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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 07-01-2012 , 2012, and ending 06-30-2013

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

C Name of organization
Alexian Brothers Behavioral Health Hospital

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
3040 West Salt Creek Lane

City or town, state or country, and ZIP + 4
Arlington Heights, IL 600051069

D Employer identification number
36-4251848

E Telephone number
(847) 882-1600

G Gross receipts $ 71,608,437

F Name and address of principal officer
Clayton Ciha
1650 Moon Lake Blvd
Hoffman Est, IL 60169

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

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ www alexianbrothershealth org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1998

M State of legal domicile IL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Psychiatric Hospital

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	9
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	6
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	0
6	Total number of volunteers (estimate if necessary)	**6**	11
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	82,267	246,202
9	Program service revenue (Part VIII, line 2g)	36,570,155	70,933,112
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0	-15,117
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	183,453	429,123
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	36,835,875	71,593,320
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	20,296,725	42,083,284
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)	14,486,714	27,207,571
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	34,783,439	69,290,855
19	Revenue less expenses Subtract line 18 from line 12	2,052,436	2,302,465

Revenue / Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	49,173,893	34,167,143
21	Total liabilities (Part X, line 26)	14,260,925	12,953,114
22	Net assets or fund balances Subtract line 21 from line 20	34,912,968	21,214,029

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2014-05-09

Clayton Ciha President & CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Laura Gillespie				P00855604

Firm's name ▶ Deloitte Tax LLP — Firm's EIN ▶ 86-1065772

Firm's address ▶ 111 S Wacker Drive, Chicago, IL 606064301 — Phone no (312) 486-1000

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

Alexian Brothers Behavioral Health Hospital ("ABBHH") carries out the healing mission of the Catholic Church as an Alexian Brothers ministry by identifying and developing effective responses to the health needs of those we are called to serve

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 $ 30,611,120 including grants of $) (Revenue $ 39,174,117)

Inpatient Programs In the twelve month period ended June 30, 2013, ABBHH had 6,254 admissions with an average length of stay of 7 6 days ABBHH provided care to approximately 1,440 adolescents, 3,800 adults and 1,000 geriatric patients ABBHH offers the complete continuum of behavioral health services, from prevention and early intervention to treatment and aftercare Our goal is to help individuals of all ages learn ways to manage mental health and substance abuse problems ABBHH is accredited by The Joint Commission and licensed by the Division of Alcohol and Substance Abuse, which means we meet the highest standards of mental health and substance abuse treatment ABBHH is the first hospital in the nation to have been awarded Disease Specific Care Certification (See Schedule O)in four separate psychiatric specialties namely Depression, Chemical Dependency, Eating Disorder and Self Injury

4b (Code) (Expenses $ 7,939,818 including grants of $) (Revenue $ 20,112,927)

Outpatient Programs ABBHH offers Partial Hospitalization Programs (PHP), day treatment programs for adolescent and adult patients whose symptoms are stabilized and under control The PHP programs offer a highly intense treatment regimen over a short period of time in order to help individuals move comfortably back into the community In the twelve month period ended June 30, 2013, ABBHH served more than 3,730 cases with more than 38,000 visits related to these cases in child/adolescent, adult, eating disorder, self-injury, chemical dependency, obsessive compulsive disorder and school refusal programs ABBHH also offers Intensive Outpatient Programs (IOP) This low intensity level of care is offered to all age groups for all psychiatric and addiction needs (See Schedule O) In the twelve month period ended June 30, 2013, we served over 2,000 cases and offered approximately 19,800 units of service

4c (Code) (Expenses $ 9,296,566 including grants of $) (Revenue $ 7,481,512)

Group Practice A team of experienced psychiatrists, psychologists, social workers and professional counselors, with extensive sub-specialty certifications, provide therapy to individuals, couples and families ABBHH patients also utilize this outpatient care after discharge In the twelve month period ended June 30, 2013, there were approximately 91,000 outpatient visits in the Group Practice

(Code) (Expenses $ 6,299,013 including grants of $) (Revenue $ 2,262,240)

The Access Department at Alexian Brothers Behavioral Health Hospital (ABBHH) offers mental health assessments and level of care screenings free of charge to those in need For the fiscal year ended June 30, 2013, this department provided more than 15,200 screenings to children, adolescents, adults and older adults Alexian Brothers Parish Services works to foster healing and wholeness to those who need it through professional counseling, education services and healthcare guidance within the framework of the mission of the Alexian Brothers

4d Other program services (Describe in Schedule O)

(Expenses $ 6,299,013 including grants of $) (Revenue $ 2,262,240)

4e **Total program service expenses** ▶ 54,146,517

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		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? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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 . .	1a	0		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	0		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b			
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	0		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

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

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

▶ David B Jones 3040 West Salt Creek Lane Arlington Heights, IL (847) 818-5100

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

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation 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

(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			
(1) Lawrence Herforth Director & Chairperson	1 00 0 00	X		X				0	0	0
(2) Kathleen Gilmer Director & Vice Chairperson	1 00 0 00	X		X				0	0	0
(3) Brother Daniel McCormick CFA Director & Secretary	1 00 0 00	X		X				0	0	0
(4) Clayton Ciha Ex-Off Member & President & CEO	40 00 0 00	X		X				0	383,075	67,019
(5) Christopher D'Agostino MD Director	40 00 0 00	X						0	286,661	20,825
(6) Gregory Teas MD Director	40 00 0 00	X						0	446,217	28,837
(7) Thomas Palmer Director	1 00 0 00	X						0	0	0
(8) James Mortimer Director	1 00 0 00	X						0	0	0
(9) Patricia Merryweather Director	1 00 0 00	X						0	0	0
(10) James Sances Treasurer (end 7/12)	0 00 40 00			X				0	1,697,343	148,158
(11) David Jones Treasurer (start 7/12)	40 00 0 00			X				0	232,538	44,755
(12) Donna Gauthier Assistant Secretary	0 00 40 00			X				0	71,007	15,381
(13) Christopher Novak Chief Operating Officer	40 00 0 00				X			0	230,444	42,508
(14) Clifton Saper Executive Director, Outpatient Svcs	40 00 0 00				X			0	170,595	33,542
(15) Jim Lewandowski Vice President	0 00 40 00				X			0	468,370	805,832
(16) Mark Lerman Psychiatrist	40 00 0 00					X		0	770,737	30,412
(17) Michael Brilliant Psychiatrist	40 00 0 00					X		0	457,377	23,989

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

(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			
(18) Mumtaz Raza Psychiatrist	40 00 0 00					X		0	416,875	26,176
(19) Syed Salahuddin Psychiatrist	40 00 0 00					X		0	355,240	18,468
(20) Anthony D'Agostino MD Psychiatrist	40 00 0 00					X		0	321,965	48,530
(21) Mark Frey Former Officer	0 00 40 00						X	0	1,434,790	179,527
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								0	7,743,234	1,533,959

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 ▶0

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

Section B. Independent Contractors

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

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

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				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d	246,202			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		246,202			
Program Service Revenue			Business Code				
	2a	Patient Service Rev	622210	40,271,354	40,271,354		
	b	Medicare/ Medicaid Rev	622210	19,454,271	19,454,271		
	c	Group Practice	624190	7,718,837	7,718,837		
	d	Research Revenue	541900	2,150,358			2,150,358
	e	School Reimbursements	900099	1,253,705	1,253,705		
	f	All other program service revenue		84,587	84,587		
	g	**Total.** Add lines 2a–2f . . . . . ▶		70,933,112			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶					
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss) . . . . . ▶					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses		15,117			
	c	Gain or (loss)		-15,117			
	d	Net gain or (loss) . . . . . ▶		-15,117			-15,117
	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶					
	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					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a	Cafeteria Revenue	722210	181,081			181,081
	b	Professional Fees	900099	95,000	95,000		
	c	Course & Workshop Fees	611710	81,880	81,880		
	d	All other revenue		71,162	71,162		
	e	**Total.** Add lines 11a–11d . . . . . ▶		429,123			
	12	**Total revenue.** See Instructions . . . . . ▶		71,593,320	69,030,796	0	2,316,322

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				
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	35,015,815	29,697,173	5,318,642	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	900,711	739,824	160,887	
9 Other employee benefits	3,834,673	3,149,715	684,958	
10 Payroll taxes	2,332,085	2,012,201	319,884	
11 Fees for services (non-employees)				
a Management				
b Legal	181,196		181,196	
c Accounting	19,515		19,515	
d Lobbying	11,994		11,994	
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	6,284,616	4,280,248	2,004,368	
12 Advertising and promotion	102,287	102,287		
13 Office expenses	688,367	238,070	450,297	
14 Information technology	8,411		8,411	
15 Royalties . .				
16 Occupancy	1,841,500	1,331,696	509,804	
17 Travel	403,331	344,685	58,646	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	71,651	12,617	59,034	
20 Interest	1,126,105		1,126,105	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	936,818	749,454	187,364	
23 Insurance	1,044,404	1,075,109	-30,705	
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 Management Fees	8,101,389	4,104,315	3,997,074	
b Medicaid Tax	5,329,344	5,329,344		
c Medical Supplies	979,779	979,779		
d				
e All other expenses	76,864		76,864	
25 **Total functional expenses.** Add lines 1 through 24e	69,290,855	54,146,517	15,144,338	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) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		10,982,620	1	2,285,408
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		7,656,777	4	7,572,621
	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	
	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	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		90,310	8	92,650
	9	Prepaid expenses and deferred charges		185,161	9	103,878
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 25,277,662			
	b	Less accumulated depreciation	10b 1,380,874	24,022,935	10c	23,896,788
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		6,000,000	12	0
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		236,090	15	215,798
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		49,173,893	16	34,167,143
Liabilities	17	Accounts payable and accrued expenses		4,507,181	17	4,044,726
	18	Grants payable			18	
	19	Deferred revenue		140,715	19	1,144,620
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	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			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	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		9,613,029	25	7,763,768
	26	**Total liabilities.** Add lines 17 through 25		14,260,925	26	12,953,114
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		34,817,692	27	21,120,157
	28	Temporarily restricted net assets		95,276	28	93,872
	29	Permanently restricted net assets			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		34,912,968	33	21,214,029
	34	Total liabilities and net assets/fund balances		49,173,893	34	34,167,143

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	71,593,320
2	Total expenses (must equal Part IX, column (A), line 25)	2	69,290,855
3	Revenue less expenses Subtract line 2 from line 1	3	2,302,465
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	34,912,968
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	-1,404
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-16,000,000
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	21,214,029

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	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			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	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			
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
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
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Alexian Brothers Behavioral Health Hospital

Employer identification number
36-4251848

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?

		Yes	No
(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?	**11g(i)**		
(ii) A family member of a person described in (i) above?	**11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**		

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of 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 III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Alexian Brothers Behavioral Health Hospital	36-4251848

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		11,994
j	Total Add lines 1c through 1i			11,994
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Explanation of Lobbying Activities	Part II-B, Line 1	Lobbying expenses represent the portion of dues paid to national and state hospital associations that is specifically allocable to lobbying

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Alexian Brothers Behavioral Health Hospital

Employer identification number
36-4251848

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b Assets included in Form 990, Part X ▶ $ _____

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

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

b If "Yes," explain the arrangement in Part 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

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

4 Describe in Part 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		1,540,000		1,540,000
b Buildings		21,920,766	943,634	20,977,132
c Leasehold improvements				
d Equipment		1,783,907	434,830	1,349,077
e Other		32,989	2,410	30,579
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				23,896,788

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

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

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

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

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

(a) Description	(b) Book value
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
Est Payables Under 3rd Party Reimbursement	2,732,056
Due to Affiliates	3,212,240
Other Current Liabilities	36,299
Reserve for Outstanding Insurance Losses	1,783,173
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	7,763,768

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

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	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	

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

1	Total expenses and losses per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	

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
		Part X Line 2 - Alexian Brothers Behavioral Health Hospital does not file a separate audit report, but is part of the Alexian Brothers Health System consolidated audit report There is no ASC740 (fka FIN 48) footnote for the current year

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Alexian Brothers Behavioral Health Hospital

Employer identification number
36-4251848

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 *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 60000 0000000000 %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		735	588,085		588,085	0 850 %
b Medicaid (from Worksheet 3, column a)		898	9,476,202	4,103,309	5,372,893	7 750 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			0			
d **Total** Financial Assistance and Means-Tested Government Programs		1,633	10,064,287	4,103,309	5,960,978	8 600 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	9	119,736	2,343,577	224,469	2,119,108	3 060 %
f Health professions education (from Worksheet 5)	3	7,326	423,903	40,750	383,153	0 550 %
g Subsidized health services (from Worksheet 6)	0	0				
h Research (from Worksheet 7)	1	125	8,495		8,495	0 010 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	0	0				
j **Total.** Other Benefits	13	127,187	2,775,975	265,219	2,510,756	3 620 %
k **Total.** Add lines 7d and 7j	13	128,820	12,840,262	4,368,528	8,471,734	12 220 %

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	0	0	0	0		
2	Economic development	0	0	0	0		
3	Community support	1	72	547	0	547	0 %
4	Environmental improvements	0	0	0	0		
5	Leadership development and training for community members	0	0	0	0		
6	Coalition building	1	1,868	15,614	1,434	14,180	0 020 %
7	Community health improvement advocacy	0	0	0	0		
8	Workforce development	0	0	0	0		
9	Other	0	0	0	0		
10	**Total**	2	1,940	16,161	1,434	14,727	0 020 %

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	780,000		
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	390,000		
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	17,888,880
6	Enter Medicare allowable costs of care relating to payments on line 5	6	16,534,982
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	1,353,898
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	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part IV **Management Companies and Joint Ventures** (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	Alexian Brothers Behavioral Health Hospital 1650 Moon Lake Boulevard Hoffman Estates,IL 601691010	X								Psychiatric Facility	

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)

Name of hospital facility or facility reporting group Alexian Brothers Behavioral Health Hosp

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	**1**	Yes	
	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 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	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	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
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 *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 600 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Other (describe in Part VI)			
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?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
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?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

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?	**19**		No
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☑ Other (describe in Part VI)			

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?	**21**		No
If "Yes," explain in Part VI			
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?	**22**		No
If "Yes," explain in Part VI			

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?

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, 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
		Part I, Line 3c Every uninsured person, regardless of income receives an automatic 15% discount off of charges Persons who earn less than 600% of federal poverty guidelines are given more significant discounts, depending on their individual situations Federal Poverty Level Patient Discount Uninsured0-200% 100%201-300% 75%301-400% 67 5%401-500% 67 5%501-600% 67 5%>600% 15%
		Part I, Line 6a Alexian Brothers Hospital Network ("ABHN") prepares and files the Annual Non-Profit Hospital Community Benefit Plan Report with the Attorney General's Office of the State of Illinois This report is prepared on a consolidated basis and includes data for Alexian Brothers Medical Center ("ABMC"), St Alexius Medical Center ("St Alexius") and Alexian Brothers Behavioral Health Hospital ("ABBHH")

Identifier	ReturnReference	Explanation
		Part I, Line 7 The following costing methodologies were used - Charity at cost - a cost to charge methodology based on the 2013 filed Medicare cost report was used to calculate cost - Unreimbursed Medicaid - costs are calculated using the 2013 filed Medicaid cost report - Other benefits - costs are determined by activity reported in accordance with guidelines published by the Catholic Health Association, costs could include the value of hourly wages, costs of materials, value of space loaned to community groups for meetings, and indirect costs where applicable
		Part I, Line 7g ABBHH has not included costs attributable to a physician clinic as part of subsidized health services

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) Part II In the twelve months ended June 30, 2013, ABBHH concentrated most of its resources in other areas of community benefit that were not "community building" as described by the Catholic Health Association
		Part III, Line 4 Management works very closely with individuals to determine if they qualify for charity However, not everyone who is eligible for charity completely cooperates with the process, and as a result, management cannot identify all charity cases with 100% certainty Based on a sample of accounts reviewed that were originally classified as bad debt expense, management believes that 5% of the accounts, or $390,000 at cost, of our bad debt expense would meet the criteria of our charity program if patients shared their financial condition Discounts and payments are not included in bad debt expense in the financial statements for ABBHH unless the payment is a recovery of amounts previously written off as bad debt Recoveries are classified as a decrease to bad debt expense ABBHH is part of the Alexian Brothers Health System ("ABHS") consolidated audit The footnote that describe bad debt expense can be found on page 21 of the audit ABBHH's share of bad debt expense for ABHS for the twelve months ended June 30, 2013 was $2,061,000 at charges ($780,000 at cost) Cost is determined in the same manner as charity at cost

Identifier	ReturnReference	Explanation
		Part III, Line 8 Medicare costs are allocated by cost center in accordance with Medicare regulations Healthcare Reform has resulted in billions of dollars being removed from health provider payments, mostly hospital payments This is a trend that will continue for at least another 8 years The systematic degradation of reimbursement that is already less than the cost of providing the service for the vast majority of hospitals needs to be considered community benefit to accurately represent the enormous contributions that hospitals make towards easing government burden in caring for an enormous and growing number of its citizens
		Part III, Line 9b It is the policy of ABHS, including ABBHH, to offer patients a payment plan and/or charity assistance when it becomes known or even suspected that a patient needs financial assistance Financial counselors are notified and every attempt is made to contact and work with the patient or their family to help them complete an application with compassion and dignity Financial counselors work with patients to help determine if there are any third party payers which may be available to help the patient meet their financial obligation We work with the patient to determine if they are eligible for federal programs including Medicaid, state funded programs including crime victims, alternative insurance including COBRA, Worker's Compensation and/or other specialized grant programs In the event no third party programs are identified, we then work with the patient to help them apply for charity discounts and payment plans In addition, all bills and statements include information regarding charity

Identifier	ReturnReference	Explanation
Alexian Brothers Behavioral Health Hosp		Part V, Section B, Line 3 As part of the Community Health Needs Assessment, four focus groups were held in June, 2012 The focus groups were distributed geographically throughout the region, including three groups with a county-level focus, and another focusing on the needs of residents specifically in North Cook County In total, 31 key informants took part, including physicians, other health professionals, social service providers and community leaders Each of the county-level groups also included representatives with expertise in public health The focus groups provided qualitative as opposed to quantitative data and were designed to gather input from participants regarding their informed opinions and perceptions of the health of the residents in the area
Alexian Brothers Behavioral Health Hosp		Part V, Section B, Line 4 The other hospital facilities with which the reporting hospital conducted its CHNA include Adventist Midwest Health- Adventist La Grange Memorial Hospital-Adventist GlenOaks Hospital - Adventist Hinsdale HospitalAlexian Brothers Health System - Alexian Brothers Medical Center- St Alexius Medical Center Cadence Health - Central DuPage HospitalEdward Hospital Elmhurst Memorial Hospital Franciscan St James HealthIngalls Health System - Ingalls Memorial HospitalLa Rabida Children's HospitalLittle Company of Mary Hospital & Health Care Centers Northwest Community HospitalNorthwestern Lake Forest HospitalNorthwestern Memorial HospitalPalos Community HospitalPresence Health- Holy Family Medical Center- Our Lady of the Resurrection Medical Center- Resurrection Medical Center- Saint Francis Hospital- Saint Joseph Hospital- Saints Mary and Elizabeth Medical CenterRush University Medical Center - Rush Health - Rush Oak Park Hospital Saint Anthony Hospital Saint Bernard Hospital and Health Care CenterSwedish Covenant Hospital Thorek Memorial Hospital University of Chicago Medical Center University of Illinois Hospital & Health System Vanguard Health Systems MacNeal Hospital Weiss Memorial Hospital Westlake Hospital West Suburban Medical Center

Identifier	ReturnReference	Explanation
Alexian Brothers Behavioral Health Hosp		Part V, Section B, Line 7 Disproportionate Unmet Community Health Needs Identified - Access to Health Care Services - under and uninsured, cost of medication, lack of access to specialty care- Prevalence of Cancer - Chronic Kidney Disease*- Diabetes - Heart Disease/Stroke* - Low Birth Weight - Mental Health & Mental Disorders - Nutrition and Obesity*- Oral Health - Pneumonia/Influenza Deaths *Related to, caused by or exacerbated by Type II DiabetesMental Health and Access to Services were consistently the major issues for our community These observations validated our own community experience and the quantitative data within the study Mental Health access is being addressed through Alexian Brothers Behavioral Health Hospital (ABBHH) Access to healthcare will be improved through the Affordable Care Act, but there is still a need to support access through the provision of specialty physician care in partnership with FQHCs Type II Diabetes was selected as a high priority by Alexian Brothers Medical Center (ABMC) and St Alexius Medical Center (St Alexius) because many of the other community needs are directly or indirectly related Chronic kidney disease, heart disease and stroke, nutrition and weight status are affected or even caused by Type 11 Diabetes In our Emergency Department, many low income and Hispanic patients seek care for untreated diabetes and have no medical home (access to health services issue) Additionally, persons with Type II Diabetes complicated by co-morbidities are unable to access specialty endocrinologist care as most will not accept the very low reimbursement offered by Medicaid Low birth weight is being addressed via partnerships with the March of Dimes Oral health is beginning to be provided by FQHCs and did not meet feasibility criteria related to financial or clinical resources Regarding cancer, one issue in the Community Health Analysis was a reduction in the number of women receiving mammograms This is likely an artifact of confusion regarding screening recommendations and will be monitored to determine if there is a trend The other issue is prevalence of cancer overall This is likely due to the aging population in some parts of our service area, therefore, the number of existing cases may rise as people live longer with these cancers This issue will require further investigation and trending to understand if this is actually a negative finding or just an artifact Pneumonia and influenza vaccines are given a high priority in quality and outcome measures in our Accountable Care Organization and employed physician practices In addition, all Alexian employees are required to have a vaccination for influenza to protect our patients All geriatric inpatients are discharged with a pneumonia vaccine and all those over 18 receive flu vaccines An outpatient strategy is being discussed
Alexian Brothers Behavioral Health Hosp		Part V, Section B, Line 18e Question 18 is more appropriately answered as not applicable as the Billing and Collections Policy of Alexian Brothers Behavioral Health Hospital does not allow a hospital to engage in extraordinary collection actions before the organization made reasonable efforts to determine whether the individual is eligible for assistance under the financial assistance policy Reasonable efforts taken include but are not limited to - Notifying individuals of the financial assistance policy on admission- Notifying individuals of the financial assistance policy prior to discharge- Notifying individuals of the financial assistance policy in communications with the patients regarding the patients' bills- Documenting its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy

Identifier	ReturnReference	Explanation
Alexian Brothers Behavioral Health Hosp		Part V, Section B, Line 19d Alexian Brothers Behavioral Health Hospital is a psychiatric facility which does not operate a typical medical surgical emergency room Patients may arrive at the psychiatric hospital seeking an assessment or treatment for concerns ranging from danger to self or others to traditional outpatient mental health services For those patients that do arrive in crisis, the hospital is capable of accepting and treating these patients Factors that will determine whether a patient can be admitted include occupancy levels and bed availability The hospital does follow the federal IMD exclusion regulation, which does not allow the hospital to treat patients covered under Medicaid that are of an Adult age (22-64) Patients that meet the requirements for admission to the psychiatric facility are admitted regardless of their insurance coverage or the ability to make payment
Alexian Brothers Behavioral Health Hosp		Part V, Section B, Line 20d Alexian Brothers Behavioral Health Hospital uses the State of Illinois, Hospital Uninsured Patient Discount Act guidelines which specify that eligible patients should be charged 135% of hospital costs which for Alexian Brothers Behavioral Health Hospital approximates 32% of charges

Identifier	ReturnReference	Explanation
		Part VI, Line 2 The 2012 Community Health Needs Assessment surveyed thirty-eight zip codes representing a total population of more than 2,400,000 persons Primary research was conducted by telephone survey of 1,000 households This is a very robust sample size, and the sample was stratified and weighted to assure that the maximum rate of error was +/-3% at the 95% Confidence Level Secondary data was gathered from the U S Census Update, Claritas population projections, the National Center for Health Statistics, Illinois Department of Public Health, Department of Health and Human Services and County Health Departments As part of the Community Health Needs Assessment, four focus groups were held in June, 2012 The focus groups were distributed geographically throughout the region, including three groups with a county-level focus, and another focusing on the needs of residents specifically in North Cook County In total, 31 key informants took part, including physicians, other health professionals, social service providers and community leaders Each of the county-level groups also included representatives with expertise in public health The focus groups provided qualitative as opposed to quantitative data and were designed to gather input from participants regarding their informed opinions and perceptions of the health of the residents in the area While this assessment is quite comprehensive, it cannot measure all possible aspects of health in the community, nor can it adequately represent all possible populations of interest It should be recognized that these information gaps might in some ways limit the ability to assess all of the community's health needs For example, certain population groups such as the homeless or those who only speak a language other than English or Spanish are not represented in the survey data In terms of content, this assessment was designed to provide a comprehensive and broad picture of the health of the overall community The following are examples of meeting community need not necessarily identified in the CHNA but through routine interactions with schools, social service agencies or churches Alexian Brothers Behavioral Health Hospital (ABBHH) utilizes the community health assessment to track data regarding the incidence and prevalence of widespread chronic disease such as depression in the community as well as access to treatment However, to effectively respond to some issues the community health assessment must be combined with input and data from other agencies such as schools, police departments, and social service providers One such instance is with regard to depression amongst teens In 2010 ABBHH was contacted by multiple school districts in our service area for help with suicide prevention amongst students Based upon data collected from the schools, it became clear that the root cause was bullying In our own programming at ABBHH, we are seeing an unprecedented degree of reported school and community violence, intimidation of those with special needs, sexual orientation issues, weight problems/eating disorders, or from those in minority groups Over the years we have treated the bullies, the victims and the bystanders in our programs, as well as provided consultation to families, schools, workplaces and communities impacted by such violence At ABBHH, we have historically seen patients who report school and community violence and intimidation/harassment of people with special needs, sexual orientation issues, weight problems/eating disorders, other mental illnesses, or those in minority groups We have treated the perpetrators, the victims, and the bystanders in our programs, as well as provided consultation to families, schools, workplaces, and communities impacted by such violence We have expanded our scope of interest in the community from bullying to violence in general In addition to our participation in the Coalition for a Psychologically Healthy Community, we have re-tooled our internal behavioral health committee ("Stand Up Against Violence Everyone, Everywhere") to provide trainings for our Associates and Community Members on date rape, domestic violence, relational aggression, and workplace violence The committee also reviews proposed anti-violence legislation in Springfield We created a virtual Resource Center which can be found at www c4phc which includes links to books, articles, videos, and events We also continue to refine the "Up-stander" modules used in the ABBHH treatment of Children and Adolescents Plus we have been providing "Culture of Compassion" and Leadership Development programs to schools interested in utilizing our psychological expertise in violence prevention
		Part VI, Line 3 Multiple methods are used at ABBHH to communicate its mission of providing care to all who need it regardless of ability to pay Signs posted at registration clearly point out that charity care or financial assistance is available ABHS's website, the main website for all System hospitals, including ABBHH, features information on how to apply for charity care on-line In the hospital setting, we employ individuals who are available to work with patients to help them apply for charity with dignity In addition, Alexian Brothers Center for Mental Health ("ABCMH") an affiliated community mental health center employs an individual who works for both ABCMH and ABBHH who helps the families of our child and adolescent patients apply for Medicaid when appropriate In addition, all bills and statements include information regarding charity care options

Identifier	ReturnReference	Explanation
		Part VI, Line 4 A description of the geography served by zip code and mapping is available for each hospital on our website, www alexianbrothershealth org under the community benefit section, choose desired hospital, pages 7-8 The demographics of the population served is available for each hospital on our website, www alexianbrothershealth org under the community benefit section, choose desired hospital, page 10
		Part VI, Line 5 ABBHH's governing body is known as Quality Council, The Quality Council reports up through the Alexian Brothers Health System Board of Governors, The majority of the Quality Council members live and work in the community and serve to support the mission and values of the Alexian Brothers, ABBHH extends medical staff privileges to interested and qualified psychiatrists in our community and endeavorsto provide them with the safest and most advanced psychiatricinterventions available ABBHH strives to fully serve the community through participation ingovernment as well as sponsored healthcare programs such as Medicare,Medicaid, and Tricare, and participating in research and education Pharmaceutical based research includes the persistent disorders ofschizophrenia, bipolar disorder and major depressive disorder, as wellas research in the disorders of adolescents and childhood ABBHH alsooperates a center for evidence based practice which researches theefficacy of treatment through outcomes based measurement On average, ABBHH has 20 research trials at any given time

Identifier	ReturnReference	Explanation
		Part VI, Line 6 ABBHH is an affiliate of Alexian Brothers Health System ("ABHS") ABHS is the national member and ultimate parent of ABBHH ABHS, with its corporate offices located in Arlington Heights, Illinois, is sponsored by Ascension Health, a Catholic, national health system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries, throughtout the United States and the District of Columbia ABHS carries out its exempt purposes by coordinating and managing the activities of the regional corporations for which it is the National Member Through these regional corporations, ABHS provides healthcare and other services to communities in suburban Chicago, Illinois, St Louis, Missouri, Milwaukee, Wisconsin, and Signal Mountain and Chattanooga, Tennessee As a charitable organization, it is recognized that not all individuals possess the ability to purchase essential medical services and further that our mission is to serve the community with respect to providing healthcare services and healthcare education Therefore, in keeping with ABHS' commitment to serve all members of its community, free care and/or subsidized care, care to persons covered by government programs at or below cost, and health activities and programs to support the community are considered and provided when appropriate These activities include wellness programs, community education programs, special programs for the elderly and medically underserved, and a variety of broad community support activities including but not limited to educational affiliations, health screenings, counseling programs, Continuing medical education (CME) programs and donations to community groups Net community benefits expense for ABHS in 2013 is as follows Charity Care at Cost - $20,158,348Language Assistant Services - $400,937Excess of Government Sponsored Health Care Cost Over Reimbursement -Medicaid - $38,347,328Donations - $165,694Education - $2,611,721Subsidized Health Services - $2,846,882Other Community Benefit Programs - $5,867,198Total Charity Care and Community Benefits - $70,398,108Information has been included for all exempt entities in ABHS The information for the hospitals included has been calculated on a basis consistent with the requirements for the Illinois Attorney General Community Benefit report In addition, ABHS reported bad debt expense (at cost) of $9,809,366 in the twelve months ended June 30, 2013 and excess of Medicare costs over reimbursement of $53,400,401 in the twelve months ended June 30, 2013 Certain affiliated entities within ABHS and the services they provide,as described below Alexian Brothers Medical Center - An acute care hospital located in Elk Grove Village, Illinois that provides inpatient, outpatient and emergency services, including specialties in the areas of cardiology, neurosciences/stroke, orthopedics, oncology, bariatrics, hospice and home health services St Alexius Medical Center - An acute care hospital located in Hoffman Estates, Illinois that provides inpatient, outpatient and emergency services, including specialties in the areas of cardiology, neurosciences, orthopedics, oncology, bariatrics and pediatrics Alexian Brothers Center for Mental Health - Provides community mental health services in northwest suburban Chicago, including vocational training programs, transitional living programs, partial hospital programs, nursing home programs and traditional psychotherapy and medication management Alexian Brothers Bonaventure House and Alexian Brothers Bettendorf Place, LLC - Provides supportive services, transitional and permanent supportive housing for persons with HIV/AIDS Alexian Brothers Hospital Network - The area member for Illinois hospitals and related entities, ABHN provides community education classes, health screenings and counseling and other services on a sliding fee scale to surrounding communities and performs research activities geared towards improving the health of those we serve Alexian Brothers Ambulatory Group - Provides a multitude of ambulatory services to suburban Chicago, including primary care physician services, pediatric physician services, older adult physician services, other specialty physician services, occupational health services, and immediate care services, also provides wellness services through its various locations and practices Alexian Brothers Specialty Group - Provides cardiology services through employment of cardiologists to suburban Chicago residents Alexian Village of Milwaukee, Inc - A continuing care retirement community located in Milwaukee, Wisconsin, provides all levels of care to residents and community members, including skilled nursing care, adult day care services, assisted living and care for those with Alzheimer's disease and dementia Alexian Village of Tennessee - A continuing care retirement community located in Signal Mountain, Tennessee, provides all levels of care to residents and community members, including skilled nursing care, assisted living and care for those with Alzheimer's disease and dementia Alexian Brothers Lansdowne Village and Alexian Brothers Sherbrooke Village - Skilled nursing facilities located in St Louis, Missouri, provides nursing care, assisted living and care for those with Alzheimer's disease and dementia, rehabilitation services and transitional care services (Lansdowne only) Alexian Brothers Community Services - Programs for All Inclusive Care for the Elderly (PACE) located in St Louis, Missouri and Chattanooga, Tennessee, provides care for frail, elderly, Medicaid eligible individuals, provides primary care, daily activities and transportation services, also coordinates care when hospitalization or placement in a skilled nursing facility is required Alexian Brothers Senior Neighbors - Provides community based services to seniors in Chattanooga, Tennessee Alexian Brothers Services, Inc - HUD housing project in St Louis, Missouri
		Part VI, Line 7 Alexian Brothers Hospital Network ("ABHN") prepares and files the Annual Non-Profit Hospital Community Benefit Plan Report with the Attorney General's Office of the State of Illinois This report is prepared on a consolidated basis and includes data for Alexian Brothers Medical Center ("ABMC"), St Alexius Medical Center ("St Alexius") and Alexian Brothers Behavioral Health Hospital ("ABBHH")

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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
Alexian Brothers Behavioral Health Hospital

Employer identification number
36-4251848

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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
	Part I, Line 3	Alexian Brothers Health System, a related organization of Alexian Brothers Behavioral Health Hospital, uses all of the items in Schedule J, Part I, Line 3 to establish the compensation of the organization's CEO
Supplemental Information	Part III	Part I, Line 4a The following individual listed in Schedule J was paid the referenced amount of change in control in calendar 2012 The payments under a change-of-control arrangement are made in connection with retirement that changed the terms of employment resulting from a change in control of the organization James Sances - $1,091,708 Part I, Line 4b Alexian Brothers Health System offers a Supplemental Employee Retirement Plan to all employees who participate in the executive benefits program and whose compensation exceeds the IRS allowable limit for a qualified pension plan The purpose of the plan is to restore retirement benefits that are restricted because of compensation limits for the executives The amount paid in calendar 2012 was included in income in Schedule J for the following individual Jim Lewandowski - $19,123

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 36-4251848
Name: Alexian Brothers Behavioral Health 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				
Clayton Ciha	(I)	0	0	0	0	0	0	0
	(II)	295,575	87,500	0	30,159	36,860	450,094	0
Christopher D'Agostino MD	(I)	0	0	0	0	0	0	0
	(II)	286,661	0	0	9,429	11,396	307,486	0
Gregory Teas MD	(I)	0	0	0	0	0	0	0
	(II)	371,883	57,334	17,000	15,224	13,613	475,054	0
James Sances	(I)	0	0	0	0	0	0	0
	(II)	358,665	213,760	1,124,918	126,943	21,215	1,845,501	33,210
David Jones	(I)	0	0	0	0	0	0	0
	(II)	180,460	42,752	9,326	18,809	25,946	277,293	9,326
Christopher Novak	(I)	0	0	0	0	0	0	0
	(II)	185,554	44,890	0	16,827	25,681	272,952	0
Clifton Saper	(I)	0	0	0	0	0	0	0
	(II)	153,279	17,316	0	20,136	13,406	204,137	0
Jim Lewandowski	(I)	0	0	0	0	0	0	0
	(II)	328,372	88,552	51,446	779,279	26,553	1,274,202	33,988
Mark Lerman	(I)	0	0	0	0	0	0	0
	(II)	770,737	0	0	10,583	19,829	801,149	0
Michael Brilliant	(I)	0	0	0	0	0	0	0
	(II)	457,377	0	0	14,650	9,339	481,366	0
Mumtaz Raza	(I)	0	0	0	0	0	0	0
	(II)	416,875	0	0	14,677	11,499	443,051	0
Syed Salahuddin	(I)	0	0	0	0	0	0	0
	(II)	344,184	0	11,056	7,232	11,236	373,708	0
Anthony D'Agostino MD	(I)	0	0	0	0	0	0	0
	(II)	321,965	0	0	35,000	13,530	370,495	0
Mark Frey	(I)	0	0	0	0	0	0	0
	(II)	1,110,138	263,024	61,628	137,956	41,571	1,614,317	44,628

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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
Alexian Brothers Behavioral Health Hospital

Employer identification number
36-4251848

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? To	From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	No	(h) Approved by board or committee? Yes	No	(i) Written agreement? Yes	No
Total			▶ $									

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of 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) Gregory Teas MD	Entity at Which Gregory Teas, M D is a Director	137,870	Cash		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
Schedule L, Part IV		Dr Teas is a Director of Health Plus Physicians Organization ABBHH received capitation totaling $137,870 from this IPA in FY13

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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
Alexian Brothers Behavioral Health Hospital

Employer identification number
36-4251848

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 2	Mark Frey, David Jones, Gregory Teas, M D , Christopher D'Agostino, M D , Clayton Ciha, James Sances, and Donna Gauthier have a business relationship due to joint employment by a common health system entity

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	Alexian Brothers Behavioral Health Hospital has two classes of members, Alexian Brothers Health System (the "National Member") and Alexian Brothers Hospital Network (the "Area Member")

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	Alexian Brothers Health System has the authority to appoint and remove Directors and Executive Officers of Alexian Brothers Behavioral Health Hospital

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7b	All decisions that have a material impact to Alexian Brothers Behavioral Health Hospital's financial information or corporation as a whole are subject to approval by the National Member, Alexian Brothers Health System

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	Management, including certain officers, works diligently to complete the Form 990 and attached schedules in a thorough manner Prior to filing the return, all Board members are provided the Form 990 and management team members are available to answer any Board Member's questions

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	The organization regularly and consistently monitors and enforces compliance with the conflict of interest policy in that any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of the committees with governing board delegated powers considering the proposed transaction or arrangement The remaining individuals on the governing board or committee meeting will decide if conflicts of interest exist Each director, principal officer and member of a committee with governing board delegated powers annually signs a statement which affirms such person has received a copy of the conflict of interest policy, has read and understands the policy, has agreed to comply with the policy, and understands that the organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish its tax-exempt purpose

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	In determining compensation of the organization's CEO, the process included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision The Compensation Committee of the Board of Governors of Alexian Brothers Health System reviewed and approved the compensation In the review of the compensation, the CEO was compared to individuals at other similarly situated organizations that hold the same or a similar title During the review and approval of the compensation, the documentation of the decision was recorded in the Compensation Committee minutes The individual was not present when his compensation was decided In determining compensation of other officers or key employees of the organization, the process included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision The Compensation Committee reviewed and approved the compensation In the review of the compensation, the other officers or key employees of the organization were compared to other similarly situated organizations' employees who hold the same or similar title During the review and approval of the compensation by the Compensation Committee, documentation of the decision was recorded in the minutes

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	The financial statements of Alexian Brothers Behavioral Health Hospital are available through the Office of the Illinois Attorney General Conflict of Interest statements and the governing documents of Alexian Brothers Behavioral Health Hospital are not made available to the public

Identifier	Return Reference	Explanation
	Form 990, Part VII, Section A	Officers and certain key employees for Alexian Brothers Behavioral Health Hospital provide services to Alexian Brothers Health System (the National Member) and its subsidiaries Hours worked are not tracked on an entity by entity basis, and a 40 hour work week is used as a proxy for all individuals listed on Part VII if employed by the filing organization or a related organization (even though more hours may be worked on average) Therefore, all officers, directors, trustees, and key employee hours reported on Form 990, Part VII, Compensation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees represent aggregate hours for worked per week for all entities Compensation amounts for Christopher D'Agostino, M D and Gregory Teas, M D represents payment for services rendered to Alexian Brothers Health System, a related entity The amounts are not for services as a board member of Alexian Brothers Behavioral Health Hospital

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 9	Working Capital Transfer -16,000,000

Identifier	Return Reference	Explanation
	Form 990, Part V , Line 1a and Part VII, Section B	Alexian Brothers Health System, a related organization of Alexian Brothers Behavioral Health Hospital, uses a common bank account to compensate all independent contractors within the Health System The number attributable to each organization is not easily distinguished The total number of Forms 1099 filed for the entire Health System appears on Part V, Line 1a of Alexian Brothers Health System Form 990

Identifier	Return Reference	Explanation
	Form 990, Part XII, Line 2b Audit Disclosure	The financial statements of Alexian Brothers Behavioral Health Hospital were audited on a consolidated basis The Audit Committee of the Board of Governors of Alexian Brothers Health System has been delegated the responsibility to oversee the audited financial statements and the selection of the independent accountants that audits the financial statements

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Alexian Brothers Behavioral Health Hospital

Employer identification number
36-4251848

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	(g) No
See Additional Data Table							

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? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Alexian Rehabilitation Services LLC 935 Beisner Road Elk Grove Village, IL 60007 30-0221481	Rehabilitation hospital	IL	N/A									
(2) Illinois NeuroMeg Center LLC 3040 W Salt Creek Lane Arlington Heights, IL 60005 87-0783164	Provision of NeuroMeg services	IL	N/A									
(3) Elk Grove MOB Limited Partnership 3040 W Salt Creek Lane Arlington Heights, IL 60005 36-3853289	Medical office building	IL	N/A									
(4) Workplace Solutions LLC 1100 E Woodfield Road Schaumburg, IL 60173 36-4095007	Provision of EAP services	IL	N/A									
(5) Bonaventure Medical Foundation LLC 3040 W Salt Creek Lane Arlington Heights, IL 60005 36-3978153	Manages managed care contracts	DE	N/A									
(6) Neurosciences Equipment LLC 3040 W Salt Creek Lane Arlington Heights, IL 60005 86-1115516	Ownership of Gamma Knife	IL	N/A									
(7) St Alexius Center for Sleep Health LLC 1300 S Main Street Lombard, IL 60148 20-5876371	Operation of sleep lab	IL	N/A									

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	(i) No
(1) Thelen Corporation 3040 W Salt Creek Lane Arlington Heights, IL 60005 36-3266316	Owns/leases property, joint venture partner	IL	N/A	C					No
(2) Alexian Brothers Health Providers Association Inc 3040 W Salt Creek Lane Arlington Heights, IL 60005 36-3853286	Messenger model IPA	IL	N/A	C					No
(3) Alexian Brothers Corpus Christi Housing Project LLC 3040 W Salt Creek Lane Arlington Heights, IL 60005 94-3465394	Tax credit financed housing	IL	N/A	C					No
(4) Alexian Village of Elk Grove 3040 W Salt Creek Lane Arlington Heights, IL 60005 35-2211303	Tax credit financed housing	IL	N/A	C					No

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

		Yes	No
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 orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j	Yes	
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o		No
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q		No
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	1s	Yes	

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Alexian Brothers Health System	P	4,208,077	FMV
(2) Alexian Brothers Hospital Network	P	6,450,576	FMV
(3) Alexian Brothers Health System	R	16,000,000	FMV
(4) Alexian Brothers Health System	J	659,201	FMV
(5) Alexian Brothers Health System	S	25,207,921	FMV
(6) Alexian Brothers Health System	C	246,202	FMV

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Software ID:
Software Version:
EIN: 36-4251848
Name: Alexian Brothers Behavioral Health 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

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V-UBI amount on Box 20 of K-1	(j) General or Managing Partner? Yes	(j) No	(k) Percentage ownership
Alexian Rehabilitation Services LLC 935 Beisner Road Elk Grove Village, IL 60007 30-0221481	Rehabilitation hospital	IL	N/A									
Illinois NeuroMeg Center LLC 3040 W Salt Creek Lane Arlington Heights, IL 60005 87-0783164	Provision of NeuroMeg services	IL	N/A									
Elk Grove MOB Limited Partnership 3040 W Salt Creek Lane Arlington Heights, IL 60005 36-3853289	Medical office building	IL	N/A									
Workplace Solutions LLC 1100 E Woodfield Road Schaumburg, IL 60173 36-4095007	Provision of EAP services	IL	N/A									
Bonaventure Medical Foundation LLC 3040 W Salt Creek Lane Arlington Heights, IL 60005 36-3978153	Manages managed care contracts	DE	N/A									
Neurosciences Equipment LLC 3040 W Salt Creek Lane Arlington Heights, IL 60005 86-1115516	Ownership of Gamma Knife	IL	N/A									
St Alexius Center for Sleep Health LLC 1300 S Main Street Lombard, IL 60148 20-5876371	Operation of sleep lab	IL	N/A									

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
Alexian Brothers Health System	P	4,208,077	FMV
Alexian Brothers Hospital Network	P	6,450,576	FMV
Alexian Brothers Health System	R	16,000,000	FMV
Alexian Brothers Health System	J	659,201	FMV
Alexian Brothers Health System	S	25,207,921	FMV
Alexian Brothers Health System	C	246,202	FMV

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Alexian Brothers Health System and Subsidiaries –
Member of Ascension Health, a subsidiary of
Ascension Health Alliance
Year Ended June 30, 2013
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Alexian Brothers Health System and Subsidiaries

Consolidated Financial Statements and Supplementary Information

Year Ended June 30, 2013

Contents

ERNST & YOUNG

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www ey com

Report of Independent Auditors

Board of Governors
Alexian Brothers Health System and Subsidiaries

We have audited the accompanying consolidated financial statements of Alexian Brothers Health System and Subsidiaries (collectively, ABHS), which comprise the consolidated balance sheet as of June 30, 2013, and the related consolidated statement of operations and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U S generally accepted accounting principles, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit We conducted our audit in accordance with auditing standards generally accepted in the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Alexian Brothers Health System and Subsidiaries at June 30, 2013, and the consolidated results of its operations and its cash flows for the year then ended in conformity with U S generally accepted accounting principles

Adoption of ASU No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowances for Doubtful Accounts for Certain Health Care Entities*

As discussed in Note 2 to the consolidated financial statements, Alexian Brothers Health System and Subsidiaries changed the presentation of the provision for bad debts as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowances for Doubtful Accounts for Certain Health Care Entities*, effective July 1, 2012 Our opinion is not modified with respect to this matter

Ernst & Young LLP

August 28, 2013

Alexian Brothers Health System and Subsidiaries

Consolidated Balance Sheet

(In thousands)

June 30, 2013

Assets		
Current assets		
Cash and cash equivalents	$	7,185
Short-term investments		8,005
Accounts receivable, less allowances for doubtful accounts ($43,389 in 2013)		106,757
Estimated third-party payor settlements		1,615
Inventories		16,441
Other		11,470
Total current assets		151,473
Interest in investments held by Ascension Health Alliance		341,451
Trustee-held funds		16,191
Restricted funds		10,372
Other investments		3,035
Property and equipment, net		682,977
Other assets		
Investment in unconsolidated entities		5,189
Other		25,435
Total other assets		30,624
Total assets	$	1,236,123

Liabilities and net assets		
Current liabilities		
Current portion of long-term debt	$	7,961
Accounts payable and accrued liabilities		106,772
Estimated third-party payor settlements		88,408
Current portion of self-insurance liabilities		2,502
Other		7,678
Total current liabilities		213,321
Noncurrent liabilities		
Long-term debt		482,416
Self-insurance liabilities		21,898
Pension and other postretirement liabilities		18,794
Deferred accommodation fees and deposits		47,442
Other		12,096
Total noncurrent liabilities		582,646
Total liabilities		795,967
Net assets		
Unrestricted		
Controlling interest		430,220
Noncontrolling interests		(436)
Unrestricted net assets		429,784
Temporarily restricted		9,190
Permanently restricted		1,182
Total net assets		440,156
Total liabilities and net assets	$	1,236,123

See accompanying notes.

Alexian Brothers Health System and Subsidiaries

Consolidated Statement of Operations and Changes in Net Assets

(In thousands)

June 30, 2013

Operating revenue		
Net patient and resident service revenue	$	955,369
Less provision for doubtful accounts		39,253
Net patient and resident service revenue, less provision for doubtful accounts		916,116
Capitation revenue		39,518
Other revenue		34,913
Net assets released from restrictions for operations		3,020
Total operating revenue		993,567
Operating expenses		
Salaries and wages		399,426
Employee benefits		88,339
Purchased services		102,700
Professional fees		49,244
Supplies		133,072
Insurance		16,979
Interest		15,910
Depreciation and amortization		50,766
Other		92,983
Total operating expenses before impairment, restructuring, and nonrecurring gains, net		949,419
Income from operations before impairment, restructuring, and nonrecurring gains, net		44,148
Impairment, restructuring, and nonrecurring gains, net		2,662
Income from operations		41,486
Nonoperating gains		
Investment return		22,845
Income from unconsolidated entities		407
Other		5
Total nonoperating gains, net		23,257
Excess of revenues and gains over expenses and losses		64,743
Less noncontrolling interests		(157)
Excess of revenues and gains over expenses and losses attributable to controlling interest		64,900

Continued on next page

Alexian Brothers Health System and Subsidiaries

Consolidated Statement of Operations and Changes in Net Assets (continued)

(In thousands)

Unrestricted net assets		
Excess of revenues and gains over expenses and losses	$	64,900
Pension and other postretirement liability adjustments		(2,455)
Transfers from sponsor and other affiliates, net		(3,014)
Net assets released from restrictions for property acquisitions		5,622
Other		(525)
Increase in unrestricted net assets, controlling interest		64,528
Unrestricted net assets, noncontrolling interests		
Deficit of revenues and gains over expenses and losses		(157)
Decrease in unrestricted net assets, noncontrolling interests		(157)
Temporarily restricted net assets, controlling interest		
Contributions and grants		4,035
Net assets released from restrictions		(8,642)
Other		135
Decrease in temporarily restricted net assets, controlling interest		(4,472)
Permanently restricted net assets, controlling interest		
Other		(392)
Decrease in permanently restricted net assets, controlling interest		(392)
Increase in net assets		59,507
Net assets, beginning of year		380,649
Net assets, end of year	$	440,156

See accompanying notes

Alexian Brothers Health System and Subsidiaries

Consolidated Statement of Cash Flows
(In thousands)

June 30, 2013

Operating activities		
Increase in net assets	$	59,507
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization		50,766
Provision for doubtful accounts		39,253
Amortization of fair value of debt adjustment		(1,374)
Interest, dividends, and net (gains) losses on investments		22,845
Impairment, restructuring, and nonrecurring expenses		(2,662)
Transfers (from) to sponsor and other affiliates, net		3,014
Pension and other postretirement liability adjustments		2,455
Restricted contributions, investment return, and other restricted activity		4,863
(Increase) decrease in		
Short-term investments		656
Accounts receivable		(26,034)
Estimated third-party payor settlements		(1,615)
Inventories and other current assets		4,428
Investments, including interest in investments held by Ascension Health Alliance		(55,575)
Other assets		634
Increase (decrease) in		
Accounts payable and accrued liabilities		(24,185)
Estimated third-party payor settlements		3,209
Self-insurance liabilities		(6,982)
Other current liabilities		3,917
Other noncurrent liabilities		(8,223)
Net cash provided by operating activities		68,897

Continued on next page.

Alexian Brothers Health System and Subsidiaries

Consolidated Statement of Cash Flows (continued)
(In thousands)

Investing activities		
Property and equipment additions, net	$	(81,243)
Net cash used in investing activities		(81,243)
Financing activities		
Issuance of long-term debt		–
Repayment of long-term debt		(9,570)
Decrease in trustee-held funds		1,322
Net cash used in financing activities		(8,248)
Net change in cash and cash equivalents		(20,594)
Cash and cash equivalents, beginning of year		27,779
Cash and cash equivalents, end of year	$	7,185

See accompanying notes.

1. Organization and Mission

Organizational Structure

Alexian Brothers Health System and Subsidiaries (ABHS) is a member of Ascension Health In December 2011, Ascension Health Alliance became the sole corporate member and parent organization of Ascension Health, a Catholic, national health system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries, located in 23 of the United States and the District of Columbia In addition to serving as the sole corporate member of Ascension Health, Ascension Health Alliance serves as the member or shareholder of various other subsidiaries Ascension Health Alliance, its subsidiaries, and the Health Ministries are referred to collectively from time to time hereafter as the System

Ascension Health Alliance is sponsored by Ascension Health Ministries, a Public Juridic Person The Participating Entities of Ascension Health Ministries are the Daughters of Charity of St Vincent de Paul in the United States, St Louise Province, the Congregation of St Joseph, the Congregation of the Sisters of St Joseph of Carondelet, the Congregation of Alexian Brothers Immaculate Conception Province, Inc – American Province, and the Sisters of the Sorrowful Mother of the Third Order of St Francis of Assisi – US/Caribbean Province

Effective January 1, 2012, Ascension Health became the sole corporate member of ABHS through a business combination transaction

The subsidiaries of ABHS included in the accompanying consolidated financial statements are as follows

- Alexian Brothers Hospital Network (ABHN), including Alexian Brothers Medical Center (ABMC), St Alexius Medical Center (St Alexius), Alexian Brothers Behavioral Health Hospital (ABBHH), Alexian Brothers Ambulatory Group (ABAG), Alexian Brothers Specialty Group (ABSG), Bonaventure Medical Foundation, L L C (BMF), Thelen Corporation (Thelen), Savelli Properties, Inc (Savelli), Alexian Brothers Center for Mental Health (ABCMH), Alexian Brothers Health Providers Association, Inc (ABHP), Alexian Brothers Accountable Care Organization, L L C (ABACO), and Alexian Brothers Clinically Integrated Network, L L C (CIN)

1. Organization and Mission (continued)

- Alexian Brothers Senior Ministries (ABSM), including Alexian Village of Milwaukee, Inc (AVM), Alexian Village of Tennessee (AVT), Alexian Brothers Lansdowne Village (ABLV), Alexian Brothers Sherbrooke Village (ABSV), Alexian Brothers Community Services (ABCS), Alexian Brothers Senior Neighbors (ABSN), Alexian Elderly Services, Inc (AES), and Alexian Village of Elk Grove (AVEG)

- Alexian Brothers Health System, Inc Investment Trust (Trust)

- Alexian Brothers Services, Inc (A B Services)

- Alexian Brothers of San Jose, Inc (ABSJ)

- Alexian Brothers Bonaventure House and Alexian Brothers Bettendorf Place, L L C (Bettendorf Place)

ABHS and its corporations are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (Code) and are exempt from federal income taxes on related income under Section 501(a) of the Code, except as follows

- ABHP, AVEG, and Thelen Corporation are for-profit corporations

- Savelli is a not-for-profit corporation exempt from federal income taxes on related income under Section 501(c)(2) of the Code

- BMF is a limited liability corporation that has elected to be taxed as a partnership

- Trust is an Illinois trust exempt from federal income tax on related income pursuant to Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code

- Bettendorf Place is a single member LLC, owned 100% by Alexian Brothers Bonaventure House

- ABACO and CIN are single member LLCs, owned 100% by ABHN

1. Organization and Mission (continued)

ABHS provides general health care services to patients/residents within their geographic locations through their acute care facilities, behavioral health hospital, continuing care centers, and other health care-related facilities Expenses related to the corporations providing health care services in 2013 amounted to approximately $853,000 All other expenses included in the accompanying consolidated financial statements relate primarily to general and administrative costs

Mission

The System directs its governance and management activities toward strong, vibrant, Catholic Health Ministries united in service and healing and dedicates its resources to spiritually centered care that sustains and improves the health of the individuals and communities it serves In accordance with the System's mission of service to those persons living in poverty and other vulnerable persons, each Health Ministry accepts patients regardless of their ability to pay The System uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs

- Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured or underinsured

- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons

- Cost of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community, including substance abusers, the homeless, and persons with acquired immune deficiency syndrome

- Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the persons living in poverty, including health promotion and education, health clinics and screenings, and medical research

1. Organization and Mission (continued)

Discounts are provided to all uninsured patients, including those with the means to pay Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons living in poverty and community benefit programs The direct and indirect cost of providing care to persons living in poverty and community benefit programs is estimated by applying a cost to gross charges ratio to the gross uncompensated charges associated with providing services to patients and is calculated in compliance with guidelines established by both the Catholic Health Association (CHA) and the Internal Revenue Service (IRS)

The amount of traditional charity care provided, determined on the basis of cost, was approximately $20,167 for the year ended June 30, 2013 The amounts of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost are reported in the accompanying supplementary information

2. Significant Accounting Policies

Principles of Consolidation

All corporations and other entities for which operating control is exercised by ABHS or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation

Use of Estimates

Management has made estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses Actual results could differ from those estimates

Fair Value of Financial Instruments

Carrying values of financial instruments classified as current assets and current liabilities approximate fair value The fair values of financial instruments measured at fair value on a recurring basis are disclosed in the fair value measurements note

2. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits with maturities of three months or less

Interest in Investments Held by Ascension Health Alliance, Investments, and Investment Return

Prior to April 2012, ABHS held a significant portion of its investments through the Ascension Legacy Portfolio (formerly the Health System Depository or HSD), an investment pool of funds in which the System and a limited number of nonprofit health care providers participated The Ascension Legacy Portfolio investments were managed primarily by external investment managers within established investment guidelines The value of ABHS's investment in the Ascension Legacy Portfolio represented ABHS's pro rata share of the Ascension Legacy Portfolio's funds held for participants

During the year ended June 30, 2012, the CHIMCO Alpha Fund, LLC (Alpha Fund) was created to hold primarily all investments previously held through the Ascension Legacy Portfolio Catholic Healthcare Investment Management Company (CHIMCO), a wholly owned subsidiary of Ascension Health Alliance, acts as manager and serves as the principal investment advisor for the Alpha Fund, overseeing the investment strategies offered to the Alpha Fund's members In April 2012, a significant portion of the assets in the Ascension Legacy Portfolio was transferred to the Alpha Fund, in which Ascension Health Alliance has an investment interest, as a member of the Alpha Fund Ascension Health Alliance invests funds in the Alpha Fund on behalf of ABHS As of June 30, 2013, ABHS has an interest in investments held by Ascension Health Alliance, which is reflected in the consolidated balance sheet, and represents ABHS's pro rata share of Ascension Health Alliance's investment interest in the Alpha Fund

ABHS also invests in absolute return strategies that are locally managed

2. Significant Accounting Policies (continued)

ABHS reports its interest in investments held by Ascension Health Alliance in the accompanying consolidated balance sheet as short or long term, based on liquidity needs, which, prior to June 30, 2013, were directed by ABHS and as of June 30, 2013, are directed by Ascension Health Alliance ABHS's interest in investments held by Ascension Health Alliance is also classified based on whether such investments are restricted by law or donors or designated for specific purposes by a governing body of ABHS ABHS reports its other investments, including Foundation investments, in the accompanying consolidated balance sheet based upon the long- or short-term nature of the investments and whether such investments are restricted by law or donors or designated for specific purposes by a governing body of ABHS

ABHS's investments, excluding its interest in investments held by Ascension Health Alliance, are measured at fair value and are classified as trading securities The Alpha Fund's and the Ascension Legacy Portfolio's investments, which are required to be recorded at fair value, are classified as trading securities and include pooled short-term investment funds, U S government, state, municipal, and agency obligations, corporate and foreign fixed income securities, asset-backed securities, and equity securities The Alpha Fund's and the Ascension Legacy Portfolio's investments also include alternative investments and other investments, which are valued based on the net asset value of the investments In addition, the Alpha Fund participates, and the Ascension Legacy Portfolio participated, in securities lending transactions whereby a portion of its investments is loaned to selected established brokerage firms in return for cash and securities from the brokers as collateral for the investments loaned

Purchases and sales of investments are accounted for on a trade-date basis Investment returns are comprised of dividends, interest, and gains and losses on ABHS's investments, as well as ABHS's return on its interest in investments held by Ascension Health Alliance, and are reported as nonoperating gains (losses) in the consolidated statement of operations and changes in net assets, unless the return is restricted by donor or law

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market value utilizing first-in, first-out (FIFO), or a methodology that closely approximates FIFO

2. Significant Accounting Policies (continued)

Intangible Assets

Intangible assets primarily consist of an asset related to an agreement for use of the trade name "Alexian Brothers" and capitalized computer software costs, including software internally developed Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage Intangible assets are included in other noncurrent assets on the consolidated balance sheet and are comprised of the following

	June 30, 2013
Capitalized computer software costs	$ 13,236
Less accumulated amortization	3,001
Capitalized software costs, net	10,235
Other	2,981
Total intangible assets, net	$ 13,216

Intangible assets with definite lives, primarily capitalized computer software costs, are amortized over their expected useful lives of two to five years

(In thousands)

2. Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift A summary of property and equipment at June 30, 2013, is as follows

	June 30, 2013
Land	$ 35,129
Land improvements	3,910
Buildings	570,715
Equipment	123,075
	732,829
Less accumulated depreciation	69,064
	663,765
Construction in progress	19,212
Total property and equipment, net	$ 682,977

Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets Depreciation expense in 2013 was $47,454

Estimated useful lives by asset category are as follows land improvements – 11 to 21 years, buildings – 4 to 44 years, and equipment – 2 to 20 years

Interest costs incurred as part of related construction are capitalized during the period of construction Net interest capitalized in 2013 was $2,397

Several capital projects have remaining construction and related equipment purchase commitments of approximately $32,513 as of June 30, 2013

2. Significant Accounting Policies (continued)

Noncontrolling Interest

The consolidated financial statements include all assets, liabilities, revenue, and expenses of less than 100% owned or controlled entities ABHS controls in accordance with applicable accounting guidance Accordingly, ABHS has reflected a noncontrolling interest for the portion of net assets not owned or controlled by ABHS separately on the consolidated balance sheet

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by ABHS has been limited by donors to a specific time period or purpose Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity Temporarily restricted net assets and earnings on permanently restricted net assets are used in accordance with the donor's wishes, primarily to purchase equipment and to provide charity care and other health and educational services Contributions with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying consolidated statement of operations and changes in net assets as net assets released from restrictions

Gifts of long-lived assets such as land, buildings, and equipment are reported as unrestricted gifts and bequests unless explicit donor stipulations specify how the donated assets must be used Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted contributions Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported and unrestricted when the donated or acquired long-lived assets are placed in service

2. Significant Accounting Policies (continued)

Deferred Accommodation Fees and Deposits

Advance fees paid by a resident upon entering into a continuing care contract, net of the estimated portion thereof that is expected to be refunded to the resident, are recorded as deferred revenue and are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident Accommodation fees are refundable to residents based on contractual rebate schedules The refundable portion based on the contractual rebate schedules of the deferred accommodation fees was approximately $25,100 at June 30, 2013

Under the terms of residency agreements with individuals, AVM and AVT are obligated to provide those individuals with occupancy and certain services in their respective residential units as well as required nursing care in their skilled nursing centers during the residents' remaining lifetimes, in exchange for payment of the respective accommodation fees and monthly service fees AVM and AVT annually calculate the present value of the net cost of future services and use of facilities to be provided to current residents and compare those amounts with the balance of deferred accommodation fees If the present value of the net cost of future services and use of facilities exceeds the deferred accommodation fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income Using a discount rate of 6% at June 30, 2013, no such liability was required The discount rate is based on the average rate for actual earnings, dividends, and return on investments

Performance Indicator

The performance indicator is excess of revenues and gains over expenses and losses Changes in unrestricted net assets that are excluded from the performance indicator primarily include pension and other postretirement liability adjustments, transfers to or from sponsors and other affiliates, net assets released from restrictions for property acquisitions, and contributions of property and equipment

2. Significant Accounting Policies (continued)

Operating and Nonoperating Activities

ABHS's primary mission is to meet the health care needs in its market area through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, long-term care, and other health care services Activities directly associated with the furtherance of this purpose are considered to be operating activities Other activities that result in gains or losses peripheral to ABHS's primary mission are considered to be nonoperating activities, consisting primarily of investment returns

Net Patient Service Revenue, Accounts Receivable, and Allowance for Doubtful Accounts

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided and includes estimated retroactive adjustments under reimbursement agreements with third-party payors Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term Adjustments to revenue related to prior periods increased net patient service revenue by approximately $4,438 for the year ended June 30, 2013

The state of Illinois (the State) enacted an assessment program to assist in the financing of its Medicaid program through June 30, 2014 Pursuant to this program, hospitals within the State are required to remit payment to the State Medicaid program under an assessment formula approved by the Centers for Medicare and Medicaid Services (CMS) ABHS has included their related prorated assessments of $24,338 in 2013 within other expenses in the accompanying consolidated statement of operations and changes in net assets The assessment program also provides hospitals within the State with additional Medicaid reimbursement based on funding formulas also approved by CMS ABHS has included their additional related prorated reimbursement of $23,832 in 2013 within net patient and resident service revenue in the accompanying consolidated statement of operations and changes in net assets St Alexius and ABBHH also qualified for the Safety Net Adjustment Payments program (SNAP) to provide additional funding to providers based on funding formulas approved by the State for State fiscal

(In thousands)

2. Significant Accounting Policies (continued)

year ended June 30, 2013 St Alexius and ABBHH have included its related prorated SNAP reimbursement of $2,933 within net patient and resident service revenue in the accompanying 2013 consolidated statement of operations and changes in net assets St Alexius also qualified for the Outpatient Assistance Adjustment program (OAAP) to provide additional funding to providers based on funding formulas approved by the State for State fiscal year ended June 30, 2013 St Alexius has included its related prorated OAAP reimbursement of $4,946 within net patient and resident service revenue in the accompanying 2013 consolidated statement of operations and changes in net assets There were no advance quarterly payments at June 30, 2013

The percentage of net patient and resident service revenue earned by payor for the year ended June 30, 2013, is as follows

	Year Ended June 30, 2013
Medicare	30%
Medicaid	7
HMO/PPO	22
Blue Cross	28
Self Pay and Other	13
Total	100%

ABHS grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements Significant concentrations of accounts receivable, less allowance for doubtful accounts, at June 30, 2013, are as follows

	Year Ended June 30, 2013
Medicare	23%
Medicaid	11
HMO/PPO	17
Blue Cross	7
Self Pay	30
Other	12
Total	100%

2. Significant Accounting Policies (continued)

The provision for doubtful accounts related to net patient service revenue is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage, and other collection indicators Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance The results of this review are then used to make any modifications to the provision for doubtful accounts to establish an appropriate allowance for doubtful accounts After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, ABHS follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by Ascension Health Accounts receivable are written off after collection efforts have been followed in accordance with ABHS's policies See Adoption of New Accounting Standards section for change in accounting presentation of provision for doubtful accounts in the accompanying consolidated statement of operations and changes in net assets

The methodology for determining the allowance for doubtful accounts and related write-offs on uninsured patient accounts has remained consistent with the prior year ABHS has not experienced material changes in write-off trends and has not materially changed its charity care policy since June 30, 2012

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 (ARRA) included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH) The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments

2. Significant Accounting Policies (continued)

ABHS accounts for HITECH incentive payments as a gain contingency Income from Medicare incentive payments is recognized as revenue after ABHS has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period and the cost report period that will be used to determine the final incentive payment has ended ABHS recognized revenue from Medicaid incentive payments after it adopted certified EHR technology Incentive payments totaling $2,710 for the year ended June 30, 2013, are included in total operating revenue in the accompanying consolidated statement of operations and changes in net assets Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit Additionally, ABHS's compliance with the meaningful use criteria is subject to audit by the federal government

Impairment, Restructuring, and Nonrecurring Expenses

Long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or group of assets Where impairment is indicated, the carrying amount of these long-lived assets is reduced to fair value based on discounted net cash flows or other estimates of fair value

During the year ended June 30, 2013, ABHS recorded total impairment, restructuring, and nonrecurring expenses of $2,662 For the year ended June 30, 2013, this amount was comprised of long-lived asset impairments of approximately $1,252 and restructuring and nonrecurring expenses of approximately $1,410

Regulatory Compliance

Various federal and state agencies have initiated investigations regarding reimbursement claimed by ABHS The investigations are in various stages of discovery, and the ultimate resolution of these matters, including the liabilities, if any, cannot be readily determined, however, in the opinion of management, the results of these investigations will not have a material adverse impact on the consolidated financial statements of ABHS

2. Significant Accounting Policies (continued)

Adoption of New Accounting Standards

In July 2011, the Financial Accounting Standards Board issued Accounting Standards Update No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debt and the Allowance for Doubtful Accounts for Certain Health Care Entities* This accounting standards update requires health care entities that recognize significant amounts of patient service revenue at the time services are rendered to present the provision for doubtful accounts related to patient service revenue adjacent to patient service revenue in the statement of operations and changes in net assets rather than as an operating expense Additional disclosures relating to sources of patient service revenue and the allowance for doubtful accounts are also required This new guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011

ABHS recognizes a significant amount of patient service revenue at the time services are rendered in certain settings such as the emergency room, even though the patient's ability to pay is not initially assessed ABHS assessed the significance of adopting this accounting standards update at the consolidated level ABHS adopted this guidance as of July 1, 2012

(In thousands)

3. Cash and Cash Equivalents, Interest in Investments Held by Ascension Health Alliance, Assets Limited as to Use, and Other Long-Term Investments

At June 30, 2013, ABHS's investments are comprised of its interest in investments held by Ascension Health Alliance and certain other investments, including investments held and managed locally Assets limited as to use primarily include investments restricted by donors ABHS's cash, cash equivalents, interest in investments held by Ascension Health Alliance, and assets limited as to use and other long-term investments are reported in the accompanying consolidated balance sheet as presented in the following table

	2013
Cash and cash equivalents	$ 7,185
Short-term investments	8,005
Trustee-held funds	16,191
Restricted funds	10,372
Other investments	3,035
Total cash and cash equivalents, short-term investments, and other investments	44,788
Interest in investments held by Ascension Health Alliance	341,451
Total	$ 386,239

The composition of cash and investments classified as cash and cash equivalents, short-term investments, assets limited as to use, and other investments is summarized as follows

	2013
Cash and equivalents (includes restricted funds)	$ 34,697
U S government (includes restricted funds)	5,004
Restricted pledges receivable	3,024
Other investments – hedge funds	2,063
Interest in investments held by Ascension Health Alliance	341,451
Total	$ 386,239

(In thousands)

3. Cash and Cash Equivalents, Interest in Investments Held by Ascension Health Alliance, Assets Limited as to Use, and Other Long-Term Investments (continued)

As of June 30, 2013, the composition of total Alpha Fund and HSD investments is as follows

	June 30, 2013
Cash and cash equivalents	3 3%
U S government obligations	24 7
Corporate and foreign fixed income securities	12 0
Asset-backed securities	8 6
Equity securities	17 4
Alternative investments and other investments	
Private equity and real estate funds	5 8
Hedge funds	21 9
Commodities funds and other investments	6 3
Total	100 0%

Investment return recognized by ABHS is summarized as follows

	Year Ended June 30, 2013
Return on interest in investments held by Ascension Health Alliance and investment return in Ascension Legacy Portfolio	$ 21,290
Interest and dividends	1,557
Net losses on investments reported at fair value	(2)
Total investment return	$ 22,845

All of investment return is included in nonoperating gains (losses) in the consolidated statement of operations and changes in net assets

4. Fair Value Measurements

ABHS categorizes, for disclosure purposes, assets and liabilities measured at fair value in the financial statements based upon whether the inputs used to determine their fair values are observable or unobservable Observable inputs are inputs that are based on market data obtained from sources independent of the reporting entity Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability, based on the best information available in the circumstances

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability ABHS's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability

ABHS follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value at each reporting period, which prioritizes the inputs used to measure such fair values Level inputs are defined as follows

Level 1 – Quoted prices (unadjusted) that are readily available in active markets or exchanges for identical assets or liabilities on the reporting date

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly Level 2 pricing inputs include prices quoted for similar investments in active markets or exchanges or prices quoted for identical or similar investments in markets that are not active If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability

Level 3 – Significant pricing inputs that are unobservable for the asset or liability, including assets or liabilities for which there is little, if any, market activity for such asset or liability Inputs to the determination of fair value for Level 3 assets and liabilities require management judgment and estimation

4. Fair Value Measurements (continued)

There were no significant transfers between Levels 1 and 2 during the year ended June 30, 2013 As of June 30, 2013, the Level 1, Level 2 and Level 3 assets and liabilities listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs

Cash and cash equivalents and short-term investments

Short-term investments designated as Level 2 investments are primarily comprised of commercial paper, whose fair value is based on amortized cost Significant observable inputs include security cost, maturity, credit rating, interest rate, and par value Cash and cash equivalents and additional short-term investments include certificates of deposit whose fair value is based on cost plus accrued interest Significant observable inputs include security cost, maturity, and relevant short-term interest rates

U.S. government, state, municipal, and agency obligations

The fair value of investments in U S government, state, municipal, and agency obligations is primarily determined using techniques consistent with the income approach Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads

Corporate and foreign fixed income securities

The fair value of investments in U S and international corporate bonds, including commingled funds that invest primarily in such bonds, and foreign government bonds is primarily determined using techniques that are consistent with the market approach Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options

Asset-backed securities

The fair value of U S agency and corporate asset-backed securities is primarily determined using techniques consistent with the income approach Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and quotes

4. Fair Value Measurements (continued)

Equity securities

The fair value of investments in U S and international equity securities is primarily determined using the calculated net asset value The values for underlying investments are fair value estimates determined by external fund managers based on operating results, balance sheet stability, growth, and other business and market sector fundamentals

Alternative investments consist of hedge funds Alternative investments are valued using net asset values as determined by external investment managers

The fair value of derivative contracts is primarily determined using techniques consistent with the market approach Derivative contracts include interest rate, credit default, and total return swaps Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates

As discussed in the Significant Accounting Policies and the Cash and Cash Equivalents, Interest in Investments Held by Ascension Health Alliance, Assets Limited as to Use, and Other Long-term investments notes, ABHS has an interest in investments held by Ascension Health Alliance As of June 30, 2013, 20%, 42% and 37% of total Alpha Fund assets that are measured at fair value on a recurring basis were measured based on Level 1, Level 2, and Level 3 inputs, respectively, while 0%, 100% and 0% of total Alpha Fund liabilities that are measured at fair value on a recurring basis were measured at such fair values based on Level 1, Level 2, and Level 3 inputs, respectively

(In thousands)

4. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2013, for all other financial assets that are measured at fair value on a recurring basis in the consolidated financial statements

	June 30, 2013				Redemption or	Days'
	Level 1	Level 2	Level 3	Total	Liquidation	Notice
Cash and cash equivalents	$ 11,527	$ –	$ –	$ 11,527	Daily	One
Hedge fund investments						
Absolute return/multiple strategies	$ 4,635	$ –	$ 2,063	$ 6,698	In redemption	
Total hedge fund investments	4,635	–	2,063	6,698		
Total other long-term investments	$ 4,635	$ –	$ 2,063	$ 6,698		

	June 30, 2013				Redemption or	Days'
	Level 1	Level 2	Level 3	Total	Liquidation	Notice
Restricted funds						
Cash and cash equivalents	$ 7,348	$ –	$ –	$ 7,348	Daily	One
Restricted pledges receivable	3,024	–	–	3,024	Daily	One
Total restricted funds	$ 10,372	$ –	$ –	$ 10,372		

	June 30, 2013				Redemption or	Days'
	Level 1	Level 2	Level 3	Total	Liquidation	Notice
Trustee-held funds						
Cash and cash equivalents	$ 11,187	$ 5,004	$ –	$ 16,191	Daily	One
Total trustee-held funds	$ 11,187	$ 5,004	$ –	$ 16,191		

Assets and liabilities classified as Level 1 are valued using unadjusted quoted market prices for identical assets or liabilities in active markets ABHS uses techniques consistent with the market approach and income approach for measuring fair value of its Level 2 and Level 3 assets and liabilities The market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities The income approach generally converts future amounts (cash flows or earnings) to a single present value amount (discounted)

(In thousands)

4. Fair Value Measurements (continued)

During the year ended June 30, 2013, the changes in the fair value of the foregoing assets measured using significant unobservable inputs (Level 3) were comprised of the following

	Absolute Return Strategies
July 1, 2012	$ 49,665
Total realized and unrealized gains (losses)	1,270
Sales	(44,237)
Transfers to Level 1	(4,635)
June 30, 2013	$ 2,063

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur

The following table summarizes fair value measurements, by level, at June 30, 2013, for all financial liabilities that are measured at fair value on a recurring basis in the consolidated financial statements

	Level 1	Level 2	Level 3	Total
Interest rate swap	$ –	$ (2,685)	$ –	$ (2,685)

Fair value of the interest rate swap is determined using pricing models developed based on the LIBOR swap rate and other observable market data The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and ABHS

Fair value of fixed rate long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to ABHS for debt of the same remaining maturities For variable rate debt, carrying amounts approximate fair value Fair value was estimated using quoted market prices based upon ABHS's current borrowing rates for similar types of long-term debt securities

(In thousands)

4. Fair Value Measurements (continued)

The following table presents the carrying amounts and estimated fair values of ABHS's financial instruments not carried at fair value at June 30, 2013

	Carrying Amount	Fair Value
Long-term debt	$ 482,416	$ 491,474

5. Long Term Debt

A summary of long-term debt as of June 30, 2013, is as follows

	2013
Illinois Finance Authority Revenue Refunding Bonds Series 2005 (Alexian Brothers Health System and Subsidiaries)	
Series 2005A, with fixed interest rates ranging from 5 00% to 5 50% and varying debt service payments through January 1, 2028	$ 64,775
Series 2005B, with fixed interest rates ranging from 5 00% to 5 50% and varying debt service payments through January 1, 2028	25,841
Illinois Finance Authority Revenue Bonds, Series 2008 (Alexian Brothers Health System and Subsidiaries), with fixed effective rate of 5 50%, due by annual mandatory redemption beginning February 15, 2029 through 2038	3,103
Illinois Finance Authority Revenue Refunding Bonds Series 2010 (Alexian Brothers Health System and Subsidiaries), with fixed interest rates ranging from 3 50% to 5 25% and varying debt service payments through February 15, 2030	72,164
Intercompany debt with Ascension Health Alliance, payable in installments through 2054, interest (3 54% at June 30, 2013) adjusted based on prevailing blended market interest rate of underlying debt obligations	324,494
Total long-term debt	490,377
Less current maturities of long-term debt	7,961
Long-term debt, excluding current maturities	$ 482,416

5. Long-Term Debt (continued)

ABHS and certain of its affiliates (ABMC, St Alexius, ABBHH, ABHN, ABSJ, AVM, AVT, Savelli, ABLV, ABSV, and ABCS, collectively referred to as the Obligated Group) entered into a Master Trust Indenture dated September 1, 1985, as amended and restated The purpose of the Master Trust Indenture is to provide a mechanism for the efficient and economical issuance of notes by individual members of the Obligated Group using the collective borrowing capacity and credit rating of the Obligated Group The Master Trust Indenture requires individual members of the Obligated Group to make principal and interest payments on notes issued for their benefit and to pay such amounts as are otherwise necessary to enable the Obligated Group to satisfy other obligations issued under the Master Trust Indenture Outstanding debt issued by members of the Obligated Group pursuant to the Master Trust Indenture aggregated $157,000 at June 30, 2013

Obligations issued under the Master Trust Indenture are secured by a direct pledge of the unrestricted receivables of the Obligated Group and a mortgage on ABMC and St Alexius The proceeds from each bond issue are administered by bond trustees to comply with the terms of the Master Trust Indenture

On August 11, 2005, ABHS issued Series 2005A Auction Rate Securities (Series 2005A), Series 2005B Auction Rate Securities (Series 2005B), and Series 2005C Variable Rate Demand Revenue Bonds (Series 2005C) (collectively, the Series 2005 Bonds), issued by the Illinois Finance Authority, for the purpose of partial refinancing of the ABHS Series 1999 Bonds Assured Guaranty insures payment of the principal and interest of the Series 2005 Bonds On April 14, 2008, ABHS converted the outstanding Illinois Finance Authority Revenue Refunding Bonds Series 2005A and Series 2005B from auction rate securities to fixed rate bonds The aggregate amounts for each series are set forth below

- Series 2005A Bonds are fixed rate bonds issued in the aggregate amount of $87,425 Principal and interest payments on the Series 2005A Bonds are payable semiannually commencing on January 1, 2009 through 2028, with fixed interest rates ranging from 4 00% to 5 50% with an aggregate rate of 5 35%

- Series 2005B Bonds are fixed rate bonds issued in the aggregate amount of $85,925 Principal and interest payments on the Series 2005B Bonds are payable semiannually commencing on January 1, 2009 through 2028, with fixed interest rates ranging from 4 00% to 5 50% with an aggregate rate of 5 35%

5. Long-Term Debt (continued)

- Series 2005C Bonds were variable rate demand revenue securities issued in the aggregate amount of $80,945 On April 21, 2011, the Series 2005C Bonds were refunded with the issuance of the Illinois Revenue Refunding Bonds, Series 2010 (ABHS Series 2010 Bonds), and that portion of the Assured Guaranty insurance policy for the Series 2005C was canceled

On April 23, 2008, ABHS issued Revenue Bonds, Series 2008 (ABHS Series 2008 Bonds) in the aggregate amount of $45,000 through the Illinois Finance Authority The ABHS Series 2008 Bonds are due in varying annual principal installments beginning February 2029 through February 2038 with interest payable semiannually at an effective rate of 5 50% The ABHS Series 2008 Bonds are supported by a debt service reserve of $1,063 ($4,500 at original issuance) Proceeds of the ABHS Series 2008 Bonds were used for payment or reimbursement of costs of acquiring, constructing, renovating, remodeling, and equipping certain health facilities, including but not limited to the modernization and expansion of hospital facilities at ABMC, fund working capital, and to pay certain costs incurred with the bonds

On April 21, 2010, ABHS issued ABHS Series 2010 Bonds in the aggregate amount of $133,400 through the Illinois Finance Authority The ABHS Series 2010 Bonds are due in varying annual principal installments beginning February 2011 through February 2030 with interest payable semiannually at an effective rate of 4 975% The ABHS Series 2010 Bonds are supported by a debt service reserve of $12,300 Proceeds of the ABHS Series 2010 Bonds were used to refund the ABHS Series 2005C Bonds in the amount outstanding of $70,420 and for payment or reimbursement of costs of acquiring, constructing, renovating, remodeling, and equipping certain health facilities, to fund the debt service reserve, and to pay certain costs incurred with the bonds

On May 10, 2012, ABHS entered into a debt agreement between Ascension Health Alliance and ABHS in the aggregate amount of approximately $326,918 Amounts under the ABHS debt agreement of 2012 are due in varying annual principal installments beginning November 2012 through November 2054 Proceeds of the ABHS debt agreement were used for payment or reimbursement of costs of acquiring, constructing, renovating, remodeling, and equipping certain health facilities, including but not limited to the modernization and expansion of hospital facilities at St Alexius Medical Center, and the Skilled Nursing Facility addition at Alexian Brothers Sherbrooke Village, and to refund the ABHS Series 2004 Bonds, redeem the ABHS Series 1999 Bonds, the Alexian Village of Tennessee Series 1999 Bonds, the Alexian Village of

(In thousands)

5. Long-Term Debt (continued)

Milwaukee Series 1988 Bonds, and the ABHS Series 2009 Bonds, and partially redeem the ABHS Series 2010 Bonds, the ABHS Series 2008 Bonds, and the ABHS Series 2005A and 2005B Bonds

Scheduled principal repayments on the long-term debt based on the scheduled redemptions according to the Master Trust Indenture (MTI) and the debt agreement with Ascension Health Alliance are as follows

Year ending June 30	
2014	$ 7,961
2015	4,897
2016	11,344
2017	17,810
2018	20,381
Thereafter	419,100
	$ 481,493

During the year ended June 30, 2013, interest paid was approximately $19,734 Capitalized interest was approximately $2,397 for the year ended June 30, 2013

6. Derivative Instruments

ABHS has entered into interest rate related derivative instruments to manage its exposure on debt instruments By using the derivative financial instrument to hedge exposures to changes in interest rates, ABHS is exposed to credit risk and market risk Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts When the fair value of a derivative contract is positive, the counterparty owes ABHS, which creates credit risk for ABHS When the fair value of a derivative contract is negative, ABHS owes the counterparty, and therefore, it does not possess credit risk ABHS minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken ABHS management also mitigates risk through periodic reviews of its derivative positions in the context of their total blended cost of capital

(In thousands)

6. Derivative Instruments (continued)

Interest Rate Swap Agreement

ABHS entered into an interest rate swap agreement in June 2005 The change in the fair value of the interest rate swap agreement of $1,216 for the year ended June 30, 2013, is recognized as a component of investment income return in nonoperating gains (losses) in the accompanying consolidated statement of operations and changes in net assets Under the swap agreement, ABHS receives, monthly, 58 20% of one-month LIBOR plus 40 basis points and payments at an annual fixed rate of 3 089% through April 2028

The fair value of the interest rate swap agreement of $(2,685) at June 30, 2013, is included as a component of other noncurrent liabilities in the accompanying consolidated balance sheet The differential to be paid or received under the interest rate swap agreement is recognized monthly and amounted to net payments of $1,309 for the year ended June 30, 2013, which has been included in nonoperating investment return in the accompanying consolidated statement of operations and changes in net assets The value of the swap has been increased by a credit valuation adjustment of approximately $33 at June 30, 2013

A summary of outstanding positions under the interest rate swap agreement at June 30, 2013, is as follows

Notional Amount	Maturity Date	Rate Received	Rate Paid
$ 47,220	January 1, 2019	58 2% of LIBOR + 40 basis points	3 089%

7. Pension Plans

ABHS sponsors various noncontributory defined benefit pension plans (Plans) for the benefit of certain eligible employees of participating entities The normal retirement benefit of the Plans is a monthly retirement income, which is computed based on a cash balance accumulated from employer contributions and interest earnings thereon tied to the ten-year treasury bill rate The normal benefit is payable to a married participant as a 50% joint and survivor annuity and to a single participant as a life only annuity Alternative forms of payment are available

7. Pension Plans (continued)

Contributions made to the Plans are calculated by multiplying each employee's annual earnings by percentages that vary depending on the employee's years of credited service The assets of the Plans are held in a bank-administered trust Active participants are also eligible to participate in the Alexian Brothers Retirement Savings 401(k) Plan (the 401(k) Plan), which permits them to defer income and receive a matching contribution to a portion of the savings

In addition, Thelen and ABAG each sponsor a contributory 401(k) plan (the Thelen Plan and ABAG Plan, respectively) that covers substantially all employees of Thelen and ABAG Participants may contribute a percentage of their salary up to the IRS limits The ABAG Plan was amended in June 2009 to provide for a dollar-for-dollar match on the first 2% of earnings the employee saves Employees who were eligible participants in the previous Bonaventure Medical Group 401(k) plan also became eligible to participate in the ABAG defined benefit plan as of July 1, 2009 As part of this amendment, sponsorship of the ABAG Plan was assumed by ABHS The Thelen Plan may also make matching contributions starting January 1, 2008

Cost recognized in the consolidated financial statements pursuant to the terms of the 401(k) Plan, the Thelen Plan, and the ABAG Plan totaled approximately $5,859 for the year ended June 30, 2013, and is reflected as employee benefits expense in the accompanying consolidated statement of operations and changes in net assets The 401(k) Plan, the Thelen Plan, and the ABAG Plan are funded on a current basis

Effective December 31, 2009, ABHS amended the Basic Plan to close participation to employees hired on or after January 1, 2010 Eligible participants as of December 31, 2009, employees hired during 2009, and certain groups of employees who were not currently at work on December 31, 2009, but returned to work within the provisions of the Plan continue to be eligible to participate in the Plan In addition, the 401(k) Plan was amended effective January 1, 2010, to add a Retirement Contribution Account (Account) for employees hired on or after January 1, 2010 This Account provides for a contribution to the 401(k) Plan based upon earnings and years of service for eligible employees without regard to whether they are currently deferring their own savings

ABHS recognizes the cost related to employee service using the unit credit cost method Gains and losses, calculated as the difference between estimates and actual amounts of plan assets and the projected benefit obligation, and prior service costs are amortized over the expected future service period The excess of plan assets over the projected benefit obligation at transition is also amortized over the expected future service period

(In thousands)

7. Pension Plans (continued)

ABHS accounts for the defined benefit pension plan in accordance with ASC 715, *Compensation — Retirement Benefits* ASC 715 requires the recognition in the consolidated balance sheet of the funded status of defined benefit pension plans and other postretirement benefit plans, including all previously unrecognized actuarial gains and losses and unamortized prior service cost, as a component of unrestricted net assets

The actuarial funding method used in the actuarial valuation for 2013 is the projected unit credit cost method The measurement date for plan liabilities and assets is June 30

The following tables set forth the Plans' Basic Pension Plan and SERP Restoration Plan funded status, amounts recognized in the accompanying consolidated financial statements, and assumptions used in determining the benefit obligation at June 30, 2013

Change in benefit obligation	
Projected benefit obligation at July 1, 2012	$ 123,620
Service cost	10,640
Interest cost	4,911
Actuarial gains	(1,467)
Benefits paid	(12,730)
Projected benefit obligation at June 30, 2013	$ 124,974
Change in plan assets	
Fair value of plan assets at July 1, 2012	$ 107,605
Actual return on plan assets	3,697
Employer contributions	11,924
Benefits paid	(12,730)
Fair value of plan assets at June 30, 2013	$ 110,496

(In thousands)

7. Pension Plans (continued)

	June 30, 2013
Reconciliation of funded status	
Funded status	$ (14,478)
Amounts recognized in the accompanying consolidated balance sheet	
Accrued benefit liability	$ (1)
Other long-term liabilities	(14,477)
Net amounts recognized in the balance sheet	$ (14,478)
Amounts not yet reflected in net periodic benefit cost and included as an accumulated credit to unrestricted net assets	
Net actuarial loss	$ 5,259
Net amounts included as an accumulated charge to unrestricted net assets	$ 5,259
Calculation of change in unrestricted net assets	
Accumulated unrestricted net assets, end of year	$ 5,259
Reversal of accumulated unrestricted net assets, prior year	(2,839)
Change in unrestricted net assets	$ 2,420
Other changes in plan assets and benefit obligations recognized in unrestricted net assets	
Net loss experienced during the year	$ 2,349
Amortization of unrecognized net loss	71
Net amounts recognized in unrestricted net assets	$ 2,420
Estimate of amounts that will be amortized out of unrestricted net assets into net pension cost	
Net loss	$ (70)

(In thousands)

7. Pension Plans (continued)

	June 30, 2013
Components of net periodic benefit cost	
Service cost	$ 10,640
Interest cost	4,911
Expected return on plan assets	(7,513)
Amortization of unrecognized net loss	(71)
Net periodic benefit cost	$ 7,967
Weighted-average assumptions	
Discount rate – benefit obligation	4 6%
Discount rate – periodic benefit cost	4 2%
Expected return on plan assets	7 0%
Rate of compensation increase	4 0%

The following tables set forth the Plans' Bargaining Unit Pension Plan funded status, amounts recognized in the accompanying consolidated financial statements, and assumptions used in determining the benefit obligation at June 30, 2013

Change in benefit obligation	
Projected benefit obligation at July 1, 2012	$ 14,887
Interest cost	636
Actuarial gains	(297)
Benefits paid	(699)
Projected benefit obligation at June 30, 2013	14,527
Change in plan assets	
Fair value of plan assets at July 1, 2012	10,177
Actual return on plan assets	356
Employer contributions	923
Benefits paid	(699)
Fair value of plan assets at June 30, 2013	10,757
Funded status and amounts recognized in the accompanying consolidated balance sheet	
Other long-term liabilities	$ (3,770)
Amounts not yet reflected in net periodic benefit cost and included as an accumulated credit to unrestricted net assets	
Net actuarial loss	$ 769

(In thousands)

7. Pension Plans (continued)

	June 30, 2013
Calculation of change in unrestricted net assets	
Accumulated unrestricted net assets, end of year	$ 769
Reversal of accumulated unrestricted net assets, prior year	(734)
Change in unrestricted net assets	$ 35
Estimate of amounts that will be amortized out of unrestricted net assets into net pension cost	
Net loss	$ 35
Other changes in plan assets and benefit obligations recognized in unrestricted net assets	
Net loss experienced during the year ended June 30, 2013	–
Net amounts recognized in unrestricted net assets	$ 35
Weighted-average assumptions	
Discount rate – benefit obligation	4 9%
Discount rate – periodic benefit cost	4 5%
Expected return on plan assets	7 0%
Rate of compensation increase	N/A
Components of net periodic benefit cost	
Interest cost	$ 636
Expected return on plan assets	(687)
Net periodic benefit cost	$ (51)

The Plan's accumulated benefit obligation equals the projected benefit obligation at June 30, 2013, as disclosed in the previous tables

ABHS's overall expected long-term rate of return on assets is 7 0% at June 30, 2013 The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories The return is based exclusively on historical returns, without adjustments

(In thousands)

7. Pension Plans (continued)

ABHS expects to contribute $10,201 to the Plans in 2014

The benefits expected to be paid in each year from 2014 to 2018 are $12,696, $12,304, $12,834, $13,637, and $14,278, respectively The aggregate benefits expected to be paid in the five years from 2019 to 2023 are $75,129 The expected benefits are based on the same assumptions used to measure ABHS's benefit obligation at June 30 and include estimated future employee service

ABHS developed a Pension Plan Investment Policy and Guidelines (policy), which had been reviewed and approved by the ABHS Investment Subcommittee and ratified by the ABHS Finance Committee as of December 31, 2011 The policy established goals and objectives of the fund, asset allocations, allowable and prohibited investments, socially responsible guidelines, and asset classifications as well as specific manager guidelines

The table below lists the target asset allocation and acceptable ranges and actual asset allocations as of June 30, 2013

Asset	Target Allocation	Acceptable Range	Actual Allocation at June 30, 2013
Cash and equivalents	0%	0 – 5%	0 0%
Domestic common stocks	15	10 – 20	15 7
Intermediate fixed securities	20	15 – 25	21 3
Enhanced cash	30	25 – 35	30 6
Alternative investments	35	30 – 40	32 4
Total	100%	100%	100 0%

7. Pension Plans (continued)

Overall Investment Objective

The overall investment objective of the Pension Plan is to invest the plan assets in a prudent manner to best serve the participants of the Plan Pension Plan investment assets are to produce investment results, which achieve the Plan's actuarial assumed rate of return, protect the integrity of the Plan, assist ABHS in meeting the obligations to the Plan participants, manage risk exposures, focus on downside sensitivities, and maintain enough liquidity in the portfolio to ensure timely cash outflows and beneficiary payments The Plans' investments are diversified among various asset classes incorporating multiple strategies and managers to exceed a weighted benchmark return based upon policy asset allocation targets and standard index returns

Allocation of Investment Strategies

The Plan maintains a percent of assets in domestic equity stocks to achieve the expected rate of return To manage risk exposure, the Plans' assets are invested in intermediate term fixed-income funds, short-term fixed income funds, and shares or units in alternative investment funds involving hedged strategies and long/short equity funds Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and these securities are valued accordingly Because of the inherent uncertainties of valuation, these estimated fair values may differ from values that would have been used had a ready market existed

Basis of Reporting

Investments are reported at estimated fair value If an investment is held directly by ABHS and an active market with quoted prices exists, the market price of an identical security is used as reported fair value Reported fair values for shares in mutual funds registered with them are based on share prices reported by the funds as of the last business day of the fiscal year ABHS's interests in alternative investment funds are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of ABHS's interest

(In thousands)

7. Pension Plans (continued)

The fair value of ABHS's pension plan assets at June 30, 2013, by asset category class, is as follows

	June 30, 2013				Redemption	Days'
	Level 1	Level 2	Level 3	Total	or Liquidation	Notice
Pension plan assets excluding accrued interest of $0						
Corporate stocks	$ 2,781	$ 16,226	$ –	$ 19,007	Daily	One
Fixed income						
Short-term bond fund	37,099	–	–	37,099	Daily	One
Intermediate-term bond fund	25,843	–	–	25,843	Daily	One
	65,723	16,226	–	81,949		
Hedge fund investments						
Absolute return/multiple strategies	34,708	–	4,596	39,304	In Redemption	
Total pension plan assets	$ 100,431	$ 16,226	$ 4,596	$ 121,253		

During the year ended June 30, 2013, the changes in the fair value of the foregoing assets measured using significant unobservable inputs (Level 3) were comprised of the following

	Hedge Fund Investments
Beginning balance	$ 30,428
Total realized and unrealized gains (losses)	1,228
Sales	(27,060)
Ending balance	$ 4,596

7. Pension Plans (continued)

Fair Value of Financial Instruments

The following methods and assumptions were used by ABHS in estimating the fair value of its financial instruments of the Plan

- Fair value for corporate stocks and fixed income funds are measured using quoted market prices at the reporting date multiplied by the quantity held The Plan has, in hedge funds, positions for which quoted market prices are not available The estimated fair value of these alternative investments includes estimates, appraisals, assumptions, and methods provided by external financial advisors and reviewed by the Plan

Fair Value Hierarchy

The Plan follows ASC Subtopic 715-20-50 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis ASC Subtopic 715-20-50 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value

The Plan has various alternative investment funds in which the NAV is used as a practical expedient to determine fair value in accordance with ASC Subtopic 820-10-65-6 The Plan has no required commitments to fund the alternative investment funds The Plan has requested full redemption of any alternative investment fund

8. Self-Insurance Programs

ABHS participates in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits Actuarially determined amounts, discounted at 6%, are contributed to the trusts and the captive insurance company to provide for the estimated cost of claims The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported and are discounted at 6% in 2013 In the event that sufficient funds are not available

8. Self-Insurance Programs (continued)

from the self-insurance programs, each participating entity may be assessed its pro rata share of the deficiency If contributions exceed the losses paid, the excess may be returned to participating entities

Professional and General Liability Programs

ABHS participates in Ascension Health's professional and general liability self-insured program which provides claims-made coverage through a wholly owned on-shore trust and offshore captive insurance company, Ascension Health Insurance, Ltd (AHIL), with a self-insured retention of $10,000 per occurrence with no aggregate ABHN has a deductible of $100 per claim Excess coverage is provided through AHIL with limits up to $185,000 AHIL retains $5,000 per occurrence and $5,000 annual aggregate for professional liability AHIL also retains a 20% quota share of the first $25,000 of umbrella excess The remaining excess coverage is reinsured by commercial carriers

Included in operating expenses in the accompanying consolidated statement of operations and changes in net assets is professional and general liability expense of $15,698 for the year ended June 30, 2013 For the year ended June 30, 2013, the expense has been reduced by $6,978 of excess premiums previously retained by Ascension Health's professional and general liability self-insured program Included in current and long-term self-insurance liabilities on the accompanying consolidated balance sheet are liabilities for deductibles and reserves for claims incurred but not yet reported of approximately $24,400 at June 30, 2013

Workers' Compensation

ABHS participates in Ascension Health's workers' compensation program which provides occurrence coverage through a grantor trust The trust provides coverage up to $1,000 per occurrence with no aggregate The trust provides a mechanism for funding the workers' compensation obligation of its members Excess insurance against catastrophic loss is obtained through commercial insurers Premium payments made to the trust are expensed and reflect both claims reported and claims incurred but not reported Included in operating expenses in the accompanying consolidated statements of operations and changes in net assets is workers' compensation expense of $2,575 for the year ended June 30, 2013

(In thousands)

9. Lease Commitments

Future minimum payments under noncancelable operating leases with terms of one year or more are as follows

Year ending June 30		
2014	$	14,737
2015		13,780
2016		9,798
2017		6,220
2018		5,530
Thereafter		14,596
Total	$	64,661

ABHS has subleased certain of its space under the operating leases reported above Total future minimum rents to be received under noncancelable subleases with terms of one year or more are $2,222

In addition, ABHS is a lessor under certain operating lease agreements, primarily ground leases related to third party owned medical office buildings on land owned by ABHS Future minimum rental receipts under all noncancelable operating leases with terms of one year or more are as follows

Year ending June 30		
2014	$	1,405
2015		744
2016		353
2017		222
2018		148
Thereafter		257
Total	$	3,129

Rental expense under operating leases amounted to $22,753 in 2013

10. Related-Party Transactions

ABHS utilized various centralized programs and overhead services of the System or its other sponsored organizations, including risk management, retirement services, treasury, debt management, executive management support, administrative services, and information technology services The charges allocated to ABHS for these services represent both allocations of common costs and specifically identified expenses that are incurred by the System on behalf of ABHS Allocations are based on relevant metrics such as ABHS's pro rata share of revenues, certain costs, debt, or investments to the consolidated totals of the System The amounts charged to ABHS for these services may not necessarily result in the net costs that would be incurred by ABHS on a stand-alone basis The charges allocated to ABHS were approximately $40,450 for the year ended June 30, 2013

11. Contingencies and Commitments

In addition to professional liability claims, ABHS is involved in litigation and regulatory investigations arising in the ordinary course of business In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on ABHS's consolidated balance sheet

12. Subsequent Events

ABHS evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date For the year ended June 30, 2013, ABHS evaluated subsequent events through August 28, 2013, representing the date on which the financial statements were available to be issued During this period, there were no subsequent events that required recognition or disclosure in the financial statements Additionally, there were no nonrecognized subsequent events that required disclosure

Supplementary Information

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Report of Independent Auditors on Supplementary Information

Board of Governors
Alexian Brothers Health System and Subsidiaries

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs is presented for purposes of additional analysis and is not a required part of the 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 financial statements The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Ernst & Young LLP

August 28, 2013

Alexian Brothers Health System and Subsidiaries

Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs

(Dollars in Thousands)

The net cost excluding the provision for bad debt expense of providing care of persons living in poverty and community benefit programs is as follows

	Year Ended June 30, 2013
Traditional charity care provided	$ 20,167
Unpaid cost of public programs for persons living in poverty	32,861
Other programs for persons living in poverty and other vulnerable persons	3,773
Community benefit programs	7,710
Care of persons living in poverty and community benefit programs	$ 64,511

Alexian Brothers Health System and Subsidiaries

Obligated Group Consolidating Balance Sheet
(In thousands)

June 30, 2013

	Alexian Brothers Health System	Alexian Brothers Hospital Network	Alexian Brothers Medical Center	Saint Alexius Medical Center	Alexian Brothers Behavioral Health Hospital	Savelli Properties Inc.	Alexian Village of Milwaukee Inc.	Alexian Village of Tennessee	Alexian Brothers Lansdowne Village	Alexian Brothers Sherbrooke Village	Alexian Brothers Community Services	Alexian Brothers of San Jose Inc.	Eliminations	Consolidated Total
Assets														
Current assets														
Cash and cash equivalents	$ (35,105)	$ –	$ 18,673	$ 18,776	$ 2,285	$ 98	$ 138	$ 381	$ 121	$ 77	$ 332	$ –	$ –	$ 5,776
Short-term investments	3,662	–	–	–	–	973	–	–	–	–	–	–	–	4,635
Accounts receivable, less allowances for doubtful accounts ($42,971 in 2013)	–	–	50,478	37,870	7,573	–	1,589	742	1,688	1,462	716	–	(1,639)	100,479
Estimated third-party payor settlements	–	–	628	910	–	–	–	–	61	17	–	–	–	1,616
Inventories	–	4,506	7,549	3,794	93	–	154	91	20	28	207	–	–	16,442
Other	1,760	28,877	(950)	2,953	205	115	1,389	749	196	265	379	–	(1,926)	34,012
Total current assets	(29,683)	33,383	76,378	64,303	10,156	1,186	3,270	1,963	2,086	1,849	1,634	–	(3,565)	162,960
Assets limited as to use and other long-term investments	3,035	–	–	–	–	–	–	–	–	–	–	–	–	3,035
Interest in investments held by Ascension Health Alliance	253,640	–	–	–	–	–	12,661	335	13,034	12,879	48,407	–	–	340,956
Trustee-held funds	16,191	–	–	–	–	–	–	–	–	–	–	–	–	16,191
Restricted funds	7,450	–	1,408	504	94	–	175	2,493	7	52	–	–	(2,938)	9,245
Property and equipment, net	9,608	31,648	211,584	263,401	23,897	10,013	26,770	53,895	3,886	25,430	4,638	–	–	664,770
Other assets														
Investment in unconsolidated entities	1	53,942	160	1,411	–	–	–	–	–	–	–	–	(53,942)	1,572
Other	15,249	10,240	135	(302)	21	16	1,196	296	–	–	558	–	–	27,409
Total other assets	15,250	64,182	295	1,109	21	16	1,196	296	–	–	558	–	(53,942)	28,981
Total assets	$ 275,491	$ 129,213	$ 289,665	$ 329,317	$ 34,168	$ 11,215	$ 44,072	$ 58,982	$ 19,013	$ 40,210	$ 55,237	$ –	$ (60,445)	$ 1,226,138

Alexian Brothers Health System and Subsidiaries

Obligated Group Consolidating Balance Sheet (continued)
(In thousands)

June 30, 2013

	Alexian Brothers Health System	Alexian Brothers Hospital Network	Alexian Brothers Medical Center	Saint Alexius Medical Center	Alexian Brothers Behavioral Health Hospital	Savelli Properties Inc.	Alexian Village of Milwaukee Inc.	Alexian Village of Tennessee	Alexian Brothers Lansdowne Village	Alexian Brothers Sherbrooke Village	Alexian Brothers Community Services	Alexian Brothers of San Jose Inc.	Eliminations	Consolidated Total
Liabilities and net assets														
Current liabilities														
Current portion of long-term debt	$ 7,961	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 7,961
Accounts payable and accrued liabilities	43,225	15,265	17,773	14,950	3,850	236	2,178	2,333	738	925	3,799	8	(3,789)	101,491
Estimated third-party payor settlements	–	–	46,254	38,740	2,732	–	–	–	–	–	683	–	–	88,409
Current portion of self-insurance liabilities	–	–	1,243	805	196	–	–	–	–	–	–	–	–	2,244
Other	(188,096)	126,437	33,660	27,845	4,393	(92)	74	192	101	51	2,856	(357)	224	7,288
Total current liabilities	(136,910)	141,702	98,930	82,340	11,171	144	2,252	2,525	839	976	7,338	(349)	(3,565)	207,393
Noncurrent liabilities														
Long-term debt	482,416	–	–	–	–	–	–	–	–	–	–	–	–	482,416
Self-insurance liabilities	–	–	8,020	7,771	1,783	–	25	36	36	34	25	–	–	17,730
Pension and other postretirement liabilities	15,024	–	–	–	–	–	–	–	–	–	–	3,770	–	18,794
Deferred accommodation fees and deposits	–	–	–	–	–	–	14,430	30,481	–	–	2,531	–	–	47,442
Other	3,322	–	4,432	–	–	–	–	–	–	–	–	–	–	7,754
Total noncurrent liabilities	500,762	–	12,452	7,771	1,783	–	14,455	30,517	36	34	2,556	3,770	–	574,136
Total liabilities	363,852	141,702	111,382	90,111	12,954	144	16,707	33,042	875	1,010	9,894	3,421	(3,565)	781,529
Net assets														
Unrestricted														
Controlling interest	(95,811)	(12,489)	177,311	238,702	21,120	11,071	27,190	23,446	18,131	39,148	45,343	(3,421)	(53,942)	435,799
Noncontrolling interests	–	–	(436)	–	–	–	–	–	–	–	–	–	–	(436)
Unrestricted net assets	(95,811)	(12,489)	176,875	238,702	21,120	11,071	27,190	23,446	18,131	39,148	45,343	(3,421)	(53,942)	435,363
Temporarily restricted	7,450	–	729	504	94	–	142	2,035	7	52	–	–	(2,938)	8,075
Permanently restricted	–	–	679	–	–	–	33	459	–	–	–	–	–	1,171
Total net assets	(88,361)	(12,489)	178,283	239,206	21,214	11,071	27,365	25,940	18,138	39,200	45,343	(3,421)	(56,880)	444,609
Total liabilities and net assets	$ 275,491	$ 129,213	$ 289,665	$ 329,317	$ 34,168	$ 11,215	$ 44,072	$ 58,982	$ 19,013	$ 40,210	$ 55,237	$ –	$ (60,445)	$ 1,226,138

Alexian Brothers Health System and Subsidiaries

Obligated Group Consolidated Statement of Operations and Changes in Net Assets
(In thousands)

Year Ended June 30, 2013

	Alexian Brothers Health System	Alexian Brothers Hospital Network	Alexian Brothers Medical Center	Saint Alexius Medical Center	Alexian Brothers Behavioral Health Hospital	Savelli Properties Inc.	Alexian Village of Milwaukee Inc.	Alexian Village of Tennessee	Alexian Brothers Lansdowne Village	Alexian Brothers Sherbrooke Village	Alexian Brothers Community Services	Alexian Brothers of San Jose Inc.	Eliminations	Consolidated Total
Operating revenue														
Net patient and resident service revenue	$ –	$ –	$ 442,484	$ 337,066	$ 68,140	$ –	$ 22,603	$ 21,725	$ 11,358	$ 14,583	$ 1,016	$ –	$ (6,596)	$ 912,379
Less provision for doubtful accounts	–	1,030	16,025	18,169	2,061	–	17	55	270	109	291	–	–	38,027
Net patient and resident service revenue, less provision for doubtful accounts	–	(1,030)	426,459	318,897	66,079	–	22,586	21,670	11,088	14,474	725	–	(6,596)	874,352
Capitation revenue	–	–	800	846	603	–	–	–	–	–	35,151	–	–	37,400
Other revenue	46,064	101,358	9,833	6,813	5,235	2,767	836	521	22	68	1,364	–	(136,831)	38,050
Net assets released from restrictions for operations	–	–	271	159	51	–	106	305	6	11	–	–	–	909
Total operating revenue	46,064	100,328	437,363	326,715	71,968	2,767	23,528	22,496	11,116	14,553	37,240	–	(143,427)	950,711
Operating expenses														
Salaries and wages	22,166	22,071	136,306	97,720	35,016	–	8,180	6,093	4,051	5,800	10,744	–	(3,648)	344,499
Employee benefits	8,860	7,942	32,671	22,558	7,312	–	1,895	2,012	760	983	2,643	(40)	(7,660)	79,936
Purchased services	3,740	39,408	27,501	14,768	4,026	28	3,789	4,798	1,315	1,834	1,123	3	(6,852)	95,481
Professional fees	1,804	7,092	30,644	29,738	5,034	62	3,443	2,670	2,464	1,389	15,545	0	(29,957)	69,928
Supplies	136	794	77,363	44,907	1,297	1	968	822	928	789	2,591	–	–	130,596
Insurance	118	5	4,479	4,675	792	7	58	122	108	123	124	0	–	10,611
Interest	(2,084)	–	7,351	8,610	1,126	–	320	336	–	–	71	–	–	15,730
Depreciation and amortization	1,555	13,499	15,644	11,579	937	576	1,325	1,883	472	756	656	–	–	48,882
Other	9,697	3,629	80,658	64,083	14,111	2,323	2,059	3,023	1,156	935	1,535	–	(95,310)	87,899
Total operating expenses before impairment, restructuring, and nonrecurring gains (losses), net	45,992	94,440	412,617	298,638	69,651	2,997	22,037	21,759	11,254	12,609	35,032	(37)	(143,427)	883,562
Income (loss) from operations before impairment, restructuring, and nonrecurring gains (losses), net	72	5,888	24,746	28,077	2,317	(230)	1,491	737	(138)	1,944	2,208	37	–	67,149
Impairment, restructuring, and nonrecurring gains (losses), net	–	(1,410)	–	–	–	–	–	–	–	–	(1,252)	–	–	(2,662)
Income (loss) from operations	72	4,478	24,746	28,077	2,317	(230)	1,491	737	(138)	1,944	956	37	–	64,487
Nonoperating gains (losses)														
Investment return	15,020	–	98	80	–	1	967	178	953	916	3,206	–	–	21,419
Other	4	–	23	–	(15)	(4)	–	–	–	–	–	–	–	8
Total nonoperating gains (losses), net	15,024	–	121	80	(15)	(3)	967	178	953	916	3,206	–	–	21,427
Excess (deficit) of revenues and gains over expenses and losses	15,096	4,478	24,867	28,157	2,302	(233)	2,458	915	815	2,860	4,162	37	–	85,914
Less noncontrolling interests	–	–	(157)	–	–	–	–	–	–	–	–	–	–	(157)
Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest	15,096	4,478	25,024	28,157	2,302	(233)	2,458	915	815	2,860	4,162	37	–	86,071
Other changes in unrestricted net assets														
Pension and other postretirement liability adjustments	(2,420)	–	–	–	–	–	–	–	–	–	–	(35)	–	(2,455)
Transfers from (to) sponsor and other affiliates, net	189,513	–	(98,000)	(87,000)	(16,000)	–	–	3,810	–	–	–	–	–	(7,677)
Net assets released from restrictions for property acquisitions	–	–	4,042	1,500	–	–	–	4	–	–	–	–	–	5,546
Other	–	–	(684)	–	–	–	–	–	1	1	(526)	–	–	(1,208)
Increase (decrease) in unrestricted net assets	202,189	4,478	(69,618)	(57,343)	(13,698)	(233)	2,458	4,729	816	2,861	3,636	2	–	80,277

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