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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 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: DOOR COUNTY MEMORIAL HOSPITAL

Doing Business As: MINISTRY DOOR COUNTY MEDICAL CENTER

Number and street (or P.O. box if mail is not delivered to street address) | Room/suite: 323 SOUTH 18TH AVENUE

City, town, or post office, state, and ZIP code: STURGEON BAY, WI 54235

D Employer identification number: 39-0806324

E Telephone number: 920-743-5566

G Gross receipts $ 52,717,833.

F Name and address of principal officer: ROBERT SCIESZINSKI
SAME AS C ABOVE

H(a) Is this a group return for affiliates? [ ] Yes [X] 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: [X] 501(c)(3) [ ] 501(c) ( ) ◀ (insert no.) [ ] 4947(a)(1) or [ ] 527

J Website: ▶ WWW.MINISTRYHEALTH.ORG/DCMH/HOME.NWS

K Form of organization: [X] Corporation [ ] Trust [ ] Association [ ] Other ▶

L Year of formation: 1944 **M** State of legal domicile: WI

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: OUR MISSION AS A CATHOLIC HEALTH CARE SYSTEM IS TO FURTHER THE HEALING MINISTRY OF JESUS BY

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	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	12
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	708
6	Total number of volunteers (estimate if necessary)	6	130
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	226,039.	225,901.
	9	Program service revenue (Part VIII, line 2g)	70,415,267.	51,687,372.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,148,945.	262,114.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	142,406.	424,059.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	71,932,657.	52,599,446.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	12,158.	12,740.
	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)	41,972,827.	31,834,221.
	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)	24,158,462.	17,553,096.
	18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	66,143,447.	49,400,057.
	19	Revenue less expenses Subtract line 18 from line 12	5,789,210.	3,199,389.
			Beginning of Current Year	**End of Year**
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	85,773,995.	76,043,111.
	21	Total liabilities (Part X, line 26)	23,187,913.	20,994,503.
	22	Net assets or fund balances Subtract line 21 from line 20	62,586,082.	55,048,608.

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OGDEN, UT

SCANNED JUN 17 2014

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: [signature] Date: 5/13/14

▶ JEFF BADGER, MHC VICE PRES CORP FIN & TREAS
Type or print name and title

	Print/Type preparer's name	Preparer's signature	Date	Check [ ] if self-employed	PTIN
Paid Preparer Use Only	RACHEL BECKER	[signature]	5/12/14		P00966076
	Firm's name ▶ DELOITTE TAX LLP			Firm's EIN ▶ 86-1065772	
	Firm's address ▶ 555 EAST WELLS STREET, SUITE 1400 MILWAUKEE, WI 53202			Phone no. (414) 271-3000	

May the IRS discuss this return with the preparer shown above? (see instructions) [X] Yes [ ] No

232001 12-10-12 LHA For Paperwork Reduction Act Notice, see the separate instructions. Form **990** (2012)

SEE SCHEDULE O FOR ORGANIZATION MISSION STATEMENT CONTINUATION

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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:
OUR MISSION AS A CATHOLIC HEALTH CARE SYSTEM IS TO FURTHER THE HEALING MINISTRY OF JESUS BY CONTINUALLY IMPROVING THE HEALTH AND WELL-BEING OF ALL PEOPLE, ESPECIALLY THE POOR, IN THE COMMUNITIES WE SERVE.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [ ] Yes [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 $ 34,422,508. including grants of $ 12,740.) (Revenue $ 51,687,372.)
DOOR COUNTY MEMORIAL HOSPITAL IS A FULLY ACCREDITED, ACUTE-CARE HOSPITAL AND OUTPATIENT MEDICAL CENTER, WITH 25 LICENSED BEDS. THE HOSPITAL OFFERS A FULL RANGE OF SERVICES AND SPECIALTIES, INCLUDING HOME HEALTH, A SKILLED NURSING FACILITY FOR LONG-TERM CARE AND REHABILITATION SERVICES, A REHAB SERVICES DEPARTMENT AND MINISTRY NORTH SHORE MEDICAL CLINIC. DURING FISCAL 2013, THE HOSPITAL COUNTED 3,384 INPATIENT DAYS, INCLUDING SWING BED. THE HOSPITAL'S OUTPATIENT FACILITIES, WHICH INCLUDE ITS REHABILITATION AGENCY, 30-BED EXTENDED CARE FACILITY, AND THE NORTH SHORE MEDICAL CLINIC SERVED 89,996 VISITS, AND THE NORTH SHORE MEDICAL CLINIC, INCLUDING ITS URGENT CARE FACILITY, RECEIVED 45,800 VISITS ALONE.

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 ▶ 34,422,508.

232002 12-10-12

SEE SCHEDULE O FOR CONTINUATION(S)

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		X
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		X
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		X
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		
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 ☐

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	100			
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	708			
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	0			
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		

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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	1a 16		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.			
b	Enter the number of voting members included in line 1a, above, who are independent	1b 12		
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	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	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*	12c	X	
13	Did the organization have a written whistleblower policy?	13	X	
14	Did the organization have a written document retention and destruction policy?	14	X	
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	15b	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		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 ▶WI

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 ▶

JEFF BADGER, VP CORP FIN & TRS - (920) 720-1300

222 W. COLLEGE AVENUE, 3RD FLOOR, APPLETON, WI 54911

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 [X]

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): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099 MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) PATRICK O'HERN	1.00									
CHAIRMAN	0.00	X		X				0.	0.	0.
(2) JAMES LEWIS	40.00									
SECRETARY	0.00	X		X				23,021.	0.	921.
(3) JOSEPH MCMAHON	1.00									
TREASURER	0.00	X		X				0.	0.	0.
(4) GERALD WORRICK	40.00									
PRESIDENT DCMH	0.00	X		X				339,779.	0.	40,510.
(5) KEITH ANCLAM	40.00									
MEDICAL STAFF PRESIDENT	0.00	X						216,345.	0.	23,387.
(6) GREGORY CASPERSON	1.00									
MEMBER-AT-LARGE	0.00	X						0.	0.	0.
(7) BARTH GUILETTE	1.00									
BOARD MEMBER	0.00	X						0.	0.	0.
(8) TOM HERLACHE	1.00									
BOARD MEMBER	0.00	X						0.	0.	0.
(9) ERIC PAULSEN	1.00									
BOARD MEMBER	0.00	X						0.	0.	0.
(10) SALLY PFEIFER	1.00									
BOARD MEMBER	0.00	X						0.	0.	0.
(11) JEFF RABAS	1.00									
BOARD MEMBER	0.00	X						0.	0.	0.
(12) DR. KELTON REITZ	1.00									
BOARD MEMBER	0.00	X						0.	0.	0.
(13) GRACE ROSSMAN	1.00									
BOARD MEMBER	0.00	X						0.	0.	0.
(14) DAVID WARD	1.00									
BOARD MEMBER	0.00	X						0.	0.	0.
(15) CATHY WIESE	1.00									
BOARD MEMBER	0.00	X						0.	0.	0.
(16) CORWIN DAHL	1.00									
BOARD MEMBER	0.00	X						0.	0.	0.
(17) NICK DESEIN	1.00									
MINISTRY HEALTH CARE CEO	40.00			X				0.	2,082,433.	52,493.

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: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(18) JEFFREY FRANCIS MINISTRY HEALTH CARE CFO	1.00 40.00			X				0.	544,868.	118,082.
(19) JEFF BADGER MHC VICE PRES CORP FIN & TREAS	1.00 39.00			X				0.	499,207.	72,228.
(20) ROBERT SCIESZINSKI VP OF FINANCE	40.00 0.00				X			204,132.	0.	37,116.
(21) JODY BOES VP PATIENT CARE SERVICES	40.00 0.00				X			200,909.	0.	33,451.
(22) JAMES HEISE MEDICAL DIRECTOR	40.00 0.00				X			306,722.	0.	37,156.
(23) DANIEL TOMASZEWSKI PHYSICIAN	40.00 0.00					X		708,283.	0.	40,156.
(24) STEVEN DAVIS PHYSICIAN	40.00 0.00					X		492,046.	0.	45,156.
(25) MICHAEL BRUNO PHYSICIAN	40.00 0.00					X		439,888.	0.	41,156.
(26) RICHARD HOGAN PHYSICIAN	40.00 0.00					X		359,196.	0.	40,156.
1b Sub-total ▶								3,290,321.	3,126,508.	581,968.
c Total from continuation sheets to Part VII, Section A ▶								379,736.	0.	25,771.
d Total (add lines 1b and 1c) ▶								3,670,057.	3,126,508.	607,739.

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 ▶ 41

		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
INFINITY HEALTHCARE, INC., 111 E WISCONSIN AVE, SUITE 2000, MILWAUKEE, WI 53402	ER PHYSICIANS	1,806,299.
MARSHFIELD LABORATORIES 1000 N OAK AVE, MARSHFIELD, WI 54449-5795	LAB TESTS	323,835.
NORTHERN X RAY CO, INC. 2118 4TH AVE SOUTH, MINNEAPOLIS, MN 55404	RADIOLOGY EQUIPMENT SERVICE CONTRACT	286,599.
NELSON SCHMIDT P.O. BOX 1650, MILWAUKEE, WI 53201-1650	ADVERTISING	200,933.
UNIVERSAL HOSPITAL SERVICE, INC. P.O. BOX 86, MINNEAPOLIS, MN 55486	MEDICAL EQUIPMENT SERVICE CONTRACT	137,591.

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 ▶ 7

SEE PART VII, SECTION A CONTINUATION SHEETS

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 (check all that apply): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099 MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(27) RALPH BRADLY NELSON PHYSICIAN	40.00 0.00					X		379,736.	0.	25,771.
Total to Part VII, Section A, line 1c								379,736.		25,771.

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	1 a Federated campaigns	1a	9,000.				
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	110,057.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	106,844.				
	g Noncash contributions included in lines 1a-1f: $		10,655.				
	h **Total.** Add lines 1a-1f		▶	225,901.			
Program Service Revenue		Business Code					
	2 a NET PATIENT REVENUE	622110		51,032,525.	51,032,525.		
	b ONCOLOGY CLINIC REVENU	621110		506,766.	506,766.		
	c OCCUPATIONAL HEALTH	622000		109,802.	109,802.		
	d						
	e						
	f All other program service revenue	624100		38,279.	38,279.		
	g **Total.** Add lines 2a-2f		▶	51,687,372.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		▶	262,114.			262,114.
	4 Income from investment of tax-exempt bond proceeds		▶				
	5 Royalties		▶				
		(i) Real	(ii) Personal				
	6 a Gross rents	293,483.					
	b Less rental expenses	118,387.					
	c Rental income or (loss)	175,096.					
	d Net rental income or (loss)		▶	175,096.			175,096.
	7 a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
	b Less cost or other basis and sales expenses						
	c Gain or (loss)						
	d Net gain or (loss)		▶				
	8 a 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		▶				
	9 a Gross income from gaming activities See Part IV, line 19 a						
	b Less direct expenses b						
	c Net income or (loss) from gaming activities		▶				
	10 a 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					
	11 a CAFETERIA SALES	722210		161,413.			161,413.
	b LIEFLINE	900099		87,550.			87,550.
	c						
	d All other revenue						
	e **Total.** Add lines 11a-11d		▶	248,963.			
	12 **Total revenue** See instructions.		▶	52,599,446.	51,687,372.	0.	686,173.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	12,740.	12,740.		
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	839,894.		839,894.	
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	23,994,536.	18,201,191.	5,793,345.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,187,970.	892,323.	295,647.	
9 Other employee benefits	4,223,746.	2,686,112.	1,537,634.	
10 Payroll taxes	1,588,075.	1,174,359.	413,716.	
11 Fees for services (non-employees):				
a Management				
b Legal	69,139.		69,139.	
c Accounting	18,605.		18,605.	
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.)	2,277,223.	2,170,529.	106,694.	
12 Advertising and promotion	511,943.	840.	511,103.	
13 Office expenses	5,414,350.	4,305,180.	1,109,170.	
14 Information technology	884,947.	81,224.	803,723.	
15 Royalties				
16 Occupancy	889,448.	323,379.	566,069.	
17 Travel	366,623.	225,481.	141,142.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	94,644.	67,121.	27,523.	
20 Interest	455,714.	455,714.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	2,391,473.	860,721.	1,530,752.	
23 Insurance	-7,131.	-72,149.	65,018.	
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 PURCHASED SERVICES	2,522,772.	1,966,909.	555,863.	0.
b MEDICARE/MEDICAID STIMU	531,114.	531,114.	0.	0.
c MHC SSO SALARIES/BENEFI	375,624.		375,624.	0.
d WI HOSPITAL ASSESSMENT	242,613.	242,613.	0.	0.
e All other expenses	513,995.	297,107.	216,888.	
25 **Total functional expenses.** Add lines 1 through 24e	49,400,057.	34,422,508.	14,977,549.	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	9,128.	1	7,589.
	2	Savings and temporary cash investments	10,102,714.	2	7,256,799.
	3	Pledges and grants receivable, net	2,079,234.	3	0.
	4	Accounts receivable, net	10,397,568.	4	9,642,113.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	111,385.	5	66,984.
	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	0.
	7	Notes and loans receivable, net	926,325.	7	821,302.
	8	Inventories for sale or use	978,617.	8	1,011,491.
	9	Prepaid expenses and deferred charges	1,461,136.	9	1,745,766.
	10a	Land, buildings, and equipment. cost or other basis Complete Part VI of Schedule D — 10a: 24,344,031.			
	b	Less accumulated depreciation — 10b: 514,836.	35,600,627.	10c	23,829,195.
	11	Investments - publicly traded securities	2,723,673.	11	
	12	Investments - other securities. See Part IV, line 11		12	
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11	21,383,588.	15	31,661,872.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	85,773,995.	16	76,043,111.
Liabilities	17	Accounts payable and accrued expenses	6,949,514.	17	5,450,586.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities	10,562,602.	20	10,366,885.
	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	5,675,797.	23	3,018,651.
	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	0.	25	2,158,381.
	26	**Total liabilities.** Add lines 17 through 25	23,187,913.	26	20,994,503.
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	62,334,986.	27	54,791,493.
	28	Temporarily restricted net assets	251,096.	28	257,115.
	29	Permanently restricted net assets		29	
		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	62,586,082.	33	55,048,608.
	34	Total liabilities and net assets/fund balances	85,773,995.	34	76,043,111.

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12-10-12

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	52,599,446.
2	Total expenses (must equal Part IX, column (A), line 25)	2	49,400,057.
3	Revenue less expenses. Subtract line 2 from line 1	3	3,199,389.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	62,586,082.
5	Net unrealized gains (losses) on investments	5	825,689.
6	Donated services and use of facilities	6	39,385.
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-11,601,937.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	55,048,608.

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 [X] 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 [X] 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
DOOR COUNTY MEMORIAL HOSPITAL

Employer identification number
39-0806324

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 [X] 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 ▶ ☐

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

ACQUISITION AND SHORT PERIOD DISCLOSURE

EFFECTIVE APRIL 1, 2013, MINISTRY HEALTH CARE, THE PARENT OF THE FILING ORGANIZATION, WAS ACQUIRED BY ASCENSION HEALTH. ASCENSION HEALTH IS A SUBSIDIARY OF ASCENSION HEALTH ALLIANCE. AS PART OF THE ACQUISITION, THE ORGANIZATION CHANGED ITS TAX YEAR TO JUNE 30 IN ORDER TO ALIGN WITH THE TAX YEAR OF ASCENSION HEALTH.

SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of organization	Employer identification number
DOOR COUNTY MEMORIAL HOSPITAL	39-0806324

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

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

2 Political expenditures ▶ $

3 Volunteer hours

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount. Enter the amount from the following table in both columns		

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

	(a) Filing organization's totals	(b) Affiliated group totals
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		4,576.
j Total. Add lines 1c through 1i			4,576.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV **Supplemental Information**

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

PART II-B, LINE 1, LOBBYING ACTIVITIES:

LOBBYING EXPENSES REPRESENT THE PORTION OF DUES PAID TO NATIONAL AND

STATE HOSPITAL ASSOCIATIONS THAT IS SPECIFICALLY ALLOCABLE TO LOBBYING.

DOOR COUNTY MEMORIAL HOSPITAL DOES NOT PARTICIPATE IN OR INTERVENE IN

(INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS) ANY POLITICAL

Part IV **Supplemental Information** *(continued)*

CAMPAIGN ON BEHALF OF (OR IN OPPOSITION TO) ANY CANDIDATE FOR PUBLIC

OFFICE.

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: DOOR COUNTY MEMORIAL HOSPITAL

Employer identification number: 39-0806324

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

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

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

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

			Held at the End of the 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		4,203,539.		4,203,539.
b Buildings		11,208,114.	143,657.	11,064,457.
c Leasehold improvements		213,259.	7,550.	205,709.
d Equipment		7,924,371.	337,497.	7,586,874.
e Other		794,748.	26,132.	768,616.
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				23,829,195.

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) OTHER RECEIVABLES	4,710,822.
(2) FOUNDATION RECEIVABLES	254,563.
(3) INTEREST IN INVESTMENTS HELD BY ASCENSION HEALTH ALLIANCE	26,696,487.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 15)* ▶	31,661,872.

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 DEBT WITH MINISTRY HEALTH CARE	2,158,381.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	2,158,381.

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 [X]

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.

PART X, LINE 2: AS INDICATED ON SCHEDULE A, PART IV, MINISTRY HEALTH CARE, THE PARENT OF THE FILING ORGANIZATION, WAS ACQUIRED BY ASCENSION HEALTH, EFFECTIVE APRIL 1, 2013. THE FILING ORGANIZATION WAS INCLUDED IN MINISTRY HEALTH CARE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD OCTOBER 1, 2012 THROUGH MARCH 31, 2013, AND IN THE ASCENSION HEALTH FINANCIAL STATEMENTS FOR THE PERIOD APRIL 1, 2013 THROUGH JUNE 30, 2013. THE FINANCIAL STATEMENTS FOR MINISTRY HEALTH CARE INCLUDED THE FOLLOWING FOOTNOTE RELATED TO UNCERTAIN TAX POSITIONS: MINISTRY RECOGNIZES THE TAX

232054
12-10-12

Part XIII Supplemental Information *(continued)*

BENEFIT FROM AN UNCERTAIN TAX POSITION ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITION WILL BE SUSTAINED ON EXAMINATION BY TAXING AUTHORITIES, BASED ON THE TECHNICAL MERITS OF THE POSITION. EXAMPLES OF TAX POSITIONS FOR MINISTRY'S NOT-FOR-PROFIT CORPORATIONS INCLUDE THEIR TAX-EXEMPT STATUS AND VARIOUS POSITIONS RELATED TO THE POTENTIAL SOURCES OF UNRELATED BUSINESS TAXABLE INCOME (UBIT). THE TAX BENEFITS RECOGNIZED IN THE FINANCIAL STATEMENTS FROM SUCH A POSITION ARE MEASURED BASED ON THE LARGEST BENEFIT THAT HAS A GREATER THAN 50 PERCENT LIKELIHOOD OF BEING REALIZED UPON ULTIMATE SETTLEMENT.

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 DOOR COUNTY MEMORIAL HOSPITAL

Employer identification number 39-0806324

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 ____ %	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)			1,638,758.		1,638,758.	3.36%
b Medicaid (from Worksheet 3, column a)			4,067,031.	2,170,363.	1,896,668.	3.89%
c Costs of other means-tested government programs (from Worksheet 3, column b)						.00%
d **Total** Financial Assistance and Means-Tested Government Programs			5,705,789.	2,170,363.	3,535,426.	7.25%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	17		590,144.	140,439.	449,705.	.92%
f Health professions education (from Worksheet 5)	5		217,398.		217,398.	.45%
g Subsidized health services (from Worksheet 6)	1		321,621.	214,300.	107,321.	.22%
h Research (from Worksheet 7)						.00%
i Cash and in-kind contributions for community benefit (from Worksheet 8)	7		258,559.		258,559.	.53%
j **Total.** Other Benefits	30		1,387,722.	354,739.	1,032,983.	2.12%
k **Total.** Add lines 7d and 7j	30		7,093,511.	2,525,102.	4,568,409.	9.37%

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	1		2,042.		2,042.	.00%
2 Economic development						.00%
3 Community support	2		11,323.		11,323.	.02%
4 Environmental improvements						.00%
5 Leadership development and training for community members	1		4,243.		4,243.	.01%
6 Coalition building	1		233,973.		233,973.	.48%
7 Community health improvement advocacy	3		2,153.		2,153.	.00%
8 Workforce development	2		125,579.		125,579.	.26%
9 Other						.00%
10 Total	10		379,313.		379,313.	.77%

Part III | Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1 Did the organization report bad debt expense in accordance with 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	1,152,377.		
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	14,869,261.
6 Enter Medicare allowable costs of care relating to payments on line 5	6	18,339,366.
7 Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-3,470,105.

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

Check the box that describes the method used:

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

		Yes	No
9a Did the organization have a written debt collection policy during the tax year?	9a	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 DOOR COUNTY MEMORIAL HOSPITAL 2323 SOUTH 18TH AVENUE STURGEON BAY, WI 54235 WWW.MINISTRYHEALTH.ORG	X	X			X		X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group DOOR COUNTY MEMORIAL HOSPITAL

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 [X] Demographics of the community			
c [X] Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d [X] 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 [X] The process for identifying and prioritizing community health needs and services to meet the community health needs			
h [X] 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 [ ] Participation in the execution of a community-wide plan			
e [X] 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 [ ] Prioritization of health needs in its community			
h [ ] Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i [ ] Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	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)* DOOR COUNTY MEMORIAL HOSPITAL

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 200 %			
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 400 %			
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 [X] The policy was posted on the hospital facility's website			
b [X] The policy was attached to billing invoices			
c [X] The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d [X] The policy was posted in the hospital facility's admissions offices			
e [X] The policy was provided, in writing, to patients on admission to the hospital facility			
f [X] The policy was available on request			
g [ ] Other (describe in Part VI)			

Billing and Collections		Yes	No
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)* DOOR COUNTY MEMORIAL HOSPITAL

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 [X] 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)

		Yes	No
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?	21		X
If "Yes," explain in Part VI.			
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	22		X
If "Yes," explain in Part VI			

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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? 4

Name and address	Type of Facility (describe)
1 NORTH SHORE MEDICAL CLINIC 323 S. 18TH AVE. STURGEON BAY, WI 54235	OP PHYS CLINIC
2 NORTH SHORE MEDICAL CLINIC 3711 HWY 42 FISH CREEK, WI 54212	OP PHYS CLINIC
3 NORTH SHORE MEDICAL CLINIC 815 JEFFERSON ST. ALGOMA, WI 54201	OP PHYS CLINIC
4 NORTH SHORE MEDICAL CLINIC 910 MAIN RD. WASHINGTON ISLAND, WI 54201	OP PHYS CLINIC

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· DOOR COUNTY MEMORIAL HOSPITAL IS INCLUDED IN THE ANNUAL COMMUNITY BENEFIT REPORT WHICH IS PUBLISHED BY MINISTRY HEALTH CARE (EIN: 39-1490371) AND AVAILABLE TO THE PUBLIC ON ITS WEBSITE, WWW.MINISTRYHEALTH.ORG. THIS REPORT INCLUDES ALL OF THE RELATED ENTITIES WITHIN THE MINISTRY HEALTH CARE NETWORK OF HOSPITALS, CLINICS AND OTHER HEALTH-RELATED ORGANIZATIONS.

PART I, LINE 7· AMOUNTS CALCULATED IN PART I, LINE 7 ARE DETERMINED BOTH ON A COST ACCOUNTING SYSTEM AND A COST-TO-CHARGE RATIO. OTHER BENEFITS ARE DETERMINED BASED ON THE DIRECT AND INDIRECT COSTS (WHERE ALLOCATED) ASSOCIATED WITH A PROGRAM NET OF EARNED REVENUE. DETAIL FOR EACH PROGRAM/ACTIVITY IS MAINTAINED AND DETERMINED AT THE DEPARTMENT LEVEL. CHARITY CARE AND MEANS TESTED PROGRAMS ARE DETERMINED BASED ON A COST-TO-CHARGE RATIO CONSISTENT WITH WORKSHEET 2, RATIO OF PATIENT CARE COST TO CHARGE. PRIOR YEAR COST REPORT SETTLEMENTS ARE EXCLUDED FROM THE SHORTFALL CALCULATION IN ORDER TO GET A TRUE FISCAL YEAR SHORTFALL AMOUNT.

BAD DEBT EXPENSE OF $1,152,377 IS EXCLUDED FROM TOTAL OPERATING EXPENSES

Part VI Supplemental Information

WHEN CALCULATING PERCENTAGE OF TOTAL EXPENSE IN PART I, LINE 7, COLUMN F.

PART II: SOME OF THE THINGS INCLUDED IN THIS AREA ARE WORKING WITH COMMUNITY ORGANIZATIONS SUCH AS ROTARY, LEADERSHIP OF DOOR COUNTY, AND LOAVES AND FISHES. WORKFORCE DEVELOPMENT INCLUDES HEALTH CARE CAREER PRESENTATIONS AND SCHOOL/COMMUNITY PROGRAMS THAT ALLOW JOB SHADOWING AND MENTORING. SUPPORT A COMMUNITY GARDEN AND WORK WITH LOCAL EMERGENCY AGENCIES REGARDING DISASTER READINESS.

PART III, LINE 4: FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF MINISTRY HEALTH CARE, INC. AND AFFILIATES:

PATIENT ACCOUNTS RECEIVABLE ARE STATED AT NET REALIZABLE VALUE. MINISTRY MAINTAINS ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS AND ESTIMATED LOSSES RESULTING FROM A PAYOR'S INABILITY TO MAKE PAYMENTS ON ACCOUNTS. MINISTRY ESTIMATES THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON MANAGEMENT'S EVALUATION OF THE COLLECTABILITY OF ITS ACCOUNTS RECEIVABLE BASED ON FACTORS SUCH AS THE LENGTH OF TIME THE RECEIVABLE IS OUTSTANDING, PAYOR CLASS, HISTORICAL EXPERIENCE, TRENDS IN HEALTHCARE COVERAGE, AND BUSINESS AND ECONOMIC CONDITIONS. PATIENT RECEIVABLES, WHERE A THIRD-PARTY PAYOR IS RESPONSIBLE FOR PAYING THE AMOUNT, ARE CARRIED AT A NET AMOUNT DETERMINED BY THE ORIGINAL CHARGE FOR THE SERVICE PROVIDED, LESS AN ESTIMATE MADE FOR CONTRACTUAL ADJUSTMENTS OR DISCOUNTS PROVIDED TO THIRD-PARTY PAYORS. FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), MINISTRY RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY

Part VI | Supplemental Information

PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE. THE DIFFERENCE BETWEEN THE ORIGINAL CHARGES BILLED (OR ORIGINAL CHARGES LESS CONTRACTUAL ADJUSTMENTS OR DISCOUNTS) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS. RECOVERIES OF RECEIVABLES PREVIOUSLY WRITTEN OFF ARE RECORDED AS A REDUCTION OF THE PROVISION FOR UNCOLLECTIBLE ACCOUNTS WHEN RECEIVED. THE PAST DUE STATUS OF RECEIVABLES IS DETERMINED ON A CASE-BY-CASE BASIS DEPENDING ON THE PAYOR RESPONSIBLE. INTEREST IS GENERALLY NOT CHARGED ON PAST DUE ACCOUNTS.

MINISTRY'S ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS FOR SELF-PAY PATIENTS INCREASED FROM 66 PERCENT OF SELF-PAY ACCOUNTS RECEIVABLE AT SEPTEMBER 30, 2012 TO 74 PERCENT OF SELF-PAY ACCOUNTS RECEIVABLE AT MARCH 31, 2013. THE INCREASE WAS PRIMARILY THE RESULT OF A DECREASE IN ESTIMATED COLLECTIONS OF RECEIVABLES AGED OVER 365 DAYS, WHICH INCREASED THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BY APPROXIMATELY $3,500. AS OF MARCH 2013, MINISTRY HAS CHANGED ITS COMMUNITY AND PARTIALLY REIMBURSED CARE POLICY TO RESERVE 100 PERCENT OF ACCOUNTS AGED GREATER THAN 365 DAYS. IN ADDITION, MINISTRY'S SELF-PAY WRITE-OFFS WERE $22,985 FOR THE SIX MONTHS ENDED MARCH 31, 2013 AND $52,281 FOR THE YEAR ENDED SEPTEMBER 30, 2012. MINISTRY DOES NOT MAINTAIN A MATERIAL ALLOWANCE FOR DOUBTFUL ACCOUNTS FROM THIRD-PARTY PAYORS, NOR DID IT HAVE SIGNIFICANT WRITE-OFFS FROM THIRD-PARTY PAYORS. MINISTRY HAS NOT CHANGED ITS COMMUNITY AND PARTIALLY REIMBURSED CARE POLICY, WHICH IS DESCRIBED IN NOTE 12, DURING THE SIX MONTHS ENDED MARCH 31, 2013 OR DURING THE YEAR ENDED SEPTEMBER 30, 2012.

RECEIVABLES OR PAYABLES RELATED TO ESTIMATED SETTLEMENTS ON VARIOUS PAYOR

Part VI Supplemental Information

CONTRACTS, PRIMARILY MEDICARE AND MEDICAID, ARE REPORTED AS AMOUNTS DUE FROM OR TO THIRD-PARTY PROGRAMS.

PART III, LINE 8: ASCENSION HEALTH AND RELATED HEALTH MINISTRIES FOLLOW 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· DCMH HAS A DEBT COLLECTION POLICY WHICH SETS FORTH COLLECTION PRACTICES FOR PATIENTS WHO ARE KNOWN TO QUALIFY OR MAY QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE CHARITY CARE PROGRAM. SUFFICIENT FINANCIAL COUNSELING SUPPORT IS MADE AVAILABLE TO PATIENTS SO THEY CAN EASILY ACCESS PATIENT FINANCIAL SERVICE REPRESENTATIVES AND HAVE THEIR QUESTIONS ANSWERED, AND GAIN AN UNDERSTANDING OF THE REASONS WHY THEY OWE A BALANCE. ACCOUNTS ARE DESIGNATED AS CHARITY CARE IN THE BUSINESS OFFICES SO NO ADDITIONAL TIME IS SPENT ON COLLECTION EFFORTS.

DOOR COUNTY MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 3: THE ASSESSMENT TEAM COMPRISED OF PRIVATE AND PUBLIC DOOR COUNTY ORGANIZATION MEMBERS INCLUDING: HOSPITAL REPRESENTATIVES, MEDICAL STAFF AND ADMINISTRATORS; PUBLIC HEALTH NURSES AND EDUCATORS; ELEMENTARY, HIGH SCHOOL AND POST-HIGH SCHOOL EDUCATORS, NURSES AND ADMINISTRATORS; POLICE AND EMERGENCY PERSONNEL; CHILD, WOMEN'S, FAMILY AND SENIOR SOCIAL SERVICES; AS WELL AS INTERESTED COMMUNITY MEMBERS IN THE HEALTH NEEDS ASSESSMENT PROCESS. APPENDIX 2 LISTS THE INDIVIDUALS WHO PARTICIPATED IN THE DOOR COUNTY COMMUNITY NEEDS ASSESSMENT PROCESS

PUBLIC HEALTH EXPERTS.

Part VI Supplemental Information

- RHONDA KOLBERG, DIRECTOR/HEALTH OFFICER, DOOR COUNTY PUBLIC HEALTH DEPARTMENT RN, BSN, MS

- DENNIS HIBRAY REGIONAL DIRECTOR, NORTH EAST/GREEN BAY REGION, WISCONSIN DIVISION OF PUBLIC HEALTH, BS ENVIRONMENTAL HEALTH

- ELIZABETH FARLEY, AMERICORPS DOOR COUNTY PUBLIC HEALTH DEPARTMENT BS, PSYCHOLOGY

- VICKI DANTOIN, RN BSN, PUBLIC HEALTH NURSE

- MYRIA NORMANN, RN BSN, PUBLIC HEALTH NURSE

- SUE POWERS, RN BSN, PUBLIC HEALTH NURSE

MORE THAN 21 YEARS AS HEALTH OFFICER AND EXPERIENCE WITH COMMUNITY NEEDS ASSESSMENTS.

- ADAMS, JESSICA - HELP OF DOOR COUNTY
- COMFORT, CHRIS - COMMUNITY CLINIC OF DOOR COUNTY
- FARLEY, ELIZABETH - AMERICORPS MEMBER WORKING AT HEALTH DEPARTMENT
- FISCHER, JENNIFER - WOMEN'S & CHILDREN'S CENTER, MDCMC
- GRAF, KATIE - SOCIAL SERVICES, MDCMC
- GROHSKOPF, KEVIN - BUSINESS DEVELOPMENT & OUTREACH, MDCMC
- GUENZEL, JOSEPHINE - COMMUNITY CLINIC OF DOOR COUNTY
- HERLACHE, TIM - STURGEON BAY FIRE DEPARTMENT
- HIBRAY, DENNIS - PUBLIC HEALTH, NE REGION, WI
- JOHNSON, SUSAN - CHAPLAIN, MDCMC
- KNUTSON, BEVERLY - DOOR COUNTY SENIOR RESOURCE CENTER
- KOHNLE, AMY - UNITED WAY
- LAPORTE, LARRY - BOARD OF HEALTH
- MEEUWSEN, SARAH - COMMUNITY CLINIC OF DOOR COUNTY
- MERTENS, TERESA - WIC
- MOELLER, MARK - BOARD OF HEALTH

Part VI Supplemental Information

- OSBORNE, MARCIA - NORTHWEST TECHNICAL COLLEGE

- PETERSON, PAM - DOOR COUNTY UW EXTENSION

- RUDD, RHONDA - COMMUNITY MEMBER

- SERPE, MICHAEL - DOOR COUNTY ADMINISTRATOR

- STUTTING, JOE - SUPERINTENDENT, STURGEON BAY SCHOOLS

- TEICHTLER, JOHN - DOOR COUNTY SANITARIAN

- TREPTO, JUDY - COMMUNITY MEMBER

- WEBER, CINDY - YMCA OF DOOR COUNTY

- WEBER, JANE - COMMUNITY MEMBER

- ZAKRZEWSKI, JOY - CHAPLAIN-SCANDIA VILLAGE.

DOOR COUNTY MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 5C: THE HOSPILTAL FACILITY WEBSITE IS AS FOLLOWS:

HTTP://MINISTRYHEALTH.ORG/DOORCOUNTYMEMORIAL/MINISTRY_DOOR_COUNTY_MEDICAL_
CENTER_CHNA_5_28_2013FINAL.PDF

DOOR COUNTY MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 16E: THE FOLLOWING STEPS WERE FOLLOWED AND
CONSIDERED REASONABLE EFFORTS FOR PURPOSES OF QUESTION 16:

NOTIFIED EACH INDIVIDUAL OF THE FACILITY'S FINANCIAL ASSISTANCE POLICY
(FAP). THIS NOTIFICATION BEGAN ON THE DATE CARE WAS PROVIDED AND ENDED ON
THE 120TH DAY AFTER THE FIRST BILLING STATEMENT WAS PROVIDED TO THE
INDIVIDUAL.

INDIVIDUALS WERE NOTIFIED OF THE FAP BY METHODS AS NOTED IN QUESTION 14.

FOR INDIVIDUALS WHO SUBMITTED AN INCOMPLETE FAP, WE PROVIDED THAT
INDIVIDUAL WITH INFORMATION RELEVANT TO ASSIST THEM WITH COMPLETION OF THE

Part VI | Supplemental Information

FAP.

FOR INDIVIDUALS WHO SUBMITTED A COMPLETE FAP, WE MADE AND DOCUMENTED A DETERMINATION AS TO WHETHER THAT PERSON WAS ELIGIBLE UNDER THE FACILITY'S FAP.

WE DETERMINED ELIGIBILITY BASED ON OTHER MEANS SUCH AS ESTABLISHING THAT THE INDIVIDUAL IS ELIGIBLE UNDER ONE OR MORE MEANS TESTED PROGRAMS (AS NOTED IN QUESTION 12).

DOOR COUNTY MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 17E: THE FOLLOWING STEPS WERE FOLLOWED AND CONSIDERED REASONABLE EFFORTS FOR PURPOSES OF QUESTION 17:

NOTIFIED EACH INDIVIDUAL OF THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY (FAP). THIS NOTIFICATION BEGAN ON THE DATE CARE WAS PROVIDED AND ENDED ON THE 120TH DAY AFTER THE FIRST BILLING STATEMENT WAS PROVIDED TO THE INDIVIDUAL.

INDIVIDUALS WERE NOTIFIED OF THE FAP AS NOTED IN QUESTION 14.

FOR INDIVIDUALS WHO SUBMITTED AN INCOMPLETE FAP, WE PROVIDED THAT INDIVIDUAL WITH INFORMATION RELEVANT TO ASSIST THEM WITH COMPLETION OF THE FAP.

FOR INDIVIDUALS WHO SUBMITTED A COMPLETE FAP, WE MADE AND DOCUMENTED A DETERMINATION AS TO WHETHER THAT PERSON WAS ELIGIBLE UNDER THE FACILITY'S FAP.

WE DETERMINED ELIGIBILITY BASED ON OTHER MEANS SUCH AS ESTABLISHING THAT THE INDIVIDUAL IS ELIGIBLE UNDER ONE OR MORE MEANS TESTED PROGRAMS (AS NOTED IN QUESTION 12).

Part VI Supplemental Information

DOOR COUNTY MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 18E: QUESTION 18 IS MORE APPROPRIATELY ANSWERED AS NOT APPLICABLE AS THE BILLING AND COLLECTIONS POLICY OF DOOR COUNTY MEMORIAL HOSPITAL DOES NOT ALLOW A HOSPITAL TO ENGAGE IN EXTRAORDINARY COLLECTION ACTIONS BEFORE THE ORGANIZATION MADE REASONABLE EFFORTS TO DETERMINE WHETHER THE INDIVIDUAL IS ELIGIBLE FOR ASSISTANCE UNDER THE FINANCIAL ASSISTANCE POLICY. REASONABLE EFFORTS TAKEN INCLUDE BUT ARE NOT LIMITED TO:

NOTIFYING INDIVIDUALS OF THE FINANCIAL ASSISTANCE POLICY ON ADMISSION

NOTIFYING INDIVIDUALS OF THE FINANCIAL ASSISTANCE POLICY PRIOR TO DISCHARGE

NOTIFYING INDIVIDUALS OF THE FINANCIAL ASSISTANCE POLICY IN COMMUNICATIONS WITH THE PATIENTS REGARDING THE PATIENTS' BILLS

DOCUMENTING ITS DETERMINATION OF WHETHER PATIENTS WERE ELIGIBLE FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL FACILITY'S FINANCIAL ASSISTANCE POLICY.

DOOR COUNTY MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 21: NOTIFIED EACH INDIVIDUAL OF THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY (FAP). THIS NOTIFICATION BEGAN ON THE DATE CARE WAS PROVIDED AND ENDED ON THE 120TH DAY AFTER THE FIRST BILLING STATEMENT WAS PROVIDED TO THE INDIVIDUAL.

INDIVIDUALS WERE NOTIFIED OF THE FAP AS NOTED IN QUESTION 14.

FOR INDIVIDUALS WHO SUBMITTED AN INCOMPLETE FAP, WE PROVIDED THAT INDIVIDUAL WITH INFORMATION RELEVANT TO ASSIST THEM WITH COMPLETION OF THE FAP

FOR INDIVIDUALS WHO SUBMITTED A COMPLETE FAP, WE MADE AND DOCUMENTED A

Part VI | Supplemental Information

DETERMINATION AS TO WHETHER THAT PERSON WAS ELIGIBLE UNDER THE FACILITY'S FAP.

WE DETERMINED ELIGIBILITY BASED ON OTHER MEANS SUCH AS ESTABLISHING THAT THE INDIVIDUAL IS ELIGIBLE UNDER ONE OR MORE MEANS TESTED PROGRAMS (AS NOTED IN QUESTION 12).

DOOR COUNTY MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 22: THE FOLLOWING STEPS WERE FOLLOWED AND CONSIDERED REASONABLE EFFORTS FOLLOWED FOR PURPOSES OF IDENTIFYING PATIENTS ELIGIBLE FOR ASSISTANCE UNDER THE FACILITY'S FAP.

NOTIFIED EACH INDIVIDUAL OF THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY (FAP) AS NOTED IN QUESTION 14.

THIS NOTIFICATION BEGAN ON THE DATE CARE WAS PROVIDED AND ENDED ON THE 120TH DAY AFTER THE FIRST BILLING STATEMENT WAS PROVIDED TO THE INDIVIDUAL.

FOR INDIVIDUALS WHO SUBMITTED AN INCOMPLETE FAP, WE PROVIDED THAT INDIVIDUAL WITH INFORMATION RELEVANT TO ASSIST THEM WITH COMPLETION OF THE FAP.

FOR INDIVIDUALS WHO SUBMITTED A COMPLETE FAP, WE MADE AND DOCUMENTED A DETERMINATION AS TO WHETHER THAT PERSON WAS ELIGIBLE UNDER THE FACILITY'S FAP.

WE DETERMINED ELIGIBILITY BASED ON OTHER MEANS SUCH AS ESTABLISHING THAT THE INDIVIDUAL IS ELIGIBLE UNDER ONE OR MORE MEANS TESTED PROGRAMS (AS NOTED IN QUESTION 12).

PART VI, LINE 2· THE ORGANIZATION PERFORMS COMMUNITY NEEDS

Part VI | Supplemental Information

ASSESSMENTS AS NEEDED. PLANNING WORKGROUPS CONSISTING OF COMMUNITY PARTNERS ARE FORMED TO DEFINE THE COMMUNITY AND ITS NEEDS THROUGH REVIEW OF HEALTH PEOPLE INITIATIVES, CENSUS DOCUMENTS, AND LOCAL GOVERNMENT HEALTH AND WELFARE AGENCIES. CONSIDERING OTHER COMMUNITY RESOURCES/ASSETS, DATA COLLECTION METHODS ARE USED TO IDENTIFY PARTICULAR PROBLEMS OR SUBGROUPS AND AREAS KNOWN TO HAVE HIGH POVERTY RATES AND TO BE UNDERSERVED. THE DATA IS ANALYZED AND PRIORITIES ARE SET BASED ON TRENDING INFORMATION WHICH MAY TARGET A SPECIFIC NEED. WHEN A NEED IS IDENTIFIED, THE HOSPITAL DEVELOPS A PLAN TO IMPLEMENT A PROGRAM EITHER THROUGH COMMUNITY COLLABORATION OR INDIVIDUALLY. OUTCOMES FROM THE PROGRAMS ARE MEASURED AND CONSIDERED IN SUBSEQUENT COMMUNITY NEEDS ASSESSMENTS. COMMUNITY BENEFIT PLANS ARE PRESENTED TO SENIOR LEADERSHIP AND BOARD MEMBERS TO ENSURE THE FINDINGS ARE INCORPORATED INTO THE ORGANIZATION'S STRATEGY AND POLICY DEVELOPMENT. FOR EXAMPLE, SENIOR LEADERS ARE REQUIRED TO PROVIDE DIRECT SERVICE TO THE POOR HOURS AS PART OF THEIR PERFORMANCE GOALS.

PART VI, LINE 3: THE ORGANIZATION GOES TO GREAT LENGTHS IN ORDER TO INFORM AND EDUCATE PATIENTS/PERSONS WHO MAY BE BILLED FOR PATIENT CARE ABOUT THEIR ELIGIBILITY FOR ASSISTANCE UNDER FEDERAL, STATE OR LOCAL GOVERNMENT PROGRAMS AND UNDER THE ORGANIZATION'S CHARITY CARE POLICY. THE CHARITY CARE POLICY AND APPLICATION IS POSTED ON THE ORGANIZATION'S WEBSITE. ADMISSIONS AND OTHER KEY AREAS CONTAIN SUMMARY INFORMATION OF THE CHARITY CARE POLICY. AS PART OF THE INTAKE/DISCHARGE PROCESS, PATIENTS ARE PROVIDED WITH A COPY OF THE POLICY AND OTHER INFORMATION FOR FINANCIAL ASSISTANCE. IF DURING THE COURSE OF THE PATIENT REGISTRATION PROCESS, TREATMENT, OR UPON DISCHARGE IT BECOMES EVIDENT THAT A PATIENT MAY NEED FINANCIAL ASSISTANCE, THE PATIENT SHALL BE REFERRED TO THE ORGANIZATION'S

Part VI Supplemental Information

COMMUNITY CARE PROGRAM. IF DURING THE COURSE OF THE PATIENT REGISTRATION PROCESS, TREATMENT, OR UPON DISCHARGE IT BECOMES EVIDENT THAT A PATIENT MAY NEED FINANCIAL ASSISTANCE, THE PATIENT SHALL BE REFERRED TO THE ORGANIZATION'S COMMUNITY CARE PROGRAM. PATIENTS MAY BE IDENTIFIED AS NEEDED FINANCIAL ASSISTANCE AT ANY TIME DURING THE COURSE OF AN ENCOUNTER. A REFERRAL FOR CONSIDERATION OF COMMUNITY CARE FINANCIAL ASSISTANCE CAN BE INITIATED BY ANY MEMBER OF THE HOSPITAL'S WORKFORCE, INCLUDING MEDICAL STAFF MEMBERS, WHO BECOME AWARE OF THE PATIENT'S POTENTIAL NEED FOR COMMUNITY CARE FINANCIAL ASSISTANCE. THE CHARITY CARE POLICY WAS ALSO TRANSLATED INTO DIALECTS PREVALENT IN THE COMMUNITY IN ORDER TO REACH OUT TO THOSE THAT MAY SPEAK ANOTHER LANGUAGE. PATIENT REGISTRATION STAFF AND FINANCIAL COUNSELORS ARE PROVIDED WITH SCRIPTS TO FOLLOW WHEN INTERACTING WITH PATIENTS. AS PART OF THE CHARITY CARE PROCESS, PATIENTS MUST REGISTER WITH THE COUNTY PUBLIC ASSISTANCE TO SEE IF THEY MAY QUALIFY UNDER ANY OTHER FEDERAL OR STATE PROGRAMS.

PART VI, LINE 4: WHILE THERE IS GROWING AGREEMENT IN THE UNITED STATES ABOUT WHAT CONSTITUTES A NON-PROFIT HOSPITAL'S "COMMUNITY BENEFIT", THIS IS A WORK IN PROGRESS. DCMH PROVIDED SIGNIFICANT CHARITY CARE AND OTHER COMMUNITY BENEFITS AS DEFINED BY THE IRS. BUT IN ADDITION, WE BELIEVE THAT WE PROVIDE A CRITICALLY IMPORTANT COMMUNITY BENEFIT, WHICH IS NOT QUANTIFIED. OUR HOSPITAL, LIKE MOST RURAL HOSPITALS, WAS CREATED AND IS MAINTAINED IN ORDER TO PROVIDE CARE LOCALLY - CARE THAT WITHOUT OUR HOSPITAL, WOULD NOT BE AVAILABLE LOCALLY.

THE CITY OF STURGEON BAY IS LOCATED IN DOOR COUNTY. THE POPULATION OF DOOR COUNTY, AS OF THE 2010 CENSUS DATA, IS 27,785.

Part VI | Supplemental Information

ACCORDING TO THE 2008- 2012 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES DATA, THERE WERE 27,872 PEOPLE LIVING IN DOOR COUNTY, CONSISTING OF 13,695 HOUSEHOLDS AND 8,560 FAMILIES. THE POPULATION CONSISTED OF 95.3% WHITE, 2.4 % HISPANIC, 0.5% AFRICAN AMERICAN, 0.5% NATIVE AMERICAN, 0.5 % ASIAN, AND 0.8% OTHER.

OF THE 13,695 HOUSEHOLDS IN DOOR COUNTY, 20.3% OF THOSE HAD CHILDREN UNDER THE AGE OF 18, LIVING AT HOME. THE 13,695 HOUSEHOLDS ARE CATEGORIZED AS 53.1% MARRIED COUPLES LIVING TOGETHER, 4.2% HAD A MALE HEAD OF HOUSEHOLD WITH NO WIFE PRESENT, 5.2% HAD A FEMALE HEAD OF HOUSEHOLD WITH NO HUSBAND PRESENT, AND 37.5% WERE NON-FAMILIES. 29.1% OF THE HOUSEHOLDS CONSISTED OF INDIVIDUALS AND 12.4% HAD SOMEONE 65 AND OLDER LIVING ALONE.

THE AGE POPULATION IS WIDELY SPREAD. 19.7% WERE UNDER 18, 3.7% WERE 19-24, 20.0% WERE 25-44, 33.9% WERE 45-64, AND 22.7% WERE 65+.

THE MEDIAN INCOME FOR A HOUSEHOLD WAS $48,707 AND THE MEDIAN INCOME FOR A FAMILY WAS $61,047. THE PER CAPITA INCOME FOR THE COUNTY WAS $30,509. THE LARGEST INDUSTRY IN DOOR COUNTY IS EDUCATIONAL, HEALTH AND SOCIAL SERVICES (18.8%). ARTS, ENTERTAINMENT AND RECREATION (16.1%) AND MANUFACTURING (14.0%) ARE THE NEXT LARGEST INDUSTRIES IN DOOR COUNTY.

ROUGHLY 6.2% OF FAMILIES AND 11.4% OF THE POPULATION WERE BELOW THE POVERTY LINE. THAT INCLUDES 20.7% OF THOSE UNDER 18 YEARS OLD AND 7.9% OF THOSE 65 AND OLDER.

THE UNADJUSTED SEASONAL UNEMPLOYMENT RATE FOR DOOR COUNTY, AS OF 2012 WAS 4.5%, COMPARED TO A STATE UNEMPLOYMENT RATE OF 5.1% AND A NATIONAL

Part VI | Supplemental Information

UNEMPLOYMENT RATE OF 7.9%.

PART VI, LINE 5: THE LOCAL BOARD FOR DOOR COUNTY MEMORIAL HOSPITAL IS MADE UP OF COMMUNITY MEMBERS THAT LIVE IN OUR PRIMARY SERVICE AREA. DOOR COUNTY MEMORIAL HOSPITAL PARTNERS WITH THE LOCAL YMCA ON VARIOUS EVENTS PROMOTING HEALTH AND WELL-BEING IN THE COMMUNITY. DOOR COUNTY MEMORIAL HOSPITAL EXTENDS MEDICAL PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY. DOOR COUNTY MEMORIAL HOSPITAL PARTICIPATES IN MEDICARE, MEDICAID, AND OTHER GOVERNMENT SPONSORED PROGRAMS.

PART VI, LINE 6: MINISTRY HEALTH CARE, INC. ("MINISTRY") IS A WISCONSIN NON-STOCK, TAX-EXEMPT CORPORATION THAT MANAGES, PROMOTES AND SUPPORTS THE HEALTH CARE AND RELATED MINISTRIES OF THE MILWAUKEE REGION OF THE CONGREGATION OF THE SISTERS OF THE SORROWFUL MOTHER ("SSM"). THE SOLE CORPORATE MEMBER OF MINISTRY IS MARIAN HEALTH SYSTEM, INC. ("MARIAN"), WHICH IS PRIMARILY GOVERNED BY MEMBERS OF SSM. EFFECTIVE APRIL 1, 2013, MARIAN WAS MERGED INTO ASCENSION HEALTH. MINISTRY'S AFFILIATION WITH ASCENSION HEALTH WILL ALLOW IT TO CONTINUE TO CARRY OUT ITS MISSION OF PROVIDING QUALITY HEALTH CARE IN THE COMMUNITIES SERVED WITH A FOCUS ON THE POOR AND UNDERSERVED. ITS AFFILIATION WILL ALLOW FOR GREATER FINANCIAL STRENGTH THROUGH A COLLABORATIVE EFFORT ON EFFICIENT USE OF RESOURCES AND STRATEGIC INITIATIVES. THE ACCOUNTING FOR AND PRESENTATION OF ASSETS AND LIABILITIES IN FUTURE FINANCIAL STATEMENTS OF MINISTRY WILL BE ADJUSTED TO REFLECT THIS TRANSACTION AS DEEMED NECESSARY IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA.

AS A COMPONENT OF THIS AFFILIATION, MINISTRY HAS ADOPTED A JUNE FISCAL YEAR-END TO BE EFFECTIVE JULY 1, 2013. THE FOLLOWING ARE SPONSORED AND

Part VI | Supplemental Information

CO-SPONSORED AFFILIATED OF MINISTRY:

SOLELY SPONSORED:

AFFINITY HEALTH SYSTEM INCLUDING CALUMET MEDICAL CENTER, NETWORK HEALTH SYSTEM, AFFINITY MEDICAL GROUP, NETWORK HEALTH PLAN, NETWORK HEALTH INSURANCE CORPORATION, MERCY MEDICAL CENTER, AND ST. ELIZABETH HOSPITAL.

AGAPE COMMUNITY CENTER

DOOR COUNTY MEMORIAL HOSPITAL

GOOD SAMARITAN MEMORIAL HOSPITAL

HOWARD YOUNG HEALTH CARE, INC. INCLUDING HOWARD YOUNG MEDICAL CENTER, INC. AND EAGLE RIVER MEMORIAL HOSPITAL, INC.

MINISTRY HOME CARE INCLUDING MINISTRY HOME CARE SERVICES

MINISTRY MEDICAL GROUP INCLUDING NORTHERN REGION AND CENTRAL REGION

OUR LADY OF VICTORY HOSPITAL

SACRED HEART HOSPITAL

SAINT CLARE'S HOSPITAL

ST. ELIZABETH'S HOSPITAL

ST. JOSEPH'S HOSPITAL

ST. MARY'S HOSPITAL

ST. MICHAEL'S HOSPITAL

CO-SPONSORED·

DIAGNOSTIC AND TREATMENT CENTER

FLAMBEAU HOSPITAL AND PRICE COUNTY CLINICS

NHP AND NHIC ARE FOR-PROFIT ENTITIES SELLING HEALTH INSURANCE PRODUCTS TO ORGANIZATIONS WITHIN NORTHEASTERN WISCONSIN. ON APRIL 1, 2013, NHS TRANSFERRED ITS OWNERSHIP INTEREST IN NHP AND NHIC TO MINISTRY.

Part VI Supplemental Information

PART VI, LINE 7, LIST OF STATES RECEIVING COMMUNITY BENEFIT REPORT:

WI

SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047
2012
Open to Public Inspection

Name of the organization: DOOR COUNTY MEMORIAL HOSPITAL

Employer identification number 39-0806324

Part I **General Information on Grants and Assistance**

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☒ No

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

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

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
COMMUNITY CLINIC OF DOOR COUNTY, INC. - PO BOX 3 - STURGEON BAY, WI 54235	22-3905485	501(C)(3)	0.	12,740.			WE PROVIDED ASSISTANCE TO THE COMMUNITY CLINIC BY PROVIDING FREE LAB SERVICES THAT AMOUNTED TO

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

3 Enter total number of other organizations listed in the line 1 table ▶ 0.

SEE PART IV FOR COLUMN (H) DESCRIPTIONS

232101
12-18-12

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

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

PART II, LINE 1, COLUMN (H):

NAME OF ORGANIZATION OR GOVERNMENT: COMMUNITY CLINIC OF DOOR COUNTY, INC.

(H) PURPOSE OF GRANT OR ASSISTANCE: WE PROVIDED ASSISTANCE TO THE COMMUNITY CLINIC BY PROVIDING FREE LAB SERVICES THAT AMOUNTED TO $12,740 FOR THE YEAR. THE OTHER TYPE OF ASSISTANCE WE PROVIDE IS COMMUNITY CARE OR CHARITY CARE FOR PATIENTS WHO ARE ELIGIBLE. DOCUMENTATION IS KEPT IN THE PATIENT RECORDS AND PATIENT FINANCIAL SERVICES OFFICE.

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: DOOR COUNTY MEMORIAL HOSPITAL

Employer identification number 39-0806324

Part I Questions Regarding Compensation

		Line	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 (i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable 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
(1) GERALD WORRICK	(i)	260,753.	25,477.	53,549.	15,000.	25,510.	380,289.	0.
PRESIDENT DCMH	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) KEITH ANCLAM	(i)	215,157.	0.	1,188.	502.	22,885.	239,732.	0.
MEDICAL STAFF PRESIDENT	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) NICK DESEIN	(i)	0.	0.	0.	0.	0.	0.	0.
MINISTRY HEALTH CARE CEO	(ii)	1,002,960.	363,859.	715,614.	15,000.	37,493.	2,134,926.	0.
(4) JEFFREY FRANCIS	(i)	0.	0.	0.	0.	0.	0.	0.
MINISTRY HEALTH CARE CFO	(ii)	412,117.	101,642.	31,109.	91,804.	26,278.	662,950.	0.
(5) JEFF BADGER	(i)	0.	0.	0.	0.	0.	0.	0.
MHC VICE PRES CORP FIN & TREAS	(ii)	370,130.	0.	129,077.	45,167.	27,061.	571,435.	0.
(6) ROBERT SCIESZINSKI	(i)	162,007.	17,884.	24,241.	11,513.	25,603.	241,248.	0.
VP OF FINANCE	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) JODY BOES	(i)	165,676.	17,796.	17,437.	11,268.	22,183.	234,360.	0.
VP PATIENT CARE SERVICES	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) JAMES HEISE	(i)	254,929.	33,941.	17,852.	10,000.	27,156.	343,878.	0.
MEDICAL DIRECTOR	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) DANIEL TOMASZEWSKI	(i)	520,887.	125,747.	61,649.	15,000.	25,156.	748,439.	0.
PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
(10) STEVEN DAVIS	(i)	491,272.	0.	774.	15,000.	30,156.	537,202.	0.
PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
(11) MICHAEL BRUNO	(i)	435,785.	3,833.	270.	15,000.	26,156.	481,044.	0.
PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
(12) RICHARD HOGAN	(i)	358,008.	0.	1,188.	15,000.	25,156.	399,352.	0.
PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
(13) RALPH BRADLY NELSON	(i)	348,905.	25,200.	5,631.	15,000.	10,771.	405,507.	0.
PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
	(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: MINISTRY HEALTH CARE, INC., A RELATED ORGANIZATION OF DOOR COUNTY MEMORIAL HOSPITAL, USES THE FOLLOWING TO ESTABLISH THE COMPENSATION OF THE ORGANIZATION'S CEO/EXECUTIVE DIRECTOR:

- COMPENSATION COMMITTEE
- INDEPENDENT COMPENSATION CONSULTANT
- COMPENSATION SURVEY OR STUDY, AND
- APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE

PART I, LINE 4B: THESE 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

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.

COMPENSATION ON FORM 990, SCHEDULE J, PART II, COLUMN B IN THE YEAR PAID.

CONTRIBUTIONS:

JEFFREY FRANCIS - $71,804

SCHEDULE K
(Form 990)
Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

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

OMB No 1545-0047
2012
Open to Public Inspection

Name of the organization: DOOR COUNTY MEMORIAL HOSPITAL
Employer identification number 39-0806324

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pooled financing Yes	(i) Pooled financing No
A	WISCONSIN HEALTH & EDU FACILITIES AUTHORITY	39-1337855	NONE	10/22/09	11,000,000.	CONSTRUCTION LOAN		X		X		X
B												
C												
D												

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	635,115.			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	11,000,000.			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds				
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	11,000,000.			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2011			

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

	A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
3a Are there any management or service contracts that may result in private business use of bond-financed property?	X							
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X							
c Are there any research agreements that may result in private business use of bond-financed property?		X						
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		.00 %		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		.00 %		%		%		%
6 Total of lines 4 and 5		.00 %		%		%		%
7 Does the bond issue meet the private security or payment test?		X						
8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X							

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

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

SCHEDULE L (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

Transactions With Interested Persons

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

OMB No 1545-0047
2012
Open To Public Inspection

Name of the organization: DOOR COUNTY MEMORIAL HOSPITAL

Employer identification number: 39-0806324

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only)

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

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

2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958 ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization? To	From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	No	(h) Approved by board or committee? Yes	No	(i) Written agreement? Yes	No
DR. TOMASZEWSKI	HIGHEST	EMPLOYEE		X	125,000.	27,083.		X	X		X	
DR. TOMASZEWSKI	HIGHEST	EMPLOYEE		X	163,569.	39,901.		X	X		X	
Total					▶ $	66,984.						

Part III Grants or Assistance Benefiting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

SEE PART V FOR CONTINUATIONS

232131
12-03-12

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	No

Part V Supplemental Information

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

SCHEDULE L, PART II, LOANS TO AND FROM INTERESTED PERSONS:

(A) NAME OF PERSON: DR. TOMASZEWSKI

(B) RELATIONSHIP WITH ORGANIZATION: HIGHEST COMPENSATED EMPLOYEE

(C) PURPOSE OF LOAN: EMPLOYEE RETENTION LOAN

(A) NAME OF PERSON: DR. TOMASZEWSKI

(B) RELATIONSHIP WITH ORGANIZATION: HIGHEST COMPENSATED EMPLOYEE

(C) PURPOSE OF LOAN: EMPLOYEE EDUCATION LOAN

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	Employer identification number
DOOR COUNTY MEMORIAL HOSPITAL	39-0806324

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

CONTINUALLY IMPROVING THE HEALTH AND WELL-BEING OF ALL PEOPLE,
ESPECIALLY THE POOR, IN THE COMMUNITIES WE SERVE.

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

SEE SCHEDULE H FOR FURTHER DETAILS REGARDING THE COMMUNITY BENEFITS
DOOR COUNTY MEMORIAL HOSPITAL PROVIDES.

FORM 990, PART VI, SECTION A, LINE 6: THE DOOR COUNTY MEMORIAL HOSPITAL
HAS A SINGLE CORPORATE MEMBER, MINISTRY HEALTH CARE, INC.

FORM 990, PART VI, SECTION A, LINE 7A: THE DOOR COUNTY MEMORIAL HOSPITAL
HAS A SINGLE CORPORATE MEMBER, MINISTRY HEALTH CARE, INC. WHO HAS THE
ABILITY TO ELECT MEMBERS TO THE GOVERNING BODY OF THE DOOR COUNTY MEMORIAL
HOSPITAL.

FORM 990, PART VI, SECTION A, LINE 7B: ALL DECISIONS THAT HAVE A MATERIAL
IMPACT TO DOOR COUNTY MEMORIAL HOSPITAL FINANCIAL INFORMATION OR
CORPORATION AS A WHOLE ARE SUBJECT TO APPROVAL BY ITS SOLE CORPORATE
MEMBER, MINISTRY HEALTH CARE, INC.

FORM 990, PART VI, SECTION B, LINE 11· MANAGEMENT, INCLUDING CERTAIN
OFFICERS, WORKS DILIGENTLY TO COMPLETE THE FORM 990 AND ATTACHED SCHEDULES
IN A THOROUGH MANNER. PRIOR TO FILING THE RETURN, ALL BOARD MEMBERS ARE
PROVIDED THE FORM 990 AND MANAGEMENT TEAM MEMBERS ARE AVAILABLE TO ANSWER
ANY BOARD MEMBERS QUESTIONS.

Name of the organization: DOOR COUNTY MEMORIAL HOSPITAL

Employer identification number: 39-0806324

FORM 990, PART VI, SECTION B, LINE 12C: THE ORGANIZATION REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY IN THAT ANY DIRECTOR, PRINCIPAL OFFICER, OR MEMBER OF A COMMITTEE WITH GOVERNING BOARD DELEGATED POWERS, WHO HAS A DIRECT OR INDIRECT FINANCIAL INTEREST, MUST DISCLOSE THE EXISTENCE OF THE FINANCIAL INTEREST AND BE GIVEN THE OPPORTUNITY TO DISCLOSE ALL MATERIAL FACTS TO THE DIRECTORS AND MEMBERS OF THE COMMITTEES WITH GOVERNING BOARD DELEGATED POWERS CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT. THE REMAINING INDIVIDUALS ON THE GOVERNING BOARD OR COMMITTEE MEETING WILL DECIDE IF CONFLICTS OF INTEREST EXIST. EACH DIRECTOR, PRINCIPAL OFFICER AND MEMBER OF A COMMITTEE WITH GOVERNING BOARD DELEGATED POWERS ANNUALLY SIGNS A STATEMENT WHICH AFFIRMS SUCH PERSON HAS RECEIVED A COPY OF THE 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: IN DETERMINING COMPENSATION OF THE ORGANIZATION'S CEO, EXECUTIVE DIRECTOR, OR TOP MANAGEMENT OFFICIAL, THE PROCESS INCLUDED A REVIEW AND APPROVAL BY INDEPENDENT PERSONS, COMPARABILITY DATE, AND CONTEMPORANEOUS SUBSTANTIATION OF THE DELIBERATION AND DECISION. THE COMPENSATION COMMITTEE, WHICH IS ASSISTED BY AN INDEPENDENT CONSULTING FIRM, REVIEWED AND APPROVED THE COMPENSATION. IN THE REVIEW OF THE COMPENSATION, THE CEO, EXECUTIVE DIRECTOR, AND TOP MANAGEMENT WERE COMPARED TO OTHER ORGANIZATIONS IN THE AREA THAT HOLD THE SAME TITLE. DURING THE REVIEW AND APPROVAL OF THE COMPENSATION, DOCUMENTATION OF THE DECISION WAS RECORDED IN THE BOARD MINUTES. INDIVIDUALS WERE NOT PRESENT

Name of the organization: DOOR COUNTY MEMORIAL HOSPITAL

Employer identification number: 39-0806324

WHEN THEIR COMPENSATION WAS DECIDED.

IN DETERMINING COMPENSATION OF OTHER OFFICERS OR KEY EMPLOYEES OF THE ORGANIZATION, THE PROCESS INCLUDED A REVIEW AND APPROVAL BY INDEPENDENT PERSONS, COMPARABILITY DATA, AND CONTEMPORANEOUS SUBSTANTIATION OF THE DELIBERATION AND DECISION. THE COMPENSATION COMMITTEE, ASSISTED BY AN INDEPENDENT CONSULTING FIRM, REVIEWED AND APPROVED THE COMPENSATION. IN THE REVIEW OF THE COMPENSATIONS, THE OTHER OFFICERS OR KEY EMPLOYEES OF THE ORGANIZATION WERE COMPARED TO OTHER ORGANIZATIONS' EMPLOYEES IN THE AREA THAT HOLD THE SAME TITLE. 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 MINISTRY WEB PAGE IS AVAILABLE TO THE PUBLIC FOR INSPECTION WITH A GOOD DEAL OF INFORMATION REGARDING WHO MINISTRY HEALTH CARE IS AND THE ENTITIES INCLUDED ALONG WITH OUR MISSION. THE ARTICLES OF INCORPORATION, BYLAWS, CONFLICTS POLICY AND FINANCIAL STATEMENTS ARE NOT INCLUDED ON ANY WEB PAGE. HOWEVER, IF ANY INQUIRY IS MADE FOR ANY DOCUMENTS THEY ARE SHARED AS APPROPRIATE.

FORM 990, PART VII, SECTION A:

DR. JAMES LEWIS RECEIVED COMPENSATION FROM DOOR COUNTY MEMORIAL HOSPITAL FOR HIS ROLE AS A PHYSICIAN AT DOOR COUNTY MEMORIAL HOSPITAL, NOT FOR HIS ROLE OF BOARD MEMBER AT DOOR COUNTY MEMORIAL HOSPITAL.

DR. KEITH ANCLAM RECEIVED COMPENSATION FROM DOOR COUNTY MEMORIAL HOSPITAL FOR HIS ROLE AS MEDICAL STAFF PRESIDENT AT DOOR COUNTY MEMORIAL HOSPITAL, NOT FOR HIS ROLE OF BOARD MEMBER AT DOOR COUNTY

Name of the organization: DOOR COUNTY MEMORIAL HOSPITAL

Employer identification number: 39-0806324

MEMORIAL HOSPITAL.

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

TRANSFER FROM AFFILIATE	3,502.
GAIN/LOSS IN FMV OF FIXED ASSETS	-11,547,681.
MINISTRY HOME CARE LOSS FUNDING	-57,758.
TOTAL TO FORM 990, PART XI, LINE 9	-11,601,937.

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: DOOR COUNTY MEMORIAL HOSPITAL

Employer identification number: 39-0806324

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
ASCENSION HEALTH - 31-1662309 P.O. BOX 45998 ST. LOUIS, MO 63145-3806	NATIONAL HEALTH SYSTEM	MISSOURI	SECTION 501(C)(3)	SCHEDULE A, LINE 11A	ASCENSION HEALTH ALLIANCE		X
MARIAN HEALTH SYSTEM, INC. - 36-3659989 1923 SOUTH UTICA AVENUE TULSA, OK 74104	PARENT CORPORATION	DELAWARE	SECTION 501(C)(3)	SCHEDULE A, LINE 11A	N/A		X
MINISTRY HEALTH CARE - 39-1490371 10925 W. LAKE PARK DR STE 100 MILWAUKEE, WI 53224	PARENT CORPORATION	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 11B	ASCENSION HEALTH		X
AFFINITY HEALTH SYSTEM, INC. - 39-1568866 1570 MIDWAY PLACE MENASHA, WI 54952	SUPPORT RELATED HEALTHCARE ORGANZIATIONS	ILLINOIS	SECTION 501(C)(3)	SCHEDULE A, LINE 3	MINISTRY HEALTH CARE, INC.		X

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

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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
AGAPE COMMUNITY CENTER - 39-1461846 6100 NORTH 42ND STREET APPLETON, WI 53209-3560	COMMUNITY CENTER	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 1	MINISTRY HEALTH CARE, INC.	X	
CALUMET MEDICAL CENTER, INC. - 39-0905385 614 MEMORIAL DRIVE CHILTON, WI 53014	HOSPITAL	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	AFFINITY HEALTH SYSTEM	X	
CATALPA HEALTH - 45-4681563 N4642 COUNTY N APPLETON, WI 54914	MENTAL HEALTH FACILITY	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	AFFINITY HEALTH SYSTEM	X	
COMMUNITY FOUNDATION OF ST. MICHAELS HOSPITAL - 39-1657410, 900 ILLINOIS AVENUE, STEVENS POINT, WI 54481	CHARITABLE FOUNDATION	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 11A	ST. MICHAEL'S HOSP OF STEVENS POINT, INC.	X	
DR KATE NEWCOMB CONVALESCENT CENTER - 39-1357365, P.O. BOX 829, WOODRUFF, WI 54568	LTC FACILITY	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	HOWARD YOUNG HEALTH CARE, INC.	X	
EAGLE RIVER MEMORIAL HOSPITAL - 39-0985690 201 HOSPITAL ROAD EAGLE RIVER, WI 54521	HOSPITAL	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	HOWARD YOUNG MEDICAL CENTER, INC.	X	
FOUNDATION OF ST. CLARE'S HOSPITAL OF WESTON, INC. - 73-3193633, 3400 MINISTRY PARKWAY, WESTON, WI 54476	CHARITABLE FOUNDATION	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 11A	ST. CLARE'S HOSPITAL OF WESTON, INC.	X	
FOUNDATION OF ST. JOSEPH'S HOSPITAL OF MARSHFIELD - 39-1684957, 611 SAINT JOSEPH AVENUE, MARSHFIELD, WI 54449	CHARITABLE FOUNDATION	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 11A	ST. JOSEPH'S HOSPITAL OF MARSHFIELD, INC.	X	
GOOD SAMARITAN HEALTH CENTER - 39-0808503 601 SOUTH CENTER AVENUE MERRILL, WI 54452	HOSPITAL	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	MINISTRY HEALTH CARE, INC.	X	
GOOD SAMARITAN HEALTH CENTER FOUNDATION - 39-1627755, 601 SOUTH CENTER AVENUE, MERRILL, WI 54452	CHARITABLE FOUNDATION	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 11A	MINISTRY HEALTH CARE, INC.	X	
HOWARD YOUNG FOUNDATION, INC. - 39-1521169 240 MAPLE STREET WOODRUFF, WI 54568	CHARITABLE FOUNDATION	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 7	MINISTRY HEALTH CARE, INC.	X	
HOWARD YOUNG HEALTH CARE, INC. - 39-1499115 240 MAPLE STREET WOODRUFF, WI 54568	HOME OFFICE	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	MINISTRY HEALTH CARE, 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
HOWARD YOUNG MEDICAL CENTER - 39-0873606 240 MAPLE STREET WOODRUFF, WI 54568	HOSPITAL	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	HOWARD YOUNG HEALTH CARE, INC.	X	
MERCY HEALTH FOUNDATION, INC. - 23-7140261 P.O. BOX 3370 OSHKOSH, WI 54903	CHARITABLE FOUNDATION	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 9	AFFINITY HEALTH SYSTEM	X	
MERCY MEDICAL CENTER - 39-0806268 500 S OAKWOOD ROAD OSHKOSH, WI 54904	HOSPITAL	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	MINISTRY HEALTH CARE, INC.	X	
MINISTRY HOME CARE - 39-1936201 611 ST. JOSEPH AVENUE, 4S MARSHFIELD, WI 54449	HOME CARE/HOSPICE	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	MINISTRY HEALTH CARE, INC.	X	
MINISTRY MEDICAL GROUP - 39-1965593 824 ILLINOIS AVENUE STEVENS POINT, WI 54481	CLINICS	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	MINISTRY HEALTH CARE, INC.	X	
MINISTRY WEIGHT MANAGEMENT, INC. - 39-1829015, 2251 NORTH SHORE DRIVE, RHINELANDER, WI 54501	HEALTH SERVICES	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	SACRED HEART/ST. MARY'S HOSPITAL, INC.	X	
NETWORK HEALTH SYSTEM, INC. - 39-1127163 1570 APPLETON RD. MENASHA, WI 54952	CLINICAL HEALTHCARE SERVICES	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	AFFINITY HEALTH SYSTEM	X	
OUR LADY OF VICTORY HOSPITAL, INC. - 39-0807065, 1120 PINE STREET, STANLEY, WI 54768	HOSPITAL	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	MINISTRY HEALTH CARE, INC.	X	
SACRED HEART/ST. MARY'S HOSPITALS - 39-1390638, P.O. BOX 347, STEVENS POINT, WI 54481	HOSPITAL	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	MINISTRY HEALTH CARE, INC.	X	
ST. CLARE'S HOSPITAL OF WESTON, INC. - 72-1531917, 3400 MINISTRY PARKWAY, WESTON, WI 54476	HOSPITAL	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	MINISTRY HEALTH CARE, INC.	X	
ST. ELIZABETH MEDICAL CENTER - 41-0693877 1200 GRANT BLVD, WEST WABASHA, MN 55981	HOSPITAL	MINNESOTA	SECTION 501(C)(3)	SCHEDULE A, LINE 3	MINISTRY HEALTH CARE, INC.	X	
ST. ELIZABETH HOSPITAL FOUNDATION, INC. - 39-1256677, 1506 S. ONEIDA STREET, APPLETON, WI 54915	CHARITABLE FOUNDATION	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 7	AFFINITY HEALTH SYSTEM	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. ELIZABETH HOSPITAL, INC. - 39-0816818 1506 S. ONEIDA STREET APPLETON, WI 54915	HOSPITAL	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	MINISTRY HEALTH CARE, INC.	X	
ST. JOSEPH'S HOSPITAL - 39-0847631 611 SAINT JOSEPH AVENUE MARSHFIELD, WI 54449	HOSPITAL	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	MINISTRY HEALTH CARE, INC.	X	
ST. MICHAEL'S HOSPITAL - 39-0808443 900 ILLINOIS AVENUE STEVENS POINT, WI 54481	HOSPITAL	WISCONSIN	SECTION 501(C)(3)	SCHEDULE A, LINE 3	MINISTRY HEALTH CARE, 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
DIAGNOSTIC & TREATMENT CENTER - 20-0691634, 3401 CRANBERRY BOULEVARD, WESTON, WI 54476	ANCILLARY	WI	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
TWIN MED, LLP - 39-1180341 P.O. BOX 8005 MENASHA, WI 54952	RENTAL PROPERTY	WI	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
NETWORK HEALTH PLAN, INC. - 39-1442058 1570 MIDWAY PLACE MENASHA, WI 54952	INSURANCE	WI	N/A	C CORP	N/A	N/A	N/A		X
NETWORK HEALTH INSURANCE CORPORATION - 39-2020474, 1570 MIDWAY PLACE, MENASHA, WI 54952	INSURANCE	WI	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)

			Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule				
1	During the tax year, did the 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) MINISTRY HEALTH CARE, INC.	R	116,982.	FMV
(2) MINISTRY HEALTH CARE, INC.	E	2,163,149.	FMV
(3)			
(4)			
(5)			
(6)			

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	No	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	No	(k) Percentage ownership

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Part VII Supplemental Information

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

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

Ernst & Young LLP
The Plaza in Clayton Suite 1300
190 Carondelet Plaza
St. Louis, Missouri 63105-3434

Tel +1 314 290 1000
Fax +1 314 290 1882
www.ey.com

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	June 30, 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

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	June 30, 2013	June 30, 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	Year Ended June 30, 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	June 30, 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	June 30, 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	June 30, 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	June 30, 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	June 30, 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	June 30, 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	June 30, 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	June 30, 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:

	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
Year ending June 30								
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	June 30, 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	June 30, 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:

Asset category	Target Allocation 2014	Percentage of Plan Assets at Year-End 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.

Asset category	Target Allocation 2014	Percentage of Plan Assets at Year-End 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

ERNST & YOUNG

Ernst & Young LLP
The Plaza in Clayton Suite 1300
190 Carondelet Plaza
St Louis, Missouri 63105-3434

Tel +1 314 290 1000
Fax +1 314 290 1882
www ey.com

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– Ministry Health Care, Inc., and the Details of Consolidated Statements of Operations and Changes in Net Assets – Ministry Health Care, Inc. 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	June 30, 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

□etails of Consolidated Balance Sheet □□ inistry Health Care, Inc□
(Dollars in Thousands)

June 30, 2013

	Consolidated Ascension Health Alliance	Consolidated Ascension Health Alliance less Health Ministries Presented	Reclassification	Consolidated Ministry Health Care, Inc.	Ministry Health Care (b)	St. Joseph's Hospital (a)	St. Elizabeth's Hospital	Victory Medical Center
Assets								
Current assets								
Cash and cash e□uivalents	$ 754,622	$ 453,07□	$ □	$ 301,544	$ 24,333	$ 100 943	$ 1,1□3	$ 2,796
Short-term investments	113.955	□9,932	□	24,023	596	1.236	2,205	99
Accounts receivable, less allowances for uncollectible accounts □$1,351,660 in 2013□	2,361,□09	2 192,672	□	169 137	□	49,013	3,631	1.912
□nventories	309,074	2□ 642	□	27.432	□	□ 440	394	253
□ue from bro□ers	17□3□	17□3□	□	□	□	□	□	□
Estimated third-party payor settlements	119,379	113,0□	□	6 299	□	□	10□	□04
Other	1 035,026	979.266	□	55,760	94,547	35 537	1□4	45
Total current assets	4,□2 245	4,2□050	□	5□4,195	119.476	195,169	7 705	5,909
Long-term investments	14 164,1□	13,361,3□	515 452	2□7,345	47 970	77	□	2
□nterest in investments held by Ascension Health Alliance	□	□	□515 452□	515,452	300 504	94,432	2,796	□
Property and e□uipment, net	□546,□3	7,□43.239	□	703,634	30,□4□	124 133	7,4□3	□.264
Other assets								
□nvestment in unconsolidated entities	62□772	614,549	□	14,223	4 45□	□	□	□
Capitali□ed software costs, net	72□613	69□991	□	29,622	3,743	10,□42	□	90
Other	1 106,6□	1,020 601	□	□6,0□	559,921	42	□	16
Total other assets	2,464,06□	2 334,141	□	129 927	56□122	10,□□4	□	106
Total assets	$ 30,047,371	$ 27 □26,□□	$ □	$ 2,220 553	$ 1 066 920	$ 424,695	$ 17 9□4	$ 14 2□1

Notes
(a□ □ncludes the accounts of controlled foundations and subsidiaries□
□b□ □ncludes the accounts of □inistry Health Care, Agape Community Center, and Putnam Capital □anagement□
(c□To eliminate intercompany accounts associated with 2004, 2010 and 2012 Hospital □acility □evenue Bonds□
□d□ □To eliminate other intercompany balances□

St. Michael's Hospital (a)	St. Clare's Hospital (a)	Good Samaritan Health Center (a)	Ministry Medical Group – Weston	Affinity Health System – Mercy Medical Center	Affinity Health System – Other Entities (a)	Sacred Heart St. Mary's Hospitals	Howard Young Health Care (a)	Door County Memorial Hospital	Ministry Home Care	Ministry Medical Group – Anesthesia	Network Health Plan	Eliminations and Reclassifications
$ 45,914	$ 9 259	$ 2,695	$ —	$ 3 422	$ 3[illegible] 767	$ 6,0[illegible]7	$ 15,4[illegible]7	$ 2,205	$ 1,556	$ 1 031	$ 45,[illegible]66	$ —
[illegible]26	252	755	—	975	7,194	2 [illegible]4	399	5 059	227	—	1,316	—
21,035	9,95[illegible]	2 547	379	13,971	40,722	15,670	[illegible],091	[illegible]05	6 764	75[illegible]	—	[illegible]14,119[illegible]
2,210	2 0[illegible]3	451	—	2 334	3,734	2,016	1,735	1,011	2,771	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—
[illegible]23[illegible]	—	330	—	—	—	43	—	5,017	20	—	—	—
1 216	2,262	249	76	5,524	5 930	1,565	929	3,470	[illegible]	43	24,516	[illegible]120 421[illegible]
71,17[illegible]	23,[illegible]14	7 027	455	26,226	96,347	2[illegible],265	26 641	25,567	11,426	1,[illegible]32	71 69[illegible]	[illegible]134,540[illegible]
4,052	154	191	—	10,2[illegible]5	9,42[illegible]	[illegible]33	51,600	26,954	—	—	135,791	—
23,372	—	22 190	—	1,4[illegible]	5,102	4,902	60,672	—	—	—	—	—
67,179	65 52[illegible]	[illegible],561	[illegible]72	95 0[illegible]0	15[illegible] 545	67,[illegible]06	35,561	23,[illegible]29	1,[illegible]35	—	[illegible],110	—
—	6,6[illegible]0	—	—	1,542	1,543	—	—	—	—	—	—	—
3,746	1 621	1[illegible]	40	—	2,945	3,042	2,301	—	[illegible]14	—	420	—
1 575	—	304	207	605	13 16[illegible]	[illegible]4	2 [illegible]20	—	—	55	3,1[illegible]6	[illegible]496 701[illegible]
5,321	[illegible],301	322	247	2,147	17,656	3,926	5,121	—	[illegible]14	55	3,606	[illegible]496,701[illegible]
$ 171 102	$ 97,797	$ 3[illegible] 291	$ 1,574	$ 135,220	$ 2[illegible]7 07[illegible]	$ 105,732	$ 179,595	$ 76 350	$ 14 0[illegible]3	$ 1,[illegible]7	$ 219 205	$ [illegible]631,241[illegible]

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 Ministry Health Care, Inc.	Ministry Health Care	St. Joseph's Hospital	St. Elizabeth's Hospital	Victory Medical Center
Liabilities and net assets							
Current liabilities							
Current portion of long-term debt	$ 90,442	$ 74,244	$ 16,19□	$ 13 961	$ –	$ □6	$ 747
Long-term debt subject to short-term remarketing arrangements	1,1□7,125	1,1□7,125	–	–	–	–	–
Accounts payable and accrued liabilities	2 34□401	2.170,13□	17□,263	59.622	33.200	2.266	1,□39
Estimated third-party payor settlements	456,314	444 03□	12.276	–	1,440	–	–
Due to brokers	493,420	493,420	–	–	–	–	–
Current portion of self-insurance liabilities	210.115	210 115	–	–	–	–	–
Other	644,0□4	554,313	□9 771	–	–	–	□1□
Total current liabilities	5 429,901	5 133,393	296,50□	73,5□3	34,640	2 352	2 593
Noncurrent liabilities							
Long-term debt (senior and subordinated)	5,27□□66	4,56□147	710 719	676.596	–	□04	11,302
Self-insurance liabilities	553,706	553,706	–	–	–	–	–
Pension and other postretirement liabilities	554,36□	476,905	77,463	5 5□5	11,5□9	93□	–
Other	1 099.362	1 02□413	70 949	4□,243	2,□□2	327	24□
Total noncurrent liabilities	7 4□6,302	6,627,171	□59,131	730.424	14 471	2 069	11,550
Total liabilities	12.916,203	11 760,564	1,155,639	□04,007	49,111	4 421	14 143
Net assets							
Unrestricted							
Controlling interest	14 9□6,302	13,994,502	991,□00	262,676	373,211	13,563	136
Noncontrolling interests	1.592.356	1 590 566	1,790	–	–	–	–
Unrestricted net assets	16,57□,65□	15,5□5,06□	993 590	262 676	373,211	13,563	136
Temporarily restricted	377.555	356.914	20 641	237	2,154	–	–
Permanently restricted	174,955	124,272	50,6□3	–	219	–	2
Total net assets	17,131,16□	16,066,254	1,064.914	262 913	375,5□4	13,563	13□
Total liabilities and net assets	$ 30 047.371	$ 27.□26 □□	$ 2 220 553	$ 1 066,920	$ 424,695	$ 17 9□4	$ 14 2□1

St. Michael's Hospital	St. Clare's Hospital	Good Samaritan Health Center	Ministry Medical Group – Weston	Affinity Health System – Mercy Medical Center	Affinity Health System – Other Entities	Sacred Heart St. Mary's Hospitals	Howard Young Health Care	Door County Memorial Hospital	Ministry Home Care	Ministry Medical Group – Anesthesia	Network Health Plan	Eliminations and Reclassifications
$ 667	$ –	$ –	$ –	$ □6□1	$ 7.719	$ 2,0□2	$ □55	$ 957	$ 360	$ –	$ –	$ □19 917□
–	–	–	–	–	–	–	–	–	–	–	–	–
16,5□4	34 394	2,406	1,310	14,7□5	6□,063	13 227	7,417	5,451	4 905	5□5	15.163	□102 954□
1,70□	2,203	217	–	64□	1,303	2,451	1,972	306	20	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	1	–	725	□ 479	–	–	–	–	–	92 209	□11,642□
1□ 959	36.597	2,624	1 310	24,□39	□5,564	17.760	10,244	6,714	5 2□5	5□5	107.372	□134.513□
3.144	152,140	–	–	34,403	□1,147	19,506	20,933	14 532	1,660	2.000	–	□307,44□□
–	–	–	–	–	–	–	–	–	–	–	–	–
4,62□	9□□	120	–	6,975	40 101	4.007	–	–	9□3	–	1.549	–
1.□46	319	7□4	–	□53	11,334	1,550	2,377	56	–	–	461	□331□
9,61□	153 447	904	–	42.231	132 5□2	25 063	23 310	14,5□□	2,643	2 000	2 010	□307 779□
2□.577	190 044	3,52□	1 310	67,070	21□,146	42 □23	33,554	21,302	7 92□	2,5□5	109 3□2	□42,292□
13□,472	□92,401□	34,742	264	60.504	5□.279	62,076	99.164	54,791	6,147	□69□□	109.□23	□1□□ 949□
–	–	–	–	–	1 790	–	–	–	–	–	–	–
13□,472	□92 401□	34 742	264	60 504	60,069	62,076	99,164	54.791	6,147	□69□□	109,□23	□1□□,949□
1.235	154	21	–	3,760	7,017	□33	4,965	257	–	–	–	–
2,□1□	–	–	–	3 □□6	1 □46	–	41,912	–	–	–	–	–
142,525	□92 247□	34 763	264	6□ 150	6□.932	62,909	146,041	55.04□	6,155	□69□□	109,□23	□□□949□
$ 171 102	$ 97,797	$ 3□ 291	$ 1 574	$ 135 220	$ 2□7,07□	$ 105.732	$ 179,595	$ 76.350	$ 14 0□3	$ 1 □□7	$ 219,205	$ □631,241□

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 Ministry Health Care, Inc.	Ministry Health Care	St. Joseph's Hospital	St. Elizabeth's Hospital	Victory Medical Center
Operating revenue							
Net patient service revenue	$ 16,912,410	$ 16,576,17□	$ 336,232	$ –	$ 99,374	$ 5,572	$ 4,74□
Less provision for doubtful accounts	1,172,□63	1,150,2□6	22,577	–	11,244	(30)	262
Net patient service revenue, less provision for doubtful accounts	15,739,547	15,425,□92	313,655	–	□□,130	5,602	4,4□6
Other revenue	1,357,663	1,142,□00	214,□63	□,956	3,039	61	52
Total operating revenue	17,097,210	16,56□,692	52□,51□	□,956	91,169	5,663	4,53□
Operating expenses							
Salaries and wages	7,247,6□□	7,06□,516	179,165	3,5□2	2□,049	2,909	2,3□6
Employee benefits	1,5□□,5□□	1,535,6□9	45,□9□	(1,452)	□,□41	931	760
Purchased services	1,030,574	9□□,475	43,099	(1,210)	15,□24	263	37□
Professional fees	1,12□,□□0	1,106,272	22,60□	1,□47	6,□9□	445	77
Supplies	2,427,714	2,377,631	50,0□3	(1,596)	15,907	640	296
Insurance	115,521	113,□59	1,662	14	215	2□	11
Interest	150,□77	147,651	3,226	2,95□	–	16	170
Depreciation and amortization	755,305	73□,465	16,□40	315	4,064	195	136
Other	2,1□□,015	2,020,476	164,539	3,656	9,629	357	2□□
Total operating expenses before impairment, restructuring, and nonrecurring gains (losses), net	16,623,154	16,096,034	527,120	□,114	□9,427	5,7□4	4,496
Income (loss) from operations before self-insurance trust fund investment return and impairment, restructuring, and nonrecurring gains (losses), net	474,056	472,65□	1,39□	□42	1,742	(121)	42
Self-insurance trust fund investment return	34,9□5	34,9□5	–	–	–	–	–
Impairment, restructuring, and nonrecurring gains (losses), net	(□11,7□□)	(□57,393)	45,607	10,301	13,911	1,166	(22)
Income (loss) from operations	397,255	350,250	47,005	11,143	15,653	1,045	20
Nonoperating gains (losses)							
Investment return	737,057	749,332	(□2,275)	(7,330)	(1,1□9)	(35)	–
Loss on extinguishment of debt	(□,079)	(□,079)	–	–	–	–	–
Gain (loss) on interest rate swaps	61,202	54,696	6,506	6,506	–	–	–
Income from unconsolidated entities	□544	□544	–	–	–	–	–
Contributions from business combinations, net	2,021,963	2,021,963	–	–	–	–	–
Other	(□7,269)	(□4,694)	(□,575)	3,224	(430)	12	(5)
Total nonoperating gains (losses), net	2,747,41□	2,755,762	(□□,344)	2,400	(1,669)	(23)	(5)
Excess (deficit) of revenues and gains over expenses and losses	3,144,673	3,106,012	3□,661	13,543	13,9□4	1,022	15
Less noncontrolling interests	131,1□4	131,223	□9□	–	–	–	–
Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest	3,013,4□9	2,974,7□9	3□,700	13,543	13,9□4	1,022	15

St. Michael's Hospital	St Clare's Hospital	Good Samaritan Health Center	Ministry Medical Group – Weston	Affinity Health System – Mercy Medical Center	Affinity Health System – Other Entities	Sacred Heart St. Mary's Hospitals	Howard Young Health Care	Door County Memorial Hospital	Ministry Home Care	Ministry Medical Group – Anesthesia	Network Health Plan	Eliminations and Reclassifications
$ 46 733	$ 23 95□	$ 5 717	$ 573	$ 24 919	$ □6,541	$ 33,9□4	$ 17,611	$ 1□.760	$ 10,□□4	$ 2 235	$ □	$ □45,377□
1,949	1,□73	115	47	653	1 116	2,942	1.□27	3□4	112	□	□□	□
44 7□4	22 0□5	5 602	526	24 266	□5,425	31,042	15,7□4	1□.376	10,772	2 14□	4	□45,377□
1,413	1,791	□9	125	77□	1 314	2 □56	1.396	349	105	1,022	201 □27	□10.310□
46.197	23 □76	5 691	651	25 044	□6,739	33,□9□	17,1□0	1□.725	10,□77	3 170	201,□31	□55,6□7□
23.□60	□ 72□	3 122	649	10 372	46,450	1□,□32	□,654	□ □16	4,63□	2 560	5,51□	40
6,474	2,263	□□7	174	2,740	10 609	5 507	2.4□7	2,755	1,430	515	1 66□	□691□
3 367	3,927	669	141	2,135	6,266	2.□0□	1,190	1,112	□59	1	6,□21	□1,452□
1,020	574	91	2	1 □37	2 010	77□	69□	677	249	4	5,451	□50□
4.□00	4,199	615	57	4,□01	10 7□9	4 1□4	1,705	1,431	2,207	□	122	□74□
207	71	1□	3	106	53□	193	□7	34	32	10	95	□
65	2,697	□	□	6□5	1 112	3□1	232	153	□	□	3	□5 246□
2.2□7	1,550	217	2□	1,424	2,□6□	1 749	1,020	644	121	□	222	□
2,343	1.132	410	147	1.□69	5.204	1,602	1 633	1 339	1,351	50	179 211	□45,676□
44,423	25,141	6,029	1,201	25,969	□5.□46	36 034	17.706	16,961	10,□□7	3,140	199 111	□53 149□
1,774	□1.265□	□33□□	□550□	□925□	□93	□2,136□	□526□	1,764	□10□	30	2 720	□2,53□□
□	□	□	□	□	□	□	□	□	□	□	□	□
5 3□2	1 145	72	□1□	1 091	6,019	4,799	□2□□	□	1 200	□29□	701	□
7,156	□120□	□266□	□551□	166	6.912	2,663	□654□	1,764	1,190	1	3 421	□2,53□□
□294□	□	□2□0□	□	46	□60□	□61□	□764□	□	□	□	□2.30□□	□
□	□	□	□	□	□	□	□	□	□	□	□	□
□	□	□	□	□	□	□	□	□	□	□	□	□
□	□	□	□	□	□	□	□	□	□	□	□	□
□	□	□	□	□	□	□	□	□	□	□	□	□
□132□	15	□41□	□	35	12	1□5	□219□	65	□	□	□	□5.246□
□426□	15	□321□	□	□1	□4□□	124	□9□3□	65	□	□	□2 30□□	□5,246□
6.730	□105□	□5□7□	□551□	247	6,□64	2,7□7	□1,637□	1.□29	1,190	1	1,113	□7,7□4□
□	□	□	□	□	□39□	□	□	□	□	□	□	□
6.730	□05□	□5□7□	□551□	247	6,903	2 7□	□ 637□	1.□29	1,190	1	1 113	□7,7□4□

Ascension Health Alliance

□etails 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 Ministry Health Care, Inc	Ministry Health Care	St. Joseph's Hospital	St. Elizabeth's Hospital	Victory Medical Center
Unrestricted net assets, controlling interest							
E□cess □deficit□of revenues and gains over e□penses and losses	$ 3 013 4□9	$ 2.974,7□9	$ 3□700	$ 13,543	$ 13,9□4	$ 1 022	$ 15
Transfer □to□from sponsors and other affiliates, net	□0.962□	□0.962□	□	□	□	□	□
Contributed net assets	□,050□	□921,715□	920 665	232.129	350,□20	11,6□□	69
Net assets released from restrictions for property ac□uisitions	67 41□	67,41□	□	□	□	□	□
Pension and other postretirement liability ad□ustments	77,011	46,445	30.566	5 □33	9.02□	734	□
Change in unconsolidated entities□net assets	23 295	23,295	□	□	□	□	□
Other	4 624	2 755	1 □69	11,171	□621□	127	52
□ncrease in unrestricted net assets, controlling interest before □loss□gain from discontinued operations	3,173 □25	2.1□2 025	991 □00	262 676	373.211	13,563	136
Loss from discontinued operations	□23,937□	□23,937□	□	□	□	□	□
□ncrease □decrease□in unrestricted net assets controlling interest	3,149 □□	2,15□0□	991.□00	262 676	373,211	13,563	136
Unrestricted net assets, noncontrolling interest							
E□cess of revenues and gains over e□penses and losses	131,1□4	131.223	□39□	□	□	□	□
□istributions of capital	□□9,9□9□	□□29,932□	□57□	□	□	□	□
Contributions of capital	1.579.1□7	1,57□370	□17	□	□	□	□
Contributions from business combinations	64,73□	63,669	1 069	□	□	□	□
□ncrease in unrestricted net assets noncontrolling interest	945,120	943.330	1 790	□	□	□	□
Temporarily restricted net assets, controlling interest							
Contributions and grants	□9,220	□7,60□	1.612	51	175	□	□
□nvestment return	17,232	17,345	□13□	□	32	□	□
Net assets released from restrictions	□10.213□	□10 213□	□	□	□	□	□
Contributions from business combinations	44,201	22,972	21,229	209	2,359	□	□
Other	1 0□□	3,175	□2,0□□	□23□	□412□	□	□
□ncrease in temporarily restricted net assets controlling interest	41,52□	20,□□7	20,641	237	2 154	□	□
Permanently restricted net assets, controlling interest							
Contributions	2 664	2,574	90	□	□3	□	□
□nvestment return	1,59□	1,744	□46□	□	□	□	□
Contributions from business combinations	67,□46	16,717	51,129	□	136	□	2
Other	□36□□	22	□390□	□	□	□	□
□ncrease in permanently restricted net assets controlling interest	71,740	21,057	50 6□3	□	219	□	2
□ncrease □decrease□in net assets	4,20□276	3,143.362	1.064.914	262 913	375.5□4	13,563	13□
Net assets beginning of year	12 922,□92	12.922,□92	□	□	□	□	□
Net assets, end of year	$ 17,131 16□	$ 16 066 254	$ 1.064 914	$ 262.913	$ 375,5□4	$ 13,563	$ 13□

St. Michael's Hospital	St. Clare's Hospital	Good Samaritan Health Center	Ministry Medical Group – Weston	Affinity Health System – Mercy Medical Center	Affinity Health System – Other Entities	Sacred Heart St. Mary's Hospitals	Howard Young Health Care	Door County Memorial Hospital	Ministry Home Care	Ministry Medical Group – Anesthesia	Network Health Plan	Eliminations and Reclassifications
$ 6 730	$ □105□	$ 5□7□	$ □551□	$ 247	$ 6,903	$ 2,7□	$ □,637□	$ 1,□29	$ 1,190	$ 1	$ 1,113	$ □7,7□4□
□	□	□	□	□	□	□	□	□	□	□	□	□
129,□36	□92 496□	35,251	432	59,06□	44,650	57,19□	100 923	52 954	4 202	□69□	10□230	□173,5□3□
□	□	□	□	□	□	□	□	□	□	□	□	□
3,579	724	□4	□	1 009	5,232	3,10□	□	□	755	□	4□0	□
□	□	□	□	□	□	□	□	□	□	□	□	□
□1,673□	□524□	□6□	3□3	1□0	1,494	□1,017□	□122□	□	□	□1□	□	□7,5□2□
13□ 472	□92,401□	34,742	264	60,504	5□279	62,076	99,164	54,791	6,147	□69□	109,□23	□1□,949□
□	□	□	□	□	□	□	□	□	□	□	□	□
13□ 472	□92,401□	34,742	264	60,504	5□279	62 076	99 164	54,791	6,147	□69□	109 □23	□1□,949□
□	□	□	□	□	□39□	□	□	□	□	□	□	□
□	□	□	□	□	□57□	□	□	□	□	□	□	□
□	□	□	□	□	□17	□	□	□	□	□	□	□
□	□	□	□	□	1,069	□	□	□	□	□	□	□
□	□	□	□	□	1,790	□	□	□	□	□	□	□
99	15	□	□	547	639	□	7□	□	□	□	□	□
1□	□	□	□	□10□	□55□	□	□9□	□	□	□	□	□
□	□	□	□	□	□	□	□	□	□	□	□	□
1 179	191	20	□	3 499	7 □46	5□	5,069	261	9	□	□	□
□61□	□52□	□7□	□	□276□	□ 413□	246	□4□	□□	□□	□	□	□
1,235	154	21	□	3,760	7,017	□33	4,965	257	□	□	□	□
2	□	□	□	4	1	□	□	□	□	□	□	□
□	□	□	□	□	□	□	□146□	□	□	□	□	□
2,□15	□	□	□	3,□2	1,□46	□	42,44□	□	□	□	□	□
1	□	□	□	□	□□	□	□390□	□	□	□	□	□
2,□1□	□	□	□	3 □6	1,□46	□	41,912	□	□	□	□	□
142,525	□92,247□	34,763	264	6□,150	6□,932	62,909	146,041	55,04□	6,155	□69□	109 □23	□1□,949□
□	□	□	□	□	□	□	□	□	□	□	□	□
$ 142,525	$ □92 247□	$ 34 763	$ 264	$ 6□,150	$ 6□,932	$ 62,909	$ 146 041	$ 55 04□	$ 6,155	$ □69□	$ 109 □23	$ □1□,949□

Ministry Health Care, Inc. and Affiliates

Consolidated Financial Statements as of and
for the Six Months Ended March 31, 2013 and
as of and for the Year Ended September 30, 2012,
Supplementary Consolidating Information as of and
for the Six Months Ended March 31, 2013 and
as of and for the Year Ended September 30, 2012, and
Independent Auditor's Reports

MINISTRY HEALTH CARE, INC. AND AFFILIATES

TABLE OF CONTENTS

MINISTRY HEALTH CARE, INC. AND AFFILIATES

TABLE OF CONTENTS (CONTINUED)

McGladrey

Independent Auditor's Report

To the Board of Directors of
Ministry Health Care, Inc.
Milwaukee, Wisconsin

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Ministry Health Care, Inc. and Affiliates ("Ministry"), which comprise the consolidated balance sheets as of March 31, 2013 and September 30, 2012, the related consolidated statements of operations, changes in total net assets, and cash flows for the six months ended March 31, 2013 and for the year ended September 30, 2012, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ministry Health Care, Inc and Affiliates as of March 31, 2013 and September 30, 2012, and the results of their operations, changes in their total net assets and their cash flows for the six months ended March 31, 2013 and for the year ended September 30, 2012 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, Ministry's sole corporate parent, Marian Health System, Inc. ("Marian"), was merged into Ascension Health on April 1, 2013. As a result, the accounting for and presentation of assets and liabilities in future financial statements of Ministry will be adjusted to reflect this transaction as deemed necessary according to accounting principles generally accepted in the United States of America. As discussed in Note 14 to the consolidated financial statements, in April 2013, the Marian Health System Employee Retirement Plan ("Plan"), which was a multi-employer plan in which Ministry participated, ceased to be a plan sponsored by Marian, and the Plan was converted to a single employer plan for each sponsor. Accordingly, Ministry assumed sponsorship of its portion of the Plan at that time. Our opinion is not modified with respect to these matters.

McGladrey LLP

Milwaukee, Wisconsin
August 2, 2013

Ministry Health Care, Inc. and Affiliates

Consolidated Balance Sheets
March 31, 2013 and September 30, 2012
(In thousands)

	2013	2012
ASSETS (Note 6)		
CURRENT ASSETS		
Cash and cash equivalents	$ 303,153	$ 299,429
Assets limited as to use (Note 4)	43,786	42,018
Net patient accounts receivable — less allowances for uncollectible accounts and charity care of $48,869 in 2013 and $46,533 in 2012 (Note 11)	191,318	205,715
Other current assets (Note 15)	84,978	81,378
Total current assets	623,235	628,540
ASSETS LIMITED AS TO USE (Notes 3 and 4)	838,953	806,183
PROPERTY AND EQUIPMENT — Net (Note 5)	681,369	667,490
INVESTMENTS IN AFFILIATES AND OTHER ASSETS (Notes 1 and 15)	35,049	29,868
LEASE RECEIVABLE (Note 8)	20,932	21,617
TOTAL	$ 2,199,538	$ 2,153,698

(Continued)

Ministry Health Care, Inc. and Affiliates

Consolidated Balance Sheets (Continued)
March 31, 2013 and September 30, 2012
(In thousands)

	2013	2012
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES.		
Current installments of long-term debt (Note 6)	$ 18,519	$ 18,547
Long-term debt being remarketed (Note 6)	30,595	30,595
Accounts payable, accrued expenses, and other liabilities (Note 2)	164,704	181,958
Medical claims liability (Note 10)	76,858	79,232
Estimated amounts due to third-party payors (Note 9)	16,356	14,548
Total current liabilities	307,032	324,880
LONG-TERM LIABILITIES (Notes 7 and 14)	120,118	125,247
LONG-TERM DEBT — Less current installments, debt being remarketed, and unamortized bond discount/premium (Note 6)	668,020	669,124
Total liabilities	1,095,170	1,119,251
COMMITMENTS AND CONTINGENCIES (Notes 5, 8, 14, 17 and 18)		
NET ASSETS (Notes 4, 16, and 18)		
Unrestricted	1,032,083	970,174
Temporarily restricted	21,155	15,709
Permanently restricted	51,130	48,564
Total net assets	1,104,368	1,034,447
TOTAL	$ 2,199,538	$ 2,153,698

See Notes to Consolidated Financial Statements

Ministry Health Care, Inc. and Affiliates

Consolidated Statements of Operations
For the Six Months Ended March 31, 2013 and for the Year Ended September 30, 2012
(In thousands)

	2013	2012
REVENUE		
Patient service revenue (net of contractual allowances and discounts) (Notes 9 and 12)	$ 663,745	$ 1,240,113
Less provision for bad debts	32,826	49,389
Net patient service revenue less provision for bad debts	630,919	1,190,724
Premium revenue	407,782	522,609
Other operating revenue (Note 9)	30,244	58,629
Total revenue	1,068,945	1,771,962
EXPENSES:		
Salaries and wages	341,120	591,827
Employee benefits (Notes 2 and 14)	90,838	168,013
Medical claims expense (Note 10)	259,812	355,116
Medical and surgical supplies	61,749	109,592
Drugs	27,032	47,700
Other expenses (Note 9)	185,933	321,127
Depreciation and amortization (Note 5)	39,832	72,215
Interest (Note 2)	8,478	16,954
Total expenses	1,014,794	1,682,544
INCOME FROM OPERATIONS	54,151	89,418
NON-OPERATING GAINS (LOSSES):		
Excess of fair value over recorded value of affiliate (Note 1)	-	4,547
Other — net (Notes 2, 4 and 6)	8,294	(4,433)
EXCESS OF REVENUE OVER EXPENSES	$ 62,445	$ 89,532

See Notes to Consolidated Financial Statements.

Ministry Health Care, Inc. and Affiliates

Consolidated Statements of Changes in Total Net Assets
For the Six Months Ended March 31, 2013
and for the Year Ended September 30, 2012
(In thousands)

	2013	2012
UNRESTRICTED NET ASSETS:		
Excess of revenue over expenses	$ 62,445	$ 89,532
Change in net unrealized gains and losses on investments (Note 4)	20,813	49,240
Net assets released from restrictions for capital	105	160
Decrease (increase) in pension liability (Note 14)	10,869	(14,391)
Redemption of noncontrolling interest (Note 1)	-	(20,000)
Transfer to parent (Note 1)	(32,365)	-
Other	42	10,567
Increase in unrestricted net assets	61,909	115,108
TEMPORARILY RESTRICTED NET ASSETS:		
Restricted contributions	5,440	4,523
Change in net unrealized gains and losses on investments (Note 4)	388	818
Net assets released from restrictions	(382)	(2,059)
Adjustment due to sole sponsorship of affiliate (Note 1)	-	4,747
Change in interest of net assets of Foundations (Note 15)	-	(433)
Increase in temporarily restricted net assets	5,446	7,596
PERMANENTLY RESTRICTED NET ASSETS		
Contributions	181	91
Adjustment due to sole sponsorship of affiliate (Note 1)	-	1,809
Investment return, change in net unrealized gains and losses on trust assets and other (Note 4)	2,385	4,629
Increase in permanently restricted net assets	2,566	6,529
INCREASE IN TOTAL NET ASSETS	69,921	129,233
NET ASSETS:		
Beginning of year	1,034,447	905,214
End of year	$ 1,104,368	$ 1,034,447

See Notes to Consolidated Financial Statements.

Ministry Health Care, Inc. and Affiliates

Consolidated Statements of Cash Flows

For the Six Months Ended March 31, 2013 and for the Year Ended September 30, 2012

(In thousands)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in total net assets	$ 69,921	$ 129,233
Adjustments to reconcile increase in total net assets to net cash provided by operating activities:		
Depreciation and amortization	39,832	72,215
Provision for bad debts	32,826	49,389
(Gain) loss from sales of property and equipment	(20)	201
Increase in investments in unconsolidated affiliates	(4,706)	(72,444)
Change in net unrealized gains on investments and losses on investments other-than-temporarily impaired	(23,650)	(54,375)
Restricted contributions	(5,621)	(4,614)
Interest rate swaps	(4,836)	(1,557)
Change in pension liability	(10,869)	14,391
Transfer to parent	32,365	-
Excess of fair value over recorded value of affiliate	-	(4,547)
Redemption of noncontrolling interest	-	20,000
Adjustment due to sole sponsorship of affiliate	-	(6,556)
Changes in operating assets and liabilities, before acquisition of affiliate (Note 1):		
Patient accounts receivable	(18,429)	(44,079)
Accounts payable, accrued expenses, and other liabilities	(21,640)	12,865
Estimated amounts due to third-party payors	1,808	(9,848)
Other assets and liabilities	8,195	20,693
Net cash provided by operating activities	95,176	120,967
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in investments in unconsolidated affiliates	2,500	6,465
Purchase of affiliate, net of cash acquired	-	(26,198)
Additions to property and equipment	(51,852)	(91,724)
Purchases of investments	(192,802)	(47,034)
Proceeds from sales or maturities of investments	177,443	61,032
Change in interest of trust	241	-
Proceeds from sales of property and equipment	400	1,581
Net cash used in investing activities	(64,070)	(95,878)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	-	296,298
Payments on long-term debt	(638)	(188,967)
Debt issuance costs	-	(2,241)
Transfer to parent	(32,365)	-
Redemption of noncontrolling interest	-	(20,000)
Adjustment due to sole sponsorship of affiliate	-	6,556
Restricted contributions	5,621	4,614
Net cash provided by (used in) financing activities	(27,382)	96,260
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,724	121,349
CASH AND CASH EQUIVALENTS		
Beginning of year	299,429	178,080
End of year	$ 303,153	$ 299,429
THE NET CHANGE IN CASH, CASH EQUIVALENTS, AND ASSETS LIMITED AS TO USE IS AS FOLLOWS		
Net increase in cash and cash equivalents	$ 3,724	$ 121,349
Net increase in assets limited as to use	34,538	160,841
Decrease in collateral under securities lending program	-	(11,052)
NET INCREASE	$ 38,262	$ 271,138

(Continued)

Ministry Health Care, Inc. and Affiliates

Consolidated Statements of Cash Flows (Continued)
For the Six Months Ended March 31, 2013 and for the Year Ended September 30, 2012
(In thousands)

		2013		2012
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid for interest	$	13,902	$	21,650
Cash paid for income taxes		2,118		4,991
NONCASH INVESTING ACTIVITIES				
Additions to property and equipment in accounts payable	$	5,677	$	3,665
Acquisition of affiliate:				
Acquisition price			$	147,500
Less Cash acquired				(121,302)
Acquisition price, net of cash acquired			$	26,198
Net assets acquired (Note 1)				
Fair value of assets acquired			$	502,103
Fair value of liabilities assumed				(174,302)
Net assets acquired			$	327,801

See Notes to Consolidated Financial Statements.

1. ORGANIZATION AND BASIS FOR CONSOLIDATION

Ministry Health Care, Inc. ("Ministry") is a Wisconsin non-stock, tax-exempt corporation that manages, promotes and supports the health care and related ministries of the Milwaukee region of the Congregation of the Sisters of the Sorrowful Mother ("SSM"). The sole corporate member of Ministry is Marian Health System, Inc. ("Marian"), which is primarily governed by members of SSM.

Effective April 1, 2013, Marian was merged into Ascension Health. Ministry's affiliation with Ascension Health will allow it to continue to carry out its mission of providing quality health care in the communities served with a focus on the poor and underserved. Its affiliation will allow for greater financial strength through a collaborative effort on efficient use of resources and strategic initiatives. The accounting for and presentation of assets and liabilities in future financial statements of Ministry will be adjusted to reflect this transaction as deemed necessary in accordance with accounting principles generally accepted in the United States of America.

In preparation for the affiliation and related termination of Marian, Ministry transferred $32,365 to Marian, primarily to set aside funds to provide support for the charitable mission of SSM, care for the members of SSM, and other uses consistent with its charitable and corporate purposes. The transfer was recorded as a decrease in unrestricted net assets in the consolidated statement of changes in total net assets during the six months ended March 31, 2013.

As a component of this affiliation, Ministry has adopted a June fiscal year-end to be effective July 1, 2013. The accompanying notes to the consolidated financial statements reflect this change when disclosing future activity by fiscal year.

The consolidated financial statements include the accounts of Ministry and certain of the following affiliates of which Ministry is the sole sponsor. Ministry also co-sponsors certain affiliates which are accounted for under the equity method of accounting (except as described below). Collectively these entities are referred to as Ministry.

Affiliate Organization	**Location**
Solely Sponsored:	
Affinity Health System:	
Calumet Medical Center (CMC)	Chilton, WI
Network Health System (NHS):	
Affinity Medical Group	Fox Valley of Wisconsin
Network Health Plan (NHP)	Fox Valley of Wisconsin
Network Health Insurance Corporation (NHIC)	Fox Valley of Wisconsin
Mercy Medical Center	Oshkosh, WI
St. Elizabeth Hospital	Appleton, WI
Agape Community Center	Milwaukee, WI
Door County Memorial Hospital	Sturgeon Bay, WI
Good Samaritan Health Center	Merrill, WI
Howard Young Health Care, Inc.:	
Howard Young Medical Center, Inc.	Woodruff, WI
Eagle River Memorial Hospital, Inc.	Eagle River, WI
Ministry Home Care:	
Ministry Home Care Services	Various in Wisconsin
Ministry Medical Group:	
Northern Region	Various in Wisconsin
Central Region	Various in Wisconsin

(IN THOUSANDS)

Affiliate Organization	Location
Solely Sponsored (continued):	
Our Lady of Victory Hospital	Stanley, WI
Sacred Heart Hospital	Tomahawk, WI
Saint Clare's Hospital	Weston, WI
St. Elizabeth's Hospital	Wabasha, MN
St. Joseph's Hospital	Marshfield, WI
St. Mary's Hospital	Rhinelander, WI
St. Michael's Hospital	Stevens Point, WI
Co-Sponsored:	
Diagnostic and Treatment Center	Weston, WI
Flambeau Hospital and Price County Clinics	Park Falls and Phillips, WI

NHP and NHIC are for-profit entities selling health insurance products to organizations within Northeastern Wisconsin.

On April 1, 2013, NHS transferred its ownership interest in NHP and NHIC to Ministry.

Ministry and Wheaton Franciscan Healthcare, Inc. ("WFH") operated an integrated health care delivery system in the Fox Valley of Wisconsin through Affinity Health System, Inc. ("Affinity"). Ministry and WFH established common management of Affinity and its affiliates. Ministry and WFH were equal corporate members of Affinity. As the corporate members of Affinity, Ministry and WFH had certain reserve powers over Affinity and indirectly over the other Affinity affiliates. In addition, Ministry exclusively held selected reserved powers over Mercy Medical Center ("Mercy").

Effective February 8, 2012, Ministry purchased the 50 percent ownership of Affinity previously held by WFH for an aggregate purchase price of $167,500. Affinity continues to maintain its local board of directors and mission of providing quality healthcare to the communities served, especially the poor. This acquisition allows Ministry to continue its mission of providing cost efficient care to area communities This transition was accounted for in accordance with the guidance in Not-For-Profit Entities: Mergers and Acquisitions. The operating results of the acquired entities have been included in the consolidated financial statements since the date of the acquisition.

Prior to the acquisition, the collective excess of revenue over expenses plus depreciation of Mercy Medical Center and St. Elizabeth Hospital were shared equally between Ministry and WFH. Because Ministry held selected reserved powers over Mercy, the prior consolidated financial statements include the balance sheet, results of operations, and cash flows of Mercy, adjusted for the impact of the aforementioned income sharing. Ministry also recorded its 50 percent sponsorship interest in Calumet Medical Center and NHS on the equity method, which was recorded as investments in affiliates on the consolidated balance sheet. The equity method amount recorded in the 2012 consolidated financial statements reflects the activity from October 1, 2011 through February 8, 2012. The amounts of excess of revenue over expenses related to Affinity reflected in the consolidated financial statements for the year ended September 30, 2012 was $3,503 (October 1, 2011 to February 8, 2012).

Prior to the sole sponsorship transaction, Mercy had notes receivable from Affinity of $255,721. These notes receivable were eliminated by adjusting Ministry's investment in Affinity of $(79,967) to $175,754. This adjusted value was then remeasured to the investment in Affinity at fair value of $144,000, resulting in a remeasurement loss of $31,754.

(IN THOUSANDS)

The fair value of Affinity and the ownership interest previously held by Ministry were based on Ministry's estimate of the fair value at the transaction date. Ministry engaged an independent valuation firm to assist in the determination of the fair value. The purchase price was then allocated to Mercy and the remainder of Affinity based on their relative fair value to Affinity as a whole. The fair value of the health care providers (hospitals and clinics) was determined using a discounted cash flow approach, and the fair value of NHP was determined using a weighted average of a discounted cash flow valuation (37.5 percent) and market based valuations derived by examining comparable companies and comparable transactions (62.5 percent).

Ministry purchased the remaining noncontrolling interest in Mercy as part of this transaction. The purchase price allocated to the redemption of the noncontrolling interest in Mercy based on Mercy's relative fair value to Affinity as a whole was determined to be $20,000. Because there was no change in control over Mercy as a result of this transaction, the redemption of the noncontrolling interest was recorded as a charge to net assets.

The following represents the consideration given to Wheaton in exchange for its 50 percent ownership of Affinity, the fair value at time of sale and related gain:

Consideration transferred	$ 147,500
Fair value of 50% previously owned	144,000
Bargain purchase gain recognized	36,301
Fair value of net assets acquired	$ 327,801

In accordance with the accounting guidance in Not-For-Profit Entities: Mergers and Acquisitions, Ministry remeasured its previously held 50 percent interest in Affinity after the note receivable elimination discussed above at fair value and recognized a net non-operating gain of $4,547 (bargain purchase gain of $36,301 less remeasurement loss of $31,754) as excess of fair value over recorded value of affiliate on the consolidated statement of operations. The bargain purchase gain arose because the purchase price was negotiated with Wheaton, another Catholic health system committed to the same service-based mission as Ministry

Affinity had a note payable to Wheaton in the amount of $52,565 that was paid off on February 8, 2012. This was included in the consideration transferred.

The fair value of Affinity's assets and liabilities acquired were estimated by management based on quoted market prices, actuarial calculations and third-party appraisals for material property and equipment.

(IN THOUSANDS)

The following is a summary of the net estimated fair value of assets acquired and liabilities assumed:

Cash	$ 121,302
Patient accounts receivable, net of amounts not expected to be collected of $8,889	50,604
Other current assets	24,382
Assets limited as to use, primarily investments:	
Board restricted	135,877
Other restricted	4,427
Property and equipment	161,327
Investments in affiliates and other assets	1,799
Accounts payable, accrued expenses, and other liabilities	(44,602)
Medical claims payable	(70,505)
Estimated amounts due to third-party payors	(831)
Long-term liabilities, primarily pension liability	(55,979)
Total	$ 327,801

Net assets acquired include temporarily restricted net assets of $4,747 and permanently restricted net assets of $1,809 and exclude intercompany debt between the acquired entity and Ministry of $81,535.

The following financial information attributable to the acquired entities since the acquisition date is included in the consolidated financial statements. This excludes Mercy Medical Center which was previously a component of the consolidated Ministry group.

	2012
Total revenue	$ 664,365
Excess of revenues over expenses	8,324
Changes in unrestricted net assets	2,337
Changes in temporarily restricted net assets	85
Changes in permanently restricted net assets	57

The following presents unaudited consolidated pro forma financial information for the year ended September 30, 2012 as if the closing of the acquisition of Affinity had occurred on October 1, 2011:

	2012
Total revenue	$ 2,131,910
Excess of revenues over expenses	87,422
Changes in unrestricted net assets	139,541
Changes in temporarily restricted net assets	3,495
Changes in permanently restricted net assets	4,734

The unaudited consolidated pro forma financial information is not necessarily indicative of the results of operations that would have occurred if the affiliation had been completed on the date indicated, nor is it indicative of future operating results. Total transaction costs related to the acquisition of $1,691 have been recorded in other non operating gains (losses) – net.

Ministry is one of two corporate members of Flambeau Hospital, Inc. ("Flambeau Hospital") and shares certain contractual reserved powers over two physician clinics in Flambeau Hospital's service area (collectively, "Price County"). Marshfield Clinic is the other corporate member and serves as the managing member. Ministry and Marshfield Clinic jointly govern Price County. Ministry accounts for Price County on the equity method. The amounts of excess of revenue over expenses related to Price County reflected in the consolidated financial statements for the six months ended March 31, 2013 and for the year ended September 30, 2012 were $216 and $302, respectively. Ministry's investment in Price County was $3,928 and $3,712 at March 31, 2013 and September 30, 2012, respectively.

Saint Clare's Hospital ("Saint Clare's") is a 110 bed hospital located in Weston, Wisconsin which opened in October 2005. Ministry also operates a medical office building on the Saint Clare's campus. The Diagnostic and Treatment Center ("DTC") is a corporation formed to provide the majority of the ancillary services on the campus. Saint Clare's and Marshfield Clinic are the two equal corporate members of the DTC. The DTC is accounted for on the equity method. The amounts of excess of revenue over expenses related to the DTC reflected in the consolidated financial statements for the six months ended March 31, 2013 and for the year ended September 30, 2012 were $4,315 and $7,091 respectively. Ministry's investment in the DTC was $6,770 and $4,955 at March 31, 2013 and September 30, 2012, respectively.

Entities of which Ministry controls 50 percent are presented on the equity method of accounting. Ministry's share of the results of operations of entities accounted for on the equity method are included in other expenses, other operating revenue, or non-operating gains (losses) – net, as appropriate, in the accompanying consolidated statements of operations.

All significant intercompany accounts and transactions have been eliminated in preparing the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates — The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and are subject to change in the near term.

Change in Accounting Principle — Ministry adopted FASB ASU No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provisions for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities,* during the six months ended March 31, 2012. This ASU requires entities that recognize significant amounts of patient service revenue at the time services are provided, even though they do not assess the patient's ability to pay, to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue rather than an operating expense in the statement of operations. The ASU also requires additional disclosures related to sources of patient service revenue and changes in the allowance for doubtful accounts.

As a result of adopting ASU 2011-07, net patient service revenue, total revenue, and total expenses decreased by $32,826 and $49,389 for the six months ended March 31, 2013 and for the year ended September 30, 2012, respectively. The adoption of ASU 2011-07 did not affect operating income, excess of revenue over expenses or the change in unrestricted net assets.

Cash and Cash Equivalents — Cash and cash equivalents, some of which are classified as assets whose use is limited, include certain investments in highly liquid debt instruments with original maturities of three months or less.

Ministry maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. Management regularly monitors Ministry's cash balances along with the financial condition of the financial institutions to minimize this potential risk.

Patient Accounts Receivable — Patient accounts receivable are stated at net realizable value. Ministry maintains allowances for uncollectible accounts and estimated losses resulting from a payor's inability to make payments on accounts. Ministry estimates the allowance for uncollectible accounts based upon management's evaluation of the collectability of its accounts receivable based on factors such as the length of time the receivable is outstanding, payor class, historical experience, trends in healthcare coverage, and business and economic conditions. Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), Ministry records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the original charges billed (or original charges less contractual adjustments or discounts) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts. Recoveries of receivables previously written off are recorded as a reduction of the provision for uncollectible accounts when received. The past due status of receivables is determined on a case-by-case basis depending on the payor responsible. Interest is generally not charged on past due accounts.

Ministry's allowance for uncollectible accounts for self-pay patients increased from 66 percent of self-pay accounts receivable at September 30, 2012 to 74 percent of self-pay accounts receivable at March 31, 2013. The increase was primarily the result of a decrease in estimated collections of receivables aged over 365 days, which increased the allowance for uncollectible accounts by approximately $3,500. As of March 2013, Ministry has changed its community and partially reimbursed care policy to reserve 100 percent of accounts aged greater than 365 days. In addition, Ministry's self-pay write-offs were $22,985 for the six months ended March 31, 2013 and $52,281 for the year ended September 30, 2012. Ministry does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors. Ministry has not changed its community and partially reimbursed care policy, which is described in Note 12, during the six months ended March 31, 2013 or during the year ended September 30, 2012.

Receivables or payables related to estimated settlements on various payor contracts, primarily Medicare and Medicaid, are reported as amounts due from or to third-party programs.

Significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental health care coverage could affect Ministry's collection of accounts receivable, cash flows and results of operations.

Assets Limited as to Use — Assets limited as to use include assets restricted by donors, assets held by trustees under indenture agreements, assets limited by statutory requirements for NHP, and assets designated by the boards or management. Amounts available to meet current liabilities are classified as current assets.

Investments and Investment Income — Investments in equity and debt securities are measured at fair value. The fair value of investments is disclosed in Note 3. Investment income or loss (including realized gains and losses on investments, interest and dividends unless the income is restricted by donor or law) is included in the excess of revenue over expenses. Unrealized gains and losses on investments, all of which are other than trading securities, are excluded from the excess of revenue over expenses. Management periodically assesses investments for impairment in cases where market value has been below cost for either an extended period of time or by a significant amount. Other-than-temporary declines in the fair market value of investments are recorded as non-operating gains (losses) - net in the consolidated statements of operations.

Inventory — Inventory of supplies, included in other current assets, is stated at the lower of cost (first-in, first-out) or market.

Property and Equipment — Property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of donation. Interest costs incurred on borrowed funds during the period of construction are capitalized as a component of the cost of acquiring those assets. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment.

Ministry assesses the recoverability of long-lived assets (including property and equipment and intangibles) when indications of potential impairment exist. Management considers such factors as current results, trends, market conditions, future prospects and other economic factors in determining the impairment of an asset. Ministry did not record any property impairment losses in 2013 or 2012.

Investments in Non-Consolidated Affiliates — Investments in affiliates which are not consolidated are accounted for under the equity method of accounting. Under the equity method, Ministry records its initial investment on the consolidated balance sheet, and the investment is subsequently increased by additional investments, decreased when distributions are received, and increased (decreased) by Ministry's share of the income (loss) of the affiliate. Ministry's share of the income or loss of the affiliate is recorded in other operating revenue, other operating expenses, or non-operating gains (losses) - net in the accompanying consolidated statements of operations. Ministry's original investment in non-consolidated affiliates as presented on the accompanying balance sheets is increased by

Swap Agreements — Ministry has a program to actively manage its interest cost and exposure to interest rate movements through the use of swaps. The program seeks to achieve lower interest cost consistent with an acceptable level of risk given varying interest rate environments. Swaps are related to existing outstanding debt or investments. Ministry's swaps do not qualify for hedge accounting treatment and accordingly are recorded at fair value as an asset or liability with the change in fair value recorded in non-operating gains (losses) - net.

Ministry formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking swap transactions. This process includes linking all interest rate swap agreements to specific assets or liabilities on the balance sheet.

Pension Plan — Ministry recognizes the funded status of its solely-sponsored defined benefit pension plan in the consolidated balance sheet, with a corresponding adjustment to unrestricted net assets. The adjustment to unrestricted net assets represents the net unrecognized actuarial gains and losses. These amounts are amortized as net periodic benefit cost.

Temporarily and Permanently Restricted Net Assets — Temporarily restricted net assets are those whose use by Ministry has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by Ministry in perpetuity and only the income from the investment of the principal can be expended. Substantially all temporarily restricted net assets consist of funds for capital projects and other donor designated programs.

When a donor restriction expires, such as when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as other operating revenue or in the statements of changes in total net assets as net assets released from restrictions if for capital. Unrestricted contributions and donor-restricted contributions for operating purposes whose restrictions are met in the same year as received are reported as other operating revenue.

Revenue — Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered. For uninsured patients that do not qualify for community care (see Note 12), Ministry recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of Ministry's uninsured patients will be unable or unwilling to pay for the services provided. Thus, Ministry records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Reimbursable amounts from third-party payors are estimated in the period the related services are rendered and adjusted in future periods as final settlements are determined. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Laws and regulations regarding government and other payment programs are complex and subject to interpretation. As a result, there is a reasonable possibility that recorded estimated settlements could change by a material amount.

Other operating revenue (i.e., rental, retail pharmacy, cafeteria, and dietary revenue and net assets released from restrictions for operations) consists of revenue that is integral to operations but not directly related to patient care.

Premiums are due to NHP and NHIC in advance of their respective coverage periods and are recognized as revenue in the period in which NHP and NHIC are obligated to provide services to members. Membership contracts are on a yearly basis subject to cancellation by the subscriber or NHP/NHIC upon 90 days written notice. Premiums received in advance are included in accrued expenses and other liabilities in the consolidated balance sheets and totaled $4,019 and $3,264 at March 31, 2013 and September 30, 2012, respectively.

Contributions — Unrestricted contributions are recorded as other income; restricted contributions are recorded as additions to restricted net asset balances. Unconditional promises to give are reported at fair value at the date the pledge is received. Conditional promises to give are reported at fair value when the conditions on which they depend are substantially met. Contributions of property, plant, and equipment are recorded as temporarily restricted net assets at the fair value as of the date of the contribution. Upon expenditure in accordance with a donor's restrictions and when the asset is placed in service, net assets restricted for capital acquisitions are reported as direct additions to unrestricted assets, and assets restricted for operating purposes are reported as an increase to other operating revenue.

Health Care Services Cost — Medical claims expense includes health care services costs for fees charged by nonaffiliated physicians, hospitals, and other providers for health care services provided to NHP and NHIC members. NHP and NHIC reimburse nonaffiliated hospitals at fee for service or percent of charges if contracted with a national preferred provider organization (PPO) network, and other nonaffiliated providers using fee for service, percent of charges, or usual and customary fee schedules.

Medical claims liability in the accompanying consolidated balance sheets represents the estimated ultimate net cost of all reported and unreported claims incurred through March 31, 2013 or September 30, 2012 that had not been paid and is based on historical experience. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the liability for medical claims payable is adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in income from operations.

Reinsurance — Reinsurance premiums are reported as reductions of revenue when incurred. Reinsurance recoveries are reported as reductions to expense when received or accrued as a receivable. NHP recorded reinsurance premiums expense of $2,081 and reinsurance recoveries of $2,667 during the six months ended March 31, 2013. NHP recorded reinsurance premiums expense of $2,685 and reinsurance recoveries of $2,921 during the year ended September 30, 2012.

Loss Contracts — NHP enters into contracts to provide identified healthcare services to group members for specified periods (generally one year) in return for fixed insurance premiums. NHP recognizes, in the year of contractual commitment, any losses on these contracts when it is probable that expected future healthcare costs and maintenance costs under a group of existing contracts will exceed anticipated future premiums and recoveries on those contracts. At March 31, 2013 and September 30, 2012, no losses on such contracts were determined to be probable; therefore, no loss was accrued.

Employee Health Care Benefits — Ministry provides employee health care benefits under a self-funded arrangement. Total expenses under the self-funded arrangement were $44,239 and $80,154 for the six months ended March 31, 2013 and for the year ended September 30, 2012, respectively. Coverage available to employees under the plan has not changed. To limit the losses on individual claims, Ministry has entered into a stop-loss insurance agreement on non-domestic claims with a third-party on both medical and pharmaceutical claims at a $750 individual claim deductible level. The Affinity plan has a stop-loss deductible insurance agreement at $400 per employee individual claim. Included in accrued expenses in the consolidated balance sheets is an accrual for claims incurred but not reported totaling $10,452 and $12,210 as of March 31, 2013 and September 30, 2012, respectively.

Interest Expense — Interest expense of approximately $4,043 and $7,827 in for the six months ended March 31, 2013 and for the year ended September 30, 2012, respectively, related to the proceeds of various bond issues, is recorded as a non-operating expense (included in non-operating gains (losses) – net) because the related proceeds have not been expended for use in operations. All other interest expense is recorded as an operating expense.

Deferred Financing Expenses and Amortization of Bond Discount/Premium — The deferred financing costs and original issue discount/premium in conjunction with the issuance of long-term debt are amortized over the terms of the respective debt issues using the effective interest method. Amortization of certain financing costs is recorded as operating expense. Amortization of other financing costs is recorded as a non-operating expense (included in non-operating gains (losses) – net) because, generally, these loan proceeds have not been expended for use in operations.

Excess of Revenue over Expenses — The consolidated statements of operations include the excess of revenue over expenses. Changes in unrestricted net assets which are excluded from the excess of revenue over expenses, consistent with industry practice, include changes in unrealized gains and losses on investments except for unrealized losses on investments deemed other-than-temporarily impaired, capital contributions, pension-related changes other than net periodic pension cost, and other items required by generally accepted accounting principles to be reported as a component of the change in unrestricted net assets.

For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as revenue and expenses. Peripheral or incidental transactions are reported as non-operating gains or losses.

Federal Income Taxes — Ministry and its affiliates, except NHP and NHIC, are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes pursuant to Section 501(a) of the Code. These organizations are, however, subject to federal and state income taxes on any net unrelated business income under the provisions of Section 511 of the Code.

NHP and NHIC account for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Ministry recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions for Ministry's not-for-profit corporations include their tax-exempt status and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement.

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

Reclassifications — Certain 2012 amounts have been reclassified to conform with the 2013 presentation with no effect on the excess of revenue over expenses and the increase in net assets.

Subsequent Events — Management of Ministry has evaluated all material subsequent events requiring disclosure or recognition in the consolidated financial statements through August 2, 2013, which was the date the consolidated financial statements were issued.

Pending Accounting Standards — In July 2011, the FASB issued guidance on fees paid to the federal government by health insurers. The objective of this guidance is to address how health insurers should recognize and amortize fees mandated by the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act. These amendments specify that the liability for the fee should be estimated and accrued in the applicable calendar year in which the fee is payable with a corresponding deferred cost. The deferred cost is amortized to expense using the straight-line method over the calendar year that it is payable unless another method more appropriately allocates the fee. These amendments are effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective. Ministry is assessing the impact of the implementation of this guidance on its financial statements.

3. FAIR VALUE MEASUREMENTS

Ministry applies the *Fair Value Measurements and Disclosures* Topic of the Accounting Standards Codification. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy applies to all financial instruments that are being measured and reported on a fair value basis, and it ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted market prices in active markets for identical assets and liabilities.

Level 2 – Observable market prices based on inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable prices based on inputs that are not corroborated by market data. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

The assets and liabilities measured at fair value on a recurring basis are investments and interest rate swap agreements. The fair values of Ministry's investments included in Level 1 were determined through quoted prices in active markets. Shares of mutual funds are valued at quoted market prices, which represent the net asset value of shares held by Ministry at year-end. The fair values of the Level 2 investments are primarily determined using quoted prices for similar assets in active markets and other inputs from observable market data. Components of Level 2 investments are recorded at net asset value, which is based on the fair value of the respective fund's underlying investments. The beneficial interest in trust is recorded at fair value based on the underlying value of the assets in the trust. The trust reported as Level 3 is a perpetual trust managed by a third-party and is invested in mutual funds and other securities that are traded in active markets with observable inputs, which would result in Level 1 or Level 2 hierarchal reporting. However, considering the restrictive nature of the trust, Ministry has classified the asset as Level 3. The fair values of Level 3 hedge funds are based on the net asset value, which is based on the fair value of the underlying investments.

(IN THOUSANDS)

The fair value of the Level 3 interest rate swap agreements were determined through dealer counterparties and other independent market sources such as yield curves in addition to non-performance risk assumptions. Due to the volatility of the capital markets, there is a reasonable possibility of significant changes in fair value and additional gains or losses in the near term subsequent to March 31, 2013.

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Ministry believes these valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value as of the reporting date.

The tables below and the next page present the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy as of March 31, 2013 and September 30, 2012:

	2013			
	Assets and Liabilities Measured at Fair Value			
	Total	Level 1	Level 2	Level 3
Assets				
Assets limted as to use:				
U S Government and agency securities	$ 280,010	$ -	$ 280,010	$ -
Corporate bonds and asset backed securities	49,619	-	49,619	-
Mutual funds and exchange-traded funds:				
Money market	11,230	11,230	-	-
Fixed income	40,027	40,027	-	-
Balanced funds	3,904	3,904	-	-
Small cap	5,208	5,208	-	-
Mid cap	3,010	3,010	-	-
Large cap	19,465	19,465	-	-
International	6,859	6,859	-	-
Growth	8,190	8,190	-	-
Common stock				
Small cap	390	390	-	-
Mid cap	953	953	-	-
Large cap	4,362	4,362	-	-
International	1,750	1,750	-	-
Common trust funds				
U S Equity Fund	208,830	-	208,830	-
International Equity Fund	47,862	-	47,862	-
Bond Index Funds	54,605	-	54,605	-
Long-term certificates of deposit	75	75	-	-
Other	1,001	-	-	1,001
Beneficial interest in trust	42,369	-	-	42,369
Total	$ 789,719	$ 105,423	$ 640,926	$ 43,370
Liabilities				
Interest rate swaps	$ 21,034	$ -	$ -	$ 21,034

MINISTRY HEALTH CARE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE SIX MONTHS ENDED MARCH 31, 2013
AND AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2012
(IN THOUSANDS)

	2012			
	Assets and Liabilities Measured at Fair Value			
	Total	Level 1	Level 2	Level 3
Assets				
Assets limited as to use				
U S Government and agency securities	$ 315,500	$ -	$ 315,500	$ -
Corporate bonds and asset backed securities	9,424	-	9,424	-
Mutual funds and exchange-traded funds				-
Money market	22,596	22,596	-	-
Fixed income	31,778	31,778	-	-
Balanced funds	11,272	11,272	-	-
Small cap	5,951	5,951	-	-
Mid cap	4,934	4,934	-	-
Large cap	16,428	16,428	-	-
International	5,909	5,909	-	-
Growth	3,296	3,296	-	-
Common trust funds.				
U S Equity Fund	216,448	-	216,448	-
International Equity Fund	42,711	-	42,711	-
Bond Index Funds	24,577	-	24,577	-
Long-term certificates of deposit	1,038	1,038		
Other	1,029	-	-	1,029
Beneficial interest in trust	40,021	-	-	40,021
Total	$ 752,912	$ 103,202	$ 608,660	$ 41,050
Liabilities				
Interest rate swaps	$ 25,737	$ -	$ -	$ 25,737

Changes in the Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	2013	2012
Balance, beginning of period	$ 41,050	$ 35,451
Investments acquired upon sole sponsorship of Affinity	-	1,112
Investment return, change in net unrealized gains and losses and other	3,087	5,982
Distributions	(767)	(1,495)
Balance, end of period	$ 43,370	$ 41,050

(IN THOUSANDS)

Changes in the Level 3 liabilities measured at fair value on a recurring basis are summarized as follows:

	2013	2012
Balance, beginning of period	$ 25,737	$ 26,594
Receipts under swap agreements	1,872	4,071
Payments under swap agreements	(1,739)	(3,591)
Net change in fair value of swap agreements included in excess of revenue over expenses	(4,836)	(1,337)
Balance, end of period	$ 21,034	$ 25,737

The following tables disclose the fair value and redemption frequency for those assets whose fair value is estimated using the net asset value per share as of March 31, 2013 and September 30, 2012:

	2013			
	Fair Value Estimated Using Net Asset Value Per Share			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Common trust funds				
U S Equity Fund (A)	$ 208,830	$ -	Daily	3 days
International Equity Fund (B)	47,862	-	Semi-monthly	3 days
Bond Index Funds (C)	54,605	-	Daily	3 days
Other investments				
Permal Private Equity (D)	326	53	—	Paid at maturity
Paradigm Equities (E)	89	-	Liquidating	Liquidating
Hatteras (F)	511	-	Liquidating	Liquidating
	$ 312,223	$ 53		

	2012			
	Fair Value Estimated Using Net Asset Value Per Share			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Common trust funds				
U.S Equity Fund (A)	$ 216,448	$ -	Daily	3 days
International Equity Fund (B)	42,711	-	Semi-monthly	3 days
Bond Index Funds (C)	24,577	-	Daily	3 days
Other investments:				
Permal Private Equity (D)	368	53	—	Paid at maturity
Paradigm Equities (E)	89	-	Liquidating	Liquidating
Hatteras (F)	498	-	Quarterly	65 days
	$ 284,691	$ 53		

(A) The objective of the fund is to provide broad exposure to the U.S. equity market The fund seeks to approximate, as closely as practicable, before expenses, the performance of the Russell 3000 Index over the long term. The fund implements a screen of certain social or environmental criteria. Accordingly, the fund's risk characteristics will vary from those of the Index.

(B) The objective of the fund is to provide broad exposure to global equity markets. The fund seeks to approximate, as closely as practicable, before expenses, the performance of the MSCI EAFE Index over the long term. The fund implements a screen of certain social or environmental criteria. Accordingly, the fund's risk characteristics will vary from those of the Index.

(C) The objective of the funds is to provide broad exposure to the government bond market. The funds seek to approximate, as closely as practicable, before expenses, the performance of the Barclays Capital U.S. ABS Index, the Barclays Capital U.S. Intermediate and Long Government Bond Index, the Barclays Capital U.S. Credit Bond and the Barclays Capital U.S. MBS Index. The funds implement a screen of certain social or environmental criteria. Accordingly, the funds' risk characteristics will vary from those of the Indices.

(D) Permal Private Equity Opportunity includes investments in other private equity funds. The fair values of the investments in this fund have been estimated using the net asset value per share of the investments. This fund cannot be redeemed until the fund matures which is 10 years plus an optional 2 years, at which time it will be liquidated.

(E) Paradigm Equities includes investments in other hedge funds. The fair values of the investments in this fund have been estimated using the net asset value per share of the investments. This fund is currently being redeemed. It is unknown at this time when the fund will be fully liquidated.

(F) Hatteras includes investments in other alternative investment funds including hedge funds and private equity funds. The fair values of the investments in this fund have been estimated using the net asset value per share of the investment. In April 2013, this fund began liquidating. It is unknown at this time when the fund will be fully liquidated.

Except as otherwise noted, the carrying amounts reported in the consolidated balance sheets of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and estimated amounts due to third-party payors approximate fair value. The estimated fair value of debt (Note 6), based on quoted market prices for the same or similar issues (Level 2), was approximately $747,000 and $748,000 at March 31, 2013 and September 30, 2012, respectively.

(IN THOUSANDS)

4. ASSETS LIMITED AS TO USE

Assets limited as to use at March 31, 2013 and September 30, 2012 were comprised of the following

	2013	2012
Assets designated by board and/or management	$ 601,972	$ 594,769
Limited by statuory requirements for NHP	137,482	114,671
Assets with trustee	71,000	74,488
Temporarily restricted by donors for specified purposes	21,155	15,709
Beneficial interest in trust	42,369	40,021
Permanently restricted by donors for specified purposes	8,761	8,543
Total	$ 882,739	$ 848,201

Howard Young Medical Center, Inc is the sole beneficiary of the Howard Young Medical Center Trust ("Trust"). The corpus of the Trust is permanently restricted. Realized and unrealized gains on investments are retained in the Trust corpus. Interest and dividend income earned on Trust investments has been and shall be received in perpetuity at least annually for use in operations by Howard Young Medical Center, Inc. The assets of this trust are measured at the fair value of the related investments. The Trust assets were $42,369 and $40,021 at March 31, 2013 and September 30, 2012, respectively.

As of March 31, 2013 and September 30, 2012, Ministry's assets limited as to use consisted of the following:

	2013	2012
Cash and cash equivalents	$ 93,020	$ 95,288
U.S. Government and agency securities	280,010	315,500
Corporate bonds and asset backed securities	49,619	9,424
Mutual funds and exchange-traded funds	97,893	102,165
Common stocks	7,455	-
Common trust funds	311,297	283,736
Long-term certificates of deposit	75	1,038
Other	1,001	1,029
Beneficial interest in trust	42,369	40,021
Total	$ 882,739	$ 848,201

(IN THOUSANDS)

At March 31, 2013, the unrealized losses and related fair value of the investments for which fair value is less than cost, summarized by security type, were as follows:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U S Government and agency securities	$ 25,895	$ (87)	$ 17,905	$ (333)	$ 43,800	$ (420)
Corporate bonds and asset backed securities	8,650	(82)	1,520	(102)	10,170	(184)
Common and preferred stocks	1,290	(138)	80	(11)	1,370	(149)
Mutual funds	17,937	(22)	2,369	(192)	20,306	(214)
Total	$ 53,772	$ (329)	$ 21,874	$ (638)	$ 75,646	$ (967)

At September 30, 2012, the unrealized losses and related fair value of the investments for which fair value is less than cost, summarized by security type, were as follows:

	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U S Government and agency securities	$ 2,094	$ (12)	$ 28,415	$ (687)	$ 30,509	$ (699)
Corporate bonds and asset backed securities	1,091	(51)	968	(91)	2,059	(142)
Common and preferred stocks	926	(96)	923	(220)	1,849	(316)
Mutual funds	506	(10)	9,003	(233)	9,509	(243)
Total	$ 4,617	$ (169)	$ 39,309	$ (1,231)	$ 43,926	$ (1,400)

There were no other-than-temporary impairment losses in 2013 or 2012. Management does not believe there are any material amounts of investments that are other than temporarily impaired.

The composition of investment returns on assets limited as to use for the six months ended March 31, 2013 and for the year ended September 30, 2012 was as follows:

	2013	2012
Interest and dividend income	$ 9,345	$ 17,506
Net realized gains on sales of investments	3,904	5,015
Change in net unrealized gains and losses on investments	23,650	54,375
Total investment returns	$ 36,899	$ 76,896

(IN THOUSANDS)

Investment returns are included in the accompanying consolidated statements of operations and the consolidated statements of changes in total net assets for the six months ended March 31, 2013 and for the year ended September 30, 2012 were as follows:

	2013	2012
Non-operating gains (losses) - net	$ 13,249	$ 22,521
Change in net unrealized gains and losses on investments	23,650	54,375
Total investment returns	$ 36,899	$ 76,896

On April 24, 2013, Ministry liquidated approximately $519,608 of its investments in U.S Government and agency securities, corporate bonds, asset backed securities, and common trust funds and transferred them to Catholic Health Investment Management Company, a division of Ascension Health.

5. PROPERTY AND EQUIPMENT

A summary of property and equipment at March 31, 2013 and September 30, 2012 is as follows:

	2013	2012
Land	$ 30,299	$ 29,907
Land improvements	18,497	18,127
Buildings and fixed equipment	968,299	942,750
Movable equipment	629,496	603,632
Construction in progress	57,955	62,580
	1,704,546	1,656,996
Less accumulated depreciation	1,023,177	989,506
Property and equipment - net	$ 681,369	$ 667,490

A new bed tower and other related projects are currently under construction at St. Elizabeth Hospital in Appleton, Wisconsin, and are expected to be completed over the next two years. In addition, Ministry has various other hospital and clinic construction projects which will be completed at various times over the next year. Also, construction in progress includes costs related to an electronic health record system being implemented over multiple years. It is anticipated the projects will be funded with assets limited as to use.

(IN THOUSANDS)

6. LONG-TERM DEBT

A summary of long-term debt at March 31, 2013 and September 30, 2012 is as follows:

	2013	2012
Hospital facility revenue bonds — Ministry Restricted Group:		
Series 1993A — Principal maturities due annually through 2022 at an interest rate of 6.1%	$ 25,890	$ 25,890
Series 1997A — Principal maturities due annually through 2026 at interest rates from 5.6% to 5.9%	49,890	49,890
Series 2004 — Principal maturities due annually through 2034 at interest rates from 4 0% to 5 0%	113,100	113,100
Series 2009		
Series A — Principal maturities due annually through 2029, and interest rates are reset at various intervals (effective rate of 1 1% for 2013 and 2012)	76,930	76,930
Series B — Principal maturities due annually through 2022, and interest rates are reset weekly (effective rates of 0.3% for 2013 and 0 4% for 2012)	12,225	12,225
Series 2010		
Series A — Principal maturities due annually through 2023 at interest rates from 2.0% to 5 0%	50,370	50,370
Series B — Principal maturities due annually through 2035 at interest rates from 3 5% to 5 3%	60,000	60,000
Series C — Principal maturities due annually through 2036, and interest rates are reset weekly (effective rates of 0 3% for 2013 and 0 4% for 2012)	20,000	20,000
Series 2012		
Series A — Principal maturities due annually through 2029 at a fixed interest rate	60,000	60,000
Series B — Principal maturities due annually through 2029 at a variable interest rate based on a percentage of LIBOR plus a fixed percentage	60,000	60,000
Series C — Principal maturities due annually through 2029 at interest rates from 2 5% to 5 0%	144,790	144,790
Hospital facility revenue bonds — Howard Young Health Care, Inc		
Series 2012 — Principal maturities due annually through 2030 at interest rates from 2 5% to 5.0%	21,283	21,372
Other	14,822	15,460
Total long-term debt	$ 709,300	$ 710,027

(Continued)

(IN THOUSANDS)

	2013	2012
Total long-term debt	$ 709,300	$ 710,027
Less:		
Current installments	18,519	18,547
Long-term debt being remarketed	30,595	30,595
Unamortized bond discount/premium	(7,834)	(8,239)
Long-term debt - less current installments, debt being remarketed, and unamortized bond discount/premium	$ 668,020	$ 669,124

Ministry and certain of the solely sponsored hospitals have formed a restricted group ("Restricted Group") under a master trust indenture ("Indenture"). The related revenue bonds have been issued by the Wisconsin Health and Educational Facilities Authority on behalf of the Restricted Group.

Pursuant to the Indenture, the Restricted Group participating hospitals have executed contribution agreements with Ministry and have pledged their accounts receivable as security for the bonds. Those agreements provide that, in the event they receive written direction from Ministry to do so, the Restricted Group hospitals will transfer to Ministry, by loan or contribution, such of their revenue and assets as necessary to enable Ministry to make debt service payments on the bonds issued under the Indenture and to comply with the Indenture's other provisions.

The Indenture contains various covenants and restrictions including provisions limiting the amount of additional liens and indebtedness which may be incurred and requirements for maintenance of certain financial ratios by the Restricted Group.

Effective February 8, 2012, $60,000 of Series 2012A Bonds and $60,000 of Series 2012B Bonds were issued related to the Affinity sole sponsorship. Effective May 1, 2012, $144,790 of Series 2012C Bonds were issued to refund Series 2002 Bonds. The loss incurred as a result of the refunding of the Series 2002A Bonds was $6,853, which includes the write-off of the unamortized bond discount, payment of a call premium, and the write-off of deferred financing fees. The loss was recorded in non-operating gains (losses) - net in the consolidated statement of operations.

The Series 2010C Bonds are repriced and can be put back to Ministry on a weekly basis by the bondholders. In the event the Series 2010C Bonds cannot be remarketed, Ministry is obligated to repay the bonds. Therefore these bonds are classified as long-term debt being remarketed on the balance sheet. The 2010C Bonds have been successfully remarketed since issuance.

The Series 2009A Bonds can be put back to Ministry at various future dates, ranging from one week to two months, as determined by the respective mode of each tranche. The Series 2009A Bonds are supported by a letter of credit which expires on April 30, 2016. In the event the Series 2009A Bonds cannot be remarketed, the letter of credit will be drawn upon and Ministry will owe that amount, over a 5 year period, to the letter of credit bank. There have been no draws upon the letter of credit. The Series 2009B Bonds are repriced and can be put back to Ministry on a weekly basis by the bondholders. In the event the Series 2009B Bonds cannot be remarketed, Ministry is obligated to repay the bonds. Therefore these bonds are classified as long-term debt being remarketed on the balance sheet. The Series 2009B Bonds have been successfully remarketed since issuance.

(IN THOUSANDS)

The Howard Young Health Care, Inc. ("Howard Young") bonds are collateralized by substantially all revenue of the issuing entities and by a mortgage on certain assets. In addition, the loan documents contain various covenants and restrictions including the maintenance of certain financial ratios. During 2012, the Series 1998 and Series 2000 Bonds were refunded with the issuance of Series 2012 Bonds. The loss incurred as a result of the refunding was $1,031, which includes the write-off of the unamortized bond discount, payment of a call premium, and the write-off of deferred financing fees. The loss was recorded in non-operating gains (losses) - net in the consolidated statement of operations.

Assuming the Series 2009A Bond letters of credit are renewed under similar terms and that the applicable bonds are not successfully remarketed, aggregate scheduled principal payments and sinking fund deposits on long-term debt are as follows:

Years Ending June 30:	
2013 - Debt being remarketed	$ 30,595
2013 - April-June	359
2014	18,572
2015	18,151
2016	18,402
2017	19,106
2018	19,961
Thereafter	584,154
Total	$ 709,300

In conjunction with Ministry's April 1, 2013 affiliation with Ascension Health, in June 2013, Ministry issued a Notice of Bond Calls and Defeasances to redeem $305,025 of Series 1993A, 1997A, 2009A, 2009B, 2010C, 2012A and 2012B Bonds. The debt was refinanced using a portion of the proceeds from the issuance of Wisconsin Health and Educational Facilities Revenue Bonds (Ascension Health Alliance Senior Credit Group) Series 2013A and Series 2013B as well as a portion of the proceeds from the issuance of Series 2013 taxable bonds by Ascension Health Alliance. A portion of Ministry's assets were collateralized as part of this transaction. Ministry is not obligated to make payments on this indebtedness but is expected to transfer funds to Ascension Health to assist with its debt service requirements. Current installments of long-term debt and long-term debt being remarketed as presented in the consolidated balance sheet as of March 31, 2013 and the schedule of principal payments and sinking fund deposits on long-term debt presented above reflect debt maturities prior to the refinancing.

(IN THOUSANDS)

After the refinancing, future principal payments and sinking fund deposits on long-term debt and expected transfers to Ascension Health are as follows:

Years Ending June 30:	
2013 - April-June	359
2014	16,298
2015	16,527
2016	15,983
2017	17,178
2018	17,965
Thereafter	624,990
Total	$ 709,300

7. SWAP AGREEMENTS

Ministry maintains interest-rate risk management and cost of capital reduction strategies that use swap derivative instruments to minimize significant, unanticipated earnings fluctuations caused by interest-rate volatility. Ministry's specific goal is to lower the cost of its borrowed funds or increase the return on financial assets. Additional information regarding Ministry's risk-management strategy relative to swap agreements is included in Note 2 to the financial statements.

Ministry has a fixed payer swap, for which it pays a fixed rate and receives a variable rate, in the notional amount of $75,100 which expires on August 1, 2029. Ministry has a basis swap, for which it pays a tax-exempt variable rate and receives a percentage of a taxable variable rate, to hedge against rising interest costs on Ministry's variable rate debt. As of March 31, 2013 and September 30, 2012, the basis swap has a notional amount of $120,000 which expires on February 17, 2028 Finally, Ministry has interest rate swap agreements in place which effectively convert the interest payments on $75,780 of Series 1993A and Series 1997A Bonds from fixed rates to variable rates during the terms of the swaps. These swaps expire at various dates through February 15, 2015.

The net fair value of the swap agreements of $21,034 and $25,737 at March 31, 2013 and September 30, 2012, respectively, has been reflected as a long-term liability in the accompanying consolidated balance sheets with the offsetting valuation change impact included in non-operating gains (losses) - net Ministry received net swap payments of $133 and $480 during the six months ended March 31, 2013 and during the year ended September 30, 2012, respectively, which are recorded in non-operating gains (losses) - net in the accompanying consolidated statements of operations.

Ministry's swap agreements contain various collateralization provisions, affecting both Ministry and the swap counterparty, with collateral posting levels which are dependent on the magnitude of the value of the swaps and the credit ratings of the parties. At March 31, 2013, Ministry had posted $21,432 as collateral pursuant to the fixed payer swap, which is included in assets limited as to use in the consolidated balance sheet.

In July 2013, in conjunction with the refinancing of the Series 1993A and 1997A bonds described in Note 6, Ministry liquidated its interest rate swap agreements relating to the Series 1993A and 1997A bonds. The liquidation resulted in a payment to Ministry of approximately $400.

(IN THOUSANDS)

8. LEASES AND COMMITMENTS

Ministry leases office space and equipment from third-parties under noncancelable operating leases which expire at various dates during the next five years. Total rent expense for operating leases during the six months ended March 31, 2013 and during the year ended September 30, 2012, including rents renewable annually, was $8,345 and $14,382, respectively. Future minimum lease payments are as follows:

Years Ending June 30:		
2013: April-June	$	2,439
2014		8,748
2015		6,395
2016		3,823
2017		3,036
2018		1,709
Thereafter		3,348
Total	$	29,498

Ministry leases offices under operating leases primarily to physicians and the DTC. Rentals received are recorded as other operating revenue when incurred. Future minimum rentals to be received under these agreements are as follows:

Years Ending June 30:		
2013: April-June	$	1,241
2014		3,152
2015		1,667
2016		1,328
2017		1,337
2018		1,131
Thereafter		6,339
Total	$	16,195

Ministry leases an ancillary services facility under a direct financing lease to the DTC. At March 31, 2013 and September 30, 2012, Ministry had $22,286 and $22,940, respectively, of leases receivable under this agreement. The future minimum lease payments to be received for each of the next five years are $2,400 per year and total $27,451 over the term of the agreement as of March 31, 2013.

Ministry has entered into various physician employment contracts which include noncancelable commitments as of March 31, 2013, payable as follows: $6,770 remainder of 2013, $5,755 in 2014; $898 in 2015; and $32 in 2016. The physician employment contracts generally include performance expectations which management believes will result in revenue production to help fund these commitments.

(IN THOUSANDS)

Ministry's clinics have various physician employment agreements which are production based. All amounts due under these agreements have been paid or accrued as of March 31, 2013 and September 30, 2012.

At March 31, 2013, Ministry had commitments of $58,703 related to construction and information technology projects.

Ministry is subject to various legal proceedings and claims that are incidental to its normal business activities. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the consolidated financial position or results of operations of Ministry.

Under the regulations and statutes of the Wisconsin Office of the Commissioner of Insurance (OCI), NHP is required to maintain surplus reserves, or total minimum net assets, determined as a percentage of subscriber premiums. The compulsory surplus requirement for NHP is approximately $10,858 at March 31, 2013. In certain cases, the OCI also requires organizations to maintain an additional security surplus reserve that, if required of NHP, would be approximately an additional $3,041 at March 31, 2013. Management believes NHP's net asset balance at March 31, 2013, determined in accordance with accounting practices prescribed by the OCI, is sufficient to meet the compulsory and security reserve requirements.

NHP has reinsurance agreements with an unaffiliated insurance company that limit NHP's losses on individual claims. Under terms of these agreements prior to January 1, 2009, the insurance company reimburses NHP for a percentage of eligible inpatient hospital and medical costs and an additional umbrella policy for catastrophic coverage in excess of a deductible, up to a lifetime limit of $5,000 per member. As of January 1, 2009, NHP entered into a new reinsurance agreement, under which the insurance company reimburses NHP for a percentage of all eligible service costs in excess of a deductible, up to a $5,000 lifetime limit. Union groups with contracts that have no lifetime limit are grandfathered in with no limits.

9. PATIENT SERVICE REVENUE

A summary of gross and net patient service revenue (net of contractual allowances and discounts) for the six months ended March 31, 2013 and for the year ended September 30, 2012 is as follows:

	2013	2012
Gross patient service revenue:		
Inpatient:		
Routine services	$ 153,900	$ 305,951
Ancillary services	436,631	772,296
Outpatient	726,772	1,329,710
Total gross patient service revenue	1,317,303	2,407,957
Less provisions for contractual adjustments under third-party reimbursement programs and charity care	653,558	1,167,844
Patient service revenue (net of contractual allowances and discounts)	$ 663,745	$ 1,240,113

(IN THOUSANDS)

For the six months ended March 31, 2013 and for the year ended September 30, 2012, patient service revenue (net of contractual allowances and discounts) recognized from these major payor sources is as follows:

	2013	2012
Medicare, Medicaid, Health Maintenance Organization (HMO) and other third-party payors	$ 657,487	$ 1,228,840
Self-pay	6,258	11,273
Patient service revenue (net of contractual allowances and discounts)	$ 663,745	$ 1,240,113

Certain inpatient acute and hospital outpatient and home health services rendered to Medicare beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic and other factors. Certain of the hospitals which meet Medicare guidelines as critical access or sole community hospitals, as well as certain inpatient non-acute services and medical education costs related to Medicare beneficiaries, are paid based upon cost reimbursement methods. For cost reimbursed methods, the hospitals are reimbursed at tentative rates with final settlement determined after submission of annual cost reports and audits by the Medicare fiscal intermediary. Clinics are reimbursed based on federally established fee schedules for Medicare patients.

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed primarily based upon prospectively determined rates.

The percentage of net patient service revenue applicable to services provided to Medicare and Medicaid patients was approximately 46 and 45 percent during the six months ended March 31, 2013 and the year ended September 30, 2012, respectively.

For uninsured patients that do not qualify for charity care, Ministry recognizes revenue at its standard rate charged for services rendered. Ministry recognizes a percentage of this revenue as an allowance for bad debt based on the historical allowance rate incurred.

During the six months ended March 31, 2013 and during the year ended September 30, 2012, the State of Wisconsin enacted a hospital assessment under which hospitals were assessed a percentage of their revenues. In turn, the State of Wisconsin revised the level of Medicaid reimbursement to those hospitals, improving Medicaid reimbursement for most hospitals. Ministry's assessment for the six months ended March 31, 2013 and for the year ended September 30, 2012 was $13,860 and $23,833, respectively, and is included in other expenses in the accompanying consolidated statements of operations. Ministry management estimates that $24,670 and $38,582 of additional Medicaid reimbursement was received during the six months ended March 31, 2013 and during the year ended September 30, 2012, respectively.

Ministry has entered into reimbursement agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for reimbursement to Ministry under these agreements is primarily based on discounts from established charges.

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as unknown and unasserted regulatory actions. Over the last number of years, federal government activity has increased with respect to investigations and allegations concerning possible violations of regulations which could result in the imposition of fines and penalties, as well as repayments of previously billed and collected revenue from patient services. Management believes that Ministry is in substantial compliance with current laws and regulations which may have a material effect on Ministry's financial position or results of operations.

The Centers for Medicare & Medicaid Services (CMS) implemented a project using recovery audit contractors (RACs) as part of CMS's further efforts to assure accurate payments. The project uses the RACs to search for potentially inaccurate Medicare payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, it makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. Ministry will deduct from revenue amounts assessed under the RAC audits at the time a notice is received until such time that estimates of net amounts due can be reasonably estimated. Ministry does not anticipate incurring significant RAC assessments; however, the outcomes of such assessments are unknown and cannot be reasonably estimated.

The Health Information Technology for Economic and Clinic Health (HITECH) portion of the American Recovery and Reinvestment Act of 2009 includes incentives through Medicare and Medicaid reimbursement systems to foster electronic health record (EHR) adoption. In order to be eligible for EHR incentive funding, eligible hospitals and professionals must use a certified EHR system, report quality measures, and achieve "meaningful use," as defined by HITECH. During the six months ended March 31, 2013 and during the year ended September 30, 2012, Ministry participated in the program and recognized revenue of $2,279 and $4,894, respectively, in meaningful use incentive payments from Medicare and $641 and $7,154, respectively, in payments from Medicaid, which have been reflected as other operating revenue. Incentive payments are subject to retrospective adjustments and audit. Additionally, compliance with the meaningful use criteria is subject to audit by the federal government.

10. MEDICAL CLAIMS

Total medical claims expense includes payments made by NHP and NHIC to outside healthcare providers during the year and amounts payable at the end of the year. The amount payable at the end of the year includes management's estimate of claims incurred but not reported based on actuarially developed estimates utilizing statistics developed from prior claim payment experience and other factors affecting future payments. To the extent that actual expenses received subsequent to the end of the prior year differ from the estimate, the difference is recorded in the year such claims are reported to Ministry.

(IN THOUSANDS)

Claims and aggregate health claim reserve activity related to outside providers for the plan during the six months ended March 31, 2013 are as follows:

	2013
Balance as of September 30, 2012	$ 79,232
Incurred related to:	
Period of October 1, 2012 to March 31, 2013	265,704
Prior periods	(5,892)
Total medical claims incurred	259,812
Paid related to:	
Period of October 1, 2012 to March 31, 2013	191,798
Prior periods	70,388
Total medical claims paid	262,186
Balance at March 31, 2013	$ 76,858

The foregoing table indicates a $5,892 redundancy in the September 30, 2012 claims reserves due to lower than anticipated medical claims. Included in medical claims liability and medical claims expense at March 31, 2013 is $76,858 for estimates of costs of services provided through such dates but not reported to NHP and NHIC by the outside providers.

Claims and aggregate health claim reserve activity related to outside providers for the plan during the year ended September 30, 2012 are as follows:

	2012
Balance as of February 8, 2012	$ 70,505
Incurred related to:	
Period of February 8 to September 30, 2012	355,843
Prior periods	(727)
Total medical claims incurred	355,116
Paid related to:	
Period of February 8 to September 30, 2012	276,612
Prior periods	69,777
Total medical claims paid	346,389
Balance at end of year	$ 79,232

The foregoing table indicates a $727 redundancy in the February 8, 2012 claims reserves due to lower than anticipated medical claims. Included in medical claims liability and medical claims expense at September 30, 2012 is $79,232 for estimates of costs of services provided through such dates but not reported to NHP and NHIC by the outside providers.

(IN THOUSANDS)

11. CONCENTRATIONS OF CREDIT RISK

Ministry grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. This mix of gross receivables from patients and third-party payors at March 31, 2013 and September 30, 2012 was as follows:

	2013	2012
Medicare	34%	38%
Medicaid	13	13
Other third-party payors	36	31
Self pay	17	18
Total	100%	100%

12. COMMUNITY AND PARTIALLY REIMBURSED CARE

Ministry's hospitals and clinics have policies of providing health care services, without charge or at amounts less than established rates, to those unable to pay a portion of their charges and who meet certain eligibility criteria established in community care policies ("Community Care"). Because collection of amounts determined to qualify as Community Care is not pursued, they are not reported as revenue.

Ministry's hospitals and clinics are providers under the Title XIX Wisconsin and Minnesota Medical Assistance ("Medicaid") and Wisconsin County General Relief ("County") programs. Under these programs, the hospitals and clinics are legally bound to accept the amount determined by the state or county as payment in full for each patient's charges. Accordingly, services provided under the Medicaid and County programs are reported as gross patient service revenue (Note 9).

Ministry's hospitals and clinics maintain records and monitor the level of unreimbursed and partially reimbursed care they provide. Ministry determines the costs associated with providing such community care by aggregating the direct and indirect costs of providing care including salaries, wages, benefits, supplies and other expenses estimated as a ratio of total charges. The cost of community and partially reimbursed care for the six months ended March 31, 2013 and for the year ended September 30, 2012 are summarized as follows:

	2013	2012
Costs of services provided:		
Community care	$ 9,099	$ 18,146
Medicaid unreimbursed	34,411	67,967
Total	$ 43,510	$ 86,113

(IN THOUSANDS)

Certain Ministry hospitals financially support projects endorsed by the Ministry Fund. The Ministry Fund is a management designation of assets to improve the health and provide services to disadvantaged area residents. Monies are maintained at the local hospitals and expended for various specific charitable projects designed to serve their communities Ministry's hospitals have expensed $116 and $218 during the six months ended March 31, 2013 and during the year ended September 30, 2012, respectively, as support for these projects. Operating expenses include costs incurred by the hospitals to implement the projects.

Ministry's hospitals also support a variety of activities through Marian. Ministry contributed $49 and $773 during the six months ended March 31, 2013 and during the year ended September 30, 2012, respectively, to Marian to support its activities, including other similar charitable activities.

In summary, Ministry's Community Care activities for the six months ended March 31, 2013 and for the year ended September 30, 2012 were as follows:

	2013	2012
Community care	$ 9,099	$ 18,146
Contributions for.		
Ministry Fund	116	218
Marian Health System	49	773
Total	$ 9,264	$ 19,137

Ministry also provides a variety of additional community benefits including community education programs, counseling, clinics, medical education and research and other cash and in-kind contributions for the benefit of the local or broader communities. Expenses related to these community benefit activities and the unreimbursed cost of care activities for Medicaid enrollees totaled $52,075 and $110,736 for the six months ended March 31, 2013 and for the year ended September 30, 2012, respectively.

13. INCOME TAXES

NHP and NHIC are for-profit entities and are required to file federal tax returns.

Income tax payable consists of the following components:

	2013	2012
Federal income taxes	$ 2,656	$ 583
State income taxes	456	271
Income tax payable	$ 3,112	$ 854

NHP paid approximately $2,118 and $4,991 in estimated federal taxes during the six months ended March 31, 2013 and during the year ended September 30, 2012, respectively. The income tax payable at March 31, 2013 and at September 30, 2012 of $3,112 and $854, respectively, is recorded in accrued expenses and other liabilities in the combined balance sheets. For federal tax purposes, NHP files consolidated tax returns with NHIC.

(IN THOUSANDS)

Deferred taxes result from the effect of transactions that are recognized in different periods for financial and tax reporting purposes. The deferred taxes relate primarily to a portion of the provision for estimated incurred but not reported claims, accruals, and depreciation on property and equipment, and results in a net deferred tax asset of $591 at March 31, 2013 and a net deferred tax liability of $68 at September 30, 2012, respectively.

The net deferred tax liability at March 31, 2013 and September 30, 2012 is comprised of the following components:

	2013	2012
Gross deferred tax assets	$ 2,222	$ 2,078
Gross deferred tax liabilities	(1,631)	(2,146)
Net deferred tax asset (liability)	$ 591	$ (68)

The deferred tax asset (liability) is included in other current assets in the accompanying consolidated balance sheets.

The income tax provision consists of the following major components included in non-operating gains (losses), net:

	2013	2012
Current income tax expense	$ 3,424	$ 4,144
Deferred income tax expense	1,000	1,976
	$ 4,424	$ 6,120

NHP's income tax expense differs from the amount obtained by applying the federal statutory rate of 35 percent to income before income taxes as follows:

	2013	2012
Income tax expense at statutory rate of 35%	$ 4,239	$ 5,295
State income tax, net of federal rate	921	1,195
Other, including change in accrual	(736)	(370)
Total income tax expense	$ 4,424	$ 6,120

As of March 31, 2013, there are no operating losses or tax credit carry forwards available for federal or state tax purposes.

Ministry files income tax returns in the U.S. federal jurisdiction and various states. With few exceptions, Ministry is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2009.

(IN THOUSANDS)

14. PENSION PLANS

Ministry and certain solely sponsored hospital affiliates participate in a pension plan sponsored by Marian. The Marian Health System Employee Retirement Plan ("Plan") is a multi-employer plan which provides defined benefits to employees of participating hospital affiliates, along with employees of other Marian and SSM related participating employers, who began employment prior to January 1, 2006. Ministry and the participating employers' employees become participants in the Plan upon the attainment of age 21 and the completion of 1,000 hours of service. Benefits under the Plan are based on employee years of credited service and compensation, as defined, paid either in lump sum or annuity form. Contributions to the Plan, which are also the amounts expensed in the financial statements, are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. Upon termination of the Plan or withdrawal of a participating employer, if assets in the participating employer's are insufficient to pay all liabilities with respect to its participants, an assessment will be made on the accounts of the other participating employers. Plan information is not publically available.

In April 2013, upon being acquired by Ascension Health, Marian ceased to be the sponsor of the Plan. Ministry assumed the sponsorship of its portion of the Plan, which was reclassified as a single employer plan, and the other sponsors assumed sponsorship of their respective portions of the Plan. In June 2013, Ministry elected to freeze its pension plan effective December 31, 2014.

Following is a summary of the assets, obligations and assumptions of Ministry's plan after Ministry became the sponsor based on an actuarial valuation as of April 1, 2013:

	(Unaudited) 2013
Plan assets at fair value	$ 284,707
Present value of benefit obligation (includes effect of future compensation increases)	378,848
Plan assets less than present value of benefit obligation	$ (94,141)
Assumptions used in actuarial valuation:	
Discount rate	4.25 %
Expected return on plan assets	7 10 %

Ministry has not accrued for the underfunded projected benefit obligation of the Plan as of March 31, 2013 because at that time the Plan was a multiemployer plan.

For the six months ended March 31, 2013 and for the year ended September 30, 2012, Ministry's contributions were 40 percent and 47 percent, respectively, of the total contributions to the Plan. Ministry's pension expense and contributions and benefits paid for the six months ended March 31, 2013 and for the year ended September 30, 2012 were as follows:

	2013	2012
Pension expense and contributions	$ 4,102	$ 10,917
Benefits paid (unaudited)	7,124	16,374

(IN THOUSANDS)

The same employers also sponsor a tax sheltered annuity retirement plan, which entails employer matching of 50 percent of employee contributions, up to a defined limit. Ministry's expense relating to employer matching for that plan was $2,696 and $5,497 for the six months ended March 31, 2013 and for the year ended September 30, 2012, respectively.

Certain other affiliates, along with Ministry and the participating employers, also participate in various other pension plans and supplemental compensation plans which are primarily defined contribution plans. Expense under these plans amounted to $9,685 and $19,384 for the six months ended March 31, 2013 and for the year ended September 30, 2012, respectively.

Affinity sponsors the Affinity Health System, Inc. Retirement Plan ("Affinity Plan") and a related trust to provide defined retirement benefits for employees of Affinity with the exception of CMC. Employees become participants in the Affinity Plan upon the attainment of age 21 and the completion of 1,000 hours of service. Benefits under the Affinity Plan are based on the employee's years of credited service and covered compensation, as defined. Contributions to the Affinity Plan are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

Data and assumptions relative to the Affinity Plan as of March 31, 2013 and September 30, 2012 and for the periods from September 30, 2012 to March 31, 2013 and from February 8, 2012 to September 30, 2012 are as follows:

	2013	2012
Actuarial present value of benefit obligations:		
Accumulated benefit obligation	$ 211,273	$ 209,833
Change in projected benefit obligation:		
Projected benefit obligation at beginning of period	$ 226,395	$ 202,560
Service cost	5,017	5,970
Interest cost	5,065	7,094
Actuarial (gain) loss	(4,053)	17,037
Benefits and expenses paid	(5,251)	(6,266)
Projected benefit obligation at end of period	227,173	226,395
Change in plan assets:		
Fair value of plan assets at beginning of period	161,089	147,455
Actual return on plan assets	12,513	9,547
Employer contributions	1,500	10,353
Benefits and expenses paid	(5,250)	(6,266)
Fair value of plan assets at end of period	169,852	161,089
Funded status	$ (57,321)	$ (65,306)

(IN THOUSANDS)

	2013	2012
Amounts not yet reflected in net periodic pension cost and included as an accumulated debit to unrestricted net assets:		
Accumulated loss	$ (3,523)	$ (14,391)
Net pension liability consists of the following:		
Noncurrent pension liability included in long-term liabilities	$ 57,321	$ 65,305
Components of net periodic pension cost.		
Service cost	$ 5,017	$ 5,970
Interest cost on projected benefit obligation	5,064	7,093
Expected return on plan assets	(5,696)	(6,902)
Net periodic pension cost	$ 4,385	$ 6,161
Assumptions used		
Discount rate to determine projected benefit obligation:		
Active grandfathered lump-sum benefit	8 00%	8.00%
All other liabilities	3 78	3.58
Discount rate to determine net periodic pension cost:		
Active grandfathered lump-sum benefit	8.00	8.00
All other liabilities	3.58	4.44
Rate of increase in compensation levels:		
Age 25 – 34	5.43	5.43
Age 35 – 44	4.76	4.76
Age 45 – 54	4 01	4.01
Age 55 – 64	3.18	3 18
Age 65 and older	2.27	2.27

The discount rates reflect the best estimate of the value of the plan because the liabilities are valued using current market rates through the use of the Mercer Yield Curve, except for the portion of actively-employed grandfathered participants' benefits that are assumed to be paid as a lump sum, which is valued at the plan's conversion rate of 8 percent. Currently 70 percent of benefits are assumed to be paid as a lump sum. The long-term rate of return on assets reflects historical returns and future expectations for returns in each asset class, as well as targeted asset allocation percentages within the pension portfolio. Affinity's investment strategy is of a long-term nature and is intended to ensure that funds are available to pay benefits as they become due and to maximize the trust's total return at an appropriate level of investment risk.

The target investment policy is 65 percent equity securities and 35 percent fixed income securities. The asset allocation of the pension plan at March 31, 2013 is as follows:

	2013
Domestic equity securities	55%
International equity securities	11
U.S. Government obligations	16
Corporate debt obligations	16
Money market fund	2
Total	100%

(IN THOUSANDS)

The contributions for the Affinity Plan for the three months ending June 30, 2013 are estimated to be $11,978. The benefits expected to be paid for the next ten years are as follows:

Years Ending June 30:	
2013: April-June	$ 2,537
2014	11,476
2015	11,547
2016	12,233
2017	12,897
2018	13,572
2019 - 2022	55,158

The following tables present the Affinity Plan's fair value hierarchy for those assets measured at fair value on a recurring basis as of March 31, 2013 and September 30, 2012:

	2013			
	Total	Level 1	Level 2	Level 3
Investments				
Cash and cash equivalents	$ 2,700	$ 2,700	$ -	$ -
U S Government and agency securities	27,216	-	27,216	-
Corporate bonds	20,941	-	20,941	-
Foreign bonds	3,618	-	3,618	-
Municipal bonds	1,771	-	1,771	-
Domestic common stocks	65,097	65,097	-	-
Foreign stocks	18,798	18,798	-	-
UBS – U.S. Small Cap Equity Fund	29,711	-	29,711	-
Total	$ 169,852	$ 86,595	$ 83,257	$ -

	2012			
	Total	Level 1	Level 2	Level 3
Investments				
Cash and cash equivalents	$ 10,725	$ 10,725	$ -	$ -
U S Government and agency securities	22,842	-	22,842	-
Corporate bonds	21,214	-	21,214	-
Foreign bonds	3,400	-	3,400	-
Municipal bonds	1,854	-	1,854	-
Domestic common stocks	56,911	56,911	-	-
Foreign stocks	18,112	18,112	-	-
UBS – U S Small Cap Equity Fund	26,031	-	26,031	-
Total	$ 161,089	$ 85,748	$ 75,341	$ -

See Note 3 for descriptions of the fair value hierarchy and the fair value determination methods for different classes of investments.

In June 2013, Ministry elected to freeze the aforementioned pension plans, which means that no additional benefit accruals will be earned, and terminate all of the aforementioned defined contribution plans effective December 31, 2014. Eligible participants in each of these plans will transition into an Ascension Health sponsored retirement plan beginning on January 1, 2015.

(IN THOUSANDS)

15. FOUNDATIONS

Various foundations ("Foundations") solicit and hold certain funds on behalf of Ministry's respective hospitals. The purposes of the Foundations are to receive and maintain funds for charitable, religious, scientific, literary and educational purposes on behalf of the hospitals and other tax-exempt organizations. The accompanying consolidated financial statements include the assets, liabilities and results of operations for certain of the Foundations.

Certain other Foundations are not consolidated in the accompanying financial statements because Ministry and its affiliates do not control those Foundations. Net assets of $1,090 and $2,211, representing Ministry's beneficial interest in nonconsolidated Foundations, are included in other current assets and investments in affiliates and other assets in the accompanying consolidated balance sheets at March 31, 2013 and September 30, 2012, respectively.

Pledges receivable over one year are discounted at 3 percent. Pledges receivable at March 31, 2013, consisted of the following:

Amounts receivable:	
In less than one year	$ 1,960
In one to five years	5,480
Thereafter	1,044
Less — discount	(441)
Less — allowance for uncollectible pledges	(185)
Net pledges receivable	$ 7,858

Pledges receivable due in less than one year are recorded as other current assets on the consolidated balance sheets Pledges receivable due in one year or greater are recorded within investments in affiliates and other assets on the consolidated balance sheets.

Ministry affiliates periodically receive transfers of funds from the Foundations not consolidated within the accompanying financial statements for capital or other needs. Such transfers of funds are reported in the accompanying financial statements as contributions from these Foundations. The amounts received were $1,083 and $158 for the six months ended March 31, 2013 and for the year ended September 30, 2012, respectively.

16. ENDOWMENT FUNDS

Ministry applies guidance regarding the net asset classification and disclosures for funds subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). This guidance provides a framework for disclosures about an organization's endowment funds.

Ministry's endowments are held at its various affiliates' Foundations. These endowments consist of several different donor-restricted endowment funds, and funds designated by the respective Foundation's boards, as endowments established for a variety of purposes consistent with the Foundations' missions Net assets associated with these endowment funds are classified and reported as unrestricted, permanently restricted or temporarily restricted based on the existence or absence of donor imposed restrictions.

(IN THOUSANDS)

Ministry's management has interpreted the Wisconsin UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation has classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portions of the donor-restricted endowment fund that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until appropriated for expenditure by the Foundation. Each Foundation Board has adopted investment and spending policies designed to earn a rate of return that will meet or exceed the sum of the distribution rate, anticipated inflation, investment fees and administrative costs.

Ministry's endowment net asset composition by fund type was as follows as of March 31, 2013 and September 30, 2012:

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ -	$ 1,083	$ 8,732	$ 9,815
Board-designated	4,588	-	-	4,588
Total	$ 4,588	$ 1,083	$ 8,732	$ 14,403

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ -	$ 842	$ 8,520	$ 9,362
Board-designated	4,383	-	-	4,383
Total	$ 4,383	$ 842	$ 8,520	$ 13,745

(IN THOUSANDS)

The changes in endowments by net asset class for Ministry were as follows for the six months ended March 31, 2013 and for the year ended September 30, 2012:

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets beginning of year	$ 4,383	$ 842	$ 8,520	$ 13,745
Investment return	209	280	2	491
Fee allocation	(12)	(16)	-	(28)
Contributions to endowment	8	-	171	179
Reclassification/transfers/other	-	(23)	39	16
Endowment net assets end of year	$ 4,588	$ 1,083	$ 8,732	$ 14,403

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets beginning of year	$ 3,071	$ 540	$ 6,520	$ 10,131
Investment return	435	782	1	1,218
Fee allocation	(19)	(23)	-	(42)
Contributions to endowment	13	-	156	169
Reclassification/transfers/other	883	(457)	1,843	2,269
Endowment net assets end of year	$ 4,383	$ 842	$ 8,520	$ 13,745

17. MALPRACTICE INSURANCE

Ministry has professional liability insurance with limits of $1,000 per claim and $3,000 in aggregate for claims made during a policy year. The deductible limits for this coverage are the same as the policy limits, effectively making most of Ministry self-insured for any losses up to these limits. An estimate of claims incurred but not reported is recorded within accrued liabilities. Ministry's losses in excess of these amounts are generally fully covered through its mandatory participation in the Injured Patient and Families Compensation Fund ("Fund") of the State of Wisconsin. Ministry also has additional professional liability insurance with an aggregate limit of $20,000 for affiliates that do not participate in the Fund. Professional liability insurance expense totaled $(633) and $2,132 for the six months ended March 31, 2013 and for the year ended September 30, 2012, respectively.

18. AFFILIATIONS

Ministry is the sole corporate member of Howard Young. Howard Young is the sole corporate member of the other Howard Young entities listed in Note 1. Ministry is also the sole corporate member of Door County Memorial Hospital, Inc. ("Door County"). If Ministry and Howard Young or Door County were to terminate the affiliations, their net assets as of the affiliation dates plus one-half of the increase in the net assets since the affiliation dates or the net assets as of the date of termination, whichever is less, would be distributed to a not-for-profit entity designated by the Howard Young Board of Directors or to the Door County Memorial Hospital Foundation, and such entities may not be related to Ministry.

McGladrey

Independent Auditor's Report
on the Supplementary Consolidating Information

To the Board of Directors of
Ministry Health Care, Inc.
Milwaukee, Wisconsin

We have audited the consolidated financial statements of Ministry Health Care, Inc. and Affiliates as of and for the six months ended March 31, 2013 and as of and for the year ended September 30, 2012 and have issued our report thereon which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

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

McGladrey LLP

Milwaukee, Wisconsin
August 2, 2013

Ministry Health Care, Inc and Affiliates

Consolidating Schedule - Balance Sheet Information
As of March 31, 2013
(In thousands)

	Affinity Health System (a)	Sacred Heart-St Mary's Hospitals	St. Josephs Hospital (a)	St. Michael's Hospital (a)	St. Elizabeth's Hospital	Victory Medical Center	Door County Memorial Hospital	Howard Young Health Care (a)	St. Clare's Hospital (a)	Good Samaritan Health Center (a)	Ministry Home Care	Ministry Medical Group - Weston	Ministry Medical Group - Anesthesia	Ministry Health Care (b)	Eliminations and Reclassifications	Total
ASSETS																
CURRENT ASSETS																
Cash and cash equivalents	$ 97 569	$ 4,719	$ 92 271	$ 42 272	$ 2,737	$ 2,273	$ 7 535	$ 12,959	$ 10,582	$ 2,155	$ 638	$ -	$ 647	$ 26,796	$ -	$ 303,153
Assets limited as to use	4,112	2,678	1 236	827	-	99	380	399	252	755	227	-	-	32,821	-	43,786
Net patient accounts receivable	51 560	18,865	56,118	20,953	4 329	2,134	8 211	9 040	9,981	2,722	7 575	480	787	-	(1,437) (d)	191,318
Other current assets	39 867	3,805	44,564	4,670	644	317	7 621	2 379	6,427	950	1,137	248	46	79,638	(107,333) (c)	84,978
Total current assets	193,108	30,067	194,189	68,722	7 710	4,823	23 747	24 777	27,242	6 582	9 577	728	1,480	139,255	(108,770)	623,235
ASSETS LIMITED AS TO USE	171,188	4 964	98,156	27,772	2,830	2	26,751	114,688	-	22,681	-	-	-	371,921	-	838 953
PROPERTY AND EQUIPMENT — Net	257 328	69 376	88 215	46,973	10,926	11 624	35,250	42 911	71,555	5,982	2,401	529	-	38 299	-	681 369
INVESTMENTS IN AFFILIATES AND OTHER ASSETS	7,136	1 802	277	1 642	-	16	-	3,626	6 770	348	275	570	60	638 260	(625 731) (c, d)	35 049
LEASE RECEIVABLE	-	-	-	-	-	-	-	-	20,932	-	-	-	-	-	-	20,932
TOTAL	$ 628,760	$ 106,209	$ 378,837	$ 145,109	$ 21,466	$ 16,465	$ 85,748	$ 186,002	$ 128,499	$ 35,591	$ 12,253	$ 1,825	$ 1,540	$ 1,187,735	$ (734,501)	$ 2,199,538

Notes
(a) Includes the accounts of controlled foundations and other subsidiaries
(b) Includes the accounts of Ministry Health Care, Agape Community Center and Putnam Capital Management
(c) To eliminate intercompany amounts associated with 1993, 1997, 2004, 2009, 2010 and 2012 Hospital Facility Revenue Bonds
(d) To eliminate other intercompany balances

(Continued)

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Balance Sheet Information (Continued)
As of March 31, 2013
(In thousands)

	Affinity Health System (a)	Sacred Heart-St Mary's Hospitals	St. Joseph's Hospital (a)	St. Michael's Hospital (a)	St. Elizabeth's Hospital	Victory Medical Center	Door County Memorial Hospital	Howard Young Health Care (a)
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Current installments of long-term debt	$ 14,048	$ 2 050	$ -	$ 926	$ 86	$ 748	$ 920	$ 856
Long-term debt being remarketed	-	-	-	-	-	-	-	-
Accounts payable, accrued expenses and other liabilities	84 516	12,168	24,878	12,801	2,422	1 437	4 649	6,317
Medical claims liability	78,271	-	-	-	-	-	-	-
Estimated amounts due to third-party payors	844	2,209	4 173	3,016	98	(378)	551	3,548
Total current liabilities	177 679	16,427	29,051	16,743	2 606	1,807	6,120	10,720
LONG-TERM LIABILITIES	72,281	-	302	208	55	-	55	144
LONG-TERM DEBT — Less current installments and unamortized bond discount/premium	118,095	20,039	-	3 314	825	11,488	14,810	20 428
Total liabilities	368,055	38,466	29,353	20,265	3,486	13 295	20,985	31,292
NET ASSETS (DEFICIENCY)								
Unrestricted	243 631	69,156	347 062	120,850	17,980	3 168	64 502	107,194
Temporarily restricted	11 346	587	2 285	1,179	-	-	261	5,068
Permanently restricted	5,728	-	137	2,815	-	2	-	42,448
Total net assets (deficiency)	260,705	69,743	349 484	124,844	17,980	3,170	64,763	154 710
TOTAL	$ 628,760	$ 106,209	$ 378,837	$ 145,109	$ 21,466	$ 16,465	$ 85,748	$ 186,002

	St Clare's Hospital (a)	Good Samaritan Health Center (a)	Ministry Home Care	Ministry Medical Group - Weston	Ministry Medical Group - Anesthesia	Ministry Health Care (b)	Eliminations and Reclassifications		Total
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Current installments of long-term debt	$ -	$ -	$ 360	$ -	$ -	$ 16,235	$ (17,709)	(d)	$ 18,519
Long-term debt being remarketed	-	-	-	-	-	30 595	-		30,595
Accounts payable, accrued expenses and other liabilities	33 052	2 297	5 646	1 479	238	62,223	(89,621)	(d)	164 704
Medical claims liability	-	-	-	-	-	-	(1,413)	(d)	76,858
Estimated amounts due to third-party payors	2,295	-	-	-	-	-	-		16 356
Total current liabilities	35,347	2,297	6,208	1 479	238	109,053	(108,743)		307,032
LONG-TERM LIABILITIES	410	328	-	346	-	46,369	(380)	(d)	120,118
LONG-TERM DEBT — Less current installments and unamortized bond discount/premium	152 140	-	1,750	-	2 000	634,230	(311,099)	(c)	668,020
Total liabilities	187,897	2,625	7 958	1 825	2,238	789 652	(420,222)		1,095,170
NET ASSETS (DEFICIENCY)									
Unrestricted	(61,589)	32 947	4 285	-	(698)	397 874	(314 279)	(d e)	1,032 083
Temporarily restricted	191	19	10	-	-	209	-		21 155
Permanently restricted	-	-	-	-	-	-	-		51 130
Total net assets (deficiency)	(61,398)	32,966	4,295	-	(698)	398,083	(314,279)		1,104,368
TOTAL	$ 126,499	$ 35,591	$ 12,253	$ 1,825	$ 1,540	$ 1,187,735	$ (734,501)		$ 2,199,538

Notes

(a) Includes the accounts of controlled foundations and other subsidiaries

(b) Includes the accounts of Ministry Health Care Agape Community Center, and Putnam Capital Management

(c) To eliminate intercompany amounts associated with 1993 1997, 2004 2009, 2010 and 2012 Hospital Facility Revenue Bonds

(d) To eliminate other intercompany balances

(e) To eliminate the investment in related affiliates

(Continued)

Ministry Health Care, Inc and Affiliates

Consolidating Schedule - Balance Sheet Information (Cpntinued)
As of September 30, 2012
(In thousands)

	Affinity Health System (a)	Sacred Heart-St Mary's Hospitals	St Joseph's Hospital (a)	St Michael's Hospital (a)	St Elizabeth's Hospital	Victory Medical Center	Door County Memorial Hospital	Howard Young Health Care (a)	St Clare's Hospital (a)	Good Samaritan Health Center (a)	Ministry Home Care	Ministry Medical Group - Weston	Ministry Medical Group - Anesthesia	Ministry Health Care (b)	Eliminations and Reclassifications		Total
ASSETS																	
CURRENT ASSETS																	
Cash and cash equivalents	$ 110,218	$ 2,875	$ 67,527	$ 46,483	$ 1,653	$ 1,670	$ 9,732	$ 9,954	$ 6,219	$ 1,171	$ 645	$ -	$ 1,208	$ 39,874	$ -		$ 299,429
Assets limited as to use	2,135	2,588	1,238	627	-	99	380	398	252	1,055	227	-	-	32,821	-		42,018
Net patient accounts receivable	49 100	20 616	62,387	22,988	5,209	2,267	9,795	10,925	11 091	3,649	7 760	282	784	-	(1,338)	(d)	205,715
Other current assets	31 744	3,984	11,541	4,875	573	670	10,464	2,835	6 288	754	982	262	33	51,549	(45,374)	(c)	61,378
Total current assets	193 197	30,063	142,691	75,173	7,435	5,106	30,371	24,112	23 848	6,829	9,614	544	2,025	124,244	(46,712)		628,540
ASSETS LIMITED AS TO USE	146 013	9 420	126,004	26 856	2,825	2	19 571	108,510	-	22 546	-	-	-	344,436	-		806,183
PROPERTY AND EQUIPMENT — Net	247 717	66 713	88,798	44,208	10,988	11,946	35,601	43,237	73 790	6,125	2,509	504	-	35,356	-		667,490
INVESTMENTS IN AFFILIATES AND OTHER ASSETS	3 088	1 897	279	1 762	-	16	231	3,420	4 955	436	385	694	39	612,620	(599,954)	(c d)	29,668
LEASE RECEIVABLE	-	-	-	-	-	-	-	-	21,617	-	-	-	-	-	-		21,617
TOTAL	$ 590,015	$ 108,093	$ 357,770	$ 147,999	$ 21,248	$ 17,070	$ 85,774	$ 179,279	$ 124,210	$ 35,936	$ 12,508	$ 1,742	$ 2,064	$ 1,116,656	$ (846,666)		$ 2,153,698

Notes
(a) Includes the accounts of controlled foundations and other subsidiaries
(b) Includes the accounts of Ministry Health Care Agape Community Center and Putnam Capital Management.
(c) To eliminate intercompany amounts associated with 1993, 1997, 2004 2009, 2010 and 2012 Hospital Facility Revenue Bonds
(d) To eliminate other intercompany balances.

(Continued)

Ministry Health Care, Inc and Affiliates

Consolidating Schedule - Balance Sheet Information (Continued)
As of September 30, 2012
(In thousands)

	Affinity Health System (a)	Sacred Heart-St Mary's Hospitals	St Joseph's Hospital (a)	St Michael's Hospital (a)	St Elizabeth's Hospital	Victory Medical Center	Door County Memorial Hospital	Howard Young Health Care (a)	St Clare's Hospital (a)	Good Samaritan Health Center (a)	Ministry Home Care	Ministry Medical Group - Weston	Ministry Medical Group - Anesthesia	Ministry Health Care (b)	Eliminations and Reclassifications		Total
LIABILITIES AND NET ASSETS																	
CURRENT LIABILITIES																	
Current installments of long-term debt	$ 11,441	$ 1 988	$ -	$ 1 438	$ 83	$ 747	$ 920	$ 855	$ -	$ -	$ 360	$ -	$ -	$ 18,235	$ (15,520)	(d)	$ 18 547
Long-term debt being remarketed	-	-	-	-	-	-	-	-	-	-	-	-	-	30 595	-		30,595
Accounts payable, accrued expenses and other liabilities	62 971	12,531	27,182	19,288	2 336	1 837	5 795	7 633	31,044	2,453	4 792	1,306	782	32 946	(30,918)	(d)	181,958
Medical claims liability	79 232	-	-	-	-	-	-	-	-	-	-	-	-	-	-		79,232
Estimated amounts due to third-party payors	1 369	2,785	2,438	2,778	200	(153)	1 154	4 188	(14)	(177)	-	-	-	-	-		14 548
Total current liabilities	155 013	17,284	29,620	23 504	2 619	2 431	7 869	12,676	31,030	2,276	5 152	1,306	782	79 776	(46,438)		324 880
LONG-TERM LIABILITIES	76 751	-	299	208	56	-	55	140	422	328	-	436	-	46 563	-		125 247
LONG-TERM DEBT — Less current installments and unamortized bond discount/premium	123 062	21,080	-	3 648	869	11 858	15,264	20 517	152,140	-	1 930	-	2 000	634 604	(317,848)	(c)	869 124
Total liabilities	354,828	38,364	29 919	27,360	3,543	14,289	23,188	33,333	183,592	2,604	7,082	1,742	2,762	760,933	(384,286)		1,119,251
NET ASSETS (DEFICIENCY).																	
Unrestricted	222,654	69,109	325 619	116,734	17,705	2,779	62,335	101 395	(59 537)	33 310	5,426		(698)	355,723	(282,380)	(d,e)	970,174
Temporarily restricted	6,938	620	2 095	1,141	-	-	251	4,487	155	22	-	-	-	-	-		15,709
Permanently restricted	5,597	-	137	2,764	-	2	-	40,064	-	-	-	-	-	-	-		48,564
Total net assets (deficiency)	235,189	69,729	327 851	120,639	17,705	2,781	62,586	145,946	(59 382)	33,332	5,426	-	(698)	355,723	(282,380)		1,034,447
TOTAL	$ 590,015	$ 108,093	$ 357,770	$ 147,999	$ 21,248	$ 17,070	$ 85,774	$ 179,279	$ 124,210	$ 35,936	$ 12,508	$ 1,742	$ 2,064	$ 1,116,656	$ (646,666)		$ 2,153,698

Notes

(a) Includes the accounts of controlled foundations and other subsidiaries

(b) Includes the accounts of Ministry Health Care Agape Community Center and Putnam Capital Management

(c) To eliminate intercompany amounts associated with 1993, 1997, 2004, 2009, 2010 and 2012 Hospital Facility Revenue Bonds

(d) To eliminate other intercompany balances

(e) To eliminate the investment in related affiliates

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Statement of Operations Information
For the Six Months Ended March 31, 2013
(In thousands)

	Affinity Health System	Sacred Heart-St Mary's Hospitals	St. Joseph's Hospital (a)	St. Michael's Hospital (a)	St Elizabeth's Hospital	Victory Medical Center	Door County Memorial Hospital	Howard Young Health Care (a)	St. Clare's Hospital (a)	Good Samaritan Health Center (a)	Ministry Home Care	Ministry Medical Group - Weston	Ministry Medical Group - Anesthesia	Ministry Health Care (b)	Eliminations and Reclassifications	Total
REVENUE																
Patient service revenue (net of contractual allowances and discounts)	$ 146 963	$ 69,658	$ 186 005	$ 91,700	$ 12 263	$ 9 187	$ 33,426	$ 37,722	$ 48 419	$ 11 831	$ 21,137	$ 1,642	$ 4,376	$ -	$ (10 584) (c)	$ 663 745
Less provision for bad debts	8,833	5,040	6 378	4,241	250	369	769	2,896	2 706	746	304	80	214	-	-	32,828
Net patient service revenue less provision for bad debts	138,130	64,618	179 627	87,459	12,013	8,818	32,657	34,826	45,713	11,085	20,833	1,562	4,162	-	(10 584)	630 919
Premium revenue	407,782	-	-	-	-	-	-	-	-		-	-	-	-	-	407 782
Other operating revenue	5 750	4,882	5,229	3,704	114	191	243	2,641	2 951	165	214	388	2,218	14 297	(12 763) (d)	30 244
Total revenue	551 662	69 500	184,856	91,163	12 127	9,009	32,900	37,467	48 664	11 270	21 047	1,950	6,380	14 297	(23 347)	1,068 945
EXPENSES																
Salaries and wages	121,892	35 501	54 605	45,377	5,791	4,813	18,372	18,825	16,816	6,141	9,117	1,931	5,227	609	103 (d)	341,120
Employee benefits	31,359	10,259	18 641	11 982	1,873	1,351	4 559	4 729	4 251	1,558	2,729	511	1 014	(1,978)	- (d)	90,838
Medical claims expense	270,368	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,556) (c)	259,812
Medical and surgical supplies	21,230	3,585	18 211	5 646	525	266	1 557	2,229	6 056	449	2,092	16	-	-	(113) (c)	61,749
Drugs	7,153	2,869	8 471	2,370	449	229	954	747	1,292	285	2,076	137	-	-	- (c)	27 032
Other expenses	70 194	11,310	58 315	14 760	2,862	1,645	6 453	7 331	12,165	2,722	5,526	602	139	(4,292)	(3,619) (c d, e)	185,933
Depreciation and amortization	12 937	3,559	9,161	4,155	690	435	1,816	2,523	3,767	606	502	39	-	(358)	-	39,832
Interest	3 809	785	-	147	33	348	303	375	5,375	-	-	-	-	7,931	(10 628) (f)	8,478
Total expenses	538 942	67 868	165,404	84,437	12 023	9 087	32,014	34 759	49 742	11,761	22 042	3,236	6,380	1,912	(24,813)	1 014,794
INCOME (LOSS) FROM OPERATIONS	12 720	1 632	19 452	6,726	104	(78)	886	2,708	(1,078)	(491)	(995)	(1,286)	-	12,385	1 486	54 151
NON-OPERATING GAINS (LOSSES) — Net	(3,121)	154	2 799	578	15	467	484	2,124	115	285	(274)	-	-	15,296	(10,628) (f)	8,294
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	9,599	1,786	22 251	7,304	119	389	1 370	4,832	(963)	(206)	(1,269)	(1 286)	-	27,681	(9,162)	62,445
OTHER CHANGES IN UNRESTRICTED NET ASSETS																
Change in net unrealized gains and losses on investments	(883)	70	475	419	(11)	-	826	1,190	-	(157)	-	-	-	17,470	1 394	20 813
Net assets released from restrictions for capital	(13)	-	118	-	-	-	-	-	-	-	-	-	-	-	-	105
Other	12 254	(1 609)	(1,401)	(3 607)	167	-	(29)	(223)	(1,089)	-	128	1,286	-	(3 000)	(24 131)	(21 454)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 20,977	$ 47	$ 21 443	$ 4 116	$ 275	$ 389	$ 2 167	$ 5,799	$ (2,052)	$ (363)	$ (1,141)	$ -	$ -	$ 42,151	$ (31,899)	$ 61,909

Notes.
(a) Includes the accounts of controlled foundations and other subsidiaries.
(b) Includes the accounts of Ministry Health Care, Inc., Agape Community Center, and Putnam Capital Management
(c) To eliminate intercompany patient revenue, supplies, drugs and professional services
(d) To eliminate intercompany assessment and administrative charges
(e) To eliminate investment in related affiliates
(f) Includes elimination for intercompany interest.

(Continued)

Ministry Health Care, Inc and Affiliates

Consolidating Schedule - Statement of Operations Information (Continued)
For the Year Ended September 30, 2012
(In thousands)

	Affinity Health System (a)	Sacred Heart St Mary's Hospitals	St Joseph's Hospital (a)	St Michael's Hospital (a)	St Elizabeth's Hospital	Victory Medical Center	Door County Memorial Hospital	Howard Young Health Care (a)	St. Clare's Hospital (a)	Good Samaritan Health Center (a)	Ministry Home Care	Ministry Medical Group - Weston	Ministry Medical Group - Anesthesia	Ministry Health Care (b)	Eliminations and Reclassifications		Total
REVENUE																	
Patient service revenue (net of contractual allowances and discounts)	$ 223,193	$ 137,654	$ 351 461	$ 180 029	$ 24,828	$ 18,623	$ 67,976	$ 75,828	$ 96 284	$ 25 428	$ 37 159	$ 2 029	$ 8,528	$ -	$ (8,907)	(c)	$ 1 240,113
Less provision for bad debts	10,860	7,760	11,626	6 359	585	547	1,172	4,086	4 400	1,299	93	151	451	-	-		49 389
Net patient service revenue less provision for bad debts	212,333	129,894	339 835	173 670	24 243	18 076	66 804	71,742	91 884	24 129	37 066	1,878	8,077	-	(8,907)		1,190,724
Assessment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	127,893	(127,106)	(d)	787
Premium revenue	522,609	-	-	-	-	-	-	-	-	-	-	-	-	-	-		522 609
Other operating revenue	12 457	4 137	13 700	3,748	256	3,028	2,568	6 615	8,605	625	397	995	4 333	12,117	(15,759)	(d)	57,842
Total revenue	747 399	134 031	353,535	177,418	24,499	21,104	69,392	78 357	100,489	24,754	37,463	2,873	12 410	140,010	(151 772)		1,771 962
EXPENSES																	
Salaries and wages	166 175	68,699	102 053	85 585	11 270	9,659	32 986	32,950	31 292	12 428	17,380	3 359	10,167	58,198	(50,374)	(d)	591,827
Employee benefits	46 056	19 380	31 796	23 375	3,647	2 759	9 346	9,609	8 071	3 507	5,281	838	1 989	15 318	(12,859)	(d)	168 013
Medical claims expense	355,116	-	-	-	-	-	-	-	-	-	-	-	-	-	-		355 116
Medical and surgical supplies	31,740	6,958	34,437	11 016	1 142	586	3 133	4,080	11 960	950	3 570	39	-	-	(19)	(c)	109 592
Drugs	11 378	3,928	14,533	4,612	687	2,459	1 599	1,490	2,634	632	3 461	179	-	-	(92)	(c)	47 700
Other expenses	93 415	23 281	113,381	30,814	4,958	3,383	13,230	15 343	25 257	5,898	9,748	1,389	254	61,154	(80 334)	(c, d e)	321,127
Depreciation and amortization	18,425	7 214	17,808	7,427	1,394	613	4,208	4,550	6,777	1,132	1,412	161	-	894	-		72,216
Interest	5 911	1,658	-	354	70	723	638	1 223	10,799	-	-	-	-	15,154	(19 578)	(g)	16,954
Total expenses	728,216	131,118	314 008	163,183	23,366	20,362	65,140	69,145	96 790	24 545	40,852	5,945	12,410	150,718	(163,254)		1 682 544
INCOME (LOSS) FROM OPERATIONS	19,183	2,913	39,527	14 235	1 133	742	4,252	9,212	3 699	209	(3 389)	(3 072)	-	(10 708)	11,482		89,418
NON-OPERATING GAINS (LOSSES)																	
Excess of fair value over recorded value of affiliate	-	-	-	-	-	-	-	-	-	-	-	-	-	4,547	-		4,547
Other — Net	(2 159)	193	2,324	1,018	54	(15)	1,485	1 662	258	680	(654)	-	-	10,527	(19,806)	(g)	(4,433)
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	17,024	3,106	41,851	15,253	1,187	727	5,737	10 874	3,957	889	(4,043)	(3,072)	-	4 366	(8,324)		89,532
OTHER CHANGES IN UNRESTRICTED NET ASSETS																	
Change in net unrealized gains and losses on investments	516	366	4 259	1 354	(23)	-	748	3,743	-	(219)	-	-	-	38,498	-		49 240
Net assets released from restrictions for capital	21	-	139	-	-	-	-	-	-	-	-	-	-	-	-		160
Other	(8,313)	(4,478)	(4 461)	(8,038)	172	(36)	(117)	(398)	(11,599)	(44)	1,241	3 072	-	181,422	(174,227)		(23 824)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 11,248	$ (1,006)	$ 41 768	$ 8 569	$ 1 336	$ 691	$ 6 368	$ 14,219	$ (7,642)	$ 626	$ (2,802)	$ -	$ -	$ 224,284	$ (182,551)		$ 115,108

Notes
(a) Includes the accounts of controlled foundations and other subsidiaries
(b) Includes the accounts of Ministry Health Care, Inc., Agape Community Center, and Putnam Capital Management
(c) To eliminate intercompany patient revenue, supplies, drugs and professional services
(d) To eliminate intercompany assessment and administrative charges
(e) To eliminate investment in related affiliates
(f) Includes certain affiliate assessments recorded as nonoperating losses on affiliates and nonoperating gains on Ministry Health Care
(g) Includes elimination for intercompany interest

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Balance Sheet Information (Ministry Health Care, Inc.)
As of March 31, 2013
(In thousands)

	Ministry Health Care	Agape Community Center	Putnam Capital Management	Eliminations and Reclassifications		Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 26,718	$ 33	$ 45	$ -		$ 26,796
Assets limited as to use	32,821	-	-	-		32,821
Net patient accounts receivable	-	-	-	-		-
Other current assets	81,642	12	1	(2,017)	(a)	79,638
Total current assets	141,181	45	46	(2,017)		139,255
ASSETS LIMITED AS TO USE	371,921	-	-	-		371,921
PROPERTY AND EQUIPMENT — Net	32,113	9	6,177	-		38,299
INVESTMENT IN AFFILIATES AND OTHER ASSETS	642,720	-	482	(4,942)	(b)	638,260
TOTAL	$ 1,187,935	$ 54	$ 6,705	$ (6,959)		$ 1,187,735
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Current installments of long-term debt	$ 16,235	$ -	$ -	$ -		$ 16,235
Long-term debt being remarketed	30,595	-	-	-		30,595
Accounts payable, accrued expenses and other liabilities	62,037	90	2,113	(2,017)	(a)	62,223
Total current liabilities	108,867	90	2,113	(2,017)		109,053
LONG-TERM LIABILITIES	46,369	-	-	-		46,369
LONG-TERM DEBT — Less current installments and unamortized bond discount/premium	634,230	-	-	-		634,230
Total liabilities	789,466	90	2,113	(2,017)		789,652
NET ASSETS						
Unrestricted	398,469	(245)	4,592	(4,942)	(b)	397,874
Temporarily restricted	-	209	-	-	(b)	209
Total net assets	398,469	(36)	4,592	(4,942)		398,083
TOTAL	$ 1,187,935	$ 54	$ 6,705	$ (6,959)		$ 1,187,735

Notes
(a) To eliminate intercompany amounts between Ministry and Agape Community Center
(b) To eliminate the investments in Agape Community Center and Putnam Capital Management

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Statement of Operations Information (Ministry Health Care, Inc.)
For the Six Months Ended March 31, 2013
(In thousands)

	Ministry Health Care	Agape Community Center	Putnam Capital Management	Eliminations and Reclassifications		Total
REVENUE						
Other operating revenue	$ 14,070	$ 427	$ 23	$ (223)	(a)	$ 14,297
Total revenue	14 070	427	23	(223)		14,297
EXPENSES						
Salaries and wages	367	242	-	-		609
Employee benefits	(2,033)	55	-	-		(1,978)
Other expenses	(4,366)	117	105	(148)		(4,292)
Depreciation and amortization	(358)	-	-	-		(358)
Interest	7,931	-	-	-		7,931
Total expenses	1,541	414	105	(148)		1,912
INCOME (LOSS) FROM OPERATIONS	12,529	13	(82)	(75)		12,385
NON-OPERATING GAINS (LOSSES) — Net	15,221	-	-	75	(a)	15,296
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	27,750	13	(82)	-		27,681
OTHER CHANGES IN UNRESTRICTED NET ASSETS						
Change in net unrealized gains and losses on investments	17,470	-	-	-		17,470
Other	(2,473)	(450)	-	(77)	(a)	(3,000)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 42,747	$ (437)	$ (82)	$ (77)		$ 42 151

Note
(a) To eliminate intercompany balances

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Balance Sheet Information (Affinity Health System)
As of March 31, 2013
(In thousands)

	Affinity Health System	Mercy Medical Center	Mercy Health Foundation	St Elizabeth Hospital	St Elizabeth Hospital Foundation	Network Health System	Calumet Medical Center	Network Health Plan	Eliminations	Total
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	$ 9,118	$ 4,041	$ 216	$ 10,257	$ 2,018	$ 4,927	$ 9,121	$ 57,871	$ -	$ 97,569
Assets limited as to use	256	2,365	-	655	-	668	168	-	-	4,112
Net patient accounts receivable	-	15,335	-	30,418	-	19,064	3,995	-	(17,252) (a)	51,560
Other current assets	14,696	7,686	493	4,206	897	6,492	148	22,543	(17,294) (a)	39,867
Total current assets	24 070	29,427	709	45,536	2,915	31,151	13,432	80,414	(34,546)	193,108
ASSETS LIMITED AS TO USE	1,052	486	9,688	943	8,457	7,303	5,777	137,482	-	171,188
PROPERTY AND EQUIPMENT — Net	16,560	62,852	-	136,170	-	29,996	5,525	6,225	-	257,328
INVESTMENT IN AFFILIATES AND OTHER ASSETS	98,971	1,547	-	1,547	4,000	105,856	-	-	(204,785) (b)	7,136
TOTAL	$ 140,653	$ 94,312	$ 10,397	$ 184,196	$ 15,372	$ 174,306	$ 24,734	$ 224,121	$ (239,331)	$ 628,760
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Current installments of long-term debt	$ -	$ 7,393	$ -	$ 6,375	$ -	$ 280	$ -	$ -	$ -	$ 14,048
Accounts payable, accrued expenses and other liabilities	18,282	12,862	454	22,038	284	31,110	1,638	15,142	(17,294) (a)	84,516
Due to third party	-	629	-	755	-	-	(540)	-	-	844
Medical claims liability	-	-	-	-	-	-	-	95,524	(17,253)	78,271
Total current liabilities	18,282	20,884	454	29,168	284	31,390	1 098	110,666	(34,547)	177,679
LONG-TERM LIABILITIES	7,066	8,873	-	14,231	-	35,325	298	6 488	-	72,281
LONG-TERM DEBT — Less current installments and unamortized bond discount/premium	-	35,725	-	73,355	-	9,015	-	-	-	118,095
Total liabilities	25,348	65,482	454	116,754	284	75,730	1 396	117,154	(34,547)	368,055
NET ASSETS										
Unrestricted	115,305	28,830	2,561	67,394	5,444	98,576	23,338	106,967	(204,784) (b)	243,631
Temporarily restricted	-	-	3,499	48	7,799	-	-	-	-	11,346
Permanently restricted	-	-	3,883	-	1 845	-	-	-	-	5,728
Total net assets	115,305	28,830	9,943	67,442	15,088	98,576	23,338	106,967	(204,784)	260,705
TOTAL	$ 140,653	$ 94,312	$ 10,397	$ 184,196	$ 15,372	$ 174,306	$ 24,734	$ 224,121	$ (239,331)	$ 628,760

Notes
(a) To eliminate intercompany balances
(b) To eliminate the investments in Affinity Medical Group and Network Health Plan

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Statement of Operations Information (Affinity Health System)
For the Six Months Ended March 31, 2013
(In thousands)

	Affinity Health System	Mercy Medical Center	Mercy Health Foundation	St Elizabeth Hospital	St Elizabeth Hospital Foundation	Network Health System	Calumet Medical Center	Network Health Plan	Eliminations		Total
REVENUE											
Patient service revenue (net of contractual allowances and discounts)	$ -	$ 54 048	$ -	$ 94,876	$ -	$ 70,479	$ 12 585	$ -	$ (85,025)	(a)	$ 146,963
Less provision for bad debts	-	2,322	-	3 514	-	2 373	624	-	-		8,833
Net patient service revenue less provision for bad debts	-	51 726	-	91,362	-	68,106	11 961	-	(85,025)		138,130
Premium revenue	-	-	-	-	-	-	-	407,782	-		407,782
Other operating revenue	(5,737)	1,809	19	2,382	184	11,792	157	1,389	(6,245)	(a)	5,750
Total revenue	(5,737)	53,535	19	93,744	184	79,898	12,118	409,171	(91,270)		551,662
EXPENSES											
Salaries and wages	-	20 234	146	31,388	186	54,951	4 329	10,961	(303)	(a)	121,892
Employee benefits	-	6,285	37	9 048	42	12 334	1,504	3,312	(1 203)	(a)	31,359
Medical claims expense	-	-	-	-	-	-	-	354,984	(84,616)	(a)	270,368
Medical and surgical supplies	-	6,912	-	11,763	-	1,758	797	-	-		21,230
Drugs	-	1,726	-	2,987	-	2,182	258	-	-		7,153
Other expenses	-	12 957	44	16,832	147	12,758	3 388	27,890	(3,822)	(a)	70,194
Depreciation and amortization	-	3,993	-	6,104	-	1,963	535	342	-		12,937
Interest	-	1,434	-	2 152	-	223	-	-	-		3,809
Total expenses	-	53 541	227	80,274	375	86,169	10 811	397,489	(89,944)		538,942
INCOME (LOSS) FROM OPERATIONS	(5,737)	(6)	(208)	13 470	(191)	(6 271)	1,307	11,682	(1,326)		12,720
NON-OPERATING GAINS (LOSSES) — Net	2	103	35	(42)	178	118	134	(3,649)	-		(3,121)
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	(5,735)	97	(173)	13,428	(13)	(6,153)	1,441	8,033	(1,326)		9,599
OTHER CHANGES IN UNRESTRICTED NET ASSETS											
Change in net unrealized gains and losses on investments	(1 394)	91	115	8	179	(1,394)	138	(1,394)	2,788	(a)	(863)
Net assets released from restrictions for capital	-	-	-	-	(13)	-	-	-	-		(13)
Other	15 250	(1 369)	-	(1,832)	-	7,969	-	1,507	(9,270)	(a)	12,255
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 8,121	$ (1,181)	$ (58)	$ 11,604	$ 153	$ 422	$ 1,579	$ 8,146	$ (7,808)		$ 20,978

Note
(a) To eliminate intercompany balances

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Balance Sheet Information (St. Joseph's Hospital)
As of March 31, 2013
(In thousands)

	St. Joseph's Hospital	St Joseph's Foundation	Eliminations and Reclassifications	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 91,461	$ 810	$ -	$ 92,271
Assets limited as to use	1,236	-	-	1,236
Net patient accounts receivable	56,118	-	-	56,118
Other current assets	44,781	33	(250) (a)	44,564
Total current assets	193,596	843	(250)	194,189
ASSETS LIMITED AS TO USE	92,735	3,421	-	96,156
PROPERTY AND EQUIPMENT — Net	88,215	-	-	88,215
INVESTMENTS IN AFFILIATES AND OTHER ASSETS	9	268	-	277
TOTAL	$ 374,555	$ 4,532	$ (250)	$ 378,837
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable, accrued expenses, and other liabilities	$ 24,847	$ 281	$ (250) (a)	$ 24,878
Estimated amounts due to third-party payors	4,173	-	-	4,173
Total current liabilities	29,020	281	(250)	29,051
LONG-TERM LIABILITIES	302	-	-	302
Total liabilities	29,322	281	(250)	29,353
NET ASSETS				
Unrestricted	345,233	1,829	-	347,062
Temporarily restricted	-	2,285	-	2,285
Permanently restricted	-	137	-	137
Total net assets	345,233	4,251	-	349,484
TOTAL	$ 374,555	$ 4,532	$ (250)	$ 378,837

Note
(a) To eliminate intercompany balances

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Statement of Operations Information (St. Joseph's Hospital)
For the Six Months Ended March 31, 2013
(In thousands)

	St. Joseph's Hospital	St Joseph's Foundation	Eliminations and Reclassifications		Total
REVENUE					
Patient service revenue (net of contractual allowances and discounts)	$ 186,005	$ -	$ -		$ 186,005
Less provision for bad debts	6,378	-	-		6,378
Net patient service revenue less provision for bad debts	179,627	-	-		179,627
Other operating revenue	4,758	208	-	(a)	4,966
Net assets released from restrictions for operations	-	465	(202)		263
Total revenue	184,385	673	(202)		184,856
EXPENSES					
Salaries and wages	54,605	-	-		54,605
Employee benefits	16,641	-	-		16,641
Medical and surgical supplies	18,211	-	-		18,211
Drugs	8,471	-	-		8,471
Other expenses	57,772	745	(202)	(a)	58,315
Depreciation and amortization	9,161	-	-		9,161
Total expenses	164,861	745	(202)		165,404
INCOME (LOSS) FROM OPERATIONS	19,524	(72)	-		19,452
NON-OPERATING GAINS — Net	2,722	77	-		2,799
EXCESS OF REVENUE OVER EXPENSES	22,246	5	-		22,251
OTHER CHANGES IN UNRESTRICTED NET ASSETS					
Change in net unrealized gains and losses on investments	350	125	-		475
Net assets released from restrictions for capital	118	-	-		118
Other	(1,401)	-	-		(1,401)
INCREASE IN UNRESTRICTED NET ASSETS	$ 21,313	$ 130	$ -		$ 21,443

Note.
(a) To eliminate intercompany balances

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Balance Sheet Information (St. Michael's Hospital)
As of March 31, 2013
(In thousands)

	St Michael's Hospital	St Michael's Foundation	Eliminations and Reclassifications	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 42,272	$ -	$ -	$ 42,272
Assets limited as to use	827	-	-	827
Net patient accounts receivable	20,953	-	-	20,953
Other current assets	4,670	4,307	(4,307) (a)	4,670
Total current assets	68,722	4,307	(4,307)	68,722
ASSETS LIMITED AS TO USE	27,772	-	-	27,772
PROPERTY AND EQUIPMENT — Net	46,953	20	-	46,973
INVESTMENT IN AFFILIATES AND OTHER ASSETS	1,642	-	-	1,642
TOTAL	$ 145,089	$ 4,327	$ (4,307)	$ 145,109
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current installments of long-term debt	$ 926	$ -	$ -	$ 926
Accounts payable, accrued expenses, and other liabilities	17,108	-	(4,307) (a)	12,801
Estimated amounts due to third-party payors	3,016	-	-	3,016
Total current liabilities	21,050	-	(4,307)	16,743
LONG-TERM LIABILITIES	208	-	-	208
LONG-TERM DEBT — Less current installments and unamortized bond discount	3,314	-	-	3,314
Total liabilities	24,572	-	(4,307)	20,265
NET ASSETS				
Unrestricted	120,513	3	334 (a)	120,850
Temporarily restricted	4	1,509	(334) (a)	1,179
Permanently restricted	-	2,815	-	2,815
Total net assets	120,517	4,327	-	124,844
TOTAL	$ 145,089	$ 4,327	$ (4,307)	$ 145,109

Note
(a) To eliminate intercompany balances

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Statement of Operations Information (St. Michael's Hospital)
For the Six Months Ended March 31, 2013
(In thousands)

	St. Michael's Hospital	St Michael's Foundation	Eliminations and Reclassifications	Total
REVENUE:				
Patient service revenue (net of contractual allowances and discounts)	$ 91,700	$ -	$ -	$ 91,700
Less provision for bad debts	4,241	-	-	4,241
Net patient service revenue less provision for bad debts	87,459	-	-	87,459
Other operating revenue	3,546	158	-	3,704
Total revenue	91,005	158	-	91,163
EXPENSES				
Salaries and wages	45,318	59	-	45,377
Employee benefits	11,970	12	-	11,982
Medical and surgical supplies	5,646	-	-	5,646
Drugs	2,370	-	-	2,370
Other expenses	14,665	95	-	14,760
Depreciation and amortization	4,155	-	-	4,155
Interest	147	-	-	147
Total expenses	84,271	166	-	84,437
INCOME (LOSS) FROM OPERATIONS	6,734	(8)	-	6,726
NON-OPERATING GAINS — Net	567	11	-	578
EXCESS OF REVENUE OVER EXPENSES	7,301	3	-	7,304
OTHER CHANGES IN UNRESTRICTED NET ASSETS				
Change in net unrealized gains and losses on investments	419	-	-	419
Other	(3,607)	-	- (a)	(3,607)
INCREASE IN UNRESTRICTED NET ASSETS	$ 4,113	$ 3	$ -	$ 4,116

Note
(a) To eliminate intercompany balances.

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Balance Sheet Information (Howard Young Health Care, Inc)
As of March 31, 2013
(In thousands)

	Howard Young Medical Center	Howard Young Foundation	Howard Young Health Care	Dr Kate Newcomb Convalescent Center	Eagle River Memorial Hospital	Eliminations and Reclassifications	Total
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	$ 12 730	$ 212	$ -	$ -	$ 17	$ -	$ 12,959
Assets limited as to use	392	-	-	7	-	-	399
Net patient accounts receivable	7,199	-	-	-	1 841	-	9,040
Other current assets	3,964	52	98	68	491	(2,294) (a)	2,379
Total current assets	24 285	264	98	75	2,349	(2,294)	24,777
ASSETS LIMITED AS TO USE							
Beneficial interest in trust	42,369	-	-	-	-	-	42,369
Board restricted	51,929	10,583	-	-	9,807	-	72,319
Total assets limited as to use	94,298	10 583	-	-	9,807	-	114,688
PROPERTY AND EQUIPMENT — Net	29,631	907	2,563	-	9 810	-	42,911
INVESTMENTS IN AFFILIATES AND OTHER ASSETS	-	3,275	351	-	-	-	3 626
TOTAL	$ 148,214	$ 15,029	$ 3,012	$ 75	$ 21 966	$ (2 294)	$ 186 002
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Current installments of long-term debt	$ -	$ -	$ 855	$ -	$ -	$ -	$ 855
Accounts payable accrued expenses and other liabilities	5,377	1,134	338	47	533	(1,112) (a)	6,317
Estimated amounts due to third-party payors	2 343	-	-	-	1,205	-	3,548
Total current liabilities	7,720	1,134	1 193	47	1,738	(1,112)	10,720
LONG-TERM LIABILITIES	144	-	-	-	-	-	144
LONG-TERM DEBT — Less current installments and unamortized bond discount/premium	-	-	20,428	-	-	-	20,428
Total liabilities	7 864	1,134	21,621	47	1 738	(1 112)	31,292
NET ASSETS							
Unrestricted	97,100	8,747	(18,609)	(3)	19,959	-	107,194
Temporarily restricted	881	5,069	-	31	269	(1,182) (a)	5 068
Permanently restricted	42,369	79	-	-	-	-	42,448
Total net assets	140,350	13 895	(18 609)	28	20,228	(1,182)	154,710
TOTAL	$ 148,214	$ 15 029	$ 3,012	$ 75	$ 21,966	$ (2,294)	$ 186,002

Note
(a) To eliminate intercompany balances

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Statement of Operations Information (Howard Young Health Care, Inc)
For the Six Months Ended March 31, 2013
(In thousands)

	Howard Young Medical Center	Howard Young Foundation	Howard Young Health Care	Dr Kate Newcomb Convalescent Center	Eagle River Memorial Hospital	Eliminations and Reclassifications		Total
REVENUE								
Patient service revenue (net of contractual allowances and discounts)	$ 29,758	$ -	$ -	$ -	$ 7,964	$ -		$ 37,722
Less provision for bad debts	2,086	-	-	-	810	-		2,896
Net patient service revenue less provision for bad debts	27,672	-	-	-	7,154	-		34,826
Other operating revenue	1 014	1,210	7,256	168	76	(7,301)	(a)	2,423
Net assets released from restrictions for operations	-	224	-	-	-	(6)	(a)	218
Total revenue	28 686	1,434	7,256	168	7,230	(7,307)		37,467
EXPENSES								
Salaries and wages	12,625	209	3,074	156	3,835	(3,074)		16,825
Employee benefits	3,650	62	958	65	956	(962)	(a)	4,729
Medical and surgical supplies	1,974	-	-	-	255	-		2,229
Drugs	551	-	-	-	230	(34)	(a)	747
Other expenses	5,705	288	2,885	23	1,403	(2,973)	(a)	7,331
Depreciation and amortization	1,915	41	298	-	533	(264)		2,523
Interest	229	-	-	-	146	-		375
Total expenses	26 649	600	7,215	244	7 358	(7,307)		34,759
INCOME (LOSS) FROM OPERATIONS	2,037	834	41	(76)	(128)	-		2,708
NON-OPERATING GAINS — Net	1,576	471	-	-	77	-		2,124
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	3,613	1,305	41	(76)	(51)	-		4,832
OTHER CHANGES IN UNRESTRICTED NET ASSETS								
Change in net unrealized gains and losses on investments	1,384	(155)	-	-	(39)	-		1,190
Other	(309)	-	157	74	(145)	-	(a)	(223)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 4,688	$ 1 150	$ 198	$ (2)	$ (235)	$ -		$ 5,799

Note.
(a) To eliminate intercompany balances

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Balance Sheet Information (Good Samaritan Health Center)
As of March 31, 2013
(In thousands)

	Good Samaritan Health Center	Good Samaritan Foundation	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 1,770	$ 385	$ 2,155
Assets limited as to use	505	250	755
Net patient accounts receivable	2,722	-	2,722
Other current assets	950	-	950
Total current assets	5,947	635	6,582
ASSETS LIMITED AS TO USE	22,515	166	22,681
PROPERTY AND EQUIPMENT — Net	5,982	-	5,982
INVESTMENT IN AFFILIATES AND OTHER ASSETS	346	-	346
TOTAL	$ 34,790	$ 801	$ 35,591
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable, accrued expenses, and other liabilities	$ 2,281	$ 16	$ 2,297
Total current liabilities	2,281	16	2,297
LONG-TERM LIABILITIES	328	-	328
Total liabilities	2,609	16	2,625
NET ASSETS			
Unrestricted	32,181	766	32,947
Temporarily restricted	-	19	19
Total net assets	32,181	785	32,966
TOTAL	$ 34,790	$ 801	$ 35,591

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Statement of Operations Information (Good Samaritan Health Center)
For the Six Months Ended March 31, 2013
(In thousands)

	Good Samaritan Health Center	Good Samaritan Foundation	Total
REVENUE			
Patient service revenue (net of contractual allowances and discounts)	$ 11,831	$ -	$ 11,831
Less provision for bad debts	746	-	746
Net patient service revenue less provision for bad debts	11,085	-	11,085
Other operating revenue	172	13	185
Total revenue	11,257	13	11,270
EXPENSES			
Salaries and wages	6,141	-	6,141
Employee benefits	1,558	-	1,558
Medical and surgical supplies	449	-	449
Drugs	285	-	285
Other expenses	2,711	11	2,722
Depreciation and amortization	606	-	606
Total expenses	11,750	11	11,761
INCOME (LOSS) FROM OPERATIONS	(493)	2	(491)
NON-OPERATING GAINS — Net	282	3	285
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	(211)	5	(206)
OTHER CHANGES IN UNRESTRICTED NET ASSETS			
Change in net unrealized gains and losses on investments	(168)	11	(157)
Other	-	-	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ (379)	$ 16	$ (363)

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Balance Sheet Information (Saint Clare's Hospital)
As of March 31, 2013
(In thousands)

	Saint Clare's	Saint Clare's Foundation	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 10,582	$ -	$ -	$ 10,582
Assets limited as to use	252	-	-	252
Net patient accounts receivable	9,981	-	-	9,981
Other current assets	6,420	124	(117) (a)	6,427
Total current assets	27,235	124	(117)	27,242
PROPERTY AND EQUIPMENT — Net	71,525	30	-	71,555
INVESTMENT IN AFFILIATES AND OTHER ASSETS	6,770	-	-	6,770
LEASE RECEIVABLE	20,932	-	-	20,932
TOTAL	$ 126,462	$ 154	$ (117)	$ 126,499
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable, accrued expenses, and other liabilities	$ 33,176	$ (7)	$ (117) (a)	$ 33,052
Estimated amounts due to third-party payors	2,295	-	-	2,295
Total current liabilities	35,471	(7)	(117)	35,347
LONG-TERM LIABILITIES	410	-	-	410
LONG-TERM DEBT	152,140	-	-	152,140
Total liabilities	188,021	(7)	(117)	187,897
NET ASSETS (DEFICIENCY)				
Unrestricted	(61,559)	(30)	-	(61,589)
Temporarily restricted	-	191	-	191
Total net assets (deficiency)	(61,559)	161	-	(61,398)
TOTAL	$ 126,462	$ 154	$ (117)	$ 126,499

Note
(a) To eliminate intercompany balances

Ministry Health Care, Inc. and Affiliates

Consolidating Schedule - Statement of Operations Information (St. Clare's Hospital)
For the Six Months Ended March 31, 2013
(In thousands)

	St. Clare's	St Clare's Foundation	Total
REVENUE.			
Patient service revenue (net of contractual allowances and discounts)	$ 48,419	$ -	$ 48,419
Less provision for bad debts	2,706	-	2,706
Net patient service revenue less provision for bad debts	45,713		45,713
Other operating revenue	2,924	-	2,924
Net assets released from restrictions for operations	-	27	27
Total revenue	48,637	27	48,664
EXPENSES:			
Salaries and wages	16,797	19	16,816
Employee benefits	4,244	7	4,251
Medical and surgical supplies	6,056	-	6,056
Drugs	1,292	-	1,292
Other expenses	12,156	29	12,185
Depreciation and amortization	3,765	2	3,767
Interest	5,375	-	5,375
Total expenses	49,685	57	49,742
LOSS FROM OPERATIONS	(1,048)	(30)	(1,078)
NON-OPERATING GAINS — Net	115	-	115
DEFICIT OF REVENUE OVER EXPENSES	(933)	(30)	(963)
OTHER CHANGES IN UNRESTRICTED NET ASSETS			
Other	(1,089)	-	(1,089)
DECREASE IN UNRESTRICTED NET ASSETS	$ (2,022)	$ (30)	$ (2,052)