to hospitals and physicians that implement the use of electronic health record technology (EHR) by 2014. The Institute may receive an incentive payment for up to four years, provided the Institute demonstrates meaningful use of certified EHR technology during the EHR reporting period. Criteria for demonstrating meaningful use is established by the Centers of Medicare and Medicaid Services (CMS) using a phased approach defining meaningful use through three stages. Stage One has been defined and is applicable to the federal fiscal year 2012 payments. For Medicare, the incentive payments are based on estimated total hospital discharges and days, Medicare days, and total hospital charges less charity care.

During 2012, the Institute attested to Medicaid that it had met the first stage of meaningful use criteria for the first year EHR reporting period. The Institute received \$736,000 in EHR funds in 2012 for Medicaid. As such, the incentive payments were recognized as income within operating revenue for fiscal year 2012. During 2013, the Institute received \$507,642 and \$804,041 in EHR funds for Medicaid and Medicare, respectively. As such, the incentive payments were recognized as income within operating revenue for fiscal year 2013.

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Notes to Consolidated Financial Statements April 30, 2013 and 2012

Note 22 - The American Recovery and Reinvestment Act of 2009 (Continued)

Retroactively calculated adjustments to the incentive payments recorded may occur as incentive payments are based on management's best estimates and the amounts are subject to change until final settlement occurs on related Medicare cost reports. Changes to incentive payment revenue will be recorded within operating income in the period in which the adjustments occur.

Management believes that it is in compliance with all applicable meaningful use criteria as attested. Final determination of the Institute attestation is subject to audit by the federal government or its designee.

Note 23 - Subsequent Events

Subsequent to April 30, 2013, the Institute entered into capital lease agreements for medical equipment. The leases are 60 months in length and begin after the delivery and acceptance certificates are signed. Total cost for the equipment is approximately \$2.2 million with monthly payments of approximately \$39,500.

Additionally, the Institute has signed a capital lease proposal with an equipment financing company for approximately \$3.6 million for medical equipment. The lease terms include payments of approximately \$57,000 per month for 72 months. The effective date commences when the delivery and acceptance certificate is signed which is not expected until the fourth quarter of 2013.

The Institute has also agreed upon the fair market value buyout of an existing operating lease with the same vendor. The operating lease expires January 2015 at which time the Institute can convert to a capital lease for 24 months at approximately \$36,000 per month.

Additional Information

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Consolidating Balance Sheet April 30, 2013

	Karmanos Cancer Institute	Karmanos Cancer Center	Delphinus Investment Inc	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 2,805,252	\$ 10,632,068	\$ -	\$ 13,437,320
Short-term investments	9,083,734	-	-	9,083,734
Patient service receivables - Net	5,528	17,503,542	-	17,509,070
Contributions receivable	2,805,799	-	-	2,805,799
Affiliation receivables	637,438	844,038	-	1,481,476
Donor pledges collateralizing debt	3,050,000	-	-	3,050,000
Other receivables	1,030,690	3,946,321	-	4,977,011
Prepaid expenses and other	1,622,997	1,169,870	-	2,792,867
Inventory	5,083	2,497,103	-	2,502,186
Total current assets	21,046,521	36,592,942	-	57,639,463
Investments	23,330,349	226,031	-	23,556,380
Land, Buildings, and Equipment - Net	6,476,170	26,759,459	-	33,235,629
Intercompany Receivables	(33,843,851)	33,843,851	-	-
Contributions Receivable - Net of current portion	11,679,095	-	-	11,679,095
Donor Pledges Collateralizing Debt - Net of current portion	3,150,000	-	-	3,150,000
Other Noncurrent Assets	-	748,570	582,547	1,331,117
Total assets	\$ 31,838,284	\$ 98,170,853	\$ 582,547	\$ 130,591,684
Liabilities and Net Assets				
Current Liabilities				
Current portion of notes payable and lease obligations	\$ -	\$ 16,482,129	\$ -	\$ 16,482,129
Current portion of donor-collateralized debt	3,050,000	-	-	3,050,000
Accounts payable and accrued expenses	6,299,164	9,646,978	-	15,946,142
Accrued payroll	4,842,204	2,658,077	-	7,500,281
Affiliation payable	1,866,359	16,626,204	-	18,492,563
Estimated third-party payor settlements	-	8,913,321	-	8,913,321
Other current liabilities	2,564,194	1,912,646	-	4,476,840
Total current liabilities	18,621,921	56,239,355	-	74,861,276
Long-term Notes Payable and Lease Obligations - Net of current portion	-	436,241	-	436,241
Donor-collateralized Debt - Net of current portion	3,150,000	-	-	3,150,000
Long-term Affiliation Payable - Net of current portion	2,323,716	-	-	2,323,716
Other Liabilities	503,132	784,262	-	1,287,394
Total liabilities	24,598,769	57,459,858	-	82,058,627
Net Assets				
Unrestricted	(38,087,963)	38,307,660	582,547	802,244
Unrestricted - Board designated	330,000	1,946,236	-	2,276,236
Temporarily restricted	30,162,332	457,099	-	30,619,431
Permanently restricted	14,835,146	-	-	14,835,146
Total net assets	7,239,515	40,710,995	582,547	48,533,057
Total liabilities and net assets	\$ 31,838,284	\$ 98,170,853	\$ 582,547	\$ 130,591,684

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Consolidating Balance Sheet April 30, 2012

	Karmanos Cancer Institute	Karmanos Cancer Center	Delphinus Investment Inc	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 2,921,599	\$ 6,007,401	\$ -	\$ 8,929,000
Short-term investments	9,289,424	-	-	9,289,424
Patient service receivables - Net	295,620	20,734,781	-	21,030,401
Contributions receivable	2,844,715	-	-	2,844,715
Affiliation receivables	1,514,781	1,077,386	-	2,592,167
Donor pledges collateralizing debt	6,200,000	-	-	6,200,000
Estimated third-party payor settlements	-	676,154	-	676,154
Other receivables	864,966	3,608,774	-	4,473,740
Prepaid expenses and other	1,801,727	1,179,569	-	2,981,296
Inventory	10,556	2,319,049	-	2,329,605
Total current assets	25,743,388	35,603,114	-	61,346,502
Investments	19,020,605	113,018	-	19,133,623
Land, Buildings, and Equipment - Net	7,203,396	24,672,939	-	31,876,335
Intercompany Receivables	(25,346,349)	25,346,349	-	-
Contributions Receivable - Net of current portion	11,832,995	-	-	11,832,995
Other Noncurrent Assets	1,432	755,131	1,505,671	2,262,234
Total assets	<u>\$ 38,455,467</u>	<u>\$ 86,490,551</u>	<u>\$ 1,505,671</u>	<u>\$ 126,451,689</u>
Liabilities and Net Assets				
Current Liabilities				
Current portion of notes payable and lease obligations	\$ -	\$ 2,053,057	\$ -	\$ 2,053,057
Current portion of donor-collateralized debt	6,200,000	-	-	6,200,000
Accounts payable and accrued expenses	8,356,251	11,204,884	-	19,561,135
Accrued payroll	5,129,489	2,598,302	-	7,727,791
Affiliation payable	3,212,758	17,773,845	-	20,986,603
Estimated third-party payor settlements	-	993,369	-	993,369
Other current liabilities	3,421,087	1,041,109	-	4,462,196
Total current liabilities	26,319,585	35,664,566	-	61,984,151
Long-term Notes Payable and Lease Obligations - Net of current portion	-	16,931,422	-	16,931,422
Long-term Affiliation Payable - Net of current portion	3,354,737	799,379	-	4,154,116
Other Liabilities	531,442	1,940,571	-	2,472,013
Total liabilities	30,205,764	55,335,938	-	85,541,702
Net Assets				
Unrestricted	(37,454,269)	29,901,527	1,505,671	(6,047,071)
Unrestricted - Board designated	-	735,953	-	735,953
Temporarily restricted	30,906,975	517,133	-	31,424,108
Permanently restricted	14,796,997	-	-	14,796,997
Total net assets	8,249,703	31,154,613	1,505,671	40,909,987
Total liabilities and net assets	<u>\$ 38,455,467</u>	<u>\$ 86,490,551</u>	<u>\$ 1,505,671</u>	<u>\$ 126,451,689</u>

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Consolidating Statement of Operations Year Ended April 30, 2013

	Karmanos Cancer Institute	Karmanos Cancer Center	Delphinus Investment Inc	Total
Unrestricted Revenue, Gains, and Other Support				
Net patient service revenue - Net of contractual allowances and discounts	\$ 2,065,981	\$ 220,557,702	\$ -	\$ 222,623,683
Provision for bad debts	(34,193)	(2,672,828)	-	(2,707,021)
Net patient service revenue less provision for bad debts	2,031,788	217,884,874	-	219,916,662
Other, principally grants and contracts	12,423,611	13,599,075	-	26,022,686
Net assets released from restrictions	10,260,028	255,850	-	10,515,878
Total unrestricted revenue, gains, and other support	24,715,427	231,739,799	-	256,455,226
Expenses				
Salaries and wages	16,718,319	57,120,637	-	73,838,956
Employee benefits	3,952,503	13,352,464	-	17,304,967
Supplies	1,567,834	6,592,249	-	8,160,083
Pharmaceutical supplies	190,312	36,279,810	-	36,470,122
Clinical arrangements	17,436	8,803,834	-	8,821,270
Contracted services	12,040,545	14,535,306	-	26,575,851
Purchased services - DMC	3,718	57,441,778	-	57,445,496
Professional fees	1,266,506	853,564	-	2,120,070
Insurance	76,609	673,113	-	749,722
Occupancy	461,234	3,254,755	-	3,715,989
Lease expense	1,100,151	5,828,232	-	6,928,383
Depreciation and amortization	1,794,959	4,630,649	-	6,425,608
Provision for nonpatient bad debt expense	40,000	-	-	40,000
Interest expense	327,820	1,110,372	-	1,438,192
Transfers to WSU	1,741,530	(38,164)	-	1,703,366
Other	(601,219)	1,065,754	-	464,535
Corporate allocation	(16,689,873)	16,689,873	-	-
Total expenses	24,008,384	228,194,226	-	252,202,610
Operating Income	707,043	3,545,573	-	4,252,616
Other Income (Loss)				
Change in unrealized gains on investments	274,427	-	-	274,427
Net loss on business ventures	-	-	(923,124)	(923,124)
Total other income (loss)	274,427	-	(923,124)	(648,697)
Excess of Revenue Over (Under) Expenses	981,470	3,545,573	(923,124)	3,603,919
Net Assets Released from Restrictions for Capital Acquisitions	11,914	5,994,357	-	6,006,271
Other Equity Transfers	(1,297,078)	76,486	-	(1,220,592)
(Decrease) Increase in Unrestricted Net Assets	\$ (303,694)	\$ 9,616,416	\$ (923,124)	\$ 8,389,598

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Consolidating Statement of Operations Year Ended April 30, 2012

	Karmanos Cancer Institute	Karmanos Cancer Center	Delphinus Investment Inc	Total
Unrestricted Revenue, Gains, and Other Support				
Net patient service revenue - Net of contractual allowances and discounts	\$ 2,927,751	\$ 219,926,336	\$ -	\$ 222,854,087
Provision for bad debts	(27,692)	(2,552,413)	-	(2,580,105)
Net patient service revenue less provision for bad debts	2,900,059	217,373,923	-	220,273,982
Other, principally grants and contracts	11,276,000	13,997,869	-	25,273,869
Net assets released from restrictions	12,207,785	448,273	-	12,656,058
Total unrestricted revenue, gains, and other support	26,383,844	231,820,065	-	258,203,909
Expenses				
Salaries and wages	17,982,176	53,509,704	-	71,491,880
Employee benefits	4,706,543	13,673,725	-	18,380,268
Supplies	1,611,889	6,385,213	-	7,997,102
Pharmaceutical supplies	314,578	35,276,568	-	35,591,146
Clinical arrangements	12,231	8,628,340	-	8,640,571
Contracted services	10,922,416	18,579,499	-	29,501,915
Purchased services - DMC	1,056	60,708,794	-	60,709,850
Professional fees	1,166,116	974,364	-	2,140,480
Insurance	83,686	814,786	-	898,472
Occupancy	668,614	3,140,256	-	3,808,870
Lease expense	1,106,976	5,176,843	-	6,283,819
Depreciation and amortization	1,806,380	4,124,394	-	5,930,774
Provision for nonpatient bad debt expense	-	291,534	-	291,534
Interest expense	287,204	1,414,792	-	1,701,996
Transfers to WSU	2,002,386	203,080	-	2,205,466
Other	3,126,921	1,268,350	-	4,395,271
Corporate allocation	(15,841,722)	15,841,722	-	-
Total expenses	29,957,450	230,011,964	-	259,969,414
Operating (Loss) Income	(3,573,606)	1,808,101	-	(1,765,505)
Other Loss				
Change in unrealized losses on investments	(1,664,093)	-	-	(1,664,093)
Impairment and write-off of property and equipment	-	(239,315)	-	(239,315)
Net loss on business ventures	-	-	(1,397,444)	(1,397,444)
Total other loss	(1,664,093)	(239,315)	(1,397,444)	(3,300,852)
Excess of Revenue (Under) Over Expenses	(5,237,699)	1,568,786	(1,397,444)	(5,066,357)
Net Assets Released from Restrictions for Capital Acquisitions	59,705	4,744,084	-	4,803,789
Other Equity Transfers	(2,431,204)	-	2,903,115	471,911
(Decrease) Increase in Unrestricted Net Assets	\$ (7,609,198)	\$ 6,312,870	\$ 1,505,671	\$ 209,343

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Consolidating Statement of Cash Flows Year Ended April 30, 2013

	Karmanos Cancer Institute	Karmanos Cancer Center	Delphinus Investment Inc	Total
Cash Flows from Operating Activities				
(Decrease) increase in net assets	\$ (1,010,188)	\$ 9,556,382	\$ (923,124)	\$ 7,623,070
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities				
Depreciation and amortization	1,794,959	4,630,649	-	6,425,608
Donated stock	(1,181,824)	-	-	(1,181,824)
Realized gains on investments	(709,482)	-	-	(709,482)
Unrealized gains on investments	(274,427)	-	-	(274,427)
Net loss on disposal of furniture and equipment	26,364	-	-	26,364
Provision for bad debt	74,193	2,672,828	-	2,747,021
Change in the present value of contributions receivable	(556,636)	-	-	(556,636)
Patient service receivables	215,899	558,411	-	774,310
Affiliation receivables	877,343	233,348	-	1,110,691
Estimated third-party payor settlements - Net	-	8,596,106	-	8,596,106
Contributions receivable	749,452	-	-	749,452
Other current assets	8,515,981	(9,003,404)	-	(487,423)
Other noncurrent assets	1,432	6,561	923,124	931,117
Accounts payable and accrued expenses	(2,057,087)	(1,557,906)	-	(3,614,993)
Affiliation payables	(2,377,420)	(1,947,020)	-	(4,324,440)
Accrued payroll and other current liabilities	(1,144,178)	931,312	-	(212,866)
Other noncurrent liabilities	(28,310)	(1,156,309)	-	(1,184,619)
Net cash provided by operating activities	2,916,071	13,520,958	-	16,437,029
Cash Flows from Investing Activities				
Purchase of property and equipment	(1,094,097)	(6,717,169)	-	(7,811,266)
Purchase of investments	(22,853,411)	(113,013)	-	(22,966,424)
Proceeds from sale of maturities of investments	20,915,090	-	-	20,915,090
Net cash used in investing activities	(3,032,418)	(6,830,182)	-	(9,862,600)
Cash Flows from Financing Activities				
Principal payment on long-term debt	-	(2,066,109)	-	(2,066,109)
Net cash used in financing activities	-	(2,066,109)	-	(2,066,109)
Net (Decrease) Increase in Cash and Cash Equivalents	(116,347)	4,624,667	-	4,508,320
Cash and Cash Equivalents - Beginning of year	2,921,599	6,007,401	-	8,929,000
Cash and Cash Equivalents - End of year	<u>\$ 2,805,252</u>	<u>\$ 10,632,068</u>	<u>\$ -</u>	<u>\$ 13,437,320</u>
Supplemental Disclosure of Cash Flow Information				
Cash paid for interest	\$ 295,856	\$ 1,113,721	\$ -	\$ 1,409,577
Donated stock in payment of contribution receivable	1,181,824	-	-	1,181,824

Barbara Ann Karmanos Cancer Institute and Subsidiaries

Consolidating Statement of Cash Flows Year Ended April 30, 2012

	Karmanos Cancer Institute	Karmanos Cancer Center	Delphinus Investment Inc	Total
Cash Flows from Operating Activities				
(Decrease) increase in net assets	\$ (11,021,497)	\$ 5,288,131	\$ 1,505,671	\$ (4,227,695)
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities				
Depreciation and amortization	1,806,380	4,124,394	-	5,930,774
Impairment and write-off of property and equipment	-	239,315	-	239,315
Donated stock	(1,091,730)	-	-	(1,091,730)
Realized gains on investments	(732,360)	-	-	(732,360)
Unrealized losses on investments	1,664,093	-	-	1,664,093
Net loss on disposal of furniture and equipment	1,105	-	-	1,105
Provision for bad debt	27,692	2,552,413	-	2,580,105
Change in the present value of contributions receivable	781,758	-	-	781,758
Patient service receivables	365,162	(7,968,273)	-	(7,603,111)
Affiliation receivables	199,010	188,394	-	387,404
Estimated third-party payor settlements - Net	-	5,799,174	-	5,799,174
Contributions receivable	535,469	-	-	535,469
Other current assets	7,657,154	(8,008,372)	-	(351,218)
Other noncurrent assets	3,006,073	(9,291)	(1,505,671)	1,491,111
Accounts payable and accrued expenses	(524,659)	1,974,139	-	1,449,480
Affiliation payables	746,738	1,559,359	-	2,306,097
Accrued payroll and other current liabilities	154,241	657,523	-	811,764
Other noncurrent liabilities	(29,896)	1,010,571	-	980,675
Net cash provided by operating activities	3,544,733	7,407,477	-	10,952,210
Cash Flows from Investing Activities				
Purchase of property and equipment	(1,175,018)	(6,708,675)	-	(7,883,693)
Proceeds from sale of property and equipment	-	43,895	-	43,895
Purchase of investments	(28,973,923)	-	-	(28,973,923)
Proceeds from sale of maturities of investments	17,863,599	-	-	17,863,599
Net cash used in investing activities	(12,285,342)	(6,664,780)	-	(18,950,122)
Cash Flows from Financing Activities				
Notes payable borrowings	-	1,485,979	-	1,485,979
Principal payment on long-term debt	(130,805)	(2,862,955)	-	(2,993,760)
Net cash used in financing activities	(130,805)	(1,376,976)	-	(1,507,781)
Net Decrease in Cash and Cash Equivalents	(8,871,414)	(634,279)	-	(9,505,693)
Cash and Cash Equivalents - Beginning of year	11,793,013	6,641,680	-	18,434,693
Cash and Cash Equivalents - End of year	\$ 2,921,599	\$ 6,007,401	\$ -	\$ 8,929,000
Supplemental Cash Flow Information				
Cash paid for interest	\$ 278,888	\$ 1,287,398	-	\$ 1,566,286
Donated stock in payment of contribution receivable	1,091,730	-	-	1,091,730