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CHANGE OF ACCOUNTING PERIOD

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 OCT 1, 2012 and ending JUN 30, 2013

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

C Name of organization
St. John Broken Arrow, Inc.

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address) | Room/suite
1923 South Utica Avenue

City, town, or post office, state, and ZIP code
Tulsa, OK 74104-6502

F Name and address of principal officer: David Phillips
same as C above

D Employer identification number
38-3833117

E Telephone number
918-744-2180

G Gross receipts $ 39,168,310.

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www.stjohnbrokenarrow.com

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: 2011

M State of legal domicile: OK

Part I Summary

1 Briefly describe the organization's mission or most significant activities: To provide medical excellence and compassionate care to all who need it.

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	7
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	1
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	298
6	Total number of volunteers (estimate if necessary)	6	95
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)	7,682.	21,441.
9	Program service revenue (Part VIII, line 2g)	16,660,951.	38,825,521.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,451.	-205,851.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0.	211,506.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	16,671,084.	38,852,617.
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)	4,871,185.	13,318,492.
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)	12,862,870.	25,104,869.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	17,734,055.	38,423,361.
19	Revenue less expenses. Subtract line 18 from line 12	-1,062,971.	429,256.

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	136,051,624.	110,517,635.
21	Total liabilities (Part X, line 26)	137,114,595.	126,130,903.
22	Net assets or fund balances. Subtract line 21 from line 20	-1,062,971.	-15,613,268.

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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 5/14/14

▶ Lex Anderson, SVP/CFO SJHS
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Alicia Janisch	Alicia Janisch	5/13/14		P00741382

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

Firm's address ▶ 250 East Fifth, Suite 1900, Cincinnati, OH 45202 — Phone no. (513)784-7100

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

G 16 4

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:
Continue the healing ministry of Jesus Christ by providing medical excellence and compassionate care to all who need it with a special emphasis for the poor and powerless.

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 [X] 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 [X] 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 $ 29,601,841. including grants of $ _____) (Revenue $ 38,803,807.)
St. John Broken Arrow, Inc. ("St. John Broken Arrow")is a growing community hospital that provides medical services to the residents of northeastern Oklahoma. St. John Broken Arrow operates a 24-hour emergency department and a variety of other health care services.

St. John Health System, Inc. ("St. John"), and affiliates, own and operate a comprehensive tertiary health care delivery system which provides a full spectrum of health-related services throughout Northeastern Oklahoma. St. John, headquartered in Tulsa, Oklahoma, conducts its operations through ten principal wholly-owned or wholly-controlled subsidiaries: St. John Medical Center, Inc. (the "Medical Center"), St. John Sapulpa, Inc. ("St. John Sapulpa"), Jane

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

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

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

4e **Total program service expenses** ▶ 29,601,841.

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	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors*?	2	X	
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		X
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		X
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		X
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		X
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		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
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		X
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		X
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	X	
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		X
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		X
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		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		X
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		X
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		X
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	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
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		X
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		X
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		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		X
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		X
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		X
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	X	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	X	

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
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		X
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		X
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	X	
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		X
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		X
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		X
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		X
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		X
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		X
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		X
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		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
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		X
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		X
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	X	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	X	
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	X	
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		X
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		X
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	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	6		
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	X	
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	298		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		X
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		X
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		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		X
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		X
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		X
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		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		X
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?		13a		
	Note. See the instructions for additional information the organization must report on Schedule O.				
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		X
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 line 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 [X]

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 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.	1a	7		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	1		
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		X	
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			X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			X
6	Did the organization have members or stockholders?	6		X	
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		X	
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		X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body?	8a		X	
b	Each committee with authority to act on behalf of the governing body?	8b		X	
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			X

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		X
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	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.	12a	X	
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12b	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12c	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	13	X	
13	Did the organization have a written whistleblower policy?	14	X	
14	Did the organization have a written document retention and destruction policy?			
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	X	
b	Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).	15b	X	
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		X
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 ▶ None

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

[ ] Own website [ ] Another's website [X] 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: ▶

Lex Anderson - 918-744-2740

1923 South Utica Avenue, Tulsa, OK 74104

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, and 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 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) Wes Stotler, D.O.	1.30									
Chairman	0.00	X		X				0.	0.	0.
(2) David J. Pynn	1.00									
Vice President/Vice Chairman	48.90	X		X				0.	1,100,329.	83,815.
(3) William E. Weeks	1.00									
Secretary	42.00	X		X				0.	679,302.	59,390.
(4) Lex Anderson	1.00									
Treasurer	43.30	X		X				0.	651,487.	55,181.
(5) Todd Hoffman, M.D.	1.00									
Director	40.00	X		X				0.	691,271.	14,921.
(6) David Phillips	1.00									
President	40.00	X		X				0.	342,504.	38,198.
(7) Martha Mars	40.00									
Chief Nursing Officer	0.00			X				135,609.	0.	16,962.
(8) Michael R. Nevins	40.00									
CFO	40.00			X				39,741.	90,677.	13,395.
(9) Robert O. Cather	44.00									
Regional Pharmacy Manager	0.00					X		141,515.	0.	15,105.
(10) Ashley Carder	40.00									
Pharmacist	0.00					X		118,498.	0.	14,498.
(11) Wendy C. Van Matre	40.00									
Director Clinical Sup. Svcs.	0.00					X		102,080.	0.	4,161.

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 line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
1b Sub-total ▶								537,443.	3,555,570.	315,626.
c Total from continuation sheets to Part VII, Section A ▶								0.	0.	0.
d Total (add lines 1b and 1c) ▶								537,443.	3,555,570.	315,626.

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 ▶ 5

		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		X
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	X	
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		X

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
Siemens Healthcare Diagnostics PO Box 121102, Dallas, TX 75312-1102	Service Agreements	454,754.

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 ▶ 1

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	21,441.			
	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	▶	21,441.			
Program Service Revenue			Business Code				
	2a	New Patient Revenue	621990	38,802,802.	38,802,802.		
	b						
	c						
	d						
	e						
	f	All other program service revenue	722320	22,719.			22,719.
	g	**Total.** Add lines 2a-2f	▶	38,825,521.			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	▶	8,015.			8,015.
	4	Income from investment of tax-exempt bond proceeds	▶				
	5	Royalties	▶				
			(i) Real / (ii) Personal				
	6a	Gross rents	25,428.				
	b	Less: rental expenses	0.				
	c	Rental income or (loss)	25,428.				
	d	Net rental income or (loss)	▶	25,428.			25,428.
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	101,827.				
	b	Less: cost or other basis and sales expenses	315,693.				
	c	Gain or (loss)	-213,866.				
	d	Net gain or (loss)	▶	-213,866.			-213,866.
	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	722320	185,073.			185,073.
	b	Miscellaneous Revenue	900099	1,005.	1,005.		
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a-11d	▶	186,078.			
	12	**Total revenue.** See instructions.	▶	38,852,617.	38,803,807.	0.	27,369.

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 [X]

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	224,240.	172,757.	51,483.	
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	10,860,168.	8,058,811.	2,801,357.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	431,203.	119,131.	312,072.	
9 Other employee benefits	1,180,375.	1,094,234.	86,141.	
10 Payroll taxes	622,506.	579,838.	42,668.	
11 Fees for services (non-employees):				
a Management				
b Legal	10,450.		10,450.	
c Accounting	12,767.		12,767.	
d Lobbying				
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 Sch O.)	4,301,456.	3,902,908.	398,548.	
12 Advertising and promotion	90,460.	83,639.	6,821.	
13 Office expenses				
14 Information technology	70,197.	60,324.	9,873.	
15 Royalties				
16 Occupancy	448,820.	405,998.	42,822.	
17 Travel	13,454.	4,887.	8,567.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	4,027,508.	4,027,508.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	6,007,231.	1,882,529.	4,124,702.	
23 Insurance	383,759.		383,759.	
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 Supplies	8,941,365.	8,912,944.	28,421.	0.
b Oklahoma's SHOPP Fee	383,374.	0.	383,374.	0.
c				
d				
e All other expenses	414,028.	296,333.	117,695.	
25 **Total functional expenses.** Add lines 1 through 24e	38,423,361.	29,601,841.	8,821,520.	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	5,484,953.	1	1,454,506.
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	6,958,016.	4	5,970,931.
	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 instr). Complete Part II of Sch L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	1,140,559.	8	1,025,719.
	9	Prepaid expenses and deferred charges	69,070.	9	73,994.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a: 103,266,765.			
	b	Less: accumulated depreciation — 10b: 1,278,036.	105,054,531.	10c	101,988,729.
	11	Investments - publicly traded securities		11	
	12	Investments - other securities. See Part IV, line 11		12	
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets	17,344,495.	14	
	15	Other assets. See Part IV, line 11		15	3,756.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	136,051,624.	16	110,517,635.
Liabilities	17	Accounts payable and accrued expenses	2,378,246.	17	8,695,626.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities	124,863,412.	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	9,872,937.	25	117,435,277.
	26	**Total liabilities.** Add lines 17 through 25	137,114,595.	26	126,130,903.
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	-1,062,971.	27	-15,613,268.
	28	Temporarily restricted net assets		28	0.
	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	-1,062,971.	33	-15,613,268.
	34	Total liabilities and net assets/fund balances	136,051,624.	34	110,517,635.

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	38,852,617.
2	Total expenses (must equal Part IX, column (A), line 25)	2	38,423,361.
3	Revenue less expenses. Subtract line 2 from line 1	3	429,256.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	-1,062,971.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-14,979,553.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	-15,613,268.

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		X
	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	X	
	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	X	
	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		X
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		

'SCHEDULE A
(Form 990 or 990-EZ)

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	Employer identification number
St. John Broken Arrow, Inc.	38-3833117

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 section 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 from 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 section 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 ▶ ☐

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
St. John Broken Arrow, Inc.

Employer identification number
38-3833117

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)
- ☐ Protection of natural habitat
- ☐ Preservation of open space
- ☐ Preservation of an historically important land area
- ☐ Preservation of a certified historic structure

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 Tax 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	(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		3,230,000.		3,230,000.
b Buildings		88,654,876.	884,648.	87,770,228.
c Leasehold improvements				
d Equipment		10,781,058.	370,899.	10,410,159.
e Other		600,831.	22,489.	578,342.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				101,988,729.

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		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Col. (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
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Col. (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
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
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
(1) Federal income taxes	
(2) Intercompany Payables	117,435,277.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25.)* ▶	117,435,277.

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.

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 St. John Broken Arrow, Inc.

Employer identification number 38-3833117

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	X	
b	If "Yes," was it a written policy?	1b	X	
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: ☐ 100% ☐ 150% ☐ 200% ☒ Other 300 %	3a	X	
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: ☐ 200% ☐ 250% ☒ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	X	
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	X	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	X	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	X	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		X
6a	Did the organization prepare a community benefit report during the tax year?	6a	X	
b	If "Yes," did the organization make it available to the public?	6b	X	

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)			1,284,810.	2,028.	1,282,782.	3.34%
b Medicaid (from Worksheet 3, column a)			3,644,104.	2,082,946.	1,561,158.	4.06%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			4,928,914.	2,084,974.	2,843,940.	7.40%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits						
k **Total.** Add lines 7d and 7j			4,928,914.	2,084,974.	2,843,940.	7.40%

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						.00%
2	Economic development						.00%
3	Community support						.00%
4	Environmental improvements						.00%
5	Leadership development and training for community members						.00%
6	Coalition building						.00%
7	Community health improvement advocacy						.00%
8	Workforce development						.00%
9	Other						.00%
10	Total						

Part III Bad Debt, Medicare, & Collection Practices

			Yes	No
Section A. Bad Debt Expense				
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1		X
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 7,002,540.		
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		
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 8,532,018.		
6	Enter Medicare allowable costs of care relating to payments on line 5	6 10,747,006.		
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7 -2,214,988.		
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	X	
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	X	

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 %

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest)

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

Name, 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 St. John Broken Arrow 1000 West Boise Circle Broken Arrow, OK 74102-4900 www.stjohnhealthsystem.com	X	X					X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group St. John Broken Arrow

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	X	
	If "Yes," indicate what the CHNA report describes (check all that apply):			
a	[X] 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	[X] The health needs of the community			
f	[X] 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		X
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	X	
5	Did the hospital facility make its CHNA report widely available to the public?	5	X	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
a	[X] Hospital facility's website			
b	[X] 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	[X] Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	[X] Execution of the implementation strategy			
c	[X] Participation in the development of a community-wide plan			
d	[X] Participation in the execution of a community-wide plan			
e	[ ] Inclusion of a community benefit section in operational plans			
f	[X] Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	[X] Prioritization of health needs in its community			
h	[X] 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	X	
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		X
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)* St. John Broken Arrow

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	X	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10	X	
If "Yes," indicate the FPG family income limit for eligibility for free care: 300 %			
If "No," explain in Part VI the criteria the hospital facility used.			
11 Used FPG to determine eligibility for providing *discounted* care?	11	X	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: 300 %			
If "No," explain in Part VI the criteria the hospital facility used.			
12 Explained the basis for calculating amounts charged to patients?	12	X	
If "Yes," indicate the factors used in determining such amounts (check all that apply):			
a [X] Income level			
b [X] Asset level			
c [X] Medical indigency			
d [X] Insurance status			
e [X] Uninsured discount			
f [X] Medicaid/Medicare			
g [ ] State regulation			
h [ ] Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	13	X	
14 Included measures to publicize the policy within the community served by the hospital facility?	14	X	
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 on request			
g [X] 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	X	
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 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		X
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)* St. John Broken Arrow

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	X	

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 of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI.	21		X
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI.	22		X

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? 0

Name and address	Type of Facility (describe)

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.

Part I, Line 6a: The hospital is a wholly-owned (wholly-sponsored) subsidiary of St. John Health System, Inc. - EIN 73-1215174 ("SJHS"). SJHS prepared a consolidated community benefit report for the consolidated organization for this tax year. The report is made available on demand and is referenced by the organization in a number of public meetings and community outreach activities.

Part I, Line 7: Costs were determined using a cost to charge ratio derived from worksheet 2, Patient Care Cost to Charges.

Part III, Line 4: The provision for doubtful accounts is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in healthcare 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 the 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

Part VI Supplemental Information

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, the System 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 the System. Accounts receivable are written off after collection efforts have been followed in accordance with the System's policies.

Part III, Line 8: St. John Broken Arrow, Inc. follows the Catholic Health Association ("CHA") guidelines for determining community benefit. CHA community benefit reporting guidelines suggest that Medicare shortfall is not treated as community benefit.

Part III, Line 9b: The organization has a written debt collection policy that also includes a provision on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance. If a patient qualifies for charity or financial assistance certain collection practices do not apply.

St. John Broken Arrow:

Part V, Section B, Line 4: The other hospital facilities with which the reporting hospital facility conducted its CHNA, include: St. John Medical Center (Tulsa), Owasso Medical Facility, St. John Sapulpa, Jane Phillips Medical Center (Bartlesville), and Jane Phillips Nowata.

St. John Broken Arrow:

Part VI Supplemental Information

Part V, Section B, Line 14g: Signs are posted in waiting rooms and at the admissions offices to notify patients that the hospital has a financial assistance policy. In addition, every billing statement, the Hospital's website, and admission packets include information regarding the financial assistance policy. The policy is provided at the request of the patient.

St. John Broken Arrow:

Part V, Section B, Line 18e: Question 18 is more appropriately answered as not applicable as the Billing and Collections Policy of St. John Broken Arrow, Inc. 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

St. John Broken Arrow:

Part V, Section B, Line 20d: St. John Broken Arrow, Inc. provides a 15% discount on gross charges to all uninsured patients. Patients who are

Part VI Supplemental Information

determined to be eligible for financial assistance receive an additional charity care discount equal to 100% of the remaining amount due.

Part VI, Line 2: The hospital conducted a community needs assessment jointly with its parent entity - SJHS. SJHS participates in ongoing community-based needs assessments. Some of the most significant recent activity includes commissioning of a community needs assessment and plan for improving community health care conducted by Tulsa County Health Department and released in 2013. The 2013 assessment has been posted to the hospital and health system websites (www.stjohnbrokenarrow.com). Many major community health care service organizations participated in these studies.

In addition to the above, SJHS through, its subsidiary St. John Medical Center, has established a Medical Access Program ("MAP") that is attempting to improve and expand access to health care services to the most vulnerable members of the Tulsa community. All SJHS Tulsa hospitals including: St. John Medical Center (Tulsa), Owasso Medical Facility, St. John Sapulpa, Jane Phillips Medical Center (Bartlesville), and Jane Phillips Nowata participate in this initiative. This program is overseen by representatives of St. John, the George Kaiser Family Foundation, Trustees of The Chapman trusts and The University of Oklahoma Tulsa School of Community Medicine. The MAP program includes participation of other health care providers including Good Samaritan clinics, Day Center for the Homeless, Community Health Connections FQHC and a network of volunteer physician providers and other organizations. The MAP program regularly receives input from all these organizations on needed services

Part VI Supplemental Information

in the community which helps to prioritize the limited resources available to address community needs.

Part VI, Line 3: The hospital has a team of financial counselors who, prior to discharge, attempt to visit in person with all uninsured inpatients and all inpatients likely to qualify for medical indigency to explain our financial assistance policies and help guide them through the process of applying for financial assistance. We also attempt to meet with all the families of all Medicaid beneficiaries or individuals who we believe could potentially qualify for Medicaid to help them apply for coverage. The hospital mentions the existence of the Financial Assistance Policy and provides a phone number to call: on its website, in admitting materials, on all invoices for services sent to patients and in other ways.

Part VI, Line 4: As described above the hospital is part of the St. John Health System ("SJHS"). Although SJHS provides a full spectrum of health related services throughout Northeastern Oklahoma, its tertiary operations and a large part of its other services are concentrated in the Tulsa metropolitan statistical area (the "Tulsa MSA"). According to the 2010 census, the state of Oklahoma had a resident population of 3,751,351 persons compared to 3,450,654 persons in 2000. This is an 8.7% increase. The U.S. Census Bureau estimated that in 2009 13.5% of the Oklahoma resident population was eligible for Medicare, compared to 14.7% in 2000.

Tulsa County, Oklahoma and the counties that make up the Tulsa MSA, according to the 2010 census, had populations of 603,403 and 1,006,460, respectively. This compares to populations of 563,299 and 803,235

Part VI Supplemental Information

persons, respectively in 2000 and represents population growth of 7.1% and 25.5%, respectively. The data shows that the counties in the Tulsa MSA that surround Tulsa County grew much faster from 2000 to 2010. At the same time, the population within Tulsa County shifted away from the city of Tulsa and to suburbs such as Owasso and Broken Arrow. The cities of Broken Arrow and Owasso were two of the fastest growing communities in Oklahoma between 2000 and 2010. The population of the city of Owasso grew 56% to 28,915 from 2000 to 2010 and the population of the city of Broken Arrow grew 32% to 98,850 from 2000 to 2010. Wagoner County (Southeast of Tulsa) and Rogers County (Northeast of Tulsa) showed the two highest population growth rates from 2000 to 2010. Every county in the 8 county Tulsa MSA except Pawnee County grew in population from 2000 to 2010. Washington County, directly North of Tulsa County and which includes the city of Bartlesville (and Jane Phillips Medical Center), also grew in population from 2000 to 2010. When the population of Washington County is added to the population of the Tulsa County, the 2010 combined population was 1,059,436.

There is significant disparity in the general health of populations within the service area depending upon where an individual lives and to what socioeconomic and ethnic group they belong. Citizens who reside in "North" Tulsa and in some areas of "East" and "West" Tulsa generally have poorer health and shorter life spans than individuals who live in "South" Tulsa. Members of minority groups (many of whom reside in the geographic areas described above) share these same health characteristics. It has been demonstrated that these individuals have less access to regular health care services, including specialty care, and many seek even their primary care in hospital emergency rooms, including all of the SJHS hospitals.

Part VI Supplemental Information

Some significant minority groups in the hospital's and SJHS's principal service area include Native Americans, Hispanics and African Americans. Each of these groups share common socioeconomic challenges making them more likely to be poor and be uninsured for health care. Each of these groups has unique ethnic health risk factors that contribute to health status that is generally poorer than their white counterparts. However, even among the white population in the hospital's service area, there is significant adverse health care status. In general, Oklahoma (including the hospital's service area) ranks near the bottom in many if not most measures of health status in the U.S. There are high rates of smoking, diabetes, obesity, upper respiratory illness, chronic heart conditions and many other factors. There are high rates of uninsured and underinsured individuals and families in the communities and geographies served by the hospital which create many challenges in meeting the demand for basic services and in improving the health status of the population.

Part VI, Line 5: St. John is a growing integrated delivery system that serves Northeastern Oklahoma and the surrounding area. It has grown significantly in recent years, with increasing revenues from outpatient and physician professional services as well as other post-acute services. Acute care services are provided on five major hospital campuses that are owned by St. John. The owned hospitals are St. John Medical Center (the tertiary center in Tulsa, Oklahoma), Jane Phillips Medical Center in Bartlesville, St. John Owasso in Owasso, Oklahoma, St. John Broken Arrow, and St. John Sapulpa, a critical access hospital in Sapulpa, Oklahoma. Acute care services are also provided at three additional rural critical access hospitals which are owned or managed by Jane Phillips. Diagnostic services and certain acute care services are also provided in a variety of

Part VI Supplemental Information

free standing (including hospital-based) settings. The St. John System now includes more than 400 employed physicians and "mid-level providers", and several urgent care clinics, as well as retirement and skilled nursing facilities, including some targeted specifically to serve low-income and physically disabled individuals and other health care providers.

St. John is attempting to promote community health in several ways. Most of the affiliated primary care physicians have or are establishing "medical home" models of care that are attempting to improve health status of their patients by better emphasizing preventive care and health screening and by better management of chronic disease. The affiliated primary care physicians utilize a sophisticated electronic medical record that helps provide real time information to make it easier to manage patients' care. The hospital and the other hospitals in the system have invested heavily in clinical information systems and electronic medical records to better manage patient care during each episode of acute care. St. John is investing in new systems of care to provide better coordination of care between all the different providers responsible for portions of each patient's care with an emphasis on prevention, screening and coordination of chronic care. The hospital and SJHS have invested in tertiary services that are needed by the community. Examples of which include development of Oklahoma's only ACS level II trauma center (the highest accredited center in Tulsa), Northeastern Oklahoma's only JCAHO-accredited stroke center, neonatal intensive care, sophisticated medical technology including all-digital diagnostic radiology, cyberknife and other forms of radiation therapy, DaVinci robotic surgery, an endovascular operating suite, orthopedic and neuro surgical centers of excellence, sophisticated cardiovascular care that emphasized rapid and

Part VI Supplemental Information

effective intervention for heart attack victims and preventive care for those with chronic heart conditions.

The hospital has an open medical staff and has community, religious and physician representatives serving on its board. SJHS has created and is continuing to create systems and policies to promote better coordination of care and allocation of resources throughout the system. The hospital participates in many community-wide health screening and health education events as well as hosting many such events that are open to the public. The hospital and SJHS continue to invest in medical education to support the expansion of physicians, nurses and allied health professionals that will serve the current and future generations of patients in the service area. The hospital participates in SJHS's coordinated effort to assess community need collaboratively with other interested parties in the community and to allocate capital and human resources to address the needs of the entire service area.

Finally as one of only two major tax-exempt health systems in our service area, St. John reinvests 100% of any profits generated into new or expanded services for the community.

Part VI, Line 6: St. John Broken Arrow, Inc. is a member of Ascension Health Alliance. Ascension Health Alliance is a Missouri nonprofit corporation formed on September 13, 2011. Ascension Health Alliance is the sole corporate member and parent organization of Ascension Health, a Catholic national health system consisting primarily of nonprofit corporation that own and operate local healthcare facilities, or Health Ministries, located in 23 of the United States and the District of

Part VI Supplemental Information

Columbia.

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 of the 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. As more fully described in the Organizational Changes note, Marian Health System, which was previously sponsored by the Sisters of the Sorrowful Mother of the Third Order of St. Francis of Assisi - US/Caribbean Province, became part of Ascension Health on April 1, 2013. In addition, Alexian Brothers Health System, which was previously sponsored by the Congregation of Alexian Brothers of the Immaculate Conception Province, Inc. - American Province, became part of Ascension Health on January 1, 2012.

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 which 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:

Part VI Supplemental Information

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

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

- Cost of other programs for the persons living in poverty and other vulnerable persons includes programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community including substance abusers, the homeless, victims of child abuse 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 persons living in poverty and other vulnerable persons, including health promotion and education, health clinics and screenings and medical research.

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 cost of providing care to persons living in poverty and community benefit programs is estimated by reducing charges forgone by a factor derived from the ratio of each entity's total operating expenses to the entity's billed charges for patient care.

Certain costs such as graduate medical education and certain other

Part VI Supplemental Information

activities are excluded from total operating expenses for purposes of this computation.

Part VI, Line 7: State Filing of Community Benefit Report

The hospital does not operate in any states requiring a community benefit report to be filed.

Community Benefit Report

St. John Health System's (the "St. John System" or "St. John") mission is to improve the health status of the individuals who live in the communities we serve with a special emphasis on the poor and vulnerable among us; faithful to the teaching of Jesus Christ and the values of our Sponsors and the Catholic Church. Our promise to our patients and to our communities is to provide Medical Excellence and Compassionate Care. We strive to provide healthcare that works, healthcare that is safe and healthcare that leaves no one behind.

To meet this mission the St. John System has operated for more than 85 years; growing from a fledgling community hospital in what was then the southern edge of Tulsa, Oklahoma to an integrated health care delivery system serving northeastern Oklahoma and surrounding states. The St. John System includes: 7,000 associates, 400 employed physicians and advanced practice providers, hundreds more independent physicians and dozens of volunteers. They serve patients in six owned hospitals operating nearly 800 beds; several senior nursing and housing facilities; dozens of physician offices, clinics and urgent care centers; a reference laboratory, and partnerships and ventures that include a health insurance company, several ambulatory surgery centers

Part VI Supplemental Information

and other health care activities. Together, our associates, physicians and volunteers touch the lives of thousands of patients every day; including the poor and the vulnerable.

In each of the last four fiscal years, the St. John System provided total estimated community benefit (utilizing the measurement criteria of the U. S. Catholic Health Association) of more than $70 million. These amounts represented more than 8% of total operating expenses in each year.

The St. John System is committed to continue the legacy of health care excellence and service started by our original founders and sponsors the Sisters of the Sorrowful Mother by continuing to provide vital services to the communities with continued emphasis on service to the poor and powerless.

Change in Sponsorship:

Effective April 1, 2013, our original sponsors the Sisters of the Sorrowful Mother ("Sisters") entered into an affiliation agreement to become a member of the sponsoring council of Ascension ("Ascension"). Ascension is the largest Catholic and largest non-profit health care organization in the United States. As a result, St. John became a wholly-owned subsidiary of Ascension Health ("Ascension Health"), which is a wholly-owned subsidiary of Ascension. St. John System continues to operate in accordance with the teachings, traditions and Canon Law of the Roman Catholic Church and the Ethical and Religious Directives for Catholic Health Facilities promulgated by the National Conference of Catholic Bishops of the United States Catholic Conference, faithful to

Part VI Supplemental Information

our mission and values.

The Sisters recognized the power and potential that the affiliation of these organizations could bring for transforming the delivery of health care to the citizens of northeastern Oklahoma and all of the U.S. The size, scale, and infrastructure of Ascension will afford the St. John System the opportunity to direct more of its cost of operations into direct patient care and service to the community, while enabling its physicians and associates to use new resources, tools and knowledge to deliver on our promise of Medical Excellence and Compassionate Care.

Our Mission and Values:

Our mission of service and our Catholic values compel us to fulfill our promise of Medical Excellence and Compassionate Care to all who need our services with a special emphasis on service to the poor and the powerless. We will do this by providing: Health care that works; Health care that is safe; and Health Care that leaves no one behind. We will endeavor to establish trusted relationships with our patients over their entire lives: seeking to improve their health and working to health their minds and bodies when afflicted by injury or illness.

Health Care that Works:

Our Vision calls us to ensure service that is committed to health and well-being for our communities and that responds to the needs of individuals throughout their lives. Healthcare that Works includes establishing a trusted relationship between each patient and their health care professionals so that they receive the care they need, including preventative care, when they need it and in a manner that

Part VI Supplemental Information

meets their service expectations. We expect our patients to be actively involved in their own health care - participating in informed decisions that will strive to make them healthier. Health care that works assumes that the care provided is person-centered and based on the best available medical evidence, reliably delivered. Becoming Truly Person-centered requires shifts in focus from traditional models of health care to build and effective and trusted relationship with each patient over their lifetime across the continuum of care - emphasizing prevention and wellness, disease management, and a medical home that promotes a spiritually-centered, holistic approach to supporting a person's health and well being. Health care that works strives to make sure the value of the care received is exceptional but at an acceptable economic cost - both to the individual and to society.

Health Care that is Safe:

St. John is striving to become a "high reliability" organization. High Reliability means that we will be exceptionally consistent in accomplishing goals and avoiding catastrophic errors in everything we do. In providing health care services, this means reducing medical errors by providing our clinicians and our patients with decision support tools to ensure the care provided is consistently based on sound scientific evidence of effectiveness. Physicians and nurses are leading our quality efforts. Among our clinical areas of focus for improvement are goals to reduce hospital acquired conditions and hospital readmissions. Some specific areas of clinical focus include reducing:

- Adverse drug events (ADE),
- Catheter urinary tract infections (CAUTI),

Part VI Supplemental Information

- Central Line blood stream infections (CLABSI),

- Surgical Site infections (SSI),

- Ventilator Associated Pneumonia (VAP),

- Injuries from falls and immobility,

- Obstetrical adverse events.

- Pressure Ulcers, and

- Venous Thromboembolism (VTE).

Healthcare that Leaves No One Behind:

We will continue to advocate for state and federal publlc policy that recognizes the inherent value of all members of society and provides support systems and adequate fundıng sources to ensure all of those among have access to the health care they need. This includes providing affordable access to health care for everyone in the U.S. in a financially sustainable way.

Our Enabling Strengths:

We will use our enabling strengths to achieve our missıon and vision. Those strengths include: a Model Community of Inspired People working to provide our services and achieve our mission; Empowering Knowledge - clinical and business information systems that provide our associates actionable, timely data and information upon which they can make informed decisions; the creation of Trusted Partnerships wıth external partners to expand our capabilities, complement our service offerings and fulfill our mission; and achieving Vital Presence in the communities we serve. This Vital Presence contemplates creation and continuation of important safety net services, world-class centers of clinical excellence and creation of medical homes that promote each

Part VI Supplemental Information

individual's participation in their own health and well-being and which create and sustain the infrastructure for promoting health communities.

Our Point of View:

Health care delivery and financing in the U. S. must change. The cost of the current system relative to the value that communities and individuals are receiving is not sustainable. In order to meet the health care needs and contribute to economic vitality of communities, with special attention to the poor and vulnerable, health care providers must fundamentally reconfigure delivery systems, care processes and cost structures. Delivering safe, high-quality care that is low cost with an exceptional patient experience will increasingly require providers to have a strong regional presence, integrated physician relationships and capabilities across the care continuum. Sustaining the St. John mission into the future will require a more continuous, dynamic relationship with those we serve and the ability to share risk with healthcare purchasers, as opportunities for inpatient growth or commercial rate increases will be limited. The movement to managing health of defined populations demands massive transformational change. This requires rapid assessment, assembly and deployment of the necessary capabilities. We believe the St. John System is well positioned to lead this transformation.

Community Needs Assessment:

The St. John System and each St. John hospital have completed a community needs assessment to help us identify the priorities for the limited resources we have to address community need. We partnered with the Tulsa County Health Department, other public and private health

Part VI Supplemental Information

care, educational and community service organizations throughout the service area to complete the assessments and we are now working to enhance our response to the identified needs. Additional information will be forthcoming about our specific future responses to our assessment of community need.

Community Benefit:

The community benefit provided by the St. John System includes: uncompensated care for the poor, support for the education of medical professionals, provision of subsidized health services, support for other community organizations, initiatives to improve community health, and medical research to be some of the key areas of focus for providing community benefit. The St. John System does not include amounts recorded as bad debt; shortfalls in the difference between payment for and cost of service to Medicare beneficiaries; payment of property, sales, use, income, payroll, and other taxes; considerable economic value provided to the local communities in which we operate as components of community benefit.

Care for the Poor:

"Care for the poor" (which includes the estimated cost of services provided to patients who qualify for financial assistance (charity) and the uncompensated cost of care provided to Medicaid beneficiaries) is the largest financial category of community benefit. Support for graduate and allied health medical education is the second largest.

St. John provides discounts of at least 30% to all uninsured patients and additional discounts of at least 15% to uninsured patients who make

Part VI Supplemental Information

the agreed upon timely payments for services they receive. All uninsured individuals living in households with incomes at or below 300% of the federal poverty limit qualify for free care for medically necessary services. Insured patients and others who are faced with financially catastrophic medical bills are also eligible for and encouraged to seek financial assistance.

Consistent with our mission and values, St. John has created programs to seek out better ways to serve the uninsured and the vulnerable members of our society. With generous financial support from donors, including the Chapman Trusts and with guidance and counsel from many partners in our community, St. John has created the Medical Access Program ("MAP") to try to increase and improve access to medical care for segment of the uninsured population. Begun nearly five years ago, MAP continues to grow and expand each year. MAP has brought together a network of primary care providers that provide free clinics and other services to uninsured and low income individuals throughout Tulsa.

Key elements of the MAP include:

- Expansion of free primary care by providing direct financial support to other organizations in the community providing access to free primary care,

- Operation of the Rockford Medical Clinic. The Rockford clinic is a free primary care medical home for a segment of the uninsured population that meet certain criteria for participation,

- Provision of free diagnostic imaging, including CT, MRI, ultrasound, mammography and basic x-ray for patients who meet criteria,

- Access to free specialty services through a network of participating

Part VI Supplemental Information

clinics and physician partners and through the facilities and physicians of the St. John System, and

- Access to free or reduced cost prescription medications.

The MAP has limited resources but continues to expand the scope of its services each year, routinely spending at least $5 million per year in donated and St. John funds.

Support for Medical Education:

St. John Medical Center is a primary teaching hospital for the University of Oklahoma's Tulsa College of Community Medicine residency programs for internal medicine and general surgery and is the primary teaching hospital for the "In His Image" ("IHI") family medicine residency program. St. John works as a founding member of the Tulsa Medical Education Foundation providing financial support for the University of Oklahoma OU residency programs. St. John also provides additional direct support to both OU and IHI residency programs and also provides direct support for a number of nursing education and allied health professional education programs.

Other Community Benefit:

St. John provides subsidized health services focused on certain emergency services and on post-acute senior services. Each St. John hospital provides vital emergency medical services in its community. St. John Medical Center services as one of only three trauma centers in Oklahoma, Oklahoma's first and only certified comprehensive stroke center, and a tertiary referral center for the entire state of Oklahoma and portions of Missouri, Arkansas, Kansas and Texas.

Part VI Supplemental Information

The associates, physicians and facilities of the St. John System provide services to thousands of patients every day. Among the services provided annually are:

- More than 50,000 annual inpatient and observation admissions,
- More than 160,000 emergency department patient visits,
- More than 3,000 births,
- More than 26,000 inpatient and outpatient surgeries,
- More than 575,000 other outpatient visits,
- More than 650,000 physician office and urgent care clinic visits,
- More than 7.5 million laboratory tests.

Summary:

The more than 7,000 associates, physicians and volunteers that make up the St. John Health System touch the lives of thousands of patient every day and millions of patients every year. As we seek to transform health care in Oklahoma and the U.S. St. John is challenged by many factors including: lack of public resources in Oklahoma that are devoted to both care for the poor, health care infrastructure and medical education; competition from investor-owned health care facilities that do not share St. John's mission of service and emphasis on service to the poor and powerless but which seek to gain market share in commercially insured patients; poor economic and health care demographic factors contributing to generally poor health status and high rates of poverty and uninsurance in Oklahoma; and payment systems fraught with administrative red tape and which generally still emphasize payment for volume rather than payment for value.

Part VI Supplemental Information

In spite of the considerable challenges before us, the women and men who are St. John Health System are confident that the organization will continue to build on the legacy of the Sisters of the Sorrowful Mother to serve our communities by improving health and health care.

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, line 23.**

▶ **Attach to Form 990.** ▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization

St. John Broken Arrow, Inc.

Employer identification number

38-3833117

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items.			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax indemnification 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 on 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**		X
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	X	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		X
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only section 501(c)(3) and 501(c)(4) organizations 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**		X
b	Any related organization?	**5b**		X
	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**		X
b	Any related organization?	**6b**		X
	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**		X
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	**8**		X
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				
(1) David J. Pynn	(i)	0.	0.	0.	0.	0.	0.	0.
Vice President/Vice Chairman	(ii)	740,400.	262,095.	97,834.	65,250.	18,565.	1,184,144.	61,944.
(2) William E. Weeks	(i)	0.	0.	0.	0.	0.	0.	0.
Secretary	(ii)	480,473.	136,695.	62,134.	45,000.	14,390.	738,692.	37,307.
(3) Lex Anderson	(i)	0.	0.	0.	0.	0.	0.	0.
Treasurer	(ii)	466,682.	114,686.	70,119.	42,750.	12,431.	706,668.	39,350.
(4) Todd Hoffman, M.D.	(i)	0.	0.	0.	0.	0.	0.	0.
Director	(ii)	304,500.	0.	386,771.	0.	14,921.	706,192.	0.
(5) David Phillips	(i)	0.	0.	0.	0.	0.	0.	0.
President	(ii)	245,339.	63,382.	33,783.	22,206.	15,992.	380,702.	21,615.
(6) Martha Mars	(i)	127,651.	7,870.	88.	0.	16,962.	152,571.	0.
Chief Nursing Officer	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) Robert O. Cather	(i)	139,227.	534.	1,754.	0.	15,105.	156,620.	0.
Regional Pharmacy Manager	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
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	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

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.

Part I, Line 3: St. John Health System, a related organization of St. John Broken Arrow, Inc., uses the following methods to establish the compensation of the organization's President:

- Compensation Committee
- Independent Compensation Consultant
- Compensation Survey or Study
- Approval by the Board or Compensation Committee

Part I, Line 4b: Eligible executives participate in a program that provides for supplemental retirement benefits. The payment of benefits under the program, if any, is entirely dependent upon the facts and circumstances under which the executive terminates employment with the organization. Benefits under the program are unfunded and non-vested. Due to the substantial risk of forfeiture provision, there is no guarantee that these executives will ever receive any benefit under the program. Any amount ultimately paid under the program to the executive is reported as compensation on Form 990, Schedule J, Part II, Column B in the year paid.

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.

The following individuals received current year distributions of:

David Phillips $21,615

David J. Pynn $61,944

William E. Weeks $37,307

Lex Anderson $39,350

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 990-EZ 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: St. John Broken Arrow, Inc.

Employer identification number: 38-3833117

Form 990, Part III, Line 4a, Program Service Accomplishments:

Phillips Health Corporation ("Jane Phillips"), Utica Services, Inc.("Utica"), St. John Villas, Inc. ("St. John Villas"), St. John Management Services, Inc., ("SJMS"), Owasso Medical Facility, Inc. ("St. John Owasso"), St. John Health System Foundation, Inc. (formerly St. John Medical Center Foundation, Inc.)("St. John Foundation"), St. John Building Corporation ("SJPB"), and St. John Broken Arrow. St. John, these subsidiaries, and all other subsidiaries under St. John's direct or indirect control or ownership are referred to herein as "the St. John System".

The St. John System (and St. John Broken Arrow) changed its fiscal year end to June 30, beginning with the nine month period ended June 30, 2013 ("fiscal year 2013"). The St. John System became a wholly-owned subsidiary of Ascension Health, effective April 1, 2013. Before that, the St. John System was one of three regional health care delivery systems sponsored or co-sponsored by Marian Health System, Inc. ("Marian"), which, in turn, was ultimately sponsored by Sisters of the Sorrowful Mother, a religious community of the Roman Catholic Church ("SSM").

Mission and Values:

As a Catholic healthcare organization, St. John Broken Arrow carries on the mission of its sponsors through St. John of continuing the healing ministry of Jesus Christ. It operates in conformance with "the ethical and religious directives for Catholic health facilities." Faithful to

Name of the organization: St. John Broken Arrow, Inc.

Employer identification number: 38-3833117

the sponsorship mission, philosophy and values, St. John's mission is to provide healthcare and related ministries for the people served, especially the sick, the poor and the powerless. The catch phrase to capture this mission of service is "medical excellence - compassionate care". This is also our promise to those who seek our services. The board of directors, management and employees of St. John Broken Arrow are guided in their day-to-day actions and interactions with those who serve and who are served by the core values of service, human dignity, presence and wisdom.

St. John and St. John Broken Arrow collaborate with other individuals and institutions in the various communities they serve to ascertain community needs and provides a broad range of services along the healthcare continuum to help meet those needs. Programs and services include preventive, diagnostic, therapeutic and rehabilitative programs, including emphasis on health promotion and disease prevention. St. John also advocates for public policies which advance a healthy and just society. St. John works with local, state and national leaders and organizations to bring about a healthcare delivery system that provides dignified access to and affordable, high quality healthcare for all persons.

Community Needs Assessment:

St. John Broken Arrow has completed a community needs assessment and plan of response and those have been posted to each hospital's website and also the St. John health system website.

Governance:

Name of the organization	Employer identification number
St. John Broken Arrow, Inc.	38-3833117

The administrative powers of St. John Broken Arrow are vested in its board of directors, which controls and manages the properties, affairs and funds of the Hospital, subject to reservation of certain powers by St. John. The board meets regularly and it works in concert with and when appropriate under the direction of the St. John Health System Board.

Community Benefit:

In measuring and reporting quantifiable community benefit, St. John follows guidelines promulgated by the Catholic Health Association of the United States and endorsed by other organizations. Uncompensated care and other elements of community benefit are measured at the unreimbursed estimated cost of services or resources provided.

St. John Broken Arrow is an integral part of the mission of service and the continuum of medical care provided by St. John.

In its fiscal year ended June 30, 2013 (a nine month period), St. John was able to identify and quantify an initial estimate of more than $62 million of total net consolidated quantifiable community benefit provided to thousands of individuals directly served. In addition to the quantifiable community benefit described above, the St. John System charged millions of dollars to the consolidated provision for bad debts in 2013 which were not included in the total quantifiable community benefit for the year. Also, unlike many other non-profit health systems based in states other than Oklahoma, the St. John System is not exempt from state and local sales taxes and, in fact, pays sales tax on many equipment, supplies and other purchases.

Name of the organization: St. John Broken Arrow, Inc.

Employer identification number: 38-3833117

The St. John System considers care for the poor to be an essential part of its mission of service to the community. The total cost of care for the poor includes the cost of charity care, the unreimbursed cost of services to Medicaid beneficiaries (together referred to as "uncompensated care for the poor") and the cost of special programs or other activities specifically targeted to increase access to care or provide other services to the poor.

"Care for the Poor" includes the estimated cost of care classified as charity care plus the estimated excess of the cost of services provided to Medicaid beneficiaries over the payments received from Medicaid. "Care for the Poor" does not include the cost of services classified and written off as bad debts or the excess of the cost of services provided to Medicare beneficiaries over the payments received from Medicare.

Charity and Uncompensated Care:

St. John Broken Arrow provides services without regard to a patient's ability to pay. In 2013, the St. John System hospitals provided a discount of at least 30% of billed charges to all uninsured patients. Uninsured patients also could qualify for an additional 15% prompt pay discount. In addition to these automatic discounts, patients can apply for financial assistance up to and including free care. The determination of the patient's qualification for financial assistance is based on an objective determination of the patient's financial resources and ability to pay. In general, all uninsured patients with household incomes of less than 300% of the federal poverty guidelines qualify for free or substantially discounted care. Other entities in

Name of the organization: St. John Broken Arrow, Inc.

Employer identification number: 38-3833117

the St. John System also provide charity care based on individual determinations of need. Management for St. John believes that all of its billing and collection policies and procedures comply with IRS guidelines and directives.

Other Program Service Accomplishments:

As previously discussed, the St. John System is organized and operated to provide medical excellence and compassionate care to the citizens of Northeastern Oklahoma, with a special preference for the poor and disadvantaged. To that end, the entities in the St. John System (including St. John Broken Arrow) provided a broad continuum of services in 2013, (a nine-month period) including:

Total combined hospital admissions and observation patients - more than 41,000

Total combined births - more than 2,300

Total combined hospital emergency room visits - more than 120,000

Total combined surgical cases - more than 20,000

Total combined outpatient and diagnostic registrations - more than 400,000

Total laboratory procedures (outreach and hospital) - more than 5,400,000

Total patient visits in employed physician offices and urgent care clinics - more than 500,000

Summary:

The St. John System's role as one of the significant safety-net health care providers for the region continues to grow in prominence. St. John

Name of the organization: St. John Broken Arrow, Inc.

Employer identification number: 38-3833117

reinvests 100% of any profits derived into new and expanded services to the community. The St. John System is very proud of its history of service to the community and views its responsibility to continue to provide medical services to everyone, especially the poor and disadvantaged, very seriously. As the St. John System continues to face growing financial challenges, it becomes increasingly difficult to sustain our mission of service. Nevertheless, we believe that the quantifiable community benefit as well as the many other areas of service provided by the St. John System and identified in 2013, continue a sound record of stewardship and a significant contribution to the well-being of both the collective communities and individuals within those communities we serve. St. John Broken Arrow was an important part of the St. John Health System in 2013.

Part V: Questions 1a and 2a

Statements Regarding other IRS Filings and Tax Compliance

The number of independent contractors during the tax year for the filing organization is reflected in Part V, Line 1a of the filing organization. Compensation for independent contractors is reported on the Form 1096, Annual Summary and Transmittal of U.S. Information Returns, of St. John Medical Center, Inc. ("SJMC") EIN 73-0579286. Expenses are allocated to and reimbursed by the filing organization to SJMC and are reported on Form 990, Part VII, Section b and Part IX by the respective filing organization that incurred the expense. The salaries reflected on Form 990 were all reported on the Form 941 Employer's Quarterly Federal Tax Return of St. John Medical Center, Inc. These salaries were reimbursed to SJMC by the filing organization and were included in the number of employees on SJMC's calendar year

Name of the organization: St. John Broken Arrow, Inc.

Employer identification number: 38-3833117

2012 Form W-3. The number of employees reported on Part V, Line 2a of Form 990 by the filing organization represents the number of employees providing services to the filing organization during calendar year 2012.

Form 990, Part VI, Section A, line 2: Many of the persons listed on Part VII have a "business relationship" with each other by virtue of sitting on related St. John Health System entity boards.

Form 990, Part VI, Section A, line 6: St. John Broken Arrow, Inc. has a single corporate member, St. John Health System.

Form 990, Part VI, Section A, line 7a: St. John Broken Arrow, Inc. has a single corporate member, St. John Health System, who has the ability to elect members to the governing body of St. John Broken Arrow Inc.

Form 990, Part VI, Section A, line 7b: All decisions that have a material impact to St. John Broken Arrow, Inc.'s financial information or corporation as a whole are subject to approval by its sole corporate member, St. John Health System. Ascension Health, the sole corporate member of St. John Health System, Inc., has designated a system authority matrix which assigns authority for key decisions that are necessary in the operation of the System. Specific areas that are identified in the authority matrix are: new organizations & major transactions; governing documents; appointments/removals; evaluation; debt limits; strategic & financial plans; assets; system policies & procedures. These areas are subject to certain levels of approval by Ascension per the system authority matrix.

Name of the organization	Employer identification number
St. John Broken Arrow, Inc.	38-3833117

Form 990, Part VI, Section B, line 11: St. John Broken Arrow, Inc. ("SJBA") is an affiliate of the St. John Health System ("SJHS"). SJHS has hired a third party preparer experienced in the preparation of Form 990 to assist in the preparation of the return. The Executive Vice President/Chief Financial Officer and Controller of SJHS will work closely with the paid preparer in gathering the information for the return and will perform the initial detailed review of the return. The return will then be reviewed by the SJHS audit committee (as delegated by the Board of the filing organization). A copy of the return will be provided to all voting Board members of the filing organization prior to filing.

Form 990, Part VI, Section B, Line 12c: At every fiscal year end, St. John Health System (SJHS) distributes a copy of the current conflict of interest policy and procedure bulletin, together with an explanation and questionnaire to the members of the Board of Directors, administrative officers and key employees of SJHS, its subsidiaries and affiliates, including St. John Broken Arrow, Inc. The Board members, administrative officers and key employees of SJHS, its subsidiaries and affiliates must complete the questionnaire and return it to the designated SJHS official within two weeks of receipt. Completed questionnaires are reviewed and summarized by the vice president, corporate compliance and integrity, or his/her designee. That individual then presents the questionnaire results to the heads of each hospital for further provision to the various Boards' audit and compliance committees. The audit and compliance committees, as appropriate, submit a confidential report to their Board chairman summarizing the questionnaire results. The Board chairman, as appropriate, may review with the executive committee the responses to the questionnaire

Name of the organization	Employer identification number
St. John Broken Arrow, Inc.	38-3833117

results.member of a committee with governing board delegated powers annually signs a statement which affirms such person has received a copy of the conflicts 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.

Form 990, Part VI, Section B, Line 15: Compensation for all executives in St. John Health System ("SJHS"), of which St. John Broken Arrow, Inc. is a part, is analyzed by an independent health care consulting firm. The analysis includes a fair market value assessment and establishment of a range for each position based on research of comparable health care systems of similar size. The report and recommended compensation levels for each executive management position is reviewed and approved by the executive compensation committee of the SJHS Board of Directors. During the review and approval of the compensation, documentation of the decision was recorded in the board minutes.

Form 990, Part VI, Section C, Line 19: The organization will provide any documents open to public inspection upon request.

Form 990, Part IX, Line 11g, Other Fees:

Professional and contracted services:

Program service expenses	3,902,908.
Management and general expenses	398,548.
Fundraising expenses	0.
Total expenses	4,301,456.
Total Other Fees on Form 990, Part IX, line 11g, Col A	4,301,456.

Name of the organization	Employer identification number
St. John Broken Arrow, Inc.	38-3833117

Form 990, Part XI, line 9, Changes in Net Assets:

Intercompany write downs and transfers	1,464,588.
Purchase price adjustments	-16,444,141.
Total to Form 990, Part XI, Line 9	-14,979,553.

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
St. John Broken Arrow, Inc.

Employer identification number
38-3833117

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) Section 512(b)(13) controlled entity? No
Ascension Health - 31-1662309 P.O. Box 45998 St. Louis, MO 63134	National Health System	Missouri	501(c)(3)	Schedule A, Line 11a	Ascension Health Alliance		X
Marian Health System, Inc. - 36-3659989 1923 South Utica Avenue Tulsa, OK 74104	Health System Parent	Oklahoma	501(c)(3)	Schedule A, Line 11a	N/A		X
St. John Health System, Inc. - 73-1215174 1923 South Utica Avenue Tulsa, OK 74104	System Parent	Oklahoma	501(c)(3)	Schedule A, Line 11a	Ascension Heatlh		X
Craig County Medical Services Corp. - 73-1487478, 1923 South Utica Avenue, Tulsa, OK 74104	Health Care	Oklahoma	501(c)(3)	Schedule A, Line 9	St. John Health System, Inc.	X	

Part II **Continuation of Identification of Related Tax-Exempt Organizations**

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization?	
						Yes	No
St. John Sapulpa, Inc. - 73-0662663 1923 South Utica Avenue Tulsa, OK 74104	Health Care	Oklahoma	501(c)(3)	Schedule A, Line 3	St. John Health System, Inc.	X	
Jane Phillips Nowata Hospital, Inc. - 73-1440267, 237 South Locust, Nowata, OK 74048	Health Care	Oklahoma	501(c)(3)	Schedule A, Line 3	Jane Phillips Memorial Medical Center	X	
Jane Phillips Memorial Medical Center - 73-0606129, 3500 E. Frank Phillips Blvd., Bartlesville, OK 74006	Health Care	Oklahoma	501(c)(3)	Schedule A, Line 3	St. John Health System, Inc.	X	
Jane Phillips Health Care Foundation - 73-1250611, 3500 E. Frank Phillips Blvd., Bartlesville, OK 74006	Health Care	Oklahoma	501(c)(3)	Schedule A, Line 3	Jane Phillips Memorial Medical Center	X	
Bartlett Homes, Inc. - 73-1301822 1008 E. Cleveland Sapulpa, OK 74066	HUD Housing	Oklahoma	501(c)(3)	Schedule A, Line 7	St. John Sapulpa, Inc.	X	
Bethel Manor, Inc. - 73-1216617 619 S. Division Sapulpa, OK 74066	HUD Housing	Oklahoma	501(c)(3)	Schedule A, Line 7	St. John Sapulpa, Inc.	X	
St. John Building Corporation - 61-1659782 1923 South Utica Avenue Tulsa, OK 74104	Real Estate	Oklahoma	501(c)(2)	N/A	St. John Health System, Inc.	X	
St. John Health System Foundation, Inc. - 73-1133139, 1923 South Utica Avenue, Tulsa, OK 74104	Health Care	Oklahoma	501(c)(3)	Schedule A, Line 7	St. John Health System, Inc.	X	
St. John Medical Center, Inc. - 73-0579286 1923 South Utica Avenue Tulsa, OK 74104	Health Care	Oklahoma	501(c)(3)	Schedule A, Line 3	St. John Health System, Inc.	X	
St. John Management Services, Inc. - 20-3742040, 1923 South Utica Avenue, Tulsa, OK 74104	Health Care	Oklahoma	501(c)(3)	Schedule A, Line 7	St. John Health System, Inc.	X	
St. John Sapulpa Foundation, Inc. - 20-1626586, 1923 South Utica Avenue, Tulsa, OK 74104	Fundraising	Oklahoma	501(c)(3)	Schedule A, Line 7	St. John Health System Foundation, Inc.	X	
St. John Villas, Inc. - 73-1077367 1923 South Utica Avenue Tulsa, OK 74104	Nursing Home	Oklahoma	501(c)(3)	Schedule A, Line 9	St. John Health System, Inc.	X	

Part II **Continuation of Identification of Related Tax-Exempt Organizations**

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization? Yes	(g) No
Jane Phillips Health Corporation - 73-1492078, 3500 E. Frank Phillips Blvd., Bartlesville, OK 74006	Health Care	Oklahoma	501(c)(3)	Schedule A, Line 11b	St. John Health System, Inc.	X	
Owasso Medical Facility, Inc. - 20-3700131 1923 South Utica Avenue Tulsa, OK 74104	Health Care	Oklahoma	501(c)(3)	Schedule A, Line 3	St. John Health System, Inc.	X	
St. John Auxiliary - 73-0999759 1923 South Utica Avenue Tulsa, OK 74104	Health Care	Oklahoma	501(c)(3)	Schedule A, Line 9	St. John Health System, Inc.	X	

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
Platinum Fitness & Rehab Center LLC - 20-1879493, 4808 South 109th East Avenue, Tulsa, OK 74146	Health Club	OK	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Memorial Surgery Center, LLC - 20-1167151, Tulsa, OK 74104	Operate ASC	OK	N/A	N/A	N/A	N/A	N/A		N/A	N/A		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
Utica Services, Inc. - 73-1057650 1923 South Utica Tulsa, OK 74104	Medical Services	OK	N/A	C CORP	N/A	N/A	N/A		X
Regional Medical Laboratories, Inc. - 73-1131608, 1923 South Utica, Tulsa, OK 74104	Medical Services	OK	N/A	C CORP	N/A	N/A	N/A		X
Physician Support Services, Inc. - 73-1437252, 1923 South Utica, Tulsa, OK 74104	Medical Services	OK	N/A	C CORP	N/A	N/A	N/A		X
OMNI Medical Group, Inc. - 73-1335536 1923 South Utica Tulsa, OK 74104	Medical Services	OK	N/A	C CORP	N/A	N/A	N/A		X
Bluestream Medical Clinic, Inc. - 73-1481016 1923 South Utica Tulsa, OK 74104	Holding Company	OK	N/A	C CORP	N/A	N/A	N/A		X

Part IV Continuation of Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? Yes	(i) Section 512(b)(13) controlled entity? No
Outbound Medical Network, Inc. - 73-1255463 1923 South Utica Tulsa, OK 74104	Medical Services	OK	N/A	C CORP	N/A	N/A	N/A		X
St. John Urgent Care Clinic, Inc. - 20-4990275, 1923 South Utica, Tulsa, OK 74104	Medical Services	OK	N/A	C CORP	N/A	N/A	N/A		X
St. John Anesthesia Services, Inc. - 20-3690446, 1923 South Utica, Tulsa, OK 74104	Medical Services	OK	N/A	C CORP	N/A	N/A	N/A		X
St. John Physicians, Inc. - 73-1321032 1923 South Utica Tulsa, OK 74104	Medical Services	OK	N/A	C CORP	N/A	N/A	N/A		X
Jane Phillips Enterprises, Inc. - 73-1530246 3500 S.E. Frank Phillips Blvd. Bartlesville, OK 74006	Holding Company	OK	N/A	C CORP	N/A	N/A	N/A		X
Ceres Medical Practice, Inc. - 73-1522656 3400 E. Frank Phillips Blvd. Bartlesville, OK 74006	Medical Services	OK	N/A	C CORP	N/A	N/A	N/A		X
Doctors Building of Bartlesville - 73-0759185, 3500 State Street, Bartlesville, OK 74006	Building Rental	OK	N/A	C CORP	N/A	N/A	N/A		X
Gemini Medical Group, Inc. - 73-1503529 3400 E. Frank Phillips Blvd. Bartlesville, OK 74006	Medical Services	OK	N/A	C CORP	N/A	N/A	N/A		X
Gemini After Hours Clinic, Inc. - 30-0375407 3400 E. Frank Phillips Blvd. Bartlesville, OK 74006	Medical Services	OK	N/A	C CORP	N/A	N/A	N/A		X
Jane Phillips Specialty Physicians, Inc. - 01-0879962, 3400 E. Frank Phillips Blvd., Bartlesville, OK 74006	Medical Services	OK	N/A	C CORP	N/A	N/A	N/A		X
Medical Management Services, Inc. - 73-1531974, 3500 E. Frank Phillips Blvd., Bartlesville, OK 74006	Holding Company	OK	N/A	C CORP	N/A	N/A	N/A		X
Professional Credit Recovery - 73-1057187 4100 S.E. Adams Blvd. Bartlesville, OK 74006	Collection Services	OK	N/A	C CORP	N/A	N/A	N/A		X

Part IV Continuation of Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? Yes	(i) Section 512(b)(13) controlled entity? No
Synergy Hospitalist Grp., Inc. - 30-0375404 3400 E. Frank Phillips Blvd. Bartlesville, OK 74006	Medical Services	OK	N/A	C CORP	N/A	N/A	N/A		X
Professional Medical Insurance Risk Retention Group, Inc. - 73-1525831, 201 Merchant Street, Suite 2400, Honolulu, HI	Insurance	HI	N/A	C CORP	N/A	N/A	N/A		X

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

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

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) St. John Health System, Inc.	B	1,864,303.	FMV
(2) St. John Health System, Inc.	E	7,210,995.	FMV
(3) St. John Health System, Inc.	L	2,110,182.	FMV
(4) St. John Health System, Inc.	O	12,151,454.	FMV
(5) St. John Medical Center, Inc.	C	2,810,687.	FMV
(6) St. John Medical Center, Inc.	N	10,714,038.	FMV

Part V **Continuation of Transactions With Related Organizations** (Schedule R (Form 990), Part V, line 2)

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(7) St. John Medical Center, Inc.	L	9,710,829.	FMV
(8) St. John Medical Center, Inc.	O	25,106,909.	FMV
(9) Utica Services, Inc.	C	3,563,476.	FMV
(10) Utica Services, Inc.	L	3,065,968.	FMV
(11) Utica Services, Inc.	O	727,111.	FMV
(12)			
(13)			
(14)			
(15)			
(16)			
(17)			
(18)			
(19)			
(20)			
(21)			
(22)			
(23)			
(24)			

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 sec 501(c)(3) orgs? Yes	(e) No	(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

Part VII Supplemental Information

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

Form **8868**
(Rev. January 2013)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ **File a separate application for each return.**

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box ▶ [X]
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing *(e-file)*. You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit *www.irs.gov/efile* and click on *e-file for Charities & Nonprofits.*

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only ▶ [ ]

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print File by the due date for filing your return See instructions	Name of exempt organization or other filer, see instructions.	Employer identification number (EIN) or
	St. John Broken Arrow, Inc.	38-3833117
	Number, street, and room or suite no. If a P.O. box, see instructions. 1923 South Utica Avenue	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Tulsa, OK 74104	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ Lex Anderson 1923 South Utica Avenue - Tulsa, OK 74104
  Telephone No. ▶ (918) 744-2740 FAX No. ▶
- If the organization does not have an office or place of business in the United States, check this box ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ▶ [ ]. If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until February 17, 2014, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ [ ] calendar year _____ or
▶ [X] tax year beginning OCT 1, 2012, and ending JUN 30, 2013.

2 If the tax year entered in line 1 is for less than 12 months, check reason: [ ] Initial return [ ] Final return
[X] Change in accounting period

3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	$	0.
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	$	0.
c	**Balance due.** Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	$	0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions

- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** and check this box ▶ [X]

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Enter filer's identifying number, see instructions

Type or print	Name of exempt organization or other filer, see instructions	Employer identification number (EIN) or
File by the due date for filing your return See instructions	St. John Broken Arrow, Inc.	38-3833117
	Number, street, and room or suite no. If a P.O. box, see instructions. 1923 South Utica Avenue	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Tulsa, OK 74104	

Enter the Return code for the return that this application is for (file a separate application for each return) [0 1]

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01		
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of ▶ Lex Anderson 1923 South Utica Avenue - Tulsa, OK 74104
  Telephone No. ▶ (918) 744-2740 FAX No. ▶
- If the organization does not have an office or place of business in the United States, check this box ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ▶ [ ]. If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until May 15, 2014.

5 For calendar year _____, or other tax year beginning OCT 1, 2012, and ending JUN 30, 2013.

6 If the tax year entered in line 5 is for less than 12 months, check reason: [ ] Initial return [ ] Final return [X] Change in accounting period

7 State in detail why you need the extension
Additional time is requested to gather information to file a complete and accurate return.

8a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	$	0.
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	$	0.
c	**Balance due.** Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	$	0.

Signature and Verification must be completed for Part II only.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ▶ Meghann Ackley Title ▶ Preparer Date ▶ 1/15/14

Form **8868** (Rev. 1-2013)

223842
01-21-13

Consolidated Financial Statements and Supplementary Information

Ascension Health Alliance
Years Ended June 30, 2013 and 2012
With Reports of Independent Auditors

Ascension Health Alliance

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2013 and 2012

Contents

Report of Independent Auditors 1

Consolidated Financial Statements

Consolidated Balance Sheets 3
Consolidated Statements of Operations and Changes in Net Assets 5
Consolidated Statements of Cash Flows 7
Notes to Consolidated Financial Statements 9

Supplementary Information

Report of Independent Auditors on Supplementary Information 63
Schedule of Net Cost of Providing Care of Persons Living in Poverty
and Community Benefit Programs 64
Details of Consolidated Balance Sheets:
June 30, 2013 65
June 30, 2012 69
Details of Consolidated Statements of Operations and Changes in Net Assets:
Year Ended June 30, 2013 73
Year Ended June 30, 2012 77

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190 Carondelet Plaza
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Report of Independent Auditors

The Board of Directors
Ascension Health Alliance

We have audited the accompanying consolidated financial statements of Ascension Health Alliance, which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 audits. We conducted our audits 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 Ascension Health Alliance at June 30, 2013 and 2012, and the consolidated results of their operations and their cash flows for the years 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, Ascension Health Alliance changed the presentation of the provision for bad debts as a result of adopting 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

September 18, 2013

Ascension Health Alliance

Consolidated Balance Sheets
(Dollars in Thousands)

	June 30, 2013	2012
Assets		
Current assets:		
Cash and cash equivalents	**$ 754,622**	$ 306,469
Short-term investments	**113,955**	216,914
Accounts receivable, less allowance for doubtful accounts ($1,351,660 and $1,113,255 at June 30, 2013 and 2012, respectively)	**2,361,809**	1,927,222
Inventories	**309,074**	218,598
Due from brokers *(see Notes 4 and 5)*	**178,380**	789,271
Estimated third-party payor settlements	**119,379**	159,871
Other *(see Notes 4 and 5)*	**1,035,026**	752,348
Total current assets	**4,872,245**	4,370,693
Long-term investments *(see Notes 4 and 5)*	**14,164,185**	10,468,457
Property and equipment, net	**8,546,873**	6,473,918
Other assets:		
Investment in unconsolidated entities	**628,772**	943,747
Capitalized software costs, net	**728,613**	642,596
Other	**1,106,683**	876,483
Total other assets	**2,464,068**	2,462,826
Total assets	**$ 30,047,371**	$ 23,775,894

	June 30, 2013	2012
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	**$ 90,442**	$ 45,363
Long-term debt subject to short-term remarketing arrangements*	**1,187,125**	1,094,425
Accounts payable and accrued liabilities	**2,348,401**	1,979,160
Estimated third-party payor settlements	**456,314**	457,030
Due to brokers *(see Notes 4 and 5)*	**493,420**	880,613
Current portion of self-insurance liabilities	**210,115**	206,057
Other *(see Notes 4 and 5)*	**644,084**	435,805
Total current liabilities	**5,429,901**	5,098,453
Noncurrent liabilities:		
Long-term debt (senior and subordinated)	**5,278,866**	3,655,406
Self-insurance liabilities	**553,706**	518,995
Pension and other postretirement liabilities	**554,368**	492,366
Other *(see Notes 4 and 5)*	**1,099,362**	1,087,782
Total noncurrent liabilities	**7,486,302**	5,754,549
Total liabilities	**12,916,203**	10,853,002
Net assets:		
Unrestricted:		
Controlling interest	**14,986,302**	11,836,414
Noncontrolling interests	**1,592,356**	647,236
Unrestricted net assets	**16,578,658**	12,483,650
Temporarily restricted	**377,555**	336,027
Permanently restricted	**174,955**	103,215
Total net assets	**17,131,168**	12,922,892
Total liabilities and net assets	**$ 30,047,371**	$ 23,775,894

*Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial mode bonds with scheduled remarketing/mandatory tender dates occurring prior to June 30, 2014 In the event that bonds are not remarketed upon the exercise of put options or the scheduled mandatory tenders, management would utilize other sources to access the necessary liquidity Potential sources include liquidating investments, drawing upon the $1 billion line of credit, and issuing commercial paper The commercial paper program is supported by the $1 billion line of credit

The accompanying notes are an integral part of the consolidated financial statements

Ascension Health Alliance

Consolidated Statements of Operations and Changes in Net Assets

(Dollars in Thousands)

	Year Ended June 30, 2013	2012
Operating revenue		
Net patient service revenue	$ 16,912,410	$ 15,297,559
Less provision for doubtful accounts	1,172,863	972,171
Net patient service revenue, less provision for doubtful accounts	15,739,547	14,325,388
Other revenue	1,357,663	967,252
Total operating revenue	17,097,210	15,292,640
Operating expenses		
Salaries and wages	7,247,681	6,544,753
Employee benefits	1,581,587	1,426,722
Purchased services	1,030,574	734,396
Professional fees	1,128,880	1,021,582
Supplies	2,427,714	2,260,901
Insurance	115,521	100,834
Interest	150,877	131,310
Depreciation and amortization	755,305	662,362
Other	2,185,015	1,782,172
Total operating expenses before impairment, restructuring, and nonrecurring (losses) gains, net	16,623,154	14,665,032
Income from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring (losses) gains, net	474,056	627,608
Self-insurance trust fund investment return	34,985	17,197
Impairment, restructuring, and nonrecurring (losses) gains, net	(111,786)	286,046
Income from operations	397,255	930,851
Nonoperating gains (losses)		
Investment return	737,057	(135,605)
Loss on extinguishment of debt	(4,079)	(2,813)
Gain (loss) on interest rate swaps	61,202	(74,846)
Income from unconsolidated entities	8,544	8,802
Contributions from business combinations, net	2,021,963	326,333
Other	(77,269)	(69,221)
Total nonoperating gains, net	2,747,418	52,650
Excess of revenues and gains over expenses and losses	3,144,673	983,501
Less noncontrolling interests	131,184	13,154
Excess of revenues and gains over expenses and losses attributable to controlling interest	3,013,489	970,347

Continued on next page

Ascension Health Alliance

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

(Dollars in Thousands)

	Year Ended June 30, 2013	2012
Unrestricted net assets, controlling interest		
Excess of revenues and gains over expenses and losses	$ 3,013,489	$ 970,347
Transfers to sponsors and other affiliates, net	(10,962)	(15,189)
Contributed net assets	(1,050)	(400)
Net assets released from restrictions for property acquisitions	67,418	68,892
Pension and other postretirement liability adjustments	77,011	(439,662)
Change in unconsolidated entities' net assets	23,295	(15,890)
Other	4,624	9,206
Increase in unrestricted net assets, controlling interest, before loss from discontinued operations	3,173,825	577,304
Loss from discontinued operations	(23,937)	(73,521)
Increase in unrestricted net assets, controlling interest	3,149,888	503,783
Unrestricted net assets, noncontrolling interests		
Excess of revenues and gains over expenses and losses	131,184	13,154
Distributions of capital	(829,989)	(575,618)
Contributions of capital	1,579,187	1,166,961
Contributions from business combinations	64,738	–
Increase in unrestricted net assets, noncontrolling interests	945,120	604,497
Temporarily restricted net assets, controlling interest		
Contributions and grants	89,220	100,880
Investment return	17,232	(638)
Net assets released from restrictions	(110,213)	(104,028)
Contributions from business combinations	44,201	14,764
Other	1,088	(6,514)
Increase in temporarily restricted net assets, controlling interest	41,528	4,464
Permanently restricted net assets, controlling interest		
Contributions	2,664	5,082
Investment return	1,598	(242)
Contributions from business combinations	67,846	1,573
Other	(368)	(2,642)
Increase in permanently restricted net assets, controlling interest	71,740	3,771
Increase in net assets	4,208,276	1,116,515
Net assets, beginning of year	12,922,892	11,806,377
Net assets, end of year	$ 17,131,168	$ 12,922,892

The accompanying notes are an integral part of the consolidated financial statements

Ascension Health Alliance

Consolidated Statements of Cash Flows

(Dollars in Thousands)

	Year Ended June 30, 2013	2012
Operating activities		
Increase in net assets	$ 4,208,276	$ 1,116,515
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	755,305	662,362
Amortization of bond premiums	(13,948)	(10,663)
Loss on extinguishment of debt	4,079	2,813
Provision for doubtful accounts	1,177,889	972,171
Pension and other postretirement liability adjustments	(77,011)	439,662
Contributed net assets	1,050	400
Contributions from business combinations	(1,742,900)	(305,162)
Interest, dividends, and net (gains) losses on investments	(790,871)	119,288
Change in market value of interest rate swaps	(61,349)	77,568
Deferred gain on interest rate swaps	(303)	(303)
Gain on sale of assets, net	(2,986)	(6,749)
Impairment and nonrecurring expenses	17,259	45,956
Contribution of noncontrolling interest in CHIMCO Alpha Fund, LLC	–	(440,015)
Transfers to sponsor and other affiliates, net	10,962	15,189
Restricted contributions, investment return, and other	(99,133)	(117,621)
Other restricted activity	17,610	(6,280)
Nonoperating depreciation expense	317	308
(Increase) decrease in:		
Short-term investments	212,560	35,298
Accounts receivable	(1,173,962)	(1,138,644)
Inventories and other current assets	(205,051)	244,426
Due from brokers	610,891	(83,976)
Investments classified as trading	(959,834)	(983,483)
Other assets	(182,272)	(11,759)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(21,721)	48,504
Estimated third-party payor settlements, net	29,225	28,192
Due to brokers	(387,193)	(277,720)
Other current liabilities	92,673	(288,178)
Self-insurance liabilities	(15,342)	(45,390)
Other noncurrent liabilities	(154,292)	(351,740)
Net cash provided by (used in) continuing operating activities	1,249,928	(259,031)
Net cash (used in) provided by and adjustments to reconcile change in assets for discontinued operations	(11,301)	111,046
Net cash provided by (used in) operating activities	1,238,627	(147,985)

Continued on next page

Ascension Health Alliance

Consolidated Statements of Cash Flows (continued)

(Dollars in Thousands)

	Year Ended June 30, 2013	2012
Investing activities		
Property, equipment, and capitalized software additions, net	$ (901,286)	$ (840,553)
Proceeds from sale of property and equipment	26,321	2,029
Net cash used in investing activities	(874,965)	(838,524)
Financing activities		
Issuance of long-term debt	1,228,995	1,832,269
Repayment of long-term debt	(1,236,472)	(1,779,632)
Decrease in assets under bond indenture agreements	20,577	17,513
Transfers to sponsors and other affiliates, net	(27,742)	(2,639)
Restricted contributions, investment return, and other	99,133	117,621
Net cash provided by financing activities	84,491	185,132
Net increase (decrease) in cash and cash equivalents	448,153	(801,377)
Cash and cash equivalents at beginning of year	306,469	1,107,846
Cash and cash equivalents at end of year	$ 754,622	$ 306,469

The accompanying notes are an integral part of the consolidated financial statements

1. Organization and Mission

Organizational Structure

Ascension Health Alliance is a Missouri nonprofit corporation formed on September 13, 2011. Ascension Health Alliance is 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 healthcare 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, including Ascension Health Global Mission; Ascension Health Insurance, Ltd. (AHIL); Ascension Health Resource and Supply Management Group, LLC (The Resource Group); Clinical Holdings Corporation; Catholic Healthcare Investment Management Company (CHIMCO); CHIMCO Alpha Fund, LLC; Ascension Health Ventures, LLC; Ascension Health Leadership Academy, LLC; Ascension Health – IS, Inc. (AHIS); AHV Holding Company, LLC; and AH Holdings, LLC. Ascension Health Alliance and its member organizations are referred to collectively as the System.

Sponsorship

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 of the 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. As more fully described in the Organizational Changes note, Marian Health System, which was previously sponsored by the Sisters of the Sorrowful Mother of the Third Order of St. Francis of Assisi – US/Caribbean Province, became part of Ascension Health on April 1, 2013. In addition, Alexian Brothers Health System, which was previously sponsored by the Congregation of Alexian Brothers of the Immaculate Conception Province, Inc. – American Province, became part of Ascension Health on January 1, 2012.

1. Organization and Mission (continued)

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 which 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 healthcare 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, victims of child abuse, 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.

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 cost of providing care to persons living in poverty and community benefit programs is estimated by reducing charges forgone by a factor derived from the ratio of each entity's total operating expenses to the entity's billed charges for patient care.

(Dollars in Thousands)

1. Organization and Mission (continued)

Certain costs such as graduate medical education and certain other activities are excluded from total operating expenses for purposes of this computation.

The amount of traditional charity care provided, determined on the basis of cost, was $524,605 and $466,916 for the years ended June 30, 2013 and 2012, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost is 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 the System or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation. Investments in entities where the System does not have operating control are recorded under the equity or cost method of accounting. Income from unconsolidated entities is included in consolidated excess of revenues and gains over expenses and losses in the accompanying Consolidated Statements of Operations and Changes in Net Assets as follows:

	Year Ended June 30, 2013	2012
Other revenue	**$ 105,173**	$ 81,329
Nonoperating gains, net	**8,544**	8,802

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.

2. Significant Accounting Policies (continued)

Fair Value of Financial Instruments

Carrying values of financial instruments classified as current assets and current liabilities approximate fair value. The fair values of other financial instruments are disclosed in the Fair Value Measurements note.

Cash and Cash Equivalents

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

Short-Term Investments

Short-term investments consist of investments with original maturities exceeding three months and up to one year.

Inventories

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

Long-Term Investments and Investment Return

Investments, excluding investments in unconsolidated entities, are measured 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. Investments also include alternative investments and other investments which are valued based on the net asset value of the investments, as further discussed in the Fair Value Measurements note. Investments also include derivatives held by the Alpha Fund, also measured at fair value, as discussed in the Pooled Investment Fund note.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Long-term investments include assets limited as to use of approximately $1,313,000 and $916,000, at June 30, 2013 and 2012, respectively, comprised primarily of investments placed in trust and held by captive insurance companies for the payment of self-insured claims and investments which are limited as to use, as designated by donors.

Purchases and sales of investments are accounted for on a trade-date basis. Investment returns consist of dividends, interest, and gains and losses. The cost of substantially all securities sold is based on the average cost method. Investment returns on investments, excluding returns of self-insurance trust funds, are reported as nonoperating gains (losses) in the Consolidated Statements of Operations and Changes in Net Assets, unless the return is restricted by donor or law. Investment returns of self-insurance trust funds are reported as a separate component of income from operations in the Consolidated Statements of Operations and Changes in Net Assets.

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 and 2012, is as follows:

	June 30, 2013	2012
Land and improvements	**$ 870,810**	$ 653,848
Building and equipment	**14,756,936**	12,917,263
	15,627,746	13,571,111
Less accumulated depreciation	**7,567,936**	7,378,499
	8,059,810	6,192,612
Construction-in-progress	**487,063**	281,306
Total property and equipment, net	**$ 8,546,873**	$ 6,473,918

Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. Depreciation expense in 2013 and 2012 was $640,232 and $570,198, respectively.

Several capital projects have remaining construction and related equipment purchase commitments of approximately $294,000.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Intangible Assets

Intangible assets primarily consist of goodwill and capitalized computer software costs, including internally developed software. 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 the Consolidated Balance Sheets as presented in the table that follows. Capitalized software costs in the table below include software in progress of $99,048 and $362,336 at June 30, 2013 and 2012, respectively:

	June 30, 2013	2012
Capitalized software costs	**$ 1,423,556**	$ 1,210,729
Less accumulated amortization	**694,943**	568,133
Capitalized software costs, net	**728,613**	642,596
Goodwill	**130,306**	123,707
Other, net	**71,439**	26,205
Intangible assets included in other assets	**201,745**	149,912
Total intangible assets, net	**$ 930,358**	$ 792,508

Intangible assets whose lives are indefinite, primarily goodwill, are not amortized and are evaluated for impairment at least annually, while intangible assets with definite lives, primarily capitalized computer software costs, are amortized over their expected useful lives. Amortization expense for these intangible assets in 2013 and 2012 was $113,126 and $89,704, respectively.

2. Significant Accounting Policies (continued)

During the year ended June 30, 2010, the System began a significant multi-year, System-wide enterprise resource planning project, including information technology and process standardization (Symphony), which is expected to continue through fiscal year 2016. The project is anticipated to result in a transition to a common software product for various finance, information technology, procurement, and human resources management processes, including standardization of those processes throughout the System. Capitalized costs of Symphony were approximately $301,000 and $279,000 at June 30, 2013 and 2012, respectively, and are included in capitalized software costs in the preceding table. Certain costs of this project were also expensed. Beginning September 1, 2012, the software associated with Symphony was considered substantially complete and ready for its intended use and is amortized on a straight-line basis over its expected useful life. Accumulated amortization of Symphony was $25,000 at June 30, 2013. See the Impairment, Restructuring, and Nonrecurring Gains (Losses) discussion below for additional information about costs associated with Symphony.

Noncontrolling Interests

The consolidated financial statements include all assets, liabilities, revenues, and expenses of entities that are controlled by the System and therefore consolidated. Noncontrolling interests in the Consolidated Balance Sheets represent the portion of net assets owned by entities outside the System, for those entities in which the System's ownership interest is less than 100%.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the System 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, which include endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donors' 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.

Temporarily and permanently restricted net assets consist solely of controlling interests of the System.

2. Significant Accounting Policies (continued)

Performance Indicator

The performance indicator is the 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, change in unconsolidated entities' net assets, cumulative effect of a change in accounting principle, discontinued operations, and contributions received of property and equipment.

Operating and Nonoperating Activities

The System's primary mission is to meet the healthcare needs in its market areas through a broad range of general and specialized healthcare services, including inpatient acute care, outpatient services, long-term care, and other healthcare 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 the System's primary mission are considered to be nonoperating.

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 $48,997 and $146,535 for the years ended June 30, 2013 and 2012, respectively.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

The percentage of net patient service revenue, less provision for doubtful accounts earned by payor for the years ended June 30, 2013 and 2012, is as follows:

	June 30,	
	2013	**2012**
Medicare	**37%**	38%
Medicaid	**11**	11
Third-party payors	**44**	41
Self-pay	**8**	10
	100%	100%

The System 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 and 2012, are as follows:

	June 30,	
	2013	**2012**
Medicare	**22%**	20%
Medicaid	**8**	10
Third-party payors	**43**	44
Self-pay	**27**	26
	100%	100%

The provision for doubtful accounts is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in healthcare 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, the System 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 the System.

2. Significant Accounting Policies (continued)

Accounts receivable are written off after collection efforts have been followed in accordance with the System's policies. See Adoption of New Accounting Standards section for change in accounting presentation of provision for doubtful accounts in the accompanying Consolidated Statements 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. The System has not experienced material changes in write-off trends and has not materially changed its charity care policy since June 30, 2012.

Impairment, Restructuring, and Nonrecurring Gains (Losses)

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 future discounted net cash flows or other estimates of fair value.

Nonrecurring expenses associated with Symphony include project management and process re-engineering costs, amortization expense for those Health Ministries not yet on Symphony, as well as costs to establish a shared service center and develop a business intelligence data warehouse. Costs associated with product deployment are recorded as nonrecurring gains (losses), and costs associated with product support are recorded as recurring operating expenses.

During the year ended June 30, 2013, the System recorded total impairment, restructuring, and nonrecurring losses, net of $111,786. This amount was comprised primarily of $116,386 of nonrecurring expenses associated with Symphony, one-time termination benefits and other restructuring expenses of $61,677, and impairment and other nonrecurring expenses of $6,040, partially offset by pension curtailment gains of $72,317, as discussed in Retirement Plans note.

During the year ended June 30, 2012, the System recorded total impairment, restructuring and nonrecurring gains, net of $286,046. This amount was comprised primarily of pension curtailment gains of $402,402, as discussed in the Retirement Plans note, partially offset by long-lived asset impairments and restructuring charges of $60,761 and $55,595 of nonrecurring expenses associated with Symphony.

2. Significant Accounting Policies (continued)

Amortization

Bond issuance costs, discounts, and premiums are amortized over the term of the bonds using a method approximating the effective interest method.

Capitalized software, including internally developed software, is amortized on a straight-line basis over the expected useful life of the software.

Income Taxes

The member healthcare entities of the System are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or Section 501(c)(2), and their related income is exempt from federal income tax under Section 501(a).

Regulatory Compliance

Various federal and state agencies have initiated investigations regarding reimbursement claimed by certain members of the System. 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 the investigations will not have a material adverse impact on the consolidated financial statements of the System.

Reclassifications

Certain reclassifications were made to the 2012 accompanying consolidated financial statements to conform to the 2013 presentation.

2. Significant Accounting Policies (continued)

Adoption of New Accounting Standards

In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities.* This accounting standards update requires healthcare 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 Consolidated 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.

The System recognizes patient service revenue at the time services are rendered, even though the patient's ability to pay may not be completely assessed at that time. The System adopted this guidance as of July 1, 2012, and retrospectively applied the presentation requirements to all periods presented. Based on an assessment at the reporting entity level, the adoption of this guidance resulted in the reclassification of the System's provision for doubtful accounts for the year ended June 30, 2012, decreasing total operating revenue and total operating expenses before impairment, restructuring, and nonrecurring losses, net by $972,171.

Subsequent Events

The System evaluates the impact of subsequent events, which are events that occur after the Consolidated Balance Sheet date but before the consolidated financial statements are issued, for potential recognition in the consolidated financial statements as of the Consolidated Balance Sheet date. For the year ended June 30, 2013, the System evaluated subsequent events through September 18, 2013, representing the date on which the accompanying audited consolidated financial statements were issued. During this period, there were no material subsequent events that required recognition or disclosure in the accompanying consolidated financial statements.

3. Organizational Changes

Business Combinations

Marian Health System

Effective April 1, 2013, Ascension Health, a subsidiary of the System, became the sole corporate member, through a non-cash business combination transaction, of three regional health systems that formerly comprised Marian Health System, Inc. (Marian Health System): Via Christi Health, Inc. (Via Christi Health), based in Wichita, Kansas; Ministry Health Care, Inc. (Ministry Health Care), based in Milwaukee, Wisconsin; and St. John Health System, Inc. (St. John Health), based in Tulsa, Oklahoma (collectively, the Marian Systems). Prior to this transaction, Marian Health System was the sole corporate member of Ministry Health Care and St. John Health, while Ascension Health and Marian Health System were the two corporate members of Via Christi Health.

Prior to April 1, 2013, the System accounted for its 50% interest in Via Christi Health under the equity method of accounting. The System's investment in Via Christi Health at March 31, 2013 and June 30, 2012, was $545,018 and $493,105, respectively, which amounts were reported in the Consolidated Balance Sheets at those dates in investment in unconsolidated entities. Of these amounts, $28,101 at March 31, 2013, and $30,321 at June 30, 2012, represented the difference between the amount at which the System's investment in Via Christi Health was carried and its interest in the underlying net assets of Via Christi Health, related to the excess of fair value of Via Christi Health property and equipment and long-term debt over their carrying values at the date the System received its interest in Via Christi Health. Via Christi Health's total assets and total liabilities were $1,706,258 and $712,757 at June 30, 2012.

For the year ended June 30, 2013, the System's excess of revenues and gains over expenses and losses included $34,141, representing the System's share of Via Christi Health's excess of revenues over expenses prior to the business combination transaction on April 1, 2013. The System's investment in Via Christi Health of $545,018 at March 31, 2013, was derecognized on April 1, 2013, in conjunction with the accounting for the business combination transaction.

(Dollars in Thousands)

3. Organizational Changes (continued)

Preliminary fair value adjustments for the business combination have been recorded in the accompanying consolidated financial statements as of June 30, 2013. The valuation of net assets is expected to be completed during fiscal 2014. The following table summarizes the April 1, 2013, fair values of the Marian Systems' net assets, by major type.

Net working capital	$ 557,274
Intangible assets, including capitalized software	135,819
Property and equipment	1,950,739
Assets limited as to use	1,126,259
Investments and other long-term assets	1,125,652
Noncurrent liabilities assumed	(2,144,948)
Subtotal	2,750,795
Less: March 31, 2013 Investment in Via Christi Health	(545,018)
Fair value of net assets	$ 2,205,777

The fair value of net assets of $2,205,777 in the preceding table was recognized in the Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2013, as a nonoperating contribution from business combinations of $2,028,992; contributions of temporarily and permanently restricted net assets of $44,201 and $67,846, respectively; and contributions of noncontrolling interests of $64,738.

For the three months ended June 30, 2013, the System recognized revenues of the Marian Systems of $1,049,259, and an excess of revenues and gains over expenses and losses of the Marian Systems of $56,670, of which $55,542 was attributable to controlling interest, with the remaining attributable to noncontrolling interests. Additionally, for the three months ended June 30, 2013, the System recognized an increase in unrestricted net assets – controlling interests, excluding the excess of revenues and gains over expenses and losses of $56,670 above, of $53,801; an increase in unrestricted net assets – noncontrolling interests of $823; an increase in temporarily restricted net assets of $915; and a decrease in permanently restricted net assets of $56.

(Dollars in Thousands)

3. Organizational Changes (continued)

The following unaudited pro forma financial information presents the combined results of operations of the System and the Marian Systems for the years ended June 30, 2013 and 2012, as though the April 1, 2013, business combination transaction had occurred on July 1, 2011. This pro forma financial information is not necessarily indicative of the results of operations that would have occurred had the System and the Marian Systems constituted a single entity during those periods, nor is it necessarily indicative of future operating results.

	Year Ended June 30, 2013	2012
Total operating revenue	**$ 20,566,255**	$ 19,442,796
Excess of revenues and gains over expenses and losses	**1,177,338**	3,129,905
Increase in unrestricted net assets – controlling interest	**1,307,542**	2,678,973
Increase in unrestricted net assets – noncontrolling interests	**879,585**	672,035
Increase in temporarily restricted net assets	**5,856**	47,234
Increase in permanently restricted net assets	**7,945**	70,485

The excess of revenues and gains over expenses and losses and the increase in unrestricted net assets – controlling interest for the year ended June 30, 2012, in the table above include the nonoperating contribution from business combination of $2,028,992 reflected in the Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2013, to reflect the April 1, 2013, business combination as if it had occurred on July 1, 2011. The pro forma excess of revenues and gains over expenses and losses above includes certain adjustments attributable to the April 1, 2013, business combination transaction.

In addition, the increases in unrestricted net assets – controlling interest, temporarily restricted net assets, and permanently restricted net assets for the year ended June 30, 2012, in the table above include the contributions from business combinations reflected in the contributions of noncontrolling interests and temporarily and permanently restricted net assets of $64,738, $44,201, and $67,846, respectively. The preceding amounts are also reflected in the Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2013, to reflect the April 1, 2013, business combination as if it had occurred on July 1, 2011.

3. Organizational Changes (continued)

Alexian Brothers Health System

Effective January 1, 2012, Ascension Health, a subsidiary of the System, became sole corporate member of Alexian Brothers Health System (Alexian Brothers), a Catholic healthcare system that operates acute and specialty care hospitals, ambulatory care clinics, physician practices, and senior living facilities in Illinois, Missouri, Tennessee, and Wisconsin. This transaction resulted in a net increase to unrestricted net assets of $326,333, reflected as contributions from business combinations, net in the Consolidated Statement of Operations and Changes in Net Assets during the year ended June 30, 2012. Furthermore, this addition resulted in a contribution of restricted net assets of $16,337, included in other changes in net assets in the Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2012.

Divestitures and Discontinued Operations

On May 1, 2013, the System entered into a definitive agreement with HCA Midwest Health System to sell St. Joseph and St. Mary's Medical Centers and other Carondelet Health subsidiaries in Kansas City, Missouri (Carondelet Health – Kansas City). This transaction is expected to close in fiscal year 2014. The operations of Carondelet Health – Kansas City are reflected in the System's consolidated financial statements as discontinued operations. The assets and liabilities of Carondelet Health – Kansas City are classified as held for sale in other assets and other liabilities, respectively, in the System's consolidated financial statements.

Effective October 1, 2011, Seton Health System, Inc. (Seton Health) in Troy, New York, separated from the System and became part of a newly formed nonprofit healthcare organization that operates in the state of New York. The operations of Seton Health are reflected in the System's consolidated financial statements as discontinued operations.

The System reported a decrease in net assets from discontinued operations of $23,937 for the year ended June 30, 2013, representing the decrease in net assets related to the separation of Carondelet Health – Kansas City and the deficit of revenues over expenses for previously discontinued lines of business in Michigan. These entities had recorded operating revenues totaling $303,430 during the period that they were operational during the year ended June 30, 2013.

3. Organizational Changes (continued)

The System reported a decrease in net assets from discontinued operations of $73,521 for the year ended June 30, 2012, representing the decrease of net assets related to the separation of Seton Health, the deficit of revenues over expenses for Carondelet Health – Kansas City and for previously discontinued lines of business in Michigan. These entities had recorded operating revenues totaling $354,486 during the period that they were operational during the year ended June 30, 2012.

4. Pooled Investment Fund

Prior to April 2012, the System held a significant portion of its investments in 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 healthcare providers participated. In April 2012, a significant portion of the assets in the Ascension Legacy Portfolio was transferred to the CHIMCO Alpha Fund, LLC (Alpha Fund), a limited liability company organized in the state of Delaware.

At June 30, 2013 and 2012, a significant portion of the System's investments consists of the System's interest in the Alpha Fund. Certain System assets continue to be held through the Ascension Legacy Portfolio, and subsequent to April 2012, the Ascension Legacy Portfolio no longer holds assets for unrelated entities. Additional System investments include those held and managed by the Health Ministries' consolidated foundations.

The Alpha Fund includes the investment interests of the System and other Alpha Fund members. CHIMCO manages and serves as the manager and primary investment advisor of the Alpha Fund, overseeing the investment strategies offered to the Alpha Fund's members. The System began consolidating the Alpha Fund in April 2012.

The portion of the Alpha Fund's net assets representing interests held by entities other than the System are reflected in noncontrolling interests in the Consolidated Balance Sheets, which amount to $1,450,580 and $589,493 at June 30, 2013 and 2012, respectively.

The consolidation of the Alpha Fund by the System in April 2012 resulted in an increase of net assets of $440,015, representing the noncontrolling interests of the Alpha Fund as of the date investments were transferred into the Alpha Fund.

4. Pooled Investment Fund (continued)

Prior to April 2012, CHIMCO, a wholly owned subsidiary of the System, managed the investment portfolio of the System held in the Ascension Legacy Portfolio. CHIMCO provides expertise in the areas of asset allocation, selection and monitoring of outside investment managers, and risk management. The System did not consolidate the Ascension Legacy Portfolio prior to April 2012. Accordingly, the System's investments recorded in the consolidated financial statements consisted only of the System's pro rata share of the Ascension Legacy Portfolio's investments held for participants prior to April 2012.

The Alpha Fund invests in a diversified portfolio of investments including alternative investments, such as real asset funds, hedge funds, private equity funds, commodity funds, and private credit funds. Collectively, these funds have liquidity terms ranging from daily to annual with notice periods ranging from 1 to 180 days. Due to redemption restrictions, investments in certain of these funds, whose fair value was $920,761 at June 30, 2013, cannot currently be redeemed. However, the potential for the Alpha Fund to sell its interest in these funds in a secondary market prior to the end of the fund term does exist.

The Alpha Fund's investments in certain alternative investment funds also include contractual commitments to provide capital contributions during the investment period, which is typically five years and can extend to the end of the fund term. During these contractual periods, investment managers may require the Alpha Fund to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2013, contractual agreements of the Alpha Fund expire between July 2013 and April 2019. The remaining unfunded capital commitments of the Alpha Fund total approximately $1,140,000 for 76 individual funds as of June 30, 2013. Due to the uncertainty surrounding whether the contractual commitments will require funding during the contractual period, future minimum payments to meet these commitments cannot be reasonably estimated. These committed amounts are expected to be primarily satisfied by the liquidation of existing investments in the Alpha Fund.

In the normal course of operations and within established Alpha Fund guidelines, the Alpha Fund may enter into various exchange-traded and over-the-counter derivative contracts for trading purposes, including futures, option, and forward contracts as well as warrants and swaps. These instruments are used primarily to adjust the portfolio duration, restructure term structure exposure, change sector exposure, and arbitrage market inefficiencies. See the Fair Value Measurements note for a discussion of how fair value for the Alpha Fund's derivatives is determined.

4. Pooled Investment Fund (continued)

At June 30, 2013 and 2012, the notional value of Alpha Fund derivatives outstanding was approximately $2,126,000 and $2,071,000, respectively. The fair value of Alpha Fund derivatives in an asset position was $35,404 and $71,936 at June 30, 2013 and 2012, respectively, while the fair value of Alpha Fund derivatives in a liability position was $84,249 and $36,266 at June 30, 2013 and 2012, respectively. These derivatives are included in long-term investments in the Consolidated Balance Sheets at June 30, 2013 and 2012.

The Alpha Fund also participates in a securities lending program, whereby a portion of the Alpha Fund's investments are loaned to selected established brokerage firms in return for cash and securities from the brokers as collateral for the investments loaned, usually on a short-term basis. The fair value of collateral held by the Alpha Fund associated with such lending agreements amounts to approximately $394,000 and $320,000 at June 30, 2013 and 2012, respectively, and is included in other current assets in the Consolidated Balance Sheets, while the liability associated with the obligation to repay such collateral is also approximately $394,000 and $320,000 at June 30, 2013 and 2012, respectively, and is included in other current liabilities in the Consolidated Balance Sheets. In addition, the Alpha Fund has liabilities for investments sold, not yet purchased, representing obligations of the Alpha Fund to purchase investments in the market at prevailing prices. The fair value of this Alpha Fund liability is approximately $7,000 and $160,000 at June 30, 2013 and 2012, respectively, and is included in other noncurrent liabilities in the Consolidated Balance Sheets.

Due from brokers and due to brokers on the Consolidated Balance Sheets at June 30, 2013 and 2012, represent the Alpha Fund's positions and amounts due from or to various brokers, primarily amounts for security transactions not yet settled, and cash held by brokers for securities sold, not yet purchased.

(Dollars in Thousands)

5. Cash and Investments

The System's cash and investments are reported in the June 30, 2013 and 2012, Consolidated Balance Sheets as presented in the table that follows. Total cash and investments, net, includes both the System's membership interest in the Alpha Fund and the noncontrolling interests held by other Alpha Fund members. System unrestricted cash and investments, net, represent the System's cash and investments excluding the noncontrolling interests held by other Alpha Fund members and assets limited as to use.

	June 30, 2013	June 30, 2012
Cash and cash equivalents	**$ 754,622**	$ 306,469
Short-term investments	**113,955**	216,914
Long-term investments	**14,164,185**	10,468,457
Subtotal	**15,032,762**	10,991,840
Other Alpha Fund and Ascension Legacy Portfolio assets and liabilities:		
In other current assets	**459,050**	360,999
In other long-term assets	**2,785**	2,924
In accounts payable and other accrued liabilities	**(5,680)**	(12,779)
In other current liabilities	**(394,763)**	(322,873)
In other noncurrent liabilities	**(6,622)**	(157,073)
Due to brokers, net	**(315,040)**	(91,342)
Total cash and investments, net	**14,772,492**	10,771,696
Less noncontrolling interests of Alpha Fund	**1,450,580**	589,493
System cash and investments, including assets limited as to use	**13,321,912**	10,182,203
Less assets limited as to use:		
Under bond indenture agreement	**33,955**	16,966
Self-insurance trust funds	**728,621**	683,937
Temporarily or permanently restricted	**564,168**	363,482
Total assets limited as to use	**1,326,744**	1,064,385
System unrestricted cash and investments, net	**$ 11,995,168**	$ 9,117,818

(Dollars in Thousands)

5. Cash and Investments (continued)

At June 30, 2013 and 2012, the composition of cash and cash equivalents, short-term investments and long-term investments, which include certain assets limited as to use, is summarized as follows.

	June 30, 2013	2012
Cash and cash equivalents and short-term investments	**$ 1,113,823**	$ 498,902
Pooled short-term investment funds	**311,027**	416,087
U.S. government, state, municipal, and agency obligations	**3,447,500**	3,271,474
Corporate and foreign fixed income securities	**1,664,001**	980,322
Asset-backed securities	**1,196,168**	1,057,735
Equity securities	**2,695,483**	1,574,188
Alternative investments and other investments:		
Private equity and real estate funds	**809,341**	594,466
Hedge funds	**2,860,776**	1,887,407
Commodities funds and other investments	**934,643**	711,259
Total alternative investments and other investments	**4,604,760**	3,193,132
Total cash and cash equivalents, short-term investments, and long-term investments	**$ 15,032,762**	$ 10,991,840

Net investments under CHIMCO management and held in the Ascension Legacy Portfolio at March 31, 2012, yet not included in the Alpha Fund or the Ascension Legacy Portfolio while still managed by CHIMCO at April 1, 2012, were approximately $1,820,000. As of June 30, 2013 and 2012, the System's membership interest in the Alpha Fund totaled $11,251,590 and $8,840,551, respectively. As of June 30, 2013 and 2012, the noncontrolling interest (see Note 2) in the Alpha Fund, representing interests held by entities other than the System, totaled $1,450,580 and $589,493, respectively.

Investment return recognized by the System for the years ended June 30, 2013 and 2012, is summarized in the following table. Total investment return includes the System's return in the Ascension Legacy Portfolio and the investment return of the Alpha Fund. System investment return represents the System's total investment return, net of the investment return earned by the noncontrolling interests of other Alpha Fund members.

(Dollars in Thousands)

5. Cash and Investments (continued)

	Year Ended June 30, 2013	2012
Unrestricted investment return in Ascension Legacy Portfolio	$ –	$ 63,965
Interest and dividends	**170,034**	51,453
Net gains (losses) on investments reported at fair value	**602,008**	(233,826)
Restricted investment return and unrealized gains (losses), net	**18,830**	(880)
Total investment return	**790,872**	(119,288)
Less return earned by noncontrolling interests of Alpha Fund	**106,039**	(9,278)
System investment return	**$ 684,833**	$ (110,010)

6. Fair Value Measurements

The System categorizes, for disclosure purposes, assets and liabilities measured at fair value in the consolidated 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. The System'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.

The System 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.

6. Fair Value Measurements (continued)

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 assets and liabilities in active markets or exchanges or prices quoted for identical or similar assets and liabilities 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.

There were no significant transfers between Levels 1 and 2 during the years ended June 30, 2013 and 2012.

As of June 30, 2013 and 2012, the assets and liabilities listed in the fair value hierarchy tables below use the following valuation techniques and inputs:

Cash and cash equivalents and short-term investments

Cash and cash equivalents and certain 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. Other short-term investments designated as Level 2 investments primarily consist of commercial paper, whose fair value is based on the income approach. Significant observable inputs include security cost, maturity, credit rating, interest rate, and par value.

Pooled short-term investment fund

The fair value of pooled fund investments is based on cost plus guaranteed, annuity contract-based interest rates. Significant unobservable inputs to the guaranteed rate include the fair value and average duration of the portfolio of investments underlying the annuity contract, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio.

6. Fair Value Measurements (continued)

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.

Equity securities

The fair value of investments in U.S. and international equity securities is primarily determined using techniques consistent with the income approach. The values for underlying investments are fair value estimates determined by external fund managers based on quoted market prices, operating results, balance sheet stability, growth, dividend, dividend yield, and other business and market sector fundamentals.

6. Fair Value Measurements (continued)

Alternative investments and other investments

Alternative investments consist of private equity, hedge funds, private equity funds, commodity funds, and real estate partnerships. The fair value of private equity is primarily determined using techniques consistent with both the market and income approaches, based on the System's estimates and assumptions in the absence of observable market data. The market approach considers comparable company, comparable transaction, and company-specific information, including but not limited to restrictions on disposition, subsequent purchases of the same or similar securities by other investors, pending mergers or acquisitions, and current financial position and operating results. The income approach considers the projected operating performance of the portfolio company.

The fair value of hedge funds, private equity funds, commodity funds, and real estate partnerships is primarily determined using net asset values, which approximate fair value, as determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector fundamentals.

Other investments include derivative assets and derivative liabilities of the Alpha Fund, whose fair value is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

Securities lending collateral

The fair value of collateral received under the Alpha Fund's securities lending program is valued using the calculated net asset value for the commingled fund in which the collateral is invested. The underlying investments in the commingled fund are valued using techniques consistent with the market approach, which uses significant observable market inputs such as available trade, quotes, benchmark curves, sector groupings, and matrix pricing.

6. Fair Value Measurements (continued)

Benefit plan assets

The fair value of benefit plan assets is based on original investment into a guaranteed pooled fund, plus guaranteed, annuity contract-based interest rates. Significant unobservable inputs to the guaranteed rate include the fair value and average duration of the portfolio of investments underlying annuity contract, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio.

Interest rate swap assets and liabilities

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

Investments sold, not yet purchased

The fair value of investments sold, not yet purchased 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.

(Dollars in Thousands)

6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2013, for all financial assets and liabilities measured at fair value on a recurring basis in the System's consolidated financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2013				
Cash and cash equivalents	$ 618,129	$ 14,277	$ –	$ 632,406
Short-term investments	21,821	45,258	238	67,317
Pooled short-term investment funds	311,027	–	–	311,027
U.S. government, state, municipal, and agency obligations	–	3,441,671	5,829	3,447,500
Corporate and foreign fixed income securities	–	1,272,714	391,287	1,664,001
Asset-backed securities	–	1,079,135	117,033	1,196,168
Equity securities	2,656,950	36,370	2,163	2,695,483
Alternative investments and other investments:				
Private equity and real estate funds	529	3,752	799,414	803,695
Hedge funds	–	–	2,857,114	2,857,114
Commodities funds and other investments	5,762	(6,061)	831,182	830,883
Assets not at fair value				527,168
Cash and investments				$ 15,032,762
Securities lending collateral, in other current assets	$ –	$ 394,310	$ –	$ 394,310
Benefit plan assets, in other noncurrent assets	225,755	–	37,505	263,260
Interest rate swaps, in other noncurrent assets	–	76,650	–	76,650
Investments sold, not yet purchased, in other noncurrent liabilities	–	6,622	–	6,622
Interest rate swaps, included in other noncurrent liabilities	–	194,546	–	194,546

(Dollars in Thousands)

6. Fair Value Measurements (continued)

For the year ended June 30, 2013, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following.

	Short-Term Investments	U.S. Government, State, Municipal, and Agency Obligations	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity and Real Estate Funds	Hedge Funds	Commodities Funds and Other Investments	Benefit Plan Assets
June 30, 2013									
Beginning balance	$ –	$ 7,437	$ 120,418	$ 15,297	$ 13,118	$ 593,753	$ 1,887,407	$ 615,813	$ 36,882
Total realized and unrealized gains (losses)									
Included in income from operations	–	16	242	10	1,489	–	123	(45)	–
Included in nonoperating gains (losses)		445	1,059	(227)	170	83,975	220,887	80,222	49
Included in changes in net assets	3	–	–	–	–	–	293	27	–
Purchases	–	169	328,980	122,703	718	188,085	981,414	401,957	47,644
Settlements	–	–	–	–	–	(25)	–	–	(279)
Sales	–	(2,238)	(58,928)	(17,883)	(13,372)	(66,836)	(232,198)	(266,889)	(44,655)
Transfers into Level 3	235	–	2,962	–	40	927	3,271	139	13,376
Transfers out of Level 3	–	–	(3,446)	(2,867)	–	(465)	(4,083)	(42)	(15,512)
Ending balance	$ 238	$ 5,829	$ 391,287	$ 117,033	$ 2,163	$ 799,414	$ 2,857,114	$ 831,182	$ 37,505

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.

(Dollars in Thousands)

6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2012, for all financial assets and liabilities measured at fair value on a recurring basis in the System's consolidated financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2012				
Cash and cash equivalents	$ 78,301	$ 3,419	$ –	$ 81,720
Short-term investments	14,567	79,321	–	93,888
Pooled short-term investment funds	416,087	–	–	416,087
U.S. government, state, municipal, and agency obligations	–	3,264,037	7,437	3,271,474
Corporate and foreign fixed income securities	–	859,904	120,418	980,322
Asset-backed securities	–	1,042,438	15,297	1,057,735
Equity securities	1,546,579	14,491	13,118	1,574,188
Alternative investments and other investments:				
Private equity and real estate funds	–	–	593,753	593,753
Hedge funds	–	–	1,887,407	1,887,407
Commodities funds and other investments	8,699	3,327	615,813	627,839
Assets not at fair value				407,427
Cash and investments				$ 10,991,840
Securities lending collateral, in other current assets	$ –	$ 321,937	$ –	$ 321,937
Benefit plan assets, in other noncurrent assets	134,705	–	36,882	171,587
Interest rate swaps, in other noncurrent assets	–	94,082	–	94,082
Investments sold, not yet purchased, in other noncurrent liabilities	–	157,073	–	157,073
Interest rate swaps, included in other noncurrent liabilities	–	252,413	–	252,413

(Dollars in Thousands)

6. Fair Value Measurements (continued)

For the year ended June 30, 2012, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following. Level 3 investments of the Alpha Fund are included in transfers in the table below.

	U.S. Government, State, Municipal, and Agency Obligations	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity and Real Estate Funds	Hedge Funds	Commodities Funds and Other Investments	Benefit Plan Assets
June 30, 2012								
Beginning balance	$ 442	$ 5,024	$ 1,924	$ 15,515	$ 71,768	$ 11,667	$ 2,731	$ 31,706
Total realized and unrealized gains (losses)								
Included in income from operations	21	192	(7)	886	–	45	(436)	–
Included in nonoperating gains (losses)	6	904	(149)	(69)	(6,814)	(15,149)	(12,031)	–
Included in changes in net assets	–	–	–	–	64	1,233	(7)	20
Purchases	–	77,943	2,919	–	64,537	154,740	238,895	8,701
Settlements	–	–	–	–	–	–	–	(91)
Issuances	–	–	–	–	–	–	–	35
Sales	–	(57,768)	(2,700)	(3,588)	(9,215)	(5,187)	(76,098)	(5,373)
Transfers into Level 3	6,968	94,201	15,012	374	473,413	1,740,058	462,759	2,649
Transfers out of Level 3	–	(78)	(1,702)	–	–	–	–	(765)
Ending balance	$ 7,437	$ 120,418	$ 15,297	$ 13,118	$ 593,753	$ 1,887,407	$ 615,813	$ 36,882

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.

(Dollars in Thousands)

7. Long-Term Debt

Long-term debt at June 30, 2013 and 2012, is comprised of the following and is presented in accordance with the specific master trust indenture to which the debt relates. As further discussed below, certain portions of long-term debt are secured under the Alexian Brothers Health System Master Trust Indenture; the Mercy Regional Health Center, Inc. Master Trust Indenture; The Howard Young Medical Center, Inc. Master Trust Indenture; the St. John Health System Master Trust Indenture; and the Ministry Health Care Master Trust Indenture.

	June 30, 2013	2012
Tax-exempt hospital revenue bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture:		
Variable rate demand bonds, subject to a put provision that provides for a cumulative 7-month notice and remarketing period, payable through November 2047; interest (0.12% to 0.15% at June 30, 2013) tied to a market index plus a spread	$ **408,605**	$ 308,605
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2039; interest (0.06% to 0.07% at June 30, 2013) set at prevailing market rates	**225,665**	225,665
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2033; interest (0.06% to 0.07% at June 30, 2013) set at prevailing market rates, swapped to fixed rates of 5.454% and 5.544%, respectively, through maturity	**307,300**	307,300
Indexed put bonds subject to weekly rate resets based on a taxable index, payable through November 2046; interest (2.095% at June 30, 2013) swapped to a variable rate tied to a tax-exempt market index plus a spread through November 2016	**153,800**	153,800
Fixed rate put bonds (converted from an indexed put bond mode based on a taxable index in May 2009) payable through November 2046; interest (4.10% at June 30, 2013) swapped to a variable rate tied to a market index plus a spread through November 2016	**153,690**	153,690
Fixed rate serial and term bonds payable in installments through November 2051; interest at 2.00% to 5.25%	**1,207,490**	1,308,105
Fixed rate serial and term bonds payable in installments through November 2039; interest at 5.00% swapped to variable rates over the life of the bonds	**587,360**	587,360
Fixed rate serial mode bonds payable through 2047 with purchase dates ranging from June 2014 through June 2021; interest at 0.90% to 5.00% through the purchase dates	**1,224,750**	904,185

(Dollars in Thousands)

7. Long-Term Debt (continued)

	June 30, 2013	2012
Tax-exempt hospital revenue bonds – unsecured under Ascension Health Alliance Subordinate Master Trust Indenture:		
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2027; interest (0.06% at June 30, 2013) set at prevailing market rates	**$ 56,060**	$ 56,060
Fixed rate serial mode bonds payable through 2027 with purchase dates through November 2019; interest at 1.625%, swapped to variable mode through the purchase dates	**49,810**	49,810
Fixed rate serial mode bonds payable through 2027 with purchase dates through May 2018; interest at 0.55% to 5.00%	**396,705**	396,705
Taxable bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture:		
Taxable fixed rate term bonds payable in installments through November 2053; interest at 4.847%	**425,000**	–
Total hospital revenue bonds under Senior Master Trust Indenture and Subordinate Master Trust Indenture	**5,196,235**	4,451,285
Tax-exempt hospital revenue bonds – secured under Alexian Brothers Health System Master Trust Indenture:		
Fixed rate term bonds payable in installments through February 2038; interest at 3.50% to 5.50%	**157,000**	161,565
Total hospital revenue bonds under the Alexian Brothers Health System Master Trust Indenture	**157,000**	161,565
Tax-exempt hospital revenue bonds – secured under Mercy Regional Health Center, Inc. Master Trust Indenture:		
Fixed rate term bonds payable in installments through November 2029; interest at 2.00% to 5.00%	**25,060**	–
Total hospital revenue bonds under the Mercy Regional Health Center, Inc. Master Trust Indenture	**25,060**	–
Tax-exempt hospital revenue bonds – secured under The Howard Young Medical Center, Inc. Master Trust Indenture:		
Fixed rate term bonds payable in installments through August 2030; interest at 3.00% to 5.00%	**20,040**	–
Total hospital revenue bonds under The Howard Young Medical Center, Inc. Master Trust Indenture	**20,040**	–

(Dollars in Thousands)

7. Long-Term Debt (continued)

	June 30, 2013	2012
Tax-exempt hospital revenue bonds – secured under St. John Health System Master Trust Indenture:		
Fixed rate term bonds payable in installments through February 2042; interest at 4.00% to 5.00%	**$ 414,500**	$ –
Total hospital revenue bonds under the St. John Health System Master Trust Indenture	**414,500**	–
Tax-exempt hospital revenue bonds – secured under Ministry Health Care Master Trust Indenture:		
Fixed rate term bonds payable in installments through August 2035; interest at 2.50% to 5.50%	**368,260**	–
Total hospital revenue bonds under the Ministry Health Care Master Trust Indenture	**368,260**	–
Total hospital revenue bonds under the Ascension Health Alliance Senior Master Trust Indenture; Ascension Health Alliance Subordinate Master Trust Indenture; the Alexian Brothers Health System Master Trust Indenture; the Mercy Regional Health Center, Inc. Master Trust Indenture; The Howard Young Medical Center, Inc. Master Trust Indenture; St. John Health System Master Trust Indenture; and Ministry Health Care Master Trust Indenture	**6,181,095**	4,612,850
Other debt:		
Obligations under capital leases	**42,979**	33,221
Other	**113,823**	37,936
	6,337,897	4,684,007
Unamortized premium, net	**218,536**	111,187
Less current portion	**(90,442)**	(45,363)
Less long-term debt subject to short-term remarketing arrangements	**(1,187,125)**	(1,094,425)
Long-term debt, less current portion and long-term debt subject to short-term remarketing arrangements	**$ 5,278,866**	$ 3,655,406

(Dollars in Thousands)

7. Long-Term Debt (continued)

	June 30, 2013	2012
Ascension Health Alliance Senior Master Trust Indenture long-term debt obligations, including unamortized premium, net	**$ 3,579,334**	$ 2,919,702
Ascension Health Alliance Subordinate Master Trust Indenture long-term debt obligations, including unamortized premium, net	**511,009**	515,278
Alexian Brothers Health System Master Trust Indenture long-term debt obligations, including unamortized premium, net	**162,594**	167,257
Mercy Health Regional Center, Inc. Master Trust Indenture long-term debt obligations, including unamortized premium, net	**27,258**	–
The Howard Young Medical Center, Inc. Master Trust Indenture long-term debt obligations, including unamortized premium, net	**20,933**	–
St. John Health System Master Trust Indenture long-term debt obligations, including unamortized premium, net	**437,503**	–
Ministry Health Care Master Trust Indenture long-term debt obligations, including unamortized premium, net	**394,781**	–
Other	**145,454**	53,169
Long-term debt, less current portion, and long-term debt subject to short-term remarketing arrangements	**$ 5,278,866**	$ 3,655,406

Scheduled principal repayments of long-term debt, considering obligations subject to short-term remarketing as due according to their long-term amortization schedule, as of June 30, 2013, are as follows:

Year ending June 30	Ascension Health Alliance MTIs	Alexian Brothers Health System MTI	Mercy Regional Health Center, Inc. MTI	The Howard Young Medical Center, Inc. MTI	St. John Health System MTI	Ministry Health Care MTI	Other Debt	Total
2014	$ 57,135	$ 3,290	$ 1,020	$ 855	$ 6,950	$ 9,845	$ 11,230	$ 90,325
2015	59,835	340	1,045	875	7,305	11,185	10,168	90,753
2016	50,130	7,485	1,080	910	7,680	11,665	6,393	85,343
2017	65,945	13,130	1,125	945	8,070	12,185	19,878	121,278
2018	69,045	15,655	1,175	975	6,890	12,890	6,422	113,052
Thereafter	4,894,145	117,100	19,615	15,480	377,605	310,490	102,711	5,837,146
Total	$ 5,196,235	$ 157,000	$ 25,060	$ 20,040	$ 414,500	$ 368,260	$ 156,802	$ 6,337,897

7. Long-Term Debt (continued)

The carrying amounts of variable rate bonds and other notes payable approximate fair value. The fair values of the unsecured fixed rate serial and term bonds are obtained from independent public valuation services. The fair value of fixed rate serial and term bonds, including the component of variable rate demand bonds subject to long-term fixed interest rates, approximates carrying value at June 30, 2013 and 2012. During the years ended June 30, 2013 and 2012, interest paid was approximately $170,000 and $144,000, respectively. Capitalized interest was approximately $5,400 and $2,000 for the years ended June 30, 2013 and 2012, respectively.

Certain members of the System formed the Ascension Health Alliance Credit Group (Senior Credit Group). Each Senior Credit Group member is identified as either a senior obligated group member, a senior designated affiliate, or a senior limited designated affiliate. Senior obligated group members are jointly and severally liable under a Senior Master Trust Indenture (Senior MTI) to make all payments required with respect to obligations under the Senior MTI and may be entities not controlled directly or indirectly by the System. Senior designated affiliates and senior limited designated affiliates are not obligated to make debt service payments on the obligations under the Senior MTI. The System may cause each senior designated affiliate to transfer such amounts as are necessary to enable the obligated group to comply with the terms of the Senior MTI, including payment of the outstanding obligations. Additionally, each senior limited designated affiliate has an independent limited designated affiliate agreement and promissory note with the System with stipulated repayment terms and conditions, each subject to the governing law of the senior limited designated affiliate's state of incorporation.

Pursuant to a Supplemental Master Indenture dated February 1, 2005, senior obligated group members, which are operating entities, have pledged and assigned to the Master Trustee a security interest in all of their rights, title, and interest in their pledged revenues and proceeds thereof.

A Subordinate Credit Group, which is comprised of subordinate obligated group members, subordinate designated affiliates, and subordinate limited designated affiliates, was created under the Subordinate Master Trust Indenture (Subordinate MTI). The subordinate obligated group members are jointly and severally liable under the Subordinate MTI to make all payments required with respect to obligations under the Subordinate MTI and may be entities not controlled directly or indirectly by the System. Subordinate designated affiliates and subordinate limited designated affiliates are not obligated to make debt service payments on the obligations under the Subordinate MTI. The System may cause each subordinate designated affiliate to

7. Long-Term Debt (continued)

transfer such amounts as are necessary to enable the obligated group members to comply with the terms of the Subordinate MTI, including payment of the outstanding obligations. Additionally, each subordinate limited designated affiliate has an independent subordinate limited designated affiliate agreement and promissory note with the System, with stipulated repayment terms and conditions, each subject to the governing law of the subordinate limited designated affiliate's state of incorporation.

The unsecured variable rate demand bonds of both the Senior and Subordinate Credit Groups, while subject to long-term amortization periods, may be put to the System at the option of the bondholders in connection with certain remarketing dates. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2013, the principal amount of such bonds has been classified as a current liability in the accompanying Consolidated Balance Sheets. Management believes the likelihood of a material amount of bonds being put to the System to be remote. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including the line of credit, commercial paper program, and maintaining unrestricted assets as a source of self-liquidity.

On January 1, 2012, Alexian Brothers became part of the System. Subsequently, the System redeemed or refinanced a portion of Alexian Brothers' debt; however, a portion of the bonds previously issued for the benefit of Alexian Brothers remains outstanding (the Alexian Brothers' Bonds). The Alexian Brothers' Bonds continue to be secured by the Alexian Brothers Health System Master Trust Indenture (As Amended and Restated), dated October 1, 1992, between the Members of the Alexian Brothers Health System Obligated Group established under this document and the Alexian Brothers Health System Master Trustee.

On April 1, 2013, Marian Health System joined Ascension Health. Subsequently, the System redeemed or refinanced a portion of the debt of the Marian Systems; however, a portion of the bonds previously issued for the benefit of the Marian Systems remains outstanding. These bonds continue to be secured by the respective Master Trust Indentures, including the Amended and Restated Master Trust Indenture dated October 1, 1999, by and between St. John Health System and the St. John Health Master Trustee; the Master Trust Indenture dated October 1, 1984, by and between Ministry Health Care and the Ministry Health Care Master Trustee; the Master Trust Indenture dated August 15, 1993, between The Howard Young Medical Center, Inc., a subsidiary of Ministry Health Care, and The Howard Young Medical Center, Inc. Master

7. Long-Term Debt (continued)

Trustee; and the Master Trust Indenture dated January 15, 2013, between Mercy Regional Health Center, Inc. (a subsidiary of Via Christi Health) and the Mercy Regional Health Center, Inc. Master Trustee.

In June 2013, the System issued a total of $521,865 of tax-exempt bonds, Series 2013A and 2013B, through the Wisconsin issuing authority. In June 2013, the System also issued a total of $425,000 of taxable bonds, Series 2013A. The proceeds of the bonds, including original issue premium, were used to refinance debt and general corporate purposes.

In May 2012, the System issued a total of $435,370 of tax-exempt bonds, Series 2012A through 2012E, through four different issuing authorities in four different states. The proceeds of the bonds, including original issue premium, were used to reimburse the System for previous capital expenditures.

Due to aggregate financing activity during the fiscal years ended June 30, 2013 and 2012, losses on extinguishment of debt of $4,079 and $2,813, respectively, were recorded, which are included in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

The System is a party to multiple interest rate swap agreements that convert the variable or fixed rates of certain debt issues to fixed or variable rates, respectively. See the Derivative Instruments note for a discussion of these derivatives.

As of June 30, 2013, the Senior Credit Group has a line of credit of $1,000,000 which may be used as a source of funding for unremarketed variable debt (including commercial paper) or for general corporate purposes, towards which bank commitments totaling $1,000,000 extend to November 9, 2014. As of June 30, 2013 and 2012, there were no borrowings under the line of credit.

As of June 30, 2013, the Senior Credit Group has a $75,000 revolving line of credit related to its letters of credit program toward which a bank commitment of $75,000 extends to November 27, 2013. The revolving line of credit may be accessed solely in the form of Letters of Credit issued by the bank for the benefit of the members of the Credit Groups. Of this $75,000 revolving line of credit, letters of credit totaling $46,765 have been issued as of June 30, 2013. No borrowings were outstanding under the letters of credit as of June 30, 2013 and 2012.

(Dollars in Thousands)

8. Derivative Instruments

The System uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt. Interest rate swaps with varying characteristics are outstanding under the Master Trust Indentures of the System, Alexian Brothers, Ministry Health Care, and St. John Health. These swaps have historically been used to effectively convert interest rates on variable rate bonds to fixed rates and rates on fixed rate bonds to variable rates. At June 30, 2013 and 2012, the notional values of outstanding interest rate swaps were as follows:

	June 30, 2013	2012
Ascension Health Alliance MTI	**$ 2,128,757**	$ 2,189,232
Alexian Brothers Health System MTI	**47,220**	55,120
Ministry Health Care MTI	**270,880**	–
St. John Health System MTI	**125,000**	–
Total	**$ 2,571,857**	$ 2,244,352

The System recognizes the fair value of its interest rate swaps in the Consolidated Balance Sheets as assets, recorded in other noncurrent assets, or liabilities, recorded in other noncurrent liabilities, as appropriate. The respective fair values of interest rate swaps in an asset and liability position for the System, Alexian Brothers, Ministry Health Care and St. John Health were as follows:

	June 30, 2013		June 30, 2012	
	Asset	Liability	Asset	Liability
Ascension Health Alliance MTI	**$ 73,846**	**$ 174,413**	$ 94,082	$ 248,511
Alexian Brothers Health System MTI	**–**	**2,685**	–	3,902
Ministry Health Care MTI	**2,804**	**16,492**	–	–
St. John Health System MTI	**–**	**956**	–	–
Total	**$ 76,650**	**$ 194,546**	$ 94,082	$ 252,413

(Dollars in Thousands)

8. Derivative Instruments (continued)

The System's interest rate swap agreements include collateral requirements for each counterparty under such agreements, based upon specific contractual criteria. Collateral requirements are separately calculated for the System, Alexian Brothers, Ministry Health Care, and St. John Health based on the credit ratings of each. In the case of the System, the applicable credit rating is the Senior Credit Group long-term debt credit ratings (Senior Debt Credit Ratings), as obtained from each of two major credit rating agencies. Credit rating and the net liability position of total interest rate swap agreements outstanding with each counterparty determine the amount of collateral to be posted. Collateral and net fair value of interest rate swap agreements with credit-risk-related contingent features at June 30, 2013 and 2012, based upon the respective net liability positions and applicable credit ratings were as follows:

	June 30, 2013		June 30, 2012	
	Net Fair Value	Collateral Posted	Net Fair Value	Collateral Posted
Ascension Health Alliance MTI	**$ (100,567)**	**$ –**	$ (154,429)	$ –
Alexian Brothers Health System MTI	**(2,685)**	**–**	(3,902)	–
Ministry Health Care MTI	**(13,688)**	**23,024**	–	–
St. John Health System MTI	**(956)**	**–**	–	–
Total	**$ (117,896)**	**$ 23,024**	$ (158,331)	$ –

Prior to July 1, 2006, the System designated certain of its interest rate swaps as cash flow hedges, for accounting purposes, and accordingly deferred gains or losses associated with those swaps in net assets. As of June 30, 2013, the deferred net gain associated with these interest rate swaps was $4,357. The portion of this gain that will be reclassified into nonoperating gains (losses) over the next 12 months is immaterial.

Beginning July 1, 2006, the System's previously designated cash flow hedging relationships were de-designated for accounting purposes. Accordingly, all changes in the fair value of interest rate swaps have been recognized in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets. A net nonoperating loss of $61,349 was recognized for the year ended June 30, 2013, while a net nonoperating loss of $77,568 was recognized for the year ended June 30, 2012.

9. Retirement Plans

Defined-Benefit Plans

Certain System entities participate in defined-benefit pension plans (the System Plans), which are noncontributory, defined-benefit pension plans covering substantially all eligible employees of certain System entities. Benefits are based on each participant's years of service and compensation. All of the System Plans' assets are invested in Trusts, which include the Master Pension Trust (the Trust) and other trusts (the Other Trusts). The System Plans' assets primarily consist of cash and cash equivalents, equity, fixed income funds, and alternative investments. Contributions to the System Plans are based on actuarially determined amounts sufficient to meet the benefits to be paid to participants.

During the years ended June 30, 2013 and 2012, the System approved and communicated to employees a redesign of associate retirement benefits, which affects certain System Plans, as well as provides an enhanced comprehensive defined contribution plan. This redesign resulted in the recognition of curtailment gains of $73,198 and $415,834, for the years ended June 30, 2013 and 2012, respectively, of which, $73,198 and $402,402 was recognized in total impairment, restructuring, and nonrecurring gains for the years ended June 30, 2013 and 2012, respectively. This redesign also resulted in a decrease to the projected benefit obligation and is included in pension and other postretirement liabilities in the Consolidated Balance Sheets.

The assets of the System Plans are available to pay the benefits of eligible employees and retirees of all participating entities. In the event entities participating in the System Plans are unable to fulfill their financial obligations under the System Plans, the other participating entities are obligated to do so.

(Dollars in Thousands)

9. Retirement Plans (continued)

The following table sets forth the combined benefit obligations and assets of the System Plans at June 30, 2013 and 2012, components of net periodic benefit costs for the years then ended, and a reconciliation of the amounts recognized in the accompanying consolidated financial statements.

	Year Ended June 30, 2013	2012
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	**$ 6,437,246**	$ 5,734,449
Service cost	**119,018**	194,906
Interest cost	**289,634**	311,981
Amendments	**(12,792)**	(5,463)
Assumption change	**(363,778)**	873,252
Actuarial (gain) loss	**(28,641)**	1,051
Business combinations	**1,137,270**	131,174
Curtailment	**(74,962)**	(561,854)
Benefits paid	**(301,215)**	(242,250)
Projected benefit obligation at end of year	**7,201,780**	6,437,246
Accumulated benefit obligation at end of year	**7,155,166**	6,341,693
Change in plan assets:		
Fair value of plan assets at beginning of year	**5,992,677**	5,397,593
Actual return on plan assets	**121,715**	711,555
Employer contributions	**54,541**	14,421
Business combinations	**874,666**	111,358
Benefits paid	**(301,215)**	(242,250)
Fair value of plan assets at end of year	**6,742,384**	5,992,677
Net amount recognized at end of year and funded status	**$ (459,396)**	$ (444,569)

The System Plans' funded status as a percentage of the projected benefit obligation at June 30, 2013 and 2012, was 93.6% and 93.1%, respectively. The System Plans' funded status as a percentage of the accumulated benefit obligation at June 30, 2013 and 2012, was 94.2% and 94.5%, respectively.

(Dollars in Thousands)

9. Retirement Plans (continued)

Included in unrestricted net assets at June 30, 2013 and 2012, are the following amounts that have not yet been recognized in net periodic pension cost for the System Plans:

	Year Ended June 30, 2013	2012
Unrecognized prior service credit	**$ (23,080)**	$ (16,230)
Unrecognized actuarial loss	**364,739**	433,352
	$ 341,659	$ 417,122

Changes in plan assets and benefit obligations recognized in unrestricted net assets for System Plans during 2013 and 2012 include:

	Year Ended June 30, 2013	2012
Current year actuarial (gain) loss	**$ (87,934)**	$ 48,601
Amortization of actuarial loss	**19,725**	350,877
Current year prior service credit	**(12,792)**	(5,463)
Amortization of prior service credit	**5,944**	58,781
	$ (75,057)	$ 452,796

	Year Ended June 30, 2013	2012
Components of net periodic benefit cost		
Service cost	**$ 119,018**	$ 194,906
Interest cost	**289,634**	311,981
Expected return on plan assets	**(500,497)**	(447,703)
Amortization of prior service credit	**(6,242)**	(10,646)
Amortization of actuarial loss	**53,783**	16,931
Curtailment gain	**(73,198)**	(415,834)
Settlement gain	**(12)**	(111)
Net periodic benefit cost	**$ (117,514)**	$ (350,476)

(Dollars in Thousands)

9. Retirement Plans (continued)

The prior service credit and actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending June 30, 2014, are $4,200 and $7,630, respectively.

The assumptions used to determine the benefit obligation and net periodic benefit cost for the System Plans are set forth below:

	June 30,	
	2013	**2012**
Weighted-average discount rate	**4.88%**	4.42%
Weighted-average rate of compensation increase	**3.81%**	4.00%
Weighted-average expected long-term rate of return on plan assets	**8.30%**	8.43%

The System Plans' assets invested in the Trust are invested in a portfolio designed to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk. Diversification is achieved by allocating to funds and managers that correlate to one of three economic strategies: growth, deflation, and inflation. Growth strategies include U.S. equity, emerging market equity, global equity, international equity, directional hedge funds, private equity, high yield, and private credit. Deflation strategies include core fixed income, absolute return hedge funds, and cash. Inflation strategies include inflation-linked bonds, commodity-related investments, and real assets. The System Plans use multiple investment managers with complementary styles, philosophies, and approaches. In accordance with the System Plans' objectives, derivatives may also be used to gain market exposure in an efficient and timely manner.

(Dollars in Thousands)

9. Retirement Plans (continued)

In accordance with the System Plans' asset diversification targets, as presented in the table that follows, the Trust holds certain alternative investments, consisting of various hedge funds, real asset funds, private equity funds, commodity funds, private credit funds, and certain other private funds. These investments do not have observable market values. As such, each of these investments is valued at net asset value as determined by each fund's investment manager, which approximates fair value. The fair value of the System Plans' alternative investments in the Trust as of June 30, 2013, is reported in the fair value measurement table that follows. Collectively, these funds have liquidity terms ranging from daily to annual with notice periods ranging from 1 to 180 days. Due to redemption restrictions, investments of certain private funds, whose fair value was approximately $665,000 at June 30, 2013, cannot be redeemed. However, the potential for the System Plans to sell their interest in real asset funds and private equity funds in a secondary market prior to the end of the fund term does exist.

The investments in these alternative investment funds may also include contractual commitments to provide capital contributions during the investment period, which is typically five years, and may extend to the end of the fund term. During these contractual periods, investment managers may require the System Plans to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2013, investment periods expire between July 2013 and March 2018. The remaining unfunded capital commitments of the Trust total approximately $525,000 for 57 individual contracts as of June 30, 2013.

The weighted-average asset allocation for the System Plans in the Trust at the end of fiscal 2013 and 2012 and the target allocation for fiscal 2014, by asset category, are as follows:

	Target Allocation	Percentage of Plan Assets at Year-End	
Asset category	**2014**	**2013**	**2012**
Growth	50%	**52%**	49%
Deflation	30	**29**	32
Inflation	20	**19**	19
Total	100%	**100%**	100%

(Dollars in Thousands)

9. Retirement Plans (continued)

The System Plans' assets in the Other Trusts are invested in portfolios designed to best serve the participants of the System Plans' through a long-term investment strategy designed to ensure that funds are available to pay benefits as they become due and to maximize the total return at a prudent level of investment risk. The System Plans' assets invested in the Other Trusts are diversified among various assets classes based upon established investment guidelines.

	Target Allocation	Percentage of Plan Assets at Year-End	
Asset category	**2014**	**2013**	**2012**
Cash	4%	**6%**	1%
Growth	58	**61**	63
Income	29	**25**	22
Other	9	**8**	14
Total	100%	**100%**	100%

(Dollars in Thousands)

9. Retirement Plans (continued)

The following tables summarize fair value measurements at June 30, 2013 and 2012, by asset class and by level, for the System Plans' assets and liabilities. As also discussed in the Fair Value Measurements note, the System follows the three-level fair value hierarchy to categorize plan assets and liabilities recognized at fair value, which prioritizes the inputs used to measure such fair values. The inputs and valuation techniques discussed in the Fair Value Measurements note also apply to the System Plans' assets and liabilities as presented in the following tables.

	Level 1	Level 2	Level 3	Total
June 30, 2013				
Short-term investments	$ 324,803	$ 20,331	$ –	$ 345,134
Derivatives receivable	1,078	337	21,059	22,474
U.S. government, state, municipal, and agency obligations	–	1,671,493	1,266	1,672,759
Corporate and foreign fixed income securities	25,843	566,812	53,729	646,384
Asset-backed securities	–	226,920	22,838	249,758
Equity securities	1,317,933	18,741	2,936	1,339,610
Alternative investments and other investments:				
Private equity and real estate funds	–	–	747,864	747,864
Hedge funds	34,708	–	1,452,190	1,486,898
Commodities funds and other investments	–	316,971	271,282	588,253
Assets not at fair value				334,875
Total				7,434,009
Derivatives payable	68	300	248,988	249,356
Investments sold, not yet purchased	3,794	(71)	–	3,723
Liabilities not at fair value				438,546
Total				691,625
Fair value of plan assets				$ 6,742,384

(Dollars in Thousands)

9. Retirement Plans (continued)

	Level 1	Level 2	Level 3	Total
June 30, 2012				
Short-term investments	$ 192,025	$ 5,392	$ –	$ 197,417
Derivatives receivable	63,991	92,702	14,229	170,922
U.S. government, state, municipal, and agency obligations	–	2,189,580	1,903	2,191,483
Corporate and foreign fixed income securities	70,238	387,734	28,308	486,280
Asset-backed securities	–	194,201	14,243	208,444
Equity securities	782,558	–	1,514	784,072
Alternative investments and other investments:				
Private equity and real estate funds	–	–	546,165	546,165
Hedge funds	–	–	1,187,124	1,187,124
Commodities funds and other investments	–	–	282,320	282,320
Assets not at fair value				874,681
Total				6,928,908
Derivatives payable	5,849	51,314	6,055	63,218
Investments sold, not yet purchased	–	29,342	–	29,342
Liabilities not at fair value				843,671
Total				936,231
Fair value of plan assets				$ 5,992,677

(Dollars in Thousands)

9. Retirement Plans (continued)

For the years ended June 30, 2013 and 2012, the changes in the fair value of the System Plans' assets measured using significant unobservable inputs (Level 3) consisted of the following:

	Net Derivatives	U.S. Government, State, Municipal, and Agency Obligations	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity and Real Estate Funds	Hedge Funds	Commodities Funds and Other Investments
June 30, 2013								
Beginning balance	$ 8,174	$ 1,903	$ 28,308	$ 14,243	$ 1,514	$ 546,165	$ 1,187,124	$ 282,320
Acquisitions	–	–	–	–	–	37,048	–	9,994
Total actual return on assets	(154,133)	130	(171)	(89)	5	54,153	147,977	(21,032)
Purchases, issuances, and settlements	(122,486)	(767)	31,994	20,384	1,417	98,174	156,513	–
Transfers into (out of) Level 3	40,516	–	(6,402)	(11,700)	–	12,324	(39,424)	–
Ending balance	$ (227,929)	$ 1,266	$ 53,729	$ 22,838	$ 2,936	$ 747,864	$ 1,452,190	$ 271,282
Actual return on plan assets relating to plan assets still held at June 30, 2013	$ (280,606)	$ 59	$ (2,202)	$ (115)	$ 227	$ 54,968	$ 147,248	$ (21,024)
June 30, 2012								
Beginning balance	$ (208,367)	$ 2,129	$ 19,462	$ 4,427	$ 1,701	$ 376,420	$ 1,011,817	$ 203,246
Acquisitions	–	–	–	–	–	–	30,428	–
Total actual return on assets	167,900	48	1,431	(211)	(196)	25,991	(9,426)	(30,748)
Purchases, issuances, and settlements	48,641	(274)	9,662	10,517	–	143,754	154,305	109,826
Transfers (out of) into Level 3	–	–	(2,247)	(490)	9	–	–	(4)
Ending balance	$ 8,174	$ 1,903	$ 28 308	$ 14 243	$ 1,514	$ 546,165	$ 1,187,124	$ 282,320
Actual return on plan assets relating to plan assets still held at June 30, 2012	$ 9,095	$ 11	$ (820)	$ (477)	$ –	$ 18,389	$ (38,835)	$ (29,356)

The Trust has entered into a series of interest rate swap agreements with a net notional amount of $2,699,100. The combined targeted duration of these swaps and the Trust's fixed income investments approximates the duration of the liabilities of the Trust. Currently, 75% of the dollar duration of the liability is subject to this economic hedge. The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates.

(Dollars in Thousands)

9. Retirement Plans (continued)

The expected long-term rate of return on the System Plans' assets is based on historical and projected rates of return for current and planned asset categories in the investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

Information about the expected cash flows for the System Plans follows:

Expected employer contributions 2014	$ 53,090
Expected benefit payments:	
2014	445,000
2015	452,800
2016	464,400
2017	484,000
2018	489,500
2019–2023	2,461,000

The contribution amount above includes amounts paid to Trusts. The benefit payment amounts above reflect the total benefits expected to be paid from Trusts.

Other Postretirement Benefit Plans

In addition to the retirement plan described above, certain Health Ministries sponsor postretirement benefit plans that provide healthcare benefits to qualified retirees who meet certain eligibility requirements. The total benefit obligation of these plans at June 30, 2013 and 2012, is $45,308 and $47,428, respectively. The net obligation included in pension and other postretirement liabilities in the accompanying Consolidated Balance Sheets at June 30, 2013 and 2012, is $6,624 and $12,423, respectively. The change in the plans' assets and benefit obligations recognized in unrestricted net assets during the year ended June 30, 2013, was $2,678.

9. Retirement Plans (continued)

Defined-Contribution Plans

System entities participate in contributory and noncontributory defined-contribution plans covering all eligible associates. There are three primary types of contributions to these plans: employer automatic contributions, employee contributions, and employer matching contributions. Benefits for employer automatic contributions are determined as a percentage of a participant's salary and, for certain entities, increases over specified periods of employee service. These benefits are funded annually, and participants become fully vested over a period of time. Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period. These benefits are funded each payroll period, and participants become fully vested in these employer contributions immediately. Expenses for the defined-contribution plans were $202,838 and $127,134 during 2013 and 2012, respectively.

10. Self-Insurance Programs

Certain System hospitals and other entities participate 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. The System provides its self-insurance through various trust funds and captive insurance companies. Actuarially determined amounts, discounted at 6% for the System, are contributed to the trust funds and the captive insurance companies 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, which are discounted at 6% in 2013 and 2012 for the System. Those entities not participating in the self-insured programs are insured under separate policies.

10. Self-Insurance Programs (continued)

Professional and General Liability Programs

Professional and general liability coverage is provided on a claims-made basis through a wholly owned onshore trust and through AHIL.

AHIL has a self-insured retention of $10,000 per occurrence with no aggregate. 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.

Sunflower Assurance, Inc. (Sunflower) was acquired when Marian Health System joined the System. Sunflower provides excess coverage with limits up to $75,000 above the primary coverage for Via Christi Health and retains 10% of the first reinsurance layer of $10,000 on a quota share basis. The remaining excess coverage is reinsured by commercial carriers.

Self-insured entities in the states of Indiana, Kansas, and Wisconsin are provided professional liability coverage with limits in compliance with participation in the Patient Compensation Funds. The Patient Compensation Funds apply to claims in excess of the primary self-insured limit.

Included in operating expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets is professional and general liability expense of $74,887 and $71,687 for the years ended June 30, 2013 and 2012, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are professional and general liability loss reserves of $614,913 and $596,381 at June 30, 2013 and 2012, respectively.

AHIL also offers physician professional liability coverage through insurance or reinsurance arrangements to nonemployed physicians practicing at the System's various facilities, primarily in Michigan, Indiana, Kansas, and Illinois. Coverage is offered to physicians with limits ranging from $100 per claim to $1,000 per claim with various aggregate limits.

Edessa Insurance Company Ltd. (Edessa) was acquired as part of the Alexian Brothers business combination, as discussed in the Organizational Changes note. Effective July 1, 2012, the self-insurance programs of Edessa were consolidated into AHIL, and Edessa ceased operations.

(Dollars in Thousands)

10. Self-Insurance Programs (continued)

Workers' Compensation

Workers' compensation coverage is provided on an occurrence basis through a grantor trust. The self-insured trust provides coverage up to $1,000 per occurrence with no aggregate. The trust provides a mechanism for funding the workers' compensation obligations of its members. Workers' compensation coverage for Marian Health System is self-insured or commercially insured up to various limits. Excess insurance against catastrophic loss is obtained through commercial insurers. Premium payments made to the trust are expensed and represent 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 $44,395 and $40,256 for the years ended June 30, 2013 and 2012, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are workers' compensation loss reserves of $137,825 and $110,657 at June 30, 2013 and 2012, respectively.

11. Lease Commitments

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

Year ending June 30:	
2014	$ 211,716
2015	191,235
2016	149,545
2017	121,166
2018	93,215
Thereafter	231,248
Total	$ 998,125

Certain System entities are lessees under operating lease agreements for the use of space in buildings owned by third parties, including medical office buildings (MOBs) and medical and information technology equipment. In addition, certain System entities have subleased space within buildings where the entity has a current operating lease commitment. Certain System entities are also lessors under operating lease agreements, primarily ground leases related to third-party-owned MOBs on land owned by the System entity.

(Dollars in Thousands)

11. Lease Commitments (continued)

The System's future minimum noncancelable payments associated with operating leases where a System entity is the lessee, as well as future minimum noncancelable receipts associated with operating leases where a System entity is the sublessor or lessor, are presented in the table that follows. Future minimum payments and receipts relate to noncancelable leases with terms of one year or more.

	Future Payments Where the System is Lessee	Future Receipts Where the System is Sublessor/ Lessor	Net Future Payments (Receipts)
Year ending June 30:			
2014	$ 211,716	$ 45,749	$ 165,967
2015	191,235	38,072	153,163
2016	149,545	32,591	116,954
2017	121,166	28,075	93,091
2018	93,215	25,289	67,926
Thereafter	231,248	299,907	(68,659)
Total	$ 998,125	$ 469,683	$ 528,442

Rental expense under operating leases amounted to $365,718 and $336,538 in 2013 and 2012, respectively.

12. Contingencies and Commitments

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. Regulatory investigations also occur from time to time. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on the System's Consolidated Balance Sheet.

In March 2013, the System and some of its subsidiaries were named as defendants to litigation surrounding the Church Plan status of its System Plans. The System does not believe that this matter will have a material adverse effect on the System's financial position or results of operations.

(Dollars in Thousands)

12. Contingencies and Commitments (continued)

In September 2010, Ascension Health received a letter from the U.S. Department of Justice (the DOJ) in connection with its nationwide review to determine whether, in certain cases, implantable cardioverter defibrillators were provided to certain Medicare beneficiaries in accordance with national coverage criteria. In connection with this nationwide review, identified System hospitals are reviewing applicable medical records and responding to the DOJ. The DOJ's investigation spans a time frame beginning in 2003 and extending through the present time. Through September 18, 2013, the DOJ has not asserted any claims against any System hospitals. The System continues to fully cooperate with the DOJ in its investigation.

The System enters into agreements with nonemployed physicians that include minimum revenue guarantees. The terms of the guarantees vary. The carrying amounts of the liability for the System's obligation under these guarantees were $44,606 and $26,678 at June 30, 2013 and 2012, respectively, and are included in other current and noncurrent liabilities in the accompanying Consolidated Balance Sheets. The maximum amount of future payments that the System could be required to make under these guarantees is approximately $100,100.

The System entered into agreements with sponsors for support through January 2017. The System's obligation under these agreements totals $49,028 at June 30, 2013, and is included in other current and noncurrent liabilities in the accompanying Consolidated Balance Sheet.

The System entered into Master Service Agreements for information technology services provided by third parties. The maximum amount of future payments that the System could be required to make under these agreements is approximately $201,600.

Guarantees and other commitments represent contingent commitments issued by Ascension Health Alliance Senior and Subordinate Credit Groups, generally to guarantee the performance of an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and other transactions. The terms of guarantees are equal to the terms of the related debt, which can be as long as 27 years. The following represents the remaining guarantees and other commitments of the Senior and Subordinate Credit Group at June 30, 2013:

Hospital de la Conceptión 2000 Series A debt guarantee	$	30,185
St. Vincent de Paul Series 2000A debt guarantee		28,300
Other guarantees and commitments		33,937

Supplementary Information

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Report of Independent Auditors on Supplementary Information

The Board of Directors
Ascension Health Alliance

Our audits were 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, the Details of Consolidated Balance Sheets, and the Details of Consolidated Statements of Operations and Changes in Net Assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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

September 18, 2013

Ascension Health Alliance

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

(Dollars in Thousands)

Years Ended June 30, 2013 and 2012

The net cost of providing care to persons living in poverty and community benefit programs is as follows:

	June 30, 2013	2012
Traditional charity care provided	**$ 524,605**	$ 466,916
Unpaid cost of public programs for persons living in poverty	**488,959**	455,401
Other programs for personal living in poverty and other vulnerable persons	**89,923**	75,724
Community benefit programs	**383,583**	335,436
Care of persons living in poverty and community benefit programs	**$ 1,487,070**	$ 1,333,477

Ascension Health Alliance

Details of Consolidated Balance Sheet
(Dollars in Thousands)

June 30, 2013

	Consolidated Ascension Health Alliance	Consolidated Ascension Health Alliance less Health Ministries Presented	Reclassification	Consolidated Baltimore	Consolidated Birmingham	Consolidated Flint	Consolidated Kalamazoo	Consolidated Lewiston
Assets								
Current assets								
Cash and cash equivalents	$ 754,622	$ 221,598	$ –	$ 14,826	$ 13,436	$ 5,136	$ 11,691	$ 5,737
Short-term investments	113,955	51,189	–	–	–	500	–	565
Accounts receivable, less allowances for uncollectible accounts ($1,351,660 in 2013)	2,361,809	1,241,572	–	53,294	71,872	48,531	63,725	21,606
Inventories	309,074	149,528	–	7,633	12,292	6,714	8,050	2,875
Due from brokers	178,380	178,380	–	–	–	–	–	–
Estimated third-party payor settlements	119,379	55,731	–	–	8,200	9,321	6,897	–
Other	1,035,026	789 045	–	5,293	13,554	9,805	10,261	1,682
Total current assets	4,872,245	2,687,043	–	81,046	119,354	80,007	100,624	32,465
Long-term investments	14,164,185	9,921,466	3,705,308	15,104	16,508	1,993	21,788	593
Interest in investments held by Ascension Health Alliance	–	–	(3,705,308)	180,235	188,196	188,395	139,959	75,636
Property and equipment, net	8,546,873	3,930,621	–	240,204	354,150	159,567	161,025	39,901
Other assets								
Investment in unconsolidated entities	628,772	223,985	–	18,717	5,889	14,535	16,876	–
Capitalized software costs, net	728,613	502,282	–	1,162	1,906	9,590	157	2,404
Other	1,106,683	761,482	–	12,830	10,309	14,125	23,144	14.623
Total other assets	2,464,068	1,487,749	–	32,709	18,104	38,250	40,177	17.027
Total assets	$ 30.047.371	$ 18,026,879	$ –	$ 549 298	$ 696,312	$ 468,212	$ 463 573	$ 165 622

Consolidated Milwaukee	Consolidated Ministry	Consolidated Mobile	Consolidated Nashville	Consolidated Saginaw & Tawas	Consolidated Tucson	Consolidated Tulsa	Consolidated Waco	Consolidated Washington D.C.	Consolidated Wichita
$ 4,107	$ 301,544	$ 1,144	$ 12,393	$ 7,949	$ 7,438	$ 30,935	$ 3,583	$ 1,201	$ 111,904
–	24,023	–	253	11,012	5,862	7,916	1,455	–	11,180
89,751	169,137	31,632	138,556	38,787	59,941	129,596	43,103	28,526	132,180
10,542	27,432	6,168	15,816	6,404	10,236	15,766	5,027	2,740	21,851
–	–	–	–	–	–	–	–	–	–
1,243	6,299	3,204	7,637	5,075	1,154	2,906	8,192	1,327	2,193
24,876	55,760	5,225	26,362	8,292	10,171	22,955	1,677	5,439	44,629
130,519	584,195	47,373	201,017	77,519	94,802	210,074	63,037	39,233	323,937
17,864	287,345	3,552	40,060	6,145	23,129	69,731	795	2,905	29,899
111,976	515,452	165,956	588,464	289,425	18,992	378,162	146,311	45,419	672,730
633,556	703,634	64,876	468,500	109,094	247,167	660,947	102,293	52,434	618,904
24,691	14,223	884	36,252	13,768	90,291	76,877	10,050	3,670	78,064
32,951	29,622	4,631	39,213	17,492	10,491	26,638	3,160	12,821	34,093
16,050	86,082	13,435	39,223	12,229	7,624	43,454	13,888	12,567	25 618
73,692	129,927	18,950	114,688	43,489	108,406	146,969	27 098	29 058	137,775
$ 967,607	$ 2 220 553	$ 300,707	$ 1,412,729	$ 525 672	$ 492,496	$ 1 465,883	$ 339,534	$ 169,049	$ 1,783,245

Ascension Health Alliance

Details of Consolidated Balance Sheet (continued)

(Dollars in Thousands)

June 30, 2013

	Consolidated Ascension Health Alliance	Consolidated Ascension Health Alliance less Health Ministries Presented	Consolidated Baltimore	Consolidated Birmingham	Consolidated Flint	Consolidated Kalamazoo	Consolidated Lewiston
Liabilities and net assets							
Current liabilities							
Current portion of long-term debt	$ 90,442	$ 26,796	$ 1,143	$ 1,692	$ 4,248	$ 2,391	$ 386
Long-term debt subject to short-term remarketing arrangements	1,187,125	1,187,125	–	–	–	–	–
Accounts payable and accrued liabilities	2,348,401	1,444,189	40,421	51,261	56,098	45,622	10,632
Estimated third-party payor settlements	456,314	289,834	117	16,006	8,984	13,404	5,652
Due to brokers	493,420	493,420	–	–	–	–	–
Current portion of self-insurance liabilities	210,115	170,711	1,934	1,386	2,553	1,308	782
Other	644,084	434,728	15,904	26,034	62	993	7,120
Total current liabilities	5,429,901	4,046,803	59,519	96,379	71,945	63,718	24,572
Noncurrent liabilities							
Long-term debt (senior and subordinated)	5,278,866	1,697,249	78,270	115,834	290,872	163,683	26,406
Self-insurance liabilities	553,706	486,547	2,182	3,284	3,311	3,204	157
Pension and other postretirement liabilities	554,368	341,517	–	2,802	9,752	48,437	–
Other	1,099,362	727,708	8,285	66,784	6,319	30,686	1,957
Total noncurrent liabilities	7,486,302	3,253,021	88,737	188,704	310,254	246,010	28,520
Total liabilities	12,916,203	7,299,824	148,256	285,083	382,199	309,728	53,092
Net assets							
Unrestricted							
Controlling interest	14,986,302	8,873,840	392,653	393,055	81,365	148,880	112,195
Noncontrolling interests	1,592,356	1,523,448	–	1,128	–	–	–
Unrestricted net assets	16,578,658	10,397,288	392,653	394,183	81,365	148,880	112,195
Temporarily restricted	377,555	237,965	7,930	15,613	4,103	4,674	335
Permanently restricted	174,955	91,802	459	1,433	545	291	–
Total net assets	17,131,168	10,727,055	401,042	411,229	86,013	153,845	112,530
Total liabilities and net assets	$ 30,047,371	$ 18,026,879	$ 549,298	$ 696,312	$ 468,212	$ 463,573	$ 165,622

Consolidated Milwaukee	Consolidated Ministry	Consolidated Mobile	Consolidated Nashville	Consolidated Saginaw & Tawas	Consolidated Tucson	Consolidated Tulsa	Consolidated Waco	Consolidated Washington D.C.	Consolidated Wichita
$ 4,625	$ 16,198	$ 1,041	$ 6,400	$ 2,039	$ 2,534	$ 8,927	$ 757	$ 925	$ 10,340
–	–	–	–	–	–	–	–	–	–
46,909	178,263	16,173	86,651	30,578	62,146	96,244	21,260	33,151	128,803
332	12,276	2,446	16,585	10,225	72,379	2,405	897	4,750	22
–	–	–	–	–	–	–	–	–	–
2,762	–	479	10,023	1,248	1,472	5,500	600	1,028	8,329
13,955	89,771	5,282	27,751	1,578	4,529	10,976	3 452	1.949	–
68,583	296,508	25,421	147,410	45,668	143,060	124,052	26,966	41,803	147,494
316,694	710,719	70,208	407,177	127,466	145,097	514,433	51,835	63,345	499,578
6	–	1,561	3,069	1,713	5,430	12,385	1,950	2,426	26,481
3,232	77,463	53	9,652	–	–	53,595	7,865	–	–
20 337	70 949	9,746	19,611	6,684	39,233	36,559	7.890	6,492	40 122
340,269	859.131	81,568	439,509	135,863	189,760	616,972	69,540	72 263	566 181
408,852	1,155,639	106,989	586,919	181,531	332,820	741,024	96,506	114,066	713,675
540,891	991,800	192,441	792,910	337,660	145,910	703,926	239,989	51,219	987,568
–	1,790	–	2,158	–	–	(89)	–	–	63 921
540,891	993,590	192,441	795,068	337,660	145,910	703,837	239,989	51,219	1,051,489
12,112	20,641	1,277	28,455	5,784	10,226	11,022	2,288	3,764	11,366
5,752	50,683	–	2,287	697	3,540	10,000	751	–	6,715
558,755	1,064.914	193,718	825,810	344,141	159,676	724,859	243 028	54,983	1,069,570
$ 967,607	$ 2 220,553	$ 300,707	$ 1,412,729	$ 525,672	$ 492,496	$ 1,465,883	$ 339,534	$ 169,049	$ 1,783,245

Ascension Health Alliance

Details of Consolidated Balance Sheet

(Dollars in Thousands)

June 30, 2012

	Consolidated Ascension Health Alliance	Consolidated Ascension Health Alliance less Health Ministries Presented	Reclassification	Consolidated Baltimore
Assets				
Current assets				
Cash and cash equivalents	$ 306,469	$ 227,151	$ –	$ 13,229
Short-term investments	216,914	202,701	–	–
Interest in investments held by Ascension Health Alliance	–	–	(84,930)	1,114
Accounts receivable, less allowances for uncollectible accounts ($1,113,255 in 2012)	1,927,222	1,390,098	–	50,344
Inventories	218,598	154,791	–	5,677
Due from brokers	789,271	789,271	–	–
Estimated third-party payor settlements	159,871	126,544	–	–
Other	752,348	643,257	–	8,737
Total current assets	4,370,693	3,533,813	(84,930)	79,101
Long-term investments	10,468,457	8,907,284	1,449,331	16,889
Interest in investments held by Ascension Health Alliance	–	–	(1,364,401)	180,177
Property and equipment, net	6,473,918	4,225,270	–	216,705
Other assets				
Investment in unconsolidated entities	943,747	748,948	–	17,409
Capitalized software costs, net	642,596	529,227	–	1,699
Other	876,483	775,215	–	9,011
Total other assets	2,462,826	2,053,390	–	28,119
Total assets	$ 23,775,894	$ 18,719,757	$ –	$ 520,991

Consolidated Birmingham	Consolidated Milwaukee	Consolidated Nashville	Consolidated Saginaw & Tawas	Consolidated Tucson	Consolidated Waco	Consolidated Washington D.C.
$ 13,338	$ 4,663	$ 20,770	$ 6,697	$ 12,362	$ 3,588	$ 4,671
–	–	603	9,094	4,516	–	–
1,536	14,229	30,632	4,629	17,961	10,705	4,124
62,608	87,310	148,817	41,401	69,569	41,201	35,874
9,464	9,631	14,197	6,801	10,984	3,990	3,063
–	–	–	–	–	–	–
5,404	3,696	3,758	9,837	961	8,119	1,552
9,868	32,631	28,166	5,216	17,052	1,696	5,725
102,218	152,160	246,943	83,675	133,405	69,299	55,009
15,394	18,902	30,230	5,753	20,995	303	3,376
156,874	74,110	473,140	287,265	4,636	124,253	63,946
369,969	664,628	484,636	113,007	241,399	107,722	50,582
5,437	21,657	34,862	12,501	90,675	8,678	3,580
1,770	39,124	38,578	7,182	14,572	2,275	8,169
7,939	13,275	35,304	7,736	8,947	12,348	6,708
15,146	74,056	108,744	27,419	114,194	23,301	18,457
$ 659,601	$ 983,856	$ 1,343,693	$ 517,119	$ 514,629	$ 324,878	$ 191,370

Ascension Health Alliance

Details of Consolidated Balance Sheet (continued)
(Dollars in Thousands)

June 30, 2012

	Consolidated Ascension Health Alliance	Consolidated Ascension Health Alliance less Health Ministries Presented	Consolidated Baltimore
Liabilities and net assets			
Current liabilities			
Current portion of long-term debt	$ 45,363	$ 33,402	$ 626
Long-term debt subject to short-term remarketing arrangements	1,094,425	1,094,425	–
Accounts payable and accrued liabilities	1,979,160	1,567,834	43,391
Estimated third-party payor settlements	457,030	330,867	–
Due to brokers	880,613	880,613	–
Current portion of self-insurance liabilities	206,057	186,014	2,106
Other	435,805	358,459	18,498
Total current liabilities	5,098,453	4,451,614	64,621
Noncurrent liabilities			
Long-term debt (senior and subordinated)	3,655,406	2,330,137	79,381
Self-insurance liabilities	518,995	499,637	1,913
Pension and other postretirement liabilities	492,366	441,278	3,493
Other	1,087,782	921,680	6,677
Total noncurrent liabilities	5,754,549	4,192,732	91,464
Total liabilities	10,853,002	8,644,346	156,085
Net assets			
Unrestricted			
Controlling interest	11,836,414	9,101,543	349,251
Noncontrolling interests	647,236	643,352	–
Unrestricted net assets	12,483,650	9,744,895	349,251
Temporarily restricted	336,027	241,596	15,199
Permanently restricted	103,215	88,920	456
Total net assets	12,922,892	10,075,411	364,906
Total liabilities and net assets	$ 23,775,894	$ 18,719,757	$ 520,991

Consolidated Birmingham	Consolidated Milwaukee	Consolidated Nashville	Consolidated Saginaw & Tawas	Consolidated Tucson	Consolidated Waco	Consolidated Washington D.C.
$ 926	$ 2,532	$ 3,750	$ 1,206	$ 2,001	$ 414	$ 506
–	–	–	–	–	–	–
59,832	62,633	81,337	30,315	78,462	19,969	35,387
19,675	1,738	17,614	7,617	74,337	1,302	3,880
–	–	–	–	–	–	–
1,733	3,008	7,919	1,250	2,307	465	1,255
2,777	5,176	41,048	343	3,286	4,742	1,476
84,943	75,087	151,668	40,731	160,393	26,892	42,504
117,478	321,189	413,371	129,452	147,583	52,571	64,244
3,428	1	2,864	1,627	5,143	1,977	2,405
6,230	17,589	13,531	783	–	9,462	–
66,482	16,565	15,560	5,368	40,796	8,600	6,054
193,618	355,344	445,326	137,230	193,522	72,610	72,703
278,561	430,431	596,994	177,961	353,915	99,502	115,207
365,048	534,523	710,751	332,826	148,264	222,595	71,613
1,302	–	2,582	–	–	–	–
366,350	534,523	713,333	332,826	148,264	222,595	71,613
13,315	13,152	31,229	5,747	9,187	2,052	4,550
1,375	5,750	2,137	585	3,263	729	–
381,040	553,425	746,699	339,158	160,714	225,376	76,163
$ 659,601	$ 983,856	$ 1,343,693	$ 517,119	$ 514,629	$ 324,878	$ 191,370

Ascension Health Alliance

Details of Consolidated Statement of Operations and Changes in Net Assets
(Dollars in Thousands)

Year Ended June 30, 2013

	Consolidated Ascension Health Alliance	Consolidated Ascension Health Alliance less Health Ministries Presented	Consolidated Baltimore	Consolidated Birmingham	Consolidated Flint	Consolidated Kalamazoo	Consolidated Lewiston
Operating revenue							
Net patient service revenue	$ 16,912,410	$ 10,361,066	$ 419,247	$ 651,936	$ 454,997	$ 541,397	$ 139,838
Less provision for doubtful accounts	1,172,863	797,506	18,230	24,205	16,563	18,544	4,878
Net patient service revenue, less provision for doubtful accounts	15,739,547	9,563,560	401,017	627,731	438,434	522,853	134,960
Other revenue	1,357,663	780,308	12,085	39,997	20,584	35,972	4,375
Total operating revenue	17,097,210	10,343,868	413,102	667,728	459,018	558,825	139,335
Operating expenses							
Salaries and wages	7,247,681	4,567,793	198,232	219,244	204,060	223,624	52,762
Employee benefits	1,581,587	1,002,854	30,490	46,792	56,617	65,053	11,788
Purchased services	1,030,574	356,892	25,020	84,559	45,083	64,243	13,407
Professional fees	1,128,880	740,103	17,997	15,979	37,184	43,276	8,716
Supplies	2,427,714	1,367,020	59,966	138,758	62,523	74,159	30,127
Insurance	115,521	79,544	886	3,330	1,393	2,680	365
Interest	150,877	67,401	2,737	7,595	10,269	5,694	931
Depreciation and amortization	755,305	455,202	17,661	34,350	11,814	18,126	4,807
Other	2,185,015	1,338,582	32,436	91,757	29,311	56,285	9,162
Total operating expenses before impairment, restructuring, and nonrecurring gains (losses), net	16,623,154	9,975,391	385,425	642,364	458,254	553,140	132,065
Income (loss) from operations before self-insurance trust fund investment return and impairment restructuring and nonrecurring gains (losses), net	474,056	368,477	27,677	25,364	764	5,685	7,270
Self-insurance trust fund investment return	34,985	35,003	–	–	–	–	–
Impairment, restructuring, and nonrecurring gains (losses), net	(111,786)	(147,668)	(1,030)	(4,156)	(2,774)	(1,489)	(500)
Income (loss) from operations	397,255	255,812	26,647	21,208	(2,010)	4,196	6,770
Nonoperating gains (losses)							
Investment return	737,057	604,724	15,619	14,348	12,813	10,657	5,437
Loss on extinguishment of debt	(4,079)	(4,079)	–	–	–	–	–
Gain (loss) on interest rate swaps	61,202	55,298	(17)	5	(63)	(35)	(6)
Income from unconsolidated entities	8,544	4,044	1,308	–	884	–	–
Contributions from business combinations, net	2,021,963	2,021,963	–	–	–	–	–
Other	(77,269)	(73,999)	(1,253)	(416)	(1,110)	(1,286)	(524)
Total nonoperating gains (losses), net	2,747,418	2,607,951	15,657	13,937	12,524	9,336	4,907
Excess (deficit) of revenues and gains over expenses and losses	3,144,673	2,870,033	42,304	35,145	10,514	13,532	11,677
Less noncontrolling interests	131,184	122,083	–	566	–	–	–
Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest	3,013,489	2,747,950	42,304	34,579	10,514	13,532	11,677

Consolidated Milwaukee	Consolidated Ministry	Consolidated Mobile	Consolidated Nashville	Consolidated Saginaw & Tawas	Consolidated Tucson	Consolidated Tulsa	Consolidated Waco	Consolidated Washington D.C.	Consolidated Wichita
$ 627,323	$ 336,232	$ 267,116	$ 1,233,158	$ 325,126	$ 497,485	$ 265,372	$ 286,577	$ 232,461	$ 273,079
32,113	22,577	19,318	76,041	13,681	45,251	35,334	18 233	14,407	15,982
595,210	313,655	247,798	1,157,117	311,445	452,234	230,038	268,344	218,054	257,097
32,469	214,863	9,682	100,610	8,581	36,926	14,710	13,443	14,162	18.896
627,679	528,518	257,480	1,257,727	320,026	489,160	244,748	281,787	232,216	275,993
249 296	179,165	97,823	418,120	132,001	230,945	113,942	110,711	124,977	124,986
49,138	45,898	15,970	91,851	28,779	42,718	21,140	25,258	18,818	28,423
65,230	43,099	30,145	123,539	44,631	67,213	11,314	17,868	25,476	12,855
48,550	22,608	7,115	67,410	29,607	31,552	8,790	17,635	19,764	12,594
66,824	50,083	53,361	232,769	50,032	81,605	44,606	44,915	27,330	43,636
2,410	1,662	1,644	5,694	1,810	5,822	1,790	1,170	2,595	2,726
11,168	3,226	2,950	14,406	4,595	6,093	5,434	1,829	2,344	4,205
45,622	16,840	10,606	60,228	11,318	22,052	11,760	12,070	7,778	15,071
78.534	164.539	27,434	181,908	26,830	43,252	20,884	33 263	26.481	24,357
616,772	527,120	247,048	1,195,925	329,603	531.252	239,660	264,719	255,563	268,853
10,907	1,398	10,432	61,802	(9,577)	(42,092)	5,088	17,068	(23.347)	7,140
–	–	–	–	–	–	–	(1)	–	(17)
(5,111)	45,607	(351)	177	(1,624)	(7,787)	22,648	(4 101)	(1,161)	(2,466)
5,796	47,005	10,081	61,979	(11,201)	(49,879)	27,736	12,966	(24,508)	4,657
5,462	(12,275)	12,805	41,675	24,614	2,573	(5,451)	10,278	4,641	(10,863)
–	–	–	–	–	–	–	–	–	–
(68)	6,506	(13)	(88)	(56)	(25)	(236)	(10)	14	(4)
–	–	–	–	104	–	–	–	522	1,682
–	–	–	–	–	–	–	–	–	–
(462)	3,931	–	(916)	(292)	(761)	36	(502)	71	214
4,932	(1.838)	12,792	40,671	24,370	1.787	(5,651)	9,766	5,248	(8,971)
10,728	45,167	22,873	102,650	13,169	(48,092)	22,085	22,732	(19,260)	(4,314)
–	(39)	–	7,406	–	–	–	–	–	1,168
10,728	45,206	22,873	95,244	13,169	(48,092)	22,085	22,732	(19,260)	(5,482)

Ascension Health Alliance

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

(Dollars in Thousands)

Year Ended June 30, 2013

	Consolidated Ascension Health Alliance	Consolidated Ascension Health Alliance less Health Ministries Presented	Consolidated Baltimore	Consolidated Birmingham	Consolidated Flint	Consolidated Kalamazoo	Consolidated Lewiston
Unrestricted net assets, controlling interest							
Excess (deficit) of revenues and gains over expenses and losses	$ 3,013,489	$ 2,747,950	$ 42,304	$ 34,579	$ 10,514	$ 13,532	$ 11,677
Transfer (to) from sponsors and other affiliates, net	(10,962)	34,395	(7,390)	(8,680)	(4,616)	(5,912)	(2,330)
Contributed net assets	(1,050)	(2,574,751)	–	–	–	–	–
Net assets released from restrictions for property acquisitions	67,418	44,389	8,064	885	390	751	110
Pension and other postretirement liability adjustments	77,011	13,987	424	1,176	(2,219)	5,789	(1,336)
Change in unconsolidated entities' net assets	23,295	17,771	–	–	176	–	–
Other	4,624	2,471	–	47	(1,343)	4	–
Increase in unrestricted net assets, controlling interest, before (loss) gain from discontinued operations	3,173,825	286,212	43,402	28,007	2,902	14,164	8,121
Loss from discontinued operations	(23,937)	(23,937)	–	–	–	–	–
Increase (decrease) in unrestricted net assets, controlling interest	3,149,888	262,275	43,402	28,007	2,902	14,164	8,121
Unrestricted net assets, noncontrolling interest							
Excess of revenues and gains over expenses and losses	131,184	122,083	–	566	–	–	
Distributions of capital	(829,989)	(820,355)	–	(731)	–	–	–
Contributions of capital	1,579,187	1,578,269	–	–	–	–	–
Contributions from business combinations	64,738	99	–	(9)	–	–	–
Increase (decrease) in unrestricted net assets, noncontrolling interest	945,120	880,096	–	(174)	–	–	–
Temporarily restricted net assets, controlling interest							
Contributions and grants	89,220	61,215	2,632	5,016	753	1,532	173
Investment return	17,232	13,390	186	309	152	286	1
Net assets released from restrictions	(110,213)	(70,917)	(10,087)	(2,983)	(798)	(2,047)	(167)
Contributions from business combinations	44,201	–	–	–	–	–	–
Other	1,088	3,251	–	(44)	–	57	–
Increase (decrease) in temporarily restricted net assets, controlling interest	41,528	6,939	(7,269)	2,298	107	(172)	7
Permanently restricted net assets, controlling interest							
Contributions	2,664	2,326	–	19	11	5	–
Investment return	1,598	1,622	3	39	1	–	–
Contributions from business combinations	67,846	2	–	–	–	–	–
Other	(368)	(249)	–	–	–	–	–
Increase in permanently restricted net assets, controlling interest	71,740	3,701	3	58	12	5	–
Increase in net assets	4,208,276	1,153,011	36,136	30,189	3,021	13,997	8,128
Net assets, beginning of year	12,922 892	9,574 044	364,906	381,040	82 992	139,848	104 402
Net assets, end of year	$ 17,131,168	$ 10,727,055	$ 401,042	$ 411,229	$ 86,013	$ 153 845	$ 112,530

Consolidated Milwaukee	Consolidated Ministry	Consolidated Mobile	Consolidated Nashville	Consolidated Saginaw & Tawas	Consolidated Tucson	Consolidated Tulsa	Consolidated Waco	Consolidated Washington D.C.	Consolidated Wichita
$ 10,728	$ 38,700	$ 22,873	$ 95,244	$ 13,169	$ (48,092)	$ 22,321	$ 22,732	$ (19,260)	$ (5,482)
(12,041)	–	(4,513)	(21,085)	(8,968)	38,608	–	(5,330)	(3,100)	–
–	920,665	(250)	–	–	–	664,297	–	–	988,989
2,208	–	171	6,816	1,118	1,687	–	96	409	324
5,473	30,566	675	1,184	(487)	–	16,903	142	1,101	3,633
–	–	–	–	–	5,348	–	–	–	–
–	1,869	760	–	2	95	405	(246)	456	104
6,368	991,800	19,716	82,159	4,834	(2,354)	703,926	17,394	(20,394)	987,568
–	–	–	–	–	–	–	–	–	–
6,368	991,800	19,716	82,159	4,834	(2,354)	703,926	17,394	(20,394)	987,568
–	(39)	–	7,406	–	–	–	–	–	1,168
–	(57)	–	(7,830)	–	–	–	–	–	(1,016)
–	817	–	–	–	–	–	–	–	101
–	1,069	–	–	–	–	(89)	–	–	63,668
–	1,790	–	(424)	–	–	(89)	–	–	63,921
63	1,612	837	3,109	1,145	3,649	2,301	540	3,424	1,219
–	(113)	23	2,358	248	606	(179)	62	–	(97)
(2,208)	–	(980)	(7,200)	(1,356)	(2,896)	(2,203)	(536)	(4,210)	(1,625)
–	21,229	–	–	–	–	11,103	–	–	11,869
1,105	(2,087)	(3)	(1,041)	–	(320)	–	170	–	–
(1,040)	20,641	(123)	(2,774)	37	1,039	11,022	236	(786)	11,366
–	90	–	150	33	–	–	30	–	–
–	(146)	–	–	79	–	–	–	–	–
–	51,129	–	–	–	–	10,000	–	–	6,715
2	(390)	–	–	–	277	–	(8)	–	–
2	50,683	–	150	112	277	10,000	22	–	6,715
5,330	1,064,914	19,593	79,111	4,983	(1,038)	724,859	17,652	(21,180)	1,069,570
553,425	–	174 125	746,699	339,158	160,714	–	225,376	76,163	–
$ 558,755	$ 1,064,914	$ 193,718	$ 825,810	$ 344,141	$ 159,676	$ 724 859	$ 243 028	$ 54,983	$ 1 069,570

Ascension Health Alliance

Details of Consolidated Statement of Operations and Changes in Net Assets

(Dollars in Thousands)

Year Ended June 30, 2012

	Consolidated Ascension Health Alliance	Consolidated Ascension Health Alliance less Health Ministries Presented	Consolidated Baltimore
Operating revenue			
Net patient service revenue	$ 15,297,559	$ 10,990,636	$ 413,223
Less provision for doubtful accounts	972,171	760,350	13,612
Net patient service revenue, less provision for doubtful accounts	14,325,388	10,230,286	399,611
Other revenue	967,252	717,557	9,909
Total operating revenue	15,292,640	10,947,843	409,520
Operating expenses			
Salaries and wages	6,544,753	4,821,591	200,322
Employee benefits	1,426,722	1,090,379	32,560
Purchased services	734,396	309,807	20,812
Professional fees	1,021,582	752,589	18,033
Supplies	2,260,901	1,536,041	64,639
Insurance	100,834	74,724	962
Interest	131,310	77,876	2,966
Depreciation and amortization	662,362	451,080	17,996
Other	1,782,172	1,270,545	29,346
Total operating expenses before impairment, restructuring, and nonrecurring gains (losses), net	14,665,032	10,384,632	387,636
Income (loss) from operations before self-insurance trust fund investment investment return and impairment restructuring and nonrecurring gains (losses), net	627,608	563,211	21,884
Self-insurance trust fund investment return	17,197	17,197	–
Impairment, restructuring, and nonrecurring gains (losses), net	286,046	166,713	21,547
Income (loss) from operations	930,851	747,121	43,431
Nonoperating gains (losses)			
Investment return	(135,605)	(110,356)	(3,289)
Loss on extinguishment of debt	(2,813)	(2,727)	–
Gain (loss) on interest rate swaps	(74,846)	(75,687)	56
Income from unconsolidated entities	8,802	3,785	4,889
Contributions from business combinations, net	326,333	326,333	–
Other	(69,221)	(63,858)	(1,176)
Total nonoperating gains (losses), net	52,650	77,490	480
Excess (deficit) of revenues and gains over expenses and losses	983,501	824,611	43,911
Less noncontrolling interests	13,154	3,802	–
Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest	970,347	820,809	43,911

Consolidated Birmingham	Consolidated Milwaukee	Consolidated Nashville	Consolidated Saginaw & Tawas	Consolidated Tucson	Consolidated Waco	Consolidated Washington D.C.
$ 653,472	$ 658,781	$ 1,213,068	$ 341,003	$ 476,761	$ 305,501	$ 245,114
49,146	30,293	48,866	8,541	34,951	25,909	503
604,326	628,488	1,164,202	332,462	441,810	279,592	244,611
30,667	43,747	101,037	6,978	31,212	11,610	14,535
634,993	672,235	1,265,239	339,440	473,022	291,202	259,146
209,474	267,331	424,213	134,261	244,570	114,672	128,319
41,773	55,922	93,645	23,467	43,711	24,633	20,632
77,901	57,116	125,016	38,604	74,182	12,579	18,379
11,150	68,831	65,537	27,205	45,481	14,089	18,667
129,966	69,448	231,069	56,600	93,039	49,962	30,137
4,717	2,723	4,975	1,695	6,452	732	3,854
7,808	11,785	15,562	4,978	5,973	1,972	2,390
33,620	47,469	56,945	12,125	24,023	12,113	6,991
87,659	78,781	182,142	25,527	41,659	41,550	24,963
604,068	659,406	1,199,104	324,462	579,090	272,302	254,332
30,925	12,829	66,135	14,978	(106,068)	18,900	4,814
–	–	–	–	–	–	–
10,819	21,381	41,199	21,410	(21,887)	6,171	18,693
41,744	34,210	107,334	36,388	(127,955)	25,071	23,507
(1,456)	(1,077)	(9,495)	(6,369)	(352)	(2,021)	(1,190)
(12)	–	(2)	(72)	–	–	–
82	225	289	87	110	37	(45)
–	–	–	47	–	–	81
–	–	–	–	–	–	–
(364)	(575)	(784)	(287)	(1,776)	(487)	86
(1,750)	(1,427)	(9,992)	(6,594)	(2,018)	(2,471)	(1,068)
39,994	32,783	97,342	29,794	(129,973)	22,600	22,439
462	–	8,890	–	–	–	–
39,532	32,783	88,452	29,794	(129,973)	22,600	22,439

Ascension Health Alliance

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

(Dollars in Thousands)

Year Ended June 30, 2012

	Consolidated Ascension Health Alliance	Consolidated Ascension Health Alliance less Health Ministries Presented	Consolidated Baltimore
Unrestricted net assets, controlling interest			
Excess (deficit) of revenues and gains over expenses and losses	$ 970,347	$ 820,809	$ 43,911
Transfer (to) from sponsors and other affiliates, net	(15,189)	38,694	(5,111)
Contributed net assets	(400)	(400)	–
Net assets released from restrictions for property acquisitions	68,892	49,189	1,824
Pension and other postretirement liability adjustments	(439,662)	(301,442)	(27,779)
Change in unconsolidated entities' net assets	(15,890)	(11,623)	–
Other	9,206	9,890	–
Increase in unrestricted net assets, controlling interest, before (loss) gain from discontinued operations	577,304	605,117	12,845
Loss from discontinued operations	(73,521)	(73,521)	–
Increase (decrease) in unrestricted net assets, controlling interest	503,783	531,596	12,845
Unrestricted net assets, noncontrolling interest			
Excess of revenues and gains over expenses and losses	13,154	3,802	–
Distributions of capital	(575,618)	(566,546)	–
Contributions of capital	1,166,961	1,167,028	–
Increase in unrestricted net assets, noncontrolling interest	604,497	604,284	–
Temporarily restricted net assets, controlling interest			
Contributions and grants	100,880	74,330	4,313
Investment return	(638)	92	50
Net assets released from restrictions	(104,028)	(74,184)	(3,332)
Contributions from business combinations	14,764	14,764	–
Other	(6,514)	(7,242)	–
Increase (decrease) in temporarily restricted net assets, controlling interest	4,464	7,760	1,031
Permanently restricted net assets, controlling interest			
Contributions	5,082	4,687	33
Investment return	(242)	(252)	(6)
Contributions from business combinations	1,573	1,573	–
Other	(2,642)	(1,938)	–
Increase in permanently restricted net assets, controlling interest	3,771	4,070	27
Increase in net assets	1,116,515	1,147,710	13,903
Net assets, beginning of year	11,806,377	8,927,701	351,003
Net assets, end of year	$ 12,922,892	$ 10,075,411	$ 364,906

Consolidated Birmingham	Consolidated Milwaukee	Consolidated Nashville	Consolidated Saginaw & Tawas	Consolidated Tucson	Consolidated Waco	Consolidated Washington D.C.
$ 39,532	$ 32,783	$ 88,452	$ 29,794	$ (129,973)	$ 22,600	$ 22,439
(7,371)	(8,856)	(15,145)	(6,046)	(5,430)	(3,798)	(2,126)
–	–	–	–	–	–	–
6,801	3,592	3,729	1,505	2,016	209	27
(12,027)	(19,512)	(28,378)	(22,236)	–	(7,133)	(21,155)
–	–	–	–	(4,267)	–	–
11	–	–	(5)	(55)	(91)	(544)
26,946	8,007	48,658	3,012	(137,709)	11,787	(1,359)
–	–	–	–	–	–	–
26,946	8,007	48,658	3,012	(137,709)	11,787	(1,359)
462	–	8,890	–	–	–	–
(358)	–	(8,714)	–	–	–	–
(21)	–	(46)	–	–	–	–
83	–	130	–	–	–	–
3,536	187	6,541	1,705	3,964	975	5,329
49	–	(652)	(70)	(92)	(15)	–
(8,026)	(3,592)	(4,926)	(1,825)	(3,821)	(472)	(3,850)
–	–	–	–	–	–	–
(44)	903	(523)	(16)	61	90	257
(4,485)	(2,502)	440	(206)	112	578	1,736
8	–	–	316	–	38	–
–	–	–	16	–	–	–
–	–	–	–	–	–	–
–	(674)	–	23	(50)	(3)	–
8	(674)	–	355	(50)	35	–
22,552	4,831	49,228	3,161	(137,647)	12,400	377
358,488	548,594	697,471	335,997	298,361	212,976	75,786
$ 381,040	$ 553,425	$ 746,699	$ 339,158	$ 160,714	$ 225,376	$ 76,163