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DLN: 93493135067214

Form **990**

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)

2012

2012

Department of the Treasury

The organization may have to use a conviof this return to satisfy state reporting requirements

Open to Public
Inspection

ntemal F			ve to use a copy of this return to satis		Tang requireme	Inspection
	t he 2012 ck if applica	C Name of organization	ning 07-01-2012 , 2012, and ending 0	6-30-2013	D Employ	er identification number
_	ск іг аррііса ress change	MERCY MEDICAL CENTER				
_	ne change	Doing Business As			45-02	31183
_	al return					
_	nınated	Number and street (or P O box 1301 15th Ave W	if mail is not delivered to street address) Roon	n/suite	E Telephor	ne number
	nnateu ended returi	Chi ankawa akaka an assarka	and ZID . A		(701)	774-7400
		Williston, ND 58801	ind ZIP + 4			
App	lication pen				G Gross re	ceipts \$ 70,234,368
		F Name and address of MATTHEW GRIMSHAW (Is this a group i affiliates?	return for
		1301 15th Ave W			annates.	1 1651 110
		Williston, ND 58801				ıncluded?
Tax	-exempt st	atus 🔽 501(c)(3) 🗀 501(c) ()	◀ (insert no)		[f"No," attach a	a list (see instructions)
147	haita b	WWW MERCY-WILLISTON ORG		H(c)	Group exemption	on number 🕨 0928
		ation Corporation Trust Associ	ation Other 🕨	L Year	of formation 192	0 M State of legal domicile N
Pa	tI S	ummary				
Governance	BEN		TICAL ACCESS HOSPITAL SERVING ATED CARE, MEDICAL EDUCATION			
	2 Ched	k this box দ if the organization	n discontinued its operations or dispos	ed of more th	nan 25% of its i	net assets
5	3 Num	ber of voting members of the gov	erning body (Part VI, line 1a)		1	3 1
		_	ers of the governing body (Part VI, line		F	4 1
Avumues a	5 Tota	I number of individuals employed	ın calendar year 2012 (Part V, line 2a)	[5 64
נ	6 Tota	I number of volunteers (estimate	ıf necessary)		[6 7
			m Part VIII, column (C), line 12			7a 35,79
	b Net	inrelated business taxable incom	ne from Form 990-T, line 34			7b -29,16
					Prior Year	Current Year
<u>o</u>		- •	[, line 1 h)		164,4	
Revenue			I, line 2g)		60,767,0 1,365,2	
æ			A), lines 5, 6d, 8c, 9c, 10c, and 11e)	·	450,9	
		· · · · · ·	11 (must equal Part VIII, column (A),	line		·
					62,747,7	
			art IX, column (A), lines 1-3)		199,3	
			rt IX, column (A), line 4) oyee benefits (Part IX, column (A), line			0
\$		10)	oyee benefits (Fart 1x, Column (A), Inn	=5	27,621,2	93 30,570,17
₩ ₩	16a Pr	ofessional fundraising fees (Part	IX, column (A), line 11e)			0
Expenses	b _{To}	al fundraising expenses (Part IX, columr	n (D), line 25) 🕨 0	_		
-			A), lines 11a-11d, 11f-24e)		29,959,1	
		·	must equal Part IX, column (A), line 2!		57,779,8	
OF .	19 Re	venue less expenses Subtract li	ne 18 from line 12		4,967,8	
နှစ် အမို				Begi	nning of Curren Year	t End of Year
net Assector Fund Balances	20 To	tal assets (Part X, line 16) .			48,608,1	46 65,554,650
(B)					9,525,2	
Fer	22 N e	t assets or fund balances Subtra	act line 21 from line 20		39,082,9	11 41,311,78
Indei	penalties		examined this return, including accom complete Declaration of preparer (othe			
		y knowledge	complete Decidiation of preparer (other	than onice	., is suscu on c	ormgaon or willen
	Τι				1	
		Signature of officer			2014-05-15 Date	
Sign	- 1.	_			Date	
_		MATTHEW GRIMSHAW CEO Type or print name and title				
_	17		Preparer's signature	Date		PTIN
_		Print/Type preparer's name	riepaiei s signature	Date		
Here	1 ·	Pamela Krohn		Date	self-employed	P01210500
Paic				Date	CHECK!	P01210500
Paid Pre	l parer Only	Pamela Krohn	INITIATIVES	Date	self-employed	P01210500 -0617373

ENGLEWOOD, CO 80112

May the IRS discuss this return with the preparer shown above? (see instructions) $\,$.

. ✓ Yes ☐ No

	990 (2012)					Page 2
Par		t of Program Serv edule O contains a res		lishments uestion in this Part III		
1	Briefly describe the	e organization's missioi	า			
AND	SEE SCHEDULE H					
2	the prior Form 990	or 990-EZ?				✓ Yes No
	If "Yes," describe th	nese new services on S	chedule O			
3	services?					┌ Yes ┌ No
4	Describe the organi expenses Section	ization's program servion 501(c)(3) and 501(c)(4	ce accomplishn 4) organization:	s are required to report		
4a	,) (Expenses \$	57,853,324	including grants of \$	7,316) (Revenue \$	64,332,587)
4b	(Code) (Expenses \$		including grants of \$) (Revenue \$)
4c	(Code) (Expenses \$		including grants of \$) (Revenue \$)
	Other program ser	vices (Describe in Sch	edule O N			
Tu	(Expenses \$	•	luding grants o	f \$) (Revenue \$)
4e	Total program serv	vice expenses ►	57,853,324			

Part IV	Check	dist of	Required	Schedules

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

Par	t IV Checklist of Required Schedules (continued)			
21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1° If "Yes," complete Schedule I, Parts I and II	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV			
		28a		No
Ь	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
С	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		No
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		Νo
32		32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	38	Yes	

GΙΙ	Statements Regarding Other 1RS Fillings and Tax Compliance			-
	Check if Schedule O contains a response to any question in this Part V	•	Yes	. l No
1	Enter the number reported in Box 3 of Form 1096 Enter -0 - if not applicable 1a 0			.40
	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable 1b 0			
	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable			
	gaming (gambling) winnings to prize winners?	1c		
	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			
)	by this return	2b	Yes	
	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes	
	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes	
	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		N
)	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			
	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		N o
	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		N
	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c		
	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the	5С 6а		N
•	organization solicit any contributions that were not tax deductible as charitable contributions?			111
	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts			
	were not tax deductible?	6b		
	Organizations that may receive deductible contributions under section 170(c). Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and	7a		N
	services provided to the payor?	/a		N
	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to			
	file Form 8282?	7 c		N
	If "Yes," indicate the number of Forms 8282 filed during the year			
	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit			
	contract?	7e		N
	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		N
	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a	/g		
	Form 1098-C?	7h		
	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		
	Sponsoring organizations maintaining donor advised funds.			
	Did the organization make any taxable distributions under section 4966?	9a		
	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
	Section 501(c)(7) organizations. Enter Initiation fees and capital contributions included on Part VIII, line 12 10a			
	Initiation fees and capital contributions included on Part VIII, line 12			
	Section 501(c)(12) organizations. Enter			
	Gross income from members or shareholders			
	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			
	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
	If "Yes," enter the amount of tax-exempt interest received or accrued during the			
	year			
	Section 501(c)(29) qualified nonprofit health insurance issuers.			
	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O	13a		
1	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			
	Enter the amount of reserves on hand	[
	Did the organization receive any payments for indoor tanning services during the tax year?	14a		N
	If "Yes " has it filed a Form 720 to report these payments? If "No " provide an explanation in Schedule O	14h		

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

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

Se	ction 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	13			
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O					
b	Enter the number of voting members included in line 1a, above, who are independent	1b	10			
2	Did any officer, director, trustee, or key employee have a family relationship or a bus other officer, director, trustee, or key employee?			2		No
3	Did the organization delegate control over management duties customarily performe supervision of officers, directors or trustees, or key employees to a management control of officers.	d by d	or under the direct	3		No
4	Did the organization make any significant changes to its governing documents since filed?	the p	orior Form 990 was	4		No
5	Did the organization become aware during the year of a significant diversion of the or			5		No
6	Did the organization have members or stockholders?	_		6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the pow	er to		7a	Yes	
b	more members of the governing body?	ıl by) ı	members, stockholders,		Yes	
8	or persons other than the governing body?					
_	year by the following The governing body?			0-	Yes	
		• •		8a		
b	Each committee with authority to act on behalf of the governing body?			8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, organization's mailing address? If "Yes," provide the names and addresses in Schedule			9		No
Se	ection B. Policies (This Section B requests information about policies not	requi		even		
	·	•			ue Cod Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		red by the Internal R	10a		
10a	·	ivities	red by the Internal R s of such chapters,			No
10a b	Did the organization have local chapters, branches, or affiliates?	ivities on's e	red by the Internal R of such chapters, xempt purposes? erning body before filing	10a 10b		No
10a b 11a	Did the organization have local chapters, branches, or affiliates?	ivities on's e	red by the Internal R of such chapters, xempt purposes? erning body before filing	10a 10b	Yes	No
10a b 11a b	Did the organization have local chapters, branches, or affiliates?	on's es gov	red by the Internal R of such chapters, xempt purposes? erning body before filing	10a 10b	Yes	No
10a b 11a b	Did the organization have local chapters, branches, or affiliates?	ivities on's e s gov	red by the Internal R of such chapters, xempt purposes? erning body before filing of such chapters, xempt purposes.	10a 10b 11a	Yes	No
10a b 11a b 12a b	Did the organization have local chapters, branches, or affiliates?	on's essential section of the sectio	s of such chapters, xempt purposes? erning body before filing	10a 10b 11a	Yes	No
10a b 11a b 12a b	Did the organization have local chapters, branches, or affiliates?	on's ecs gov	s of such chapters, xempt purposes? erning body before filing	10a 10b 11a 12a 12b	Yes Yes Yes	No
10a b 11a b 12a b	Did the organization have local chapters, branches, or affiliates?	on's ecs gov form Sorm Soly inte	s of such chapters, xempt purposes? erning body before filing	10a 10b 11a 12a 12b	Yes Yes Yes Yes	No
10a b 11a b 12a b	Did the organization have local chapters, branches, or affiliates?	Ivities on's ess gov	s of such chapters, xempt purposes? erning body before filing	10a 10b 11a 12a 12b 12c 13	Yes Yes Yes Yes	No No
10a b 11a b 12a b c	Did the organization have local chapters, branches, or affiliates?	on's ess gov Form S ly inte the p	sof such chapters, xempt purposes? erning body before filing	10a 10b 11a 12a 12b 12c 13	Yes Yes Yes Yes	No No
10a b 11a b 12a b c	Did the organization have local chapters, branches, or affiliates?	on's ess governments.	s of such chapters, xempt purposes? erning body before filing	10a 10b 11a 12a 12b 12c 13	Yes Yes Yes Yes	No No
10a b 11a b 12a b c	Did the organization have local chapters, branches, or affiliates?	on's ess governments.	s of such chapters, xempt purposes? erning body before filing	10a 10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes	No No
10a b 11a b 12a b c 13 14 15	Did the organization have local chapters, branches, or affiliates? If "Yes," did the organization have written policies and procedures governing the act affiliates, and branches to ensure their operations are consistent with the organization. Has the organization provided a complete copy of this Form 990 to all members of it the form?	on's ess govers	sof such chapters, xempt purposes? erning body before filing	10a 10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes	No No
10a b 11a b 12a b c 13 14 15 a b	Did the organization have local chapters, branches, or affiliates?	Ivities on's es gov Form S Ily inte the p Iew ar ie deli	s of such chapters, xempt purposes? erning body before filing	10a 10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes	No No
10a b 11a b 12a b c 13 14 15 a b	Did the organization have local chapters, branches, or affiliates?	Ivities on's es gov Ivities on's es gov Ivities on's estep	sof such chapters, xempt purposes? erning body before filing	10a 10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes	No No No

Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed►ND
- 18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply
 - Own website Another's website Upon request Other (explain in Schedule O)
- 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
- State the name, physical address, and telephone number of the person who possesses the books and records of the organization ►Kerry Monson 1301 W 15th Ave W Williston, ND (701) 774-7408

<u>Part VII</u> Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

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

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

- List all of the organization's current officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
 - List all of the organization's current key employees, if any See instructions for definition of "key employee"
- ♦ List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(1) DAVID BRENDSEL Vice Chair (2) MATTHEW GRIMSHAW Ex-Officio-PRESIDENT/CEO (3) SISTER MARIE MICHELETTO SECRETARY/TREASURER (4) STEVE OYLOE Chair (5) CURTIS SMALL	1 00 0 40 00 1 00 0 0 40 00	Individual trustiee × × × ×	Institutional Trustee	Officei × ×	Ke) employee	Highest compensated employee	Former	(W- 2/1099- MISC)	(W- 2/1099- MISC)	from the organization and related organizations
Vice Chair (2) MATTHEW GRIMSHAW Ex-Officio-PRESIDENT/CEO (3) SISTER MARIE MICHELETTO SECRETARY/TREASURER (4) STEVE OYLOE Chair (5) CURTIS SMALL	0 40 00 1 00 1 00 0 1 00	x						0	0	
(2) MATTHEW GRIMSHAW EX-Officio-PRESIDENT/CEO (3) SISTER MARIE MICHELETTO SECRETARY/TREASURER (4) STEVE OYLOE Chair (5) CURTIS SMALL	40 00 1 00 1 00 0 1 00 0	x						ď	ď	
EX-Officio-PRESIDENT/CEO (3) SISTER MARIE MICHELETTO SECRETARY/TREASURER (4) STEVE OYLOE Chair (5) CURTIS SMALL	1 00 1 00 0 1 00 0	Х		Х						
(3) SISTER MARIE MICHELETTO SECRETARY/TREASURER (4) STEVE OYLOE Chair (5) CURTIS SMALL	1 00 0 1 00 0	Х		X					272 526	
(3) SISTER MARIE MICHELETTO SECRETARY/TREASURER (4) STEVE OYLOE Chair (5) CURTIS SMALL	1 00 0 1 00 0							0	278,506	54,59
(4) STEVE OYLOE Chair (5) CURTIS SMALL	1 00 0		1							
(4) STEVE OYLOE Chair (5) CURTIS SMALL	1 00 0			Х				0	0	ı
(5) CURTIS SMALL										
(5) CURTIS SMALL		Х		Х				1,444	0	1
	40 00									
		Х						232,802	0	42,83
Board member/Physician (6) DAVID HANSON	1 00									
		Х						0	0	ı
Board Member (7) DWIGHT RICHTER	0									
(7) DWIGHT RICHTER	1 00	х						О	0	
Board Member	0									
(8) JEFFREY DROP	1 00	X						o	606,104	98,48
Ex-Officio/SVP DIVISION OFFICER	59 00								,	
(9) JOAN MAINWARING	1 00	X						0	0	
Board Member	0	^						Ĭ	Ĭ	'
(10) RICK LEE	1 00	V								
Board Member	0	Х						0	0	1
(11) RUSSELL RANKIN	1 00									
Board Member	0	Х						0	0	ı
(12) SARA SOLBERG MD	1 00									
Board Member		Х						0	0	1
(13) TERRY OLSON	1 00									
` '		Х						0	0	ı
BOARD MEMBER (14) KERRY MONSON	1 00 40 00									
` '				х				145,257	0	37,45
CFO/VP OF FINANCE	1 00									
(15) BRETT VIBETO	40 00					х		428,312	0	45,19
GENERAL SURGEON	1 00							, , , , , , , , , , , , , , , , , , , ,		,
(16) DAVID LANOUE	40 00					x		560,754	0	46,85
ORTHOPEDIC SURGEON	0							300,734		+0,03
(17) DAVID SKURDAL	40 00							425 420		F1 60
PHYSICIAN	0					Х		435,138	0	51,68

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

	(A) Name and Title	(B) A verage hours per week (list any hours	more pers	than on is	one bot	not box thar	checl x, unle n office rustee	ess er	(D) Reportable compensation from the organization	(E) Reportable compensatio from related organization	n d s	(F Estim amount o compen from	ated of other sation the
		for related organizations below dotted line)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	(W- 2/1099- MISC)	(W- 2/1099 MISC)	-	organiz	lated
	DOUGLAS CLARK	40 00					х		463,045		0		30,968
(19) I	cian ROXANNE KEENE	40 00				1					\dashv		
Physic		0					X		565,678		0		40,944
1b c	Sub-Total			•	•		*						
d							►		2,832,430	884,61	0		449,025
2	Total number of individuals (including t \$100,000 of reportable compensation				ed a	bove	e) who	rece	eived more than				
												Yes	No
3	Did the organization list any former off on line 1a? <i>If</i> "Yes," complete Schedule	•		-	-	nplo _'	yee, o	r high	nest compensate	d employee	3		No
4	For any individual listed on line 1a, is to organization and related organizations individual									om the	4	Yes	
5	Did any person listed on line 1a receive services rendered to the organization?									ndıvıdual for	5		No
Se	ection B. Independent Contract	ors											
1	Complete this table for your five highes compensation from the organization Re											tax year	
	Name and b	(A) ousiness address							Descrintion	(B) on of services		(C) Compen	
	TA TRAVEL NURSES 1200 N COLLINS AVE MANDA	N ND 58554							TRAVELING NUR	SES	士	· ·	148,636
	EN CONSTRUCTION CO 1000 15TH AVE WEST W. ONAL INFORMATION SOLUTIONS COOPERATIVE 1		E LAKE S	SAINT	LOU:	IS MC	63367	2649	CONSTRUCTION INFORMATION T SERVICES				133,758 127,936
									OLIVICE3		1		
	Total number of independent contractors \$100,000 of compensation from the org		not lim	ıted	to th	nose	listed	l abo	 ve) who received	more than	$\frac{1}{1}$		

		Check if Schedule O contains a respon	se 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
u 22	1a	Federated campaigns 1a					
Contributions, Giffs, Grants and Other Similar Amounts	ь	Membership dues 1b					
Gr.	c	Fundraising events 1c					
ffs, ⊤A	d	Related organizations 1d	4,907,660				
ig i⊑	e	Government grants (contributions) 1e					
ms, Sin			500 122				
E E	f	All other contributions, gifts, grants, and similar amounts not included above	509,132				
量	g	Noncash contributions included in lines 1a-1f \$		İ	į		
Contand	h	Total. Add lines 1a-1f		5,416,792			
O e		1010117700 17700 1770	P-	, ,			
Ele	2a	PATIENT SERVICES	Business Code 900099	64 163 000	64 163 000		
Program Serwce Revenue	b	RENTAL INCOME	900099	64,162,900 169,687	64,162,900 169,687		
Œ.	c	RENTAL INCOME	900099	109,087	109,087		
Ž.	d			0			
R.	e			0			
<u>e</u>	f	All other program service revenue		0	0	0	0
္နို				<u> </u>			
	g	Total. Add lines 2a-2f	1	64,332,587			
	3	Investment income (including dividend and other similar amounts)		47,495			47,495
	4	Income from investment of tax-exempt bond j	proceeds 🕨	0			
	5	Royalties		0			
		(ı) Real	(II) Personal				
	6a b	Gross rents Less rental					
		expenses Rental income 0	0				
	C	or (loss)					
	d	Net rental income or (loss)		0			
	7a	Gross amount from sales of assets other	(II) O ther				
	ь	than inventory Less cost or other basis and	824				
	c	sales expenses Gain or (loss) 1,500	-824				
	d	Net gain or (loss)		676			676
Other Revenue	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18					
her	ь	Less direct expenses b					
₹	c	Net income or (loss) from fundraising	events 🛌	0			
	9a	Gross income from gaming activities See Part IV, line 19					
	ь	Less direct expenses b					
	С	Net income or (loss) from gaming activ	vities	0			
	10a	Gross sales of inventory, less returns and allowances .					
	ь	Less cost of goods sold b					
		Net income or (loss) from sales of inve	entory 🛌	0			
		Miscellaneous Revenue	Business Code				
	11a	CAFETERIA	722100	184,245			184,245
	ь	DIETARY	722320	82,060			82,060
	С	SERVICES SOLD	900099	71,367			71,367
	d	All other revenue		98,322	0	35,795	62,527
	e	Total. Add lines 11a-11d	🕨	435,994			
	12	Total revenue. See Instructions	▶	70,233,544	64,332,587	35,795	448,370

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 (D) (B) (C) Do not include amounts reported on lines 6b, (A) Program service Management and Fundraising 7b. 8b. 9b. and 10b of Part VIII. Total expenses expenses general expenses expenses Grants and other assistance to governments and organizations in the United States See Part IV, line 21 7,316 7,316 Grants and other assistance to individuals in the United States See Part IV, line 22 0 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 0 Benefits paid to or for members 0 Compensation of current officers, directors, trustees, and 357,294 201,530 155,764 key employees Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . 24,835,712 Other salaries and wages 23,514,860 1,320,852 Pension plan accruals and contributions (include section 401(k) 1,361,913 1,361,913 and 403(b) employer contributions) Other employee benefits 2,407,127 2,407,127 85,515 10 1,608,131 1,522,616 11 Fees for services (non-employees) Management O 61,503 61,503 Legal Accounting 7,345 7,345 0 Professional fundraising services See Part IV, line 17 0 Investment management fees 0 Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on 10,481,142 8,893,348 1,587,794 Schedule 0) Advertising and promotion . . 211,328 210,874 454 12 13 Office expenses 2,233,740 2,127,141 106,599 3,698,944 3,698,944 14 Information technology . . 15 0 Royalties . . 855,847 772,067 83,780 16 Occupancy **17** 241,602 215,127 26,475 Travel 18 Payments of travel or entertainment expenses for any federal, 0 state, or local public officials 1,761 19 Conferences, conventions, and meetings . . . 1,043 718 20 66,989 66,989 Payments to affiliates 1,170,084 21 1,170,084 1,943,048 22 Depreciation, depletion, and amortization . 1,900,723 42,325 23 551,110 217,692 333,418 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) 7,386,262 a BAD DEBT 7,386,262 MEDICAL SUPPLIES 6,051,933 6,051,933 RECRUITMENT 459,855 459,855 d REPAIRS AND MAINTENANCE 453,179 453,179 e All other expenses 329,162 81,729 247,433 0 Total functional expenses. Add lines 1 through 24e 25 66,782,327 57,853,324 8,929,003 0 Joint costs. Complete this line only if the organization 26 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

Par	τX	Check if Schedule O contains a response to any question in thi	s Part	x			
					(A) Beginning of year		(B) End of year
	1	Cash—non-interest-bearing			4,867	1	7,012
	2	Savings and temporary cash investments			131,725	2	105,689
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			10,357,983	4	12,039,655
	5	Loans and other receivables from current and former officers, of employees, and highest compensated employees. Complete P. Schedule L	art II d	of			
Assets	6	Loans and other receivables from other disqualified persons (a $4958(f)(1)$), persons described in section $4958(c)(3)(B)$, and and sponsoring organizations of section $501(c)(9)$ voluntary e organizations (see instructions) Complete Part II of Schedule	contril mploy	outing employers	50,919	5	83,377
82	7	Notes and loans receivable, net				7	
₹	8	Inventories for sale or use			939,002	-	1,513,422
	9	Prepaid expenses and deferred charges			72,583		1,051
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	77,059,362		9	1,001	
	ь	Less accumulated depreciation	10a 10b	33,523,879	29,315,365	10c	43,535,483
	11	Investments—publicly traded securities		<u> </u>	, ,	11	, .
	12	Investments—other securities See Part IV, line 11	0	12	0		
	13	Investments—program-related See Part IV, line 11	0	13	0		
	14	Intangible assets			_	14	
	15	Other assets See Part IV, line 11			7,735,702	15	8,268,961
	16	Total assets. Add lines 1 through 15 (must equal line 34).		48,608,146		65,554,650	
	17	Accounts payable and accrued expenses			9,508,263	17	3,214,293
	18	Grants payable			3,000,200	18	5,2 : 1,255
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities				20	
	21	Escrow or custodial account liability Complete Part IV of Sch				21	
lities	22	Loans and other payables to current and former officers, direct key employees, highest compensated employees, and disquali	ors, tr			21	
Liabiliti		persons Complete Part II of Schedule L				22	0
ï	23	Secured mortgages and notes payable to unrelated third partie				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to rela and other liabilities not included on lines 17-24) Complete Pa	ted th	rd parties,			
		D			16,972	25	21,028,574
	26	Total liabilities. Add lines 17 through 25			9,525,235	26	24,242,867
ces		Organizations that follow SFAS 117 (ASC 958), check here ► lines 27 through 29, and lines 33 and 34.	⊽ and	complete			
ลม	27	Unrestricted net assets			32,144,649	27	34,720,383
ල ස	28	Temporarily restricted net assets			6,938,262	28	6,591,400
돧	29	Permanently restricted net assets				29	
Fund Balance		Organizations that do not follow SFAS 117 (ASC 958), check h	ere ►	┌─ and			
5		complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds				30	
Assets	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other				32	
Net Net	33	Total net assets or fund balances			39,082,911	33	41,311,783
	34	Total liabilities and net assets/fund balances			48,608,146	34	65,554,650

Par	Reconcilliation of Net Assets Check if Schedule O contains a response to any question in this Part XI				৮
1	Total revenue (must equal Part VIII, column (A), line 12)	1		70,2	233,544
2	Total expenses (must equal Part IX, column (A), line 25)	2		66,7	782,327
3	Revenue less expenses Subtract line 2 from line 1	3		3,4	151,217
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4		39,0	082,911
5	Net unrealized gains (losses) on investments	5		- 8	320,245
6	Donated services and use of facilities	6			
7	Investment expenses	7			
8	Prior period adjustments	8			9,598
9	Other changes in net assets or fund balances (explain in Schedule O)	9		- 4	11,698
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10		41,3	311,783
Par	t XII Financial Statements and Reporting				
	Check if Schedule O contains a response to any question in this Part XII				. Г
				Yes	No
1	Accounting method used to prepare the Form 990	ļ			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	ļ	2a		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or review a separate basis, consolidated basis, or both	edon			
	Separate basis Consolidated basis Both consolidated and separate basis	ļ			
b	Were the organization's financial statements audited by an independent accountant?	ļ	2b	Yes	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separa basis, consolidated basis, or both	ıte			
	☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis	ļ			
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight audit, review, or compilation of its financial statements and selection of an independent accountant?	of the	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O				
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		За		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.	quired	3b		

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493135067214

Employer identification number

OMB No 1545-0047

SCHEDULE A

(Form 990 or 990EZ)

Name of the organization

MERCY MEDICAL CENTER

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.

Open to Public Inspection

									45-02311					
	t I			blic Charity Sta						struction	ns.			
The o	rganı	zatıon ıs	not a priva	te foundation becaus	eitis (Forl	lınes 1 throu	ıgh 11, check	conly one b	ox)					
1	Г	A chur	ch, convent	ion of churches, or a	ssociation of	f churches d	escribed in s e	ection 170(b)(1)(A)(i).					
2	Γ	A scho	ol described	d in section 170(b)(1	L)(A)(ii). (At	tach Schedı	ule E)							
3	굣	A hosp	ital or a cod	perative hospital se	rvice organiz	zatıon descri	ıbed ın sectio	n 170(b)(1)	(A)(iii).					
4	Γ	A medi	cal researc	h organization opera	ted ın conjun	iction with a	hospital des	cribed in se	ction 170(b)(1)(A)(iii)	. Enter the			
				ity, and state										
5	Г	Anorg	anızatıon op	erated for the benefi	t of a college	or universi	ty owned or o	perated by	a government	al unit de	scribed in			
		sect ior	170(b)(1)((A)(iv). (Complete P	art II)									
6	\sqcap	A feder	ral, state, or	local government o	r government	tal unıt desc	rıbed ın secti	ion 170(b)(:	L)(A)(v).					
7	Γ	Anorg	anization th	at normally receives	a substantia	al part of its	support from	a governme	ental unit or fi	om the ge	eneral public			
	_			on 170(b)(1)(A)(vi).										
8	<u> </u>		-	: described in sectio i			-	-						
9	ı			at normally receives										
		•		rities related to its e	•	=								
		•		oss investment inco				•		tax) from	businesses			
		•	,	ganızatıon after June	•			•	•					
10	Г	Anorg	anızatıon or	ganızed and operate	d exclusively	to test for p	oublic safety	See sectio	n 509(a)(4).					
11	Г	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												
			•	,				•		ee section	509(a)(3). Check			
				ibes the type of supp b Type II c						n-functio	nally integrated			
e	Г			ox, I certify that the										
	'		_	ion managers and ot	-		,		, ,		•			
			n 509(a)(2)	_			,,- ,							
f			_	received a written d	etermınatıon	from the IR	S that it is a	Type I, Typ	e II, or Type	III suppo	rtıng organızatıo <u>n,</u>			
			this box	2006 11				•	6.1		Г			
g			august 1/, / ng persons?	2006, has the organ	ization accep	oted any gift	or contributi	on from any	ortne					
			J .	rectly or indirectly o	controls, eith	ier alone or t	ogether with	persons de	scribed in (ii)		Yes No			
				governing body of th	•		_	F			1g(i)			
				er of a person descr		_					lg(ii)			
		` '	•	lled entity of a perso	` '		ahove?			—	.g(iii)			
h		• •		ng information about							9(/			
		110114	c the followi	ng mormation about	the support	ca organizat	1011(3)							
(i) Nan	ne of	(ii) EIN	(iii) Type of	(iv) Is	the	(v) Did you	ı notıfv	(vi) Is	the	(vii) A mount of			
•	uppoi		(,	organization	organizati		the organiz	,	organizati		monetary			
or	ganiz	ation		(described on	col (i) lıs		ın col (i) d	•	col (i) org		support			
				lines 1 - 9 above	your gove	_	suppor	t?	in the U	S?				
				or IRC section	docume	nt?								
				(see instructions))				T		T	\dashv			
					Yes	No	Yes	No	Yes	No				
						1		1	1					

Sch	edule A (Form 990 or 990-EZ) 2012							Page 2
Pa	(Complete only if you o	hecked the bo	x on line 5, 7,	or 8 of Part I o	r if the organiza	ation faile	ed to q	
	Part III. If the organiza ection A. Public Support	tion fails to qu	alify under the	tests listed bel	ow, please com	<u>iplete Pa</u>	rt III.)	
	ection A. Public Support endar year (or fiscal year beginning					1		
	in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2	312	(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							
6	(f) Public support. Subtract line 5 from							
	line 4							
S	ection B. Total Support							
Cal	endar year (or fiscal year beginning	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 20)12	(f) Total
_	in) ► A mounts from line 4		. ,		. ,	, ,		. ,
7 8	Gross income from interest,							
0	dividends, payments received on							
	securities loans, rents, royalties							
	and income from similar							
9	sources Net income from unrelated							
9	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							
4.0	10)		<u> </u>					
12	Gross receipts from related activitie					12		
13	First five years. If the Form 990 is this box and stop here							ization, check
	ection C. Computation of Pub				<u> </u>	<u> </u>		
14	Public support percentage for 2012			11, column (f))		14		
15	Public support percentage for 2011			, , , , , , ,		15		
	33 1/3% support test—2012. If the o	· ·	•	on line 13 and l	ine 14 is 33 1/20%		chack ti	nie hov
104	and stop here. The organization qua				me 1 1 13 33 1/3/0	or more,	JIICCK CI	► □
b	33 1/3% support test—2011. If the				and line 15 is 33	3 1/3% or n	nore, ch	eck this
	box and stop here. The organization						. 4 4	▶□
1/a	10%-facts-and-circumstances test- is 10% or more, and if the organizat							•
	in Part IV how the organization mee							
	organization				4	r	,rF3	▶ □
b	10%-facts-and-circumstances test-							
	15 is 10% or more, and if the organ Explain in Part IV how the organizat							lv
	supported organization	ion meets the T	acts-ana-cncum:	stances test III	ic organization qu	uiiiiE5 45 i	a public	·y ▶□
18	Private foundation. If the organizat	on did not check	c a box on line 13	, 16a, 16b, 17a,	or 17b, check thi	s box and	see	·
	instructions							▶ ┌

Schedule A (Form 990 or 990-EZ) 2012 Page 3 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 (a) 2008 **(b)** 2009 (c) 2010 (d) 2011 (e) 2012 (f) Total in) 🟲 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") 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						
3	furnished by a governmental unit to						
	the organization without charge						
6	Total. Add lines 1 through 5						
	Amounts included on lines 1, 2,						
<i>7</i> a	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						
С	Add lines 7a and 7b						
8	Public support (Subtract line 7c						
	from line 6)						
_Se	ction B. Total Support						
Cale	ndar year (or fiscal year beginning	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
	in) ►	(u) 2000	(6) 2003	(6) 2010	(4) 2011	(6) 2012	(1) 10tai
9	A mounts from line 6						
10a	Gross income from interest,						
	dividends, payments received on						
	securities loans, rents, royalties						
	and income from similar						
	sources						
Ь	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						
11	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)			Librari Corretto con	6.01	E04(-)(2)	
14	First five years. If the Form 990 is for	or the organization	on's first, second	i, thira, fourth, or	ππη tax year as a	1 501(c)(3) org	anization, ►
	check this box and stop here	a Cunnaut Da					
	ction C. Computation of Public			1.2		T I	
15	Public support percentage for 2012			13, column (T))		15	
16	Public support percentage from 2011	L Schedule A, Pa	art III, line 15			16	
Se	ction D. Computation of Inve	stment Inco	me Percenta	ge			
17	Investment income percentage for 20				nn (f))	17	
					. , ,		
18	Investment income percentage from					18	
19a	33 1/3% support tests—2012. If the o						ıd lıne 17 ıs not ▶□

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 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Schedule A (Form 990 or 990-EZ) 2012

DLN: 93493135067214

OMB No 1545-0047

Political Campaign and Lobbying Activities

Department of the Treasury

SCHEDULE C (Form 990 or 990-EZ)

Internal Revenue Service

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.

Inspection

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

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

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

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

If the organization answered "Yes" to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then ◆ Section 501(c)(4), (5), or (6) organizations Complete Part III Name of the organization **Employer identification number** MERCY MEDICAL CENTER 45-0231183 Complete if the organization is exempt under section 501(c) or is a section 527 organization. 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). 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 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes 3 Was a correction made? ☐ Yes □ No If "Yes," describe in Part IV Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3). Enter the amount directly expended by the filing organization for section 527 exempt function activities 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 Did the filing organization file Form 1120-POL for this year? 4 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 **(c)** EIN (e) A mount of political (a) Name (b) Address (d) A mount paid from contributions received filing organization's and promptly and funds If none, enter -0directly delivered to a separate political organization If none, enter-0-

e Grassroots ceiling amount (150% of line 2d, column (e))

f Grassroots lobbying expenditures

Sch	nedule C (Form 990 or 990-EZ) 2012					Page 2
Pa	art II-A Complete if the organization	is exempt under	section 501(c)(3) and fil	ed Form 5768	(election
_	under section 501(h)). Check ► if the filing organization belongs to a	an affiliated group (and	lict in Part IV os	ach affiliated are	un mambar's nam	o addross EIN
	expenses, and share of excess lobb	ying expenditures)		_	up member s nam	e, address, LTN
<u>B</u>	Check Frifthe filing organization checked box	x A and "limited contro	ıl" provisions apı	oly		
	Limits on Lobbying E (The term "expenditures" means an		l .)		(a) Filing organization's totals	(b) Affiliated group totals
1a	Total lobbying expenditures to influence public o	pınıon (grass roots lob	bying)			
b	Total lobbying expenditures to influence a legisla	ative body (direct lobb	yıng)			
c	Total lobbying expenditures (add lines 1a and 1b	o)				
d	O ther exempt purpose expenditures					
е	Total exempt purpose expenditures (add lines 1c	c and 1d)				
f	Lobbying nontaxable amount Enter the amount fo	rom the following table	ın both			
	If the amount on line 1e, column (a) or (b) is:	The lobbying nontax	able amount is:			
	Not over \$500,000	20% of the amount on li	ne 1e			
	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the	e excess over \$500,0	000		
	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the	e excess over \$1,000	0,000		
	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				
	Grassroots nontaxable amount (enter 25% of lin	e 1f)				
_	Subtract line 1g from line 1a If zero or less, ente	•		-		
i	Subtract line 1f from line 1c If zero or less, ente			-		
_	If there is an amount other than zero on either lin		organization file	Form 4720 rep	ortina	1
-	section 4911 tax for this year?					┌ Yes ┌ No
_	4-Voor Av	veraging Period U	Inder Section	F01/b)		
	(Some organizations that made a scolumns below. See the	section 501(h) el	ection do not	have to cor		ne five
	Lobbying Expe	enditures During	4-Year Avera	ging Period		1
	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 nontavable amount					

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)).

		(a)			(b)	
For e activ	uring the year, did the filing organization attempt to influence foreign, national, state or local		No		A mour	nt
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		•			
а	Volunteers?		Νo			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No			
C	Media advertisements?		No			
d	Mailings to members, legislators, or the public?		Νo			
е	Publications, or published or broadcast statements?		Νo			
f	Grants to other organizations for lobbying purposes?	Yes				1,005
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		Νo			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No			
i	O ther activities?		Νo			
j	Total Add lines 1c through 1i					1,005
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		Νo			
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?					
Par	t III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(6).	501(c)(5),	or s	ectio	n
					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		
Par	t III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "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).					
а	Current year	2a				
b	Carryover from last year	2b				
С	Total	2c				

Taxable amount of lobbying and political expenditures (see instructions)Part IV Supplemental Information

political expenditure next year?

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

3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues

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

Identifier	Return Reference	Explanation
Description of the activities reported on Lines 1a through 1i	,	LINE 1F THE PORTION OF ORGANIZATION DUES THAT ARE RELATED TO LOBBYING ARE AS FOLLOWS AMERICAN HOSPITAL ASSOCIATION - \$724, CATHOLIC HEALTH ASSOCIATION - \$281

3

4

5

DLN: 93493135067214

OMB No 1545-0047

SCHEDULE D (Form 990)

Department of the Treasury

Internal Revenue Service

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

Supplemental Financial Statements

Open to Public Inspection

	me of the organization RCY MEDICAL CENTER	·	Employer identification number						
HIL	NOT PIEDICAL CENTER		45-0231183						
Pa	organizations Maintaining Donor Advorganization answered "Yes" to Form 990	vised Funds or Other Similar Fu . Part IV. line 6.	unds or Accounts. Complete if the						
		(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 advisor funds are the organization's property, subject to the or		or advised Yes No						
6	Did the organization inform all grantees, donors, and dused only for charitable purposes and not for the benefits								
Da	rt II Conservation Easements. Complete if	the organization answered "Ves" to							
1	Purpose(s) of conservation easements held by the org		0 101111 990, Fart IV, line 7.						
_	Preservation of land for public use (e.g., recreation		historically important land area						
	Protection of natural habitat		certified historic structure						
	Preservation of open space								
2	Complete lines 2a through 2d if the organization held a	a qualified conservation contribution in t	he form of a conservation						
	easement on the last day of the tax year								
			Held at the End of the Year						
а	Total number of conservation easements		2a						
b	Total acreage restricted by conservation easements		2b						
С	Number of conservation easements on a certified histo	` '	2c						
d	Number of conservation easements included in (c) acc historic structure listed in the National Register		2d						
3	Number of conservation easements modified, transfer	red, released, extinguished, or terminate	d by the organization during						
	the tax year ▶								
4	Number of states where property subject to conservat	ion easement is located ►							
5	Does the organization have a written policy regarding tenforcement of the conservation easements it holds?	the periodic monitoring, inspection, hand	dling of violations, and Yes No						
6	Staff and volunteer hours devoted to monitoring, inspe	cting, and enforcing conservation easen	nents during the year						
7	Amount of expenses incurred in monitoring, inspecting	a, and enforcing conservation easements	s during the year						
,	▶ \$,,	, aag , ca.						
8	Does each conservation easement reported on line 2(and section 170(h)(4)(B)(ii)?	d) above satisfy the requirements of sec	tion 170(h)(4)(B)(i)						
9	In Part XIII, describe how the organization reports colbalance sheet, and include, if applicable, the text of the the organization's accounting for conservation easeme	e footnote to the organization's financial							
Pai	t III Organizations Maintaining Collection		or Other Similar Assets.						
_	Complete if the organization answered "Y If the organization elected, as permitted under SFAS 1	· · · · · · · · · · · · · · · · · · ·	ave statement and halance sheet						
1a	works of art, historical treasures, or other similar assesservice, provide, in Part XIII, the text of the footnote to	ts held for public exhibition, education,	or research in furtherance of public						
b	If the organization elected, as permitted under SFAS 1 works of art, historical treasures, or other similar asseservice, provide the following amounts relating to thes	ts held for public exhibition, education,							
	(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, histor following amounts required to be reported under SFAS		· <u></u>						
а	Revenues included in Form 990 Part VIII line 1		b- ⊄						

b Assets included in Form 990, Part X

	Organizations Maintaining Co											ntinued)
3	Using the organization's acquisition, access collection items (check all that apply)	on, and other recor	ds, ch	neck —	•		_		_	use of	its	
а	Public exhibition		d	Г	Loan	orexc	hange progr	rams				
b	Scholarly research		e	Γ	Other	-						
С	Preservation for future generations											
4	Provide a description of the organization's co Part XIII	ollections and expla	ıın hov	w the	y furthe	er the	organızatıor	ı's ex	empt purpo	se in		
5	During the year, did the organization solicit of assets to be sold to raise funds rather than t								nılar	Г	Yes	□ No
Par	t IV Escrow and Custodial Arrang	ements. Comple	ete ıf	the	organ	ızatıo			es" to For			, 110
	Part IV, line 9, or reported an an											
1a	Is the organization an agent, trustee, custod included on Form 990, Part X?					itions	or other ass	ets	not	Γ	Yes	┌ No
b	If "Yes," explain the arrangement in Part XII	I and complete the	follov	ving t	able		Г					
_	5						-	4 -		Amou	ınt	
c c	Beginning balance						-	1c				
d	Additions during the year						-	1d				
e •	Distributions during the year						-	1e				
f	Ending balance		-				L	1f				
2a	Did the organization include an amount on Fo	orm 990, Part X, lin	e 21?							ı	Yes	□ No
ь	If "Yes," explain the arrangement in Part XII											J
Pa	rt V Endowment Funds. Complete										NE	
1a	Beginning of year balance	(a)Current year	(D _.) Prior	year	Б (C)	wo years back	((a)	Three years ba	аск (е)Four ye	ears back
ь	Contributions							┢				
	Net investment earnings, gains, and losses							╁		+		
С	Net investment earnings, gams, and losses							╙				
d	Grants or scholarships											
е	Other expenditures for facilities and programs											
f	Administrative expenses							\perp				
g	End of year balance											
2	Provide the estimated percentage of the curr	ent year end balan	ce (lın	ie 1g	, colum	n (a))	held as					
а	Board designated or quasi-endowment ►											
ь	Permanent endowment ►											
c	Temporarily restricted endowment ► The percentages in lines 2a, 2b, and 2c show	ıld equal 100%										
3a	Are there endowment funds not in the posses	ssion of the organiz	atıon '	that	are held	d and a	administere	d for	the			
	organization by								г		Yes	No
	(i) unrelated organizations			•		•		•		3a(i)		
b	(ii) related organizations							•	[3a(ii) 3b	<u> </u>	
4	Describe in Part XIII the intended uses of the							•	[JU		
	t VI Land, Buildings, and Equipme					10.						
	Description of property	900 romm 93		(a)	Cost or s (invest	other	(b)Cost or of basis (other		(c) Accumul depreciation		(d) Boo	ok value
	Land						328	,028				328,028
b	Buildings						45,294	,426	20,25	7,806	2.	5,036,620
С	Leasehold improvements						· · · · · · · · · · · · · · · · · · ·		·			0
d	Equipment						19,646	,494	12,91	1,548	ı	6,731,946
				-						-		
е	Other						11,790	,414	35	1,525	1	1,438,889

Part VII Investments—Other Securities. Se	ee Form 990, Part X, line 12.	·
(a) Description of security or category	(b)Book value	(c) Method of valuation
(including name of security)		Cost or end-of-year market value
(1)Financial derivatives		
(2)Closely-held equity interests Other		
Other		
Tabl. (Caluma /h) anna anna (Farra 2000 Bart V and /B) (ann 42)	•	
Total. (Column (b) must equal Form 990, Part X, col (B) line 12) Part VIII Investments—Program Related. S		
(a) Description of investment type	(b) Book value	(c) Method of valuation
(a) Description of investment type	(B) Book Value	Cost or end-of-year market value
Total. (Column (b) must equal Form 990, Part X, col (B) line 13) Part IX Other Assets. See Form 990, Part X,	line 15	
(a) Desc		(b) Book value
(1) INTERCOMPANY RECEIVABLES	·	1,317,561
(2) INVESTMENTS IN UNCONSOLIDATED ORGS		6,951,400
Total. (Column (b) must equal Form 990, Part X, col.(B) line	15.)	8,268,961
Part X Other Liabilities. See Form 990, Par		
1 (a) Description of liability	(b) Book value	
Federal income taxes	0	
INTERCOMPANY PAYABLES	1,578,575	
CHI DEBT PROGRAM	19,449,999	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)	▶ 21,028,574	
2. Fin 48 (ASC 740) Footnote In Part XIII, provide the	text of the footnote to the organiza	tion's financial statements that reports the

Part	XI Reconciliation of Revenue per Audited Financial Statements With Revenue p	er Retu	ırn
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		
а	Net unrealized gains on investments		
b	Donated services and use of facilities 2b		
C	Recoveries of prior year grants		
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		
а	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 Re	turn
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		
а	Donated services and use of facilities		
b	Prior year adjustments		
С	Other losses		
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:		
а	Investment expenses not included on Form 990, Part VIII, line 7b 4a		
b	Other (Describe in Part XIII)] [
C	Add lines 4a and 4b	4c	
5	Table supposes Addings 2 and 4 /The mount soul Farms COO. Bort I live 10.)	5	
	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)]]	

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

Identifier	Return Reference	Explanation
FIN 48 (ASC 740) footnote		MERCY MEDICAL CENTER'S FINANCIAL INFORMATION IS INCLUDED IN THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF CATHOLIC HEALTH INITIATIVES (CHI), A RELATED ORGANIZATION CHI'S FIN 48 (ASC 740) FOOTNOTE FOR THE YEAR ENDED JUNE 30, 2013 READS AS FOLLOWS "CHI IS A TAX-EXEMPT COLORADO CORPORATION AND HAS BEEN GRANTED AN EXEMPTION FROM FEDERAL INCOME TAX UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE CHI OWNS CERTAIN TAXABLE SUBSIDIARIES AND ENGAGES IN CERTAIN ACTIVITIES THAT ARE UNRELATED TO ITS EXEMPT PURPOSE AND THEREFORE SUBJECT TO INCOME TAX MANAGEMENT REVIEWS ITS TAX POSITIONS ANNUALLY AND HAS DETERMINED THAT THERE ARE NO MATERIAL UNCERTAIN TAX POSITIONS THAT REQUIRE RECOGNITION IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS"

OMB No 1545-0047

Open to Public Inspection

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

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

Hospitals

Name of the organization MERCY MEDICAL CENTER

Employer identification number

45-0231183

FG	Financial Assi	istance and	a Certain	Otner Community	Benefits at Cost				
	Did the every beautiful beautiful	. n financial = :) Tf "No " alum ta	on 6 n		Yes	No
	Did the organization have					01104	<u> 1a</u>	Yes	
	b If "Yes," was it a written policy?						1b	Yes	
2	financial assistance policy to its various hospital facilities during the tax year								
	Applied uniformly to a Generally tailored to i				mly to most hospital fac	cilities			
3	A nswer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year								
а	Did the organization use f If "Yes," indicate which o					providing <i>free</i> care?	3a		No
	┌ 100%	200%	ther		%				
b	Did the organization use f which of the following was						3b		No
	□ 200% □ 250% □	300%	50% Г 40	0%		%			
c	If the organization used facilitaria for determining elused an asset test or othe discounted care	igibility for fre	ee or discoun	ted care Include in the	description whether th	e organızatıon			
4	Did the organization's fina provide for free or discour						4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?					5a	Yes		
b	If "Yes," did the organiza	tıon's fınancıa	al assistance	expenses exceed the b	oudgeted amount? .		5b		No
С	c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?					5c			
6a	Did the organization prep	_					6a	Yes	
	If "Yes," did the organiza		•	· -			6b	Yes	
	Complete the following ta worksheets with the Sche		worksheets p	provided in the Schedule	e H instructions Do not	t submit these			
7	Financial Assistance	and Certain	Other Com	munity Benefits at Co	ost				
	ancial Assistance and Means-Tested	(a) Number of activities or programs	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community ben expense		(f) Percei otal expe	
G C	overnment Programs Financial Assistance at cost	(optional)	· · · · ·				+		
b	(from Worksheet 1) Medicaid (from Worksheet 3,		1,326	904,692		904,	692	1 5	20 %
С	column a)						0		0 %
d	government programs (from Worksheet 3, column b) Total Financial Assistance						0		0 %
J	and Means-Tested Government Programs .	0	1,326	904,692	0	904,	692	1 5	20 %
e	Other Benefits Community health								
	improvement services and community benefit operations (from Worksheet 4)	26	3,216	231,816		231,	816	0 3	90 %
f	Health professions education (from Worksheet 5)	professions education					00 %		
g	Subsidized health services (from Worksheet 6)	2	117	1,531		1,	531		0 %
h	Research (from Worksheet 7)						0		0 %
ı	Cash and in-kind contributions for community benefit (from Worksheet 8)	15	816	117,783		117,	783	0 2	00 %_
J	Total. Other Benefits	50	4,304	407,808	0	,	_		90 %
k	Total. Add lines 7d and 7j .	50	5,630	1,312,500	0	1,312,	500	2 2	10 %

	edule H (Form 990) 2012										Page
Pa	activities during the of the communities	tax year, an									
		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d)	Direct off revenue	-	(e) Net communi building expense		(f) Perc total ex	
1	Physical improvements and housing								0		0 %
2	Economic development	2		47	'3				473		0 %
3	Community support	3		5,1:	.3			5,	,113		0 %
4	Environmental improvements								0		0 %
5	Leadership development and training for community members	,		1!	:0				150		0 %
6	Coalition building	4	15	89					892		0 %
7	Community health improvement advocacy	1	5	-	'0				70		0 %
8	Workforce development	2	19	432,96	<u> </u>			432	-	0	640 %
9	Other								0		0 %
10	Total rt IIII Bad Debt, Medicar	13	39 tion Practice	439,66	2		0	439	,662	0	660 %
	tion A. Bad Debt Expense	e, & Collec	tion Practice	es						Yes	No
1	Did the organization report ba				nancıal	Manage	ment As	sociation		\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	
2	Statement No 15? Enter the amount of the organ				 e	ή.	 Í		1	Yes	-
_	methodology used by the orga		•	•		2		7,386,262			
3	Enter the estimated amount o patients eligible under the org					, ,					
	the methodology used by the any, for including this portion	organızatıon to	estimate this a	amount and the rat	onale, i			0			
4	Provide in Part VI the text of to or the page number on which t		-				ribes ba	d debt expense			
Sect	tion B. Medicare										
5	Enter total revenue received f					. 5		10,122,335			
6	Enter Medicare allowable cost					. 6		10,067,441			
7 8	Subtract line 6 from line 5 Th Describe in Part VI the extent	•	•			. 7 ed as c	<u> </u> ommunit	54,894 v benefit			
	Also describe in Part VI the c Check the box that describes	osting method the method us	ology or source ed	used to determine	the am						
	Cost accounting system	▽ c₀	st to charge rat	tio	Other						
	tion C. Collection Practices										
9a b	contain provisions on the coll	s collection pol ection practice	icy that applied s to be followed	d to the largest nur d for patients who a	nber of i re know	ts patie n to qu	nts durn	inancial	9a 9h	Yes	
Pa	assistance? Describe in Part rt IV Management Comp	onies and J	oint Ventur	es (owned 10% or more b	officers, c	lirectors, t	rustees, key	employees, and physici			tions)
	(a) Name of entity	(E	Description of practivity of entity		(c) Orga profit % owner	or stock	er	Officers, directors, trustees, or key nployees profit %	pr	e) Physic ofit % or ownershi	stock
1							or	stock ownership %	+		
									+		
									+		
_							_		 		
4											
5											
6											
7											
8		†							+		
9		1					+		+		
10		+							+		
11		+							+		
12		1							+		
13									+		

Part V	Facility Information										
Section	n A. Hospital Facilities	Licensed	Genera	Child	Teaching	Critical	Rese	ER-2	ER-other		
smalles How ma organiza 	order of size from largest to t—see instructions) iny hospital facilities did the ation operate during the tax year? ———	nsed hospital	eral medical & surgical	Children's hospital	hing hospital	cal access hospital	Research facility	ER-24 hours	other		
Name, a	address, and primary website address									Other (Describe)	Facility reporting group
1	MERCY MEDICAL CENTER 1301 15TH AVE W WILLISTON,ND 58801	Х	Х			Х		х		OP CLINICS (PSYCH, FAMILY PRACTICE, GENERAL SURGERY, ORTHO)	А
		I		I	I		I		I		

Schedule H (Form 990) 2012

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)

Α

Name of hospital facility or facility reporting group	

	single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)1	_	Yes	No
Con	munity Health Needs Assessment (Lines 1 through 8c are optional for tax years begining on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
а	A definition of the community served by the hospital facility			
b	Demographics of the community			
C	Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	▼ How data was obtained			
e	▼ The health needs of the community			
f	Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	▼ The process for consulting with persons representing the community's interests			
i	▼ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA $$ 20 $$ $$ $$ 20 $$ $$ $$ $$ $$ 20 $$ $$ $$ $$ $$ $$ $$ $$ 20 $$ $$ $$ $$ $$ $$ $$ $$ $$ $$			
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	,	Yes	
4	persons the hospital facility consulted	4	res	No
5	Did the hospital facility make its CHNA report widely available to the public?	5	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
а	▼ Hospital facility's website			
b	A vailable 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)			
а	Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	Execution of the implementation strategy			
C	Participation in the development of a community-wide plan			
d	Participation in the execution of a community-wide plan			
е	▼ Inclusion of a community benefit section in operational plans			
f	Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	Prioritization of health needs in its community			
h	Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		Νo
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as			N.
h	required by section 501(r)(3)?	8a 8b		No
	If "Yes" to line 8a, did the organization file Form 4/20 to report the section 4959 excise tax?	OD.		

Part V Facility Information (continued)					
	ancial Assistance Policy		Yes	No	
9	Did the hospital facility have in place during the tax year a written financial assistance policy that				
	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes		
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	10		Νo	
	If "Yes," indicate the FPG family income limit for eligibility for free care%				
11	If "No," explain in Part VI the criteria the hospital facility used	4.4		NI.	
	Used FPG to determine eligibility for providing <i>discounted</i> care?	11		No	
	If "No," explain in Part VI the criteria the hospital facility used				
12	Explained the basis for calculating amounts charged to patients?	12	Yes		
	If "Yes," indicate the factors used in determining such amounts (check all that apply)				
а	▼ Income level				
b	▼ Asset level				
c	Medical indigency				
d	▼ Insurance status				
е	Uninsured discount				
f	Medicaid/Medicare				
g	State regulation				
h	Other (describe in Part VI)				
13	Explained the method for applying for financial assistance?	13	Yes		
14	Included measures to publicize the policy within the community served by the hospital facility?	14	Yes		
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)				
а	The policy was posted on the hospital facility's website				
b	The policy was attached to billing invoices				
C					
d	The policy was posted in the hospital facility's admissions offices				
е	The policy was provided, in writing, to patients on admission to the hospital facility				
f	The policy was available upon request				
<u>g</u>	Other (describe in Part VI)				
	ling and Collections				
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	Yes		
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during				
	the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP				
	Reporting to credit agency				
b	Lawsuits				
C	Liens on residences				
d	Body attachments				
e	Other similar actions (describe in Part VI)				
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	17		No	
	If "Yes," check all actions in which the hospital facility or a third party engaged				
а	Reporting to credit agency				
b	<u>-</u>				
C	Liens on residences				
d	Body attachments				
_	C Other similar actions (describe in Part VI)	1	ı	i	

chedule H	(Form 990)	2012

Page

Pa	art V Facility Information (continued)			
18	Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)			
а	Notified individuals of the financial assistance policy on admission			
Ь	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	O ther (describe in Part VI)			
Po	licy 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	Yes	
	If "No," indicate why		1 03	
а	The hospital facility did not provide care for any emergency medical conditions			
h	The hospital facility's policy was not in writing			
c				
d				
	arges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)	_	1	Ι
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			
а				
	can be charged			
b	The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the			
	maximum amounts that can be charged			
С	The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
	O ther (describe in Part VI)			
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided			
	emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	21		Νο
	If "Yes," explain in Part VI			1
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		Νo
	If "Yes," explain in Part VI			

chedule H	(Form 990)	2012

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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?				
Name and address		Type of Facility (describe)		
1 CRAVEN-HAGAN CLINIC 1213 15TH AVENUE WEST WILLISTON,ND 58801		MEDICAL CLINIC		
2				
3				
4				
5				
6				
7				
8				
9				
10				

Schedule H (Form 990) 2012

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
- **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.)
- **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
- **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
Eligibility criteria for free or discounted care	Schedule H, Part I, Line 3c	WHEN CATHOLIC HEALTH INITIATIVES (THE ULTIMATE PARENT ORGANIZATION TO MERCY MEDICAL CENTER) ESTABLISHED ITS FINANCIAL ASSISTANCE POLICY IT WAS DETERMINED THAT ESTABLISHING A HOUSEHOLD INCOME SCALE BASED ON THE HUD VERY LOW INCOME GUIDELINES MORE ACCURATELY REFLECTS THE SOCIOECONOMIC DISPERSIONS AMONG URBAN AND RURAL COMMUNITIES IN 17 STATES SERVED BY CHI HOSPITALS AND HEALTH CARE FACILITIES IN COMPARING HUD GUIDELINES TO THE FEDERAL POVERTY GUIDELINES ("FPG"), WE FIND THAT ON AVERAGE HUD GUIDELINES COMPUTE TO APPROXIMATELY 200% TO 250% (AND SOMETIMES 300%) OF FPG MERCY MEDICAL CENTER BASES ITS FINANCIAL ASSISTANCE ELIGIBILITY ON HUD'S 130% OF VERY LOW INCOME GUIDELINES BASED ON GEOGRAPHY, AND AFFORDS THE UNINSURED AND UNDERINSURED THE ABILITY TO OBTAIN FINANCIAL ASSISTANCE WRITE-OFFS, BASED ON A SLIDING SCALE, RANGING FROM 25%-100% OF CHARGES AN INDIVIDUAL'S INCOME UNDER THE HUD GUIDELINES IS A SIGNIFICANT FACTOR IN DETERMINING ELIGIBILITY FOR FINANCIAL ASSISTANCE HOWEVER, IN DETERMINING WHETHER TO EXTEND DISCOUNTED OR FREE CARE TO A PATIENT, THE PATIENT'S ASSETS MAY ALSO BE TAKEN INTO CONSIDERATION FOR EXAMPLE, A PATIENT SUFFERING A CATASTROPHIC ILLNESS MAY HAVE A REASONABLE LEVEL OF INCOME, BUT A LOW LEVEL OF LIQUID ASSETS SUCH THAT THE PAYMENT OF MEDICAL BILLS WOULD BE SERIOUSLY DETRIMENTAL TO THE PATIENT'S BASIC FINANCIAL (AND ULTIMATELY PHYSICAL) WELL-BEING AND SURVIVAL SUCH A PATIENT MAY BE EXTENDED DISCOUNTED OR FREE CARE BASED UPON THE FACTS AND CIRCUMSTANCES
Costing Methodology used to calculate financial assistance	Schedule H, Part I, Line 7	A COST ACCOUNTING SYSTEM WAS NOT USED TO COMPUTE AMOUNTS IN THE TABLE, RATHER COSTS IN THE TABLE WERE COMPUTED USING THE ORGANIZATION'S COST-TO-CHARGE RATIO THE COST-TO-CHARGE RATIO COVERS ALL PATIENT SEGMENTS THE COST-TO-CHARGE RATIO FOR THE YEAR ENDED 6/30/13 WAS COMPUTED USING THE FOLLOWING FORMULA OPERATING EXPENSE (BEFORE RESTRUCTURING, IMPAIRMENT AND OTHER LOSSES) DIVIDED BY GROSS PATIENT REVENUE BASED ON THAT FORMULA, \$59,394,000 / \$104,099,000 RESULTS IN A 57 06% COST-TO-CHARGE RATIO WORKSHEET 2 WAS NOT USED TO DERIVE THE COST-TO-CHARGE RATIO

Identifier	ReturnReference	Explanation
Bad Debt Expense excluded from financial assistance calculation	Schedule H, Part I, Line 7, column(f)	7,386,262
Subsidized Health Services	Schedule H, Part I, Line / q	THERE ARE NO PHYSICIAN CLINICS INCLUDED IN SUBSIDIZED HEALTH SERVICES

Identifier	ReturnReference	Explanation
Bad debt expense - methodology used to estimate amount		THE AMOUNT REPORTED ON THE SCHEDULE H, PART III, LINE 2 IS THE SAME AMOUNT REPORTED FOR BAD DEBT IN THE AUDITED FINANCIAL STATEMENTS PLEASE REFER TO THE FINANCIAL STATEMENT FOOTNOTE BELOW FOR INFORMATION REGARDING THE METHODOLOGY USED TO DETERMINE AND REPORT BAD DEBT EXPENSE
Bad debt expense - methodology used to estimate amount as community benefit	Scriedule H, Part III, Line 3	MERCY MEDICAL CENTER DOES NOT BELIEVE THAT ANY PORTION OF BAD DEBT EXPENSE COULD REASONABLY BE ATTRIBUTED TO PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE SINCE AMOUNTS DUE FROM THOSE INDIVIDUALS' ACCOUNTS WILL BE RECLASSIFIED FROM BAD DEBT EXPENSE TO CHARITY CARE WITHIN 30 DAYS FOLLOWING THE DATE THAT THE PATIENT IS DETERMINED TO QUALIFY FOR CHARITY CARE

Identifier	ReturnReference	Explanation
Bad debt expense - financial statement footnote	Schedule H, Part III, Line 4	MERCY MEDICAL CENTER DOES NOT ISSUE SEPARATE COMPANY AUDITED FINANCIAL STATEMENTS HOWEVER,
statement roothote		THE ORGANIZATION IS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF CATHOLIC
		HEALTH INITIATIVES THE CONSOLIDATED FOOTNOTE
		READS AS FOLLOWS "THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF
		HISTORICAL AND EXPECTED NET COLLECTIONS, TAKING INTO CONSIDERATION HISTORICAL BUSINESS AND
		ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE AND OTHER COLLECTION INDICATORS
		MANAGEMENT ROUTINELY ASSESSES THE ADEQUACY OF THE ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS
		BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY THE RESULTS OF THESE REVIEWS ARE
		USED TO MODIFY, AS NECESSARY, THE PROVISION FOR BAD DEBTS AND TO ESTABLISH APPROPRIATE
		ALLOWANCES FOR UNCOLLECTIBLE NET PATIENT ACCOUNTS RECEIVABLE AFTER SATISFACTION OF
		AMOUNTS DUE FROM INSURANCE, CHI FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN
		PATIENT BALANCES WITH COLLECTION AGENCIES, SUBJECT TO THE TERMS OF CERTAIN RESTRICTIONS ON
		COLLECTION EFFORTS AS DETERMINED BY EACH FACILITY IN ACCORDANCE WITH ACCOUNTING
		STANDARDS UPDATE (ASU) NO 2011-07, PRESENTATION AND DISCLOSURE OF PATIENT SERVICES REVENUE,
		PROVISION FOR BAD DEBTS, AND ALLOWANCES FOR DOUBTFUL ACCOUNTS FOR CERTAIN HEALTH ENTITIES,
		THE PROVISION FOR BAD DEBTS IS PRESENTED ON THE CONSOLIDATED STATEMENT OF OPERATIONS AS A
		DEDUCTION FROM PATIENT SERVICES REVENUES (NET OF CONTRACTUAL ALLOWANCES AND DISCOUNTS) SINCE
		CHI ACCEPTS AND TREATS ALL PATIENTS WITHOUT REGARD TO THE ABILITY TO PAY "
Community benefit & methodology for determining medicare costs	Schedule H, Part III, Line 8	MERCY MEDICAL CENTER IS DESIGNATED AS A CRITICAL ACCESS HOSPITAL ("CAH") CAHS ARE RURAL
accomming incurcate costs		COMMUNITY HOSPITALS THAT ARE CERTIFIED TO RECEIVE COST-BASED REIMBURSEMENT FROM
		MEDICARE THE REIMBURSEMENT THAT CAHS RECEIVE IS INTENDED TO IMPROVE THEIR FINANCIAL PERFORMANCE
		AND THEREBY REDUCE HOSPITAL CLOSURES CAHS ARE CERTIFIED UNDER A DIFFERENT SET OF MEDICARE
		CONDITIONS OF PARTICIPATION (COP) SHORTFALLS ARE CREATED WHEN A FACILITY RECEIVES PAYMENTS
		THAT ARE LESS THAN THE COSTS OF CARING FOR PROGRAM BENEFICIARIES BECAUSE SHORTFALLS ARE
		BASED ON COSTS, NOT CHARGES, MERCY MEDICAL CENTER, DUE TO THEIR DESIGNATION AS A CAH,
		RECEIVED COST-BASED REIMBURSEMENT FOR MEDICARE PURPOSES, MERCY MEDICAL CENTER WILL NOT
		EXPERIENCE MEDICARE RELATED SHORTFALLS ALTHOUGH NOT PRESENTED ON THE MEDICARE COST
		REPORT, IN ORDER TO FACILITATE A MORE ACCURATE
		UNDERSTANDING OF THE "TRUE" COST OF SERVICES (FOR "SHORTFALL" PURPOSES) THE CHI WORKBOOK ALLOWS A HEALTH CARE FACILITY NOT TO OFFSET
		COSTS THAT MEDICARE CONSIDERS TO BE NON-
		ALLOWABLE, BUT FOR WHICH THE FACILITY CAN LEGITIMATELY ARGUE ARE RELATED TO THE CARE OF
		THE FACILITY'S PATIENTS IN ADDITION, ALTHOUGH NOT REPORTABLE ON THE MEDICARE COST REPORT, THE
		CHI WORKBOOK INCLUDES THE COST OF SERVICES THAT ARE PAID VIA A SET FEE-SCHEDULE RATHER THAN BEING
		REIMBURSED BASED ON COSTS (E.G. OUTPATIENT CLINICAL LABORATORY) FINALLY, THE CHI WORKBOOK
		ALLOWS A FACILITY TO INCLUDE OTHER HEALTH CARE SERVICES PERFORMED BY A SEPARATE FACILITY (SUCH
		AS A PHYSICIAN PRACTICE) THAT ARE MAINTAINED ON SEPARATE BOOKS AND RECORDS (AS OPPOSED TO THE MAIN FACILITY'S BOOKS AND RECORDS WHICH HAS ITS
		COSTS OF SERVICE INCLUDED WITHIN A COST REPORT) TRUE COSTS OF MEDICARE COMPUTED USING THIS
		METHODOLOGY TOTAL MEDICARE REVENUE \$10,162,562 TOTAL MEDICARE COSTS \$10,112,036
		SURPLUS OR SHORTFALL \$ 50,526 MERCY MEDICAL CENTER BELIEVES THAT EXCLUDING MEDICARE LOSSES
		FROM COMMUNITY BENEFIT MAKES THE OVERALL COMMUNITY BENEFIT REPORT MORE CREDIBLE FOR
		THESE REASONS UNLIKE SUBSIDIZED AREAS SUCH AS
		BURN UNITS OR BEHAVIORAL-HEALTH SERVICES, MEDICARE IS NOT A DIFFERENTIATING FEATURE OF TAX- EXEMPT HEALTH CARE ORGANIZATIONS IN FACT. FOR-
		PROFIT HOSPITALS FOCUS ON ATTRACTING PATIENTS WITH MEDICARE COVERAGE, ESPECIALLY IN THE CASE
		OF WELL-PAID SERVICES THAT INCLUDE CARDIAC AND ORTHOPEDICS SIGNIFICANT EFFORT AND RESOURCES
		ARE DEVOTED TO ENSURING THAT HOSPITALS ARE REIMBURSED APPROPRIATELY BY THE MEDICARE
		PROGRAM THE MEDICARE PAYMENT ADVISORY
		COMMISSION (MEDPAC), AN INDEPENDENT CONGRESSIONAL AGENCY, CAREFULLY STUDIES
		MEDICARE PAYMENT AND THE ACCESS TO CARE THAT MEDICARE BENEFICIARIES RECEIVE THE COMMISSION PECOMMENDS PAYMENT ADJUSTMENTS TO CONCRESS
		RECOMMENDS PAYMENT ADJUSTMENTS TO CONGRESS ACCORDINGLY THOUGH MEDICARE LOSSES ARE NOT
		INCLUDED BY CATHOLIC HOSPITALS AS COMMUNITY BENEFIT, THE CATHOLIC HEALTH ASSOCIATION GUIDELINES ALLOW HOSPITALS TO COUNT AS
		GUIDELINES ALLOW HOSPITALS TO COUNT AS COMMUNITY BENEFIT SOME PROGRAMS THAT SPECIFICALLY SERVE THE MEDICARE POPULATION FOR
		SPECIFICALLY SERVE THE MEDICARE POPULATION FOR INSTANCE, IF HOSPITALS OPERATE PROGRAMS FOR
		PATIENTS WITH MEDICARE BENEFITS THAT RESPOND TO IDENTIFIED COMMUNITY NEEDS, GENERATE LOSSES FOR
		THE HOSPITAL, AND MEET OTHER CRITERIA, THESE PROGRAMS CAN BE INCLUDED IN THE CHA FRAMEWORK
		IN CATEGORY C AS "SUBSIDIZED HEALTH SERVICES" MEDICARE LOSSES ARE DIFFERENT FROM MEDICAID
		LOSSES, WHICH ARE COUNTED IN THE CHA COMMUNITY BENEFIT FRAMEWORK, BECAUSE MEDICAID
		REIMBURSEMENTS GENERALLY DO NOT RECEIVE THE LEVEL OF ATTENTION PAID TO MEDICARE
		REIMBURSEMENT MEDICAID PAYMENT IS LARGELY DRIVEN BY WHAT STATES CAN AFFORD TO PAY, AND IS
		TYPICALLY SUBSTANTIALLY LESS THAN WHAT MEDICARE PAYS
<u>r</u>	-	

Identifier	ReturnReference	Explanation
Collection practices for patients eligible for financial assistance	Schedule H, Part III, Line 9b	MERCY MEDICAL CENTER'S DEBT COLLECTION POLICY PROVIDES THAT MERCY MEDICAL CENTER WILL PERFORM A REASONABLE REVIEW OF EACH INPATIENT ACCOUNT PRIOR TO TURNING AN ACCOUNT FOR TO A THIRD-PARTY COLLECTION AGENT AND PRIOR TO INSTITUTING ANY LEGAL ACTION FOR NON-PAYMENT, TO ASSURE THAT THE PATIENT AND PATIENT GUARANTOR ARE NOT ELIGIBLE FOR ANY ASSISTANCE PROGRAM (E G MEDICAID) AND DO NOT QUALIFY FOR COVERAGE THROUGH MERCY MEDICAL CENTER COMMUNITY ASSISTANCE POLICY AFTER HAVING BEEN TURNED OVER TO A THIRD-PARTY COLLECTION AGENT, ANY PATIENT ACCOUNT THAT IS SUBSEQUENTLY DETERMINED TO MEET THE MERCY MEDICAL CENTER COMMUNITY ASSISTANCE POLICY IS REQUIRED TO BE RETURNED IMMEDIATELY BY THE THIRD-PARTY COLLECTION AGENT TO MERCY MEDICAL CENTER FOR APPROPRIATE FOLLOW-UP MERCY MEDICAL CENTER REQUIRES ITS THIRD-PARTY COLLECTION AGENT TO MERCY MEDICAL CENTER REQUIRES ITS THIRD-PARTY COLLECTION AGENT ON ALL STATEMENTS INDICATING THAT IF A PATIENT OR PATIENT OR PATIENT OR PATIENT GUARANTOR MEETS CERTAIN STIPULATED INCOME REQUIREMENTS, THE PATIENT OR PATIENT GUARANTOR MAY BE ELIGIBLE FOR FINANCIAL ASSISTANCE ALL OF CATHOLIC HEALTH INITIATIVES' HOSPITALS' CONTRACTS WITH THIRD PARTY COLLECTION AGENCIES INCLUDE THE FOLLOWING STANDARDS * NEITHER CHI HOSPITALS NOR THEIR COLLECTION AGENCIES WILL REQUEST BENCH OR ARREST WARRANTS AS A RESULT OF NON-PAYMENT, * NEITHER CHI HOSPITALS NOR THEIR COLLECTION AGENCIES WILL SEEK LIENS THAT WOULD REQUIRE THE SALE OR FORECLOSURE OF A PRIMARY RESIDENCE, AND * NO CATHOLIC HEALTH INITIATIVES' COLLECTION AGENCIES WILL SEEK LIENS THAT WOULD REQUIRE THE SALE OR FORECLOSURE OF A PRIMARY RESIDENCE, AND * NO CATHOLIC HEALTH INITIATIVES COLLECTION AGENCIES ARE TRAINED ON THE CATHOLIC HEALTH INITIATIVES MISSION, CORE VALUES AND STANDARD OF CONDUCT TO MAKE SURE ALL PATIENTS ARE TREATED WITH DIGNITY AND RESPECT
Community Served by Needs Assessment	Schedule H, Part V Section B, Line 3	(1) MERCY MEDICAL CENTER - IN THE SPRING OF 2013, AN EXTENSIVE COMMUNITY HEALTH NEEDS ASSESSMENT WAS COMPLETED THROUGH THE NORTH DAKOTA MEDICARE RURAL HOSPITAL FLEXIBILITY PROGRAM THIS ASSESSMENT INCLUDED A COMMUNITY-WIDE SURVEY, INTERVIEWS WITH COMMUNITY REPRESENTATIVES, AND FOCUS GROUPS WERE ASSEMBLED TO ENSURE FEEDBACK FROM A DIVERSE GROUP OF NEW AND LONG-TERM COMMUNITY MEMBERS REPRESENTATIVES FROM THE FOLLOWING AREAS PARTICIPATED * LAW ENFORCEMENT * EDUCATION * NON-PROFITS * OIL INDUSTRY * BUSINESS COMMUNITY * COUNTY AND CITY OFFICIALS * HEALTH CARE PROVIDERS * PUBLIC HEALTH OFFICIALS ,

Identifier	ReturnReference	Explanation		
Assessment		(1) MERCY MEDICAL CENTER - RESOURCE AVAILABILITY,		
Used FPG to determine eligibility for providing discounted care criteria	Schedule H, Part V Section B, Line 11	(1) MERCY MEDICAL CENTER - HUD LOWINCOME GUIDELINES USED,		

Identifier LINE 2, 4, & 5 NEEDS	ReturnReference SCHEDULE H, PART VI	Explanation COMMUNITY BENEFIT REPORT MERCY MEDICAL CENTER EISCAL YEAR ENDING JUNE 30, 2013 ORGANIZATION'S	
ASSESSMENT AND COMMUNITY INFORMATION	-	FISCAL YEAR ENDING JUNE 30, 2013 ORGANIZATION'S MISSION, VISION, AND TAX-EXEMPT PURPOSE MERCY MEDICAL CENTER (MMC), WILLISTON, ND, IS A SOLE COMMUNITY HOSPITAL, WITH A SERVICE POPULATION OF OVER 70,000 PEOPLE AND GROWING OUR COMMUNITY HAS FOUND IT DIFFICULT TO SECURE AN	
		ACCURATE CENSUS DUE TO THE CURRENT "OIL BOOM" ECONOMY THE ROOTS OF MERCY MEDICAL CENTER (MMC) ORIGINATED IN DUBLIN, IRELAND, WHERE CATHERINE MCAULEY ESTABLISHED THE SISTERS OF MERCY IN 1831 CATHERINE'S MISSION WAS TO GIVE BACK TO THE COMMUNITY BY PROVIDING FOR THE NEEDS	
		OF THE POOR IN ORDER TO BRING HEALTHCARE TO WESTERN NORTH DAKOTA, THE SISTERS OF MERCY FOUNDED MERCY HOSPITAL IN 1920 SINCE THEN, MERCY HAS CONTINUED THE LEGACY OF GIVING BACK TO THE COMMUNITIES IT SERVES AND CARRYING ON THE	
		MISSION OF PROVIDING FOR THOSE IN NEED IN 1974, MERCY HOSPITAL MOVED TO ITS CURRENT LOCATION AT 1301 15TH AVENUE WEST ALONG WITH THE MOVE CAME NEW CHANGES AND AN EXPANSION OF SERVICES TODAY, MMC IS COMPOSED OF GENERAL ACUTE CARE SERVICES, CRAVEN-HAGAN CLINIC, BEHAVIORAL HEALTH SERVICES,	
		AND THE LEONARD P NELSON FAMILY CANCER TREATMENT CENTER MMC PROVIDES HEALTHCARE FOR A REGION WHICH HAS A POPULATION OF APPROXIMATELY 70,000 AND PROVIDES EMPLOYMENT FOR NEARLY 450 PEOPLE IN 1996, MERCY AND ALL OF ITS SERVICE LINES	
		BECAME A PART OF THE CATHOLIC HEALTH INITIATIVES (CHI) SYSTEM MERCY MEDICAL CENTER AND CHI CONTINUE THE ESSENTIAL HEALTHCARE COMMITMENT OF ITS FOUNDING CONGREGATIONS TO BUILD HEALTHY COMMUNITIES BY CARING FOR THE VULNERABLE, CARING FOR THE WHOLE PERSON IN BODY, MIND AND SPIRIT, AND	
		GOING OUTSIDE THE WALLS OF ITS FACILITIES TO CARE FOR PEOPLE IN NEED THE MISSION OF MERCY MEDICAL CENTER AND CATHOLIC HEALTH INITIATIVES IS TO NURTURE THE HEALING MINISTRY OF THE CHURCH BY BRINGING IT NEW LIFE, ENERGY, AND VIABILITY IN THE	
		21ST CENTURY FIDELITY TO THE GOSPEL URGES US TO EMPHASIZE HUMAN DIGNITY AND SOCIAL JUSTICE AS WE MOVE TOWARD THE CREATION OF HEALTHIER COMMUNITIES MERCY MEDICAL CENTER IS THE PREFERRED REGIONAL HEALTHCARE PROVIDER AND WORK COMMUNITY, DELIVERING HIGH QUALITY, PATIENT	
		CENTERED CARE AND EXCELLENT SERVICE IN A WELCOMING AND SAFE ENVIRONMENT IT IS MERCY'S GOAL TO HOLD TRUE TO OUR CORE VALUES OF REVERENCE, INTEGRITY, COMPASSION, AND EXCELLENCE, AND IN DOING SO WE STRIVE TO PARTNER	
		WITH REGIONAL ORGANIZATIONS, AGENCIES, AND ENTITIES TO PROVIDE COMMUNITY BENEFITS SO THAT TOGETHER WE CAN BUILD A HEALTHIER COMMUNITY THE FOLLOWING REPORT OUTLINES THE COMMUNITY BENEFITS AND SERVICES MMC HAS PROVIDED TO THE REGION THIS PAST YEAR AS A NON-PROFIT, CATHOLIC	
		HEALTHCARE ORGANIZATION, WE TREAT PATIENTS REGARDLESS OF THEIR ABILITY TO PAY THIS IS CONSISTENT WITH OUR MISSION AND CORE VALUES IN ADDITION, MMC PROVIDES THOUSANDS OF DOLLARS IN RESOURCES, INCLUDING TIME AND CONTRIBUTIONS TO MANY ORGANIZATIONS THROUGHOUT THE REGION	
		COMMUNITY SERVICE HAS BEEN A VITAL COMPONENT OF MMC SINCE ITS INCEPTION MERCY MEDICAL CENTER IS A 25-BED CRITICAL ACCESS HOSPITAL LOCATED IN WILLISTON, NORTH DAKOTA OPERATING A 24-HOUR EMERGENCY ROOM 365 DAYS PER YEAR THAT	
		REGERCY ROOM IS OPEN TO ALL INDIVIDUALS REGARDLESS OF ABILITY TO PAY MERCY HAS AN OPEN MEDICAL STAFF, PARTICIPATES IN MEDICARE AND MEDICAID, AND HAS AN ACTIVE CHARITY CARE PROGRAM MERCY MEDICAL CENTER IS INCLUDED IN THE OFFICIAL CATHOLIC DIRECTORY AS A TAX-EXEMPT	
		HOSPITAL COMMUNITY BENEFIT APPROACH THROUGHOUT ITS HISTORY MERCY MEDICAL CENTER HAS BEEN INTIMATELY INVOLVED IN COMMUNITY HEALTH COLLABORATION AND HAS PLAYED A KEY ROLE IN EVALUATING AREA HEALTH ISSUES, SETTING PRIORITIES AND PLANS FOR IMPROVEMENT MERCY CONTINUES OUR	
		DEEP COMMITMENT AND INVOLVEMENT IN THE COMMUNITY HEALTH MERCY MEDICAL CENTER'S COMMUNITY BENEFIT PLAN IS BASED ON OUR UNDERSTANDING OF UNIQUE COMMUNITY NEEDS DERIVED FROM COLLABORATIVE NEEDS ASSESSMENTS,	
		FOCUS GROUPS, AND SURVEYS CONDUCTED WITH OUR COMMUNITY PARTNERS IT IS GENERALLY RECOGNIZED THAT THE HEALTH OF THE COMMUNITY IS NOT THE RESPONSIBILITY OF ANY ONE ENTITY, BUT RATHER REQUIRES THE COORDINATED EFFORTS OF MANY ENTITIES - PUBLIC AND PRIVATE - TO REALIZE AN	
LINES 2, 4, & 5 NEEDS	SCHEDULE H, PART VI	IMPROVED HEALTH STATUS OF A COMMUNITY MERCY MEDICAL CENTER HAS BEEN WORKING WITH PUBLIC AND PRIVATE ENTITIES IN OUR SERVICE AREA TO MEASURE AND IMPROVE THE HEALTH STATUS OF THE COMMUNITY (CONTINUED) WHEN EXAMINING DEMOGRAPHIC	
ASSESSMENT AND COMMUNITY INFORMATION		INFORMATION ABOUT THIS AREA, IT IS IMPORTANT TO KEEP IN MIND THAT BECAUSE OF THE OIL BOOM, AREA POPULATION AND DEMOGRAPHICS HAVE BEEN CHANGING VERY RAPIDLY IN THE LAST FEW YEARS KEY INFORMANT INTERVIEWS WITH COMMUNITY LEADERS REVEALED THAT FEW BELIEVE THE OFFICIAL CENSUS	
		COUNTS ARE ACCURATE COMMUNITY LEADERS BELIEVE THE CENSUS DATA SIGNIFICANTLY UNDERSTATES THE TRUE NATURE OF HOW MANY PEOPLE ARE LIVING IN THE AREA, DUE NOT ONLY TO RAPID INCREASE IN POPULATION BUT ALSO BECAUSE MANY OF THOSE "LIVING" IN THE AREA COME FOR A FEW WEEKS AT A	
		TIME, AND THEN RETURN TO A HOME BASE DURING OFF WORK ROTATIONS THE GENERAL DEMOGRAPHIC AND GEOGRAPHIC DATA IS ABOUT DIVIDE, MCKENZIE, AND WILLIAMS COUNTIES, WHICH COMPRISE THE MAJORITY OF THE NORTH DAKOTA PORTION OF MERCY MEDICAL	
		CENTER'S SERVICE AREA THE DATA INDICATES THAT WHILE DIVIDE COUNTY HAS A GREATER PERCENTAGE OF INDIVIDUALS AGED 65 OR OLDER THAN THE NORTH DAKOTA AVERAGE, THE MORE POPULOUS COUNTIES OF MCKENZIE AND WILLIAMS HAVE A LOWER PERCENTAGE OF RESIDENTS 65 OR OLDER THAN THE STATE AVERAGE	
		ALL THREE COUNTIES HAVE A HIGHER MEDIAN AGE THAN THE STATE MEDIAN, WITH MCKENZIE AND WILLIAMS COUNTIES HAVING SLIGHTLY HIGHER MEDIAN AGES (ONE AND TWO YEARS, RESPECTIVELY) AND DIVIDE COUNTY HAVING A SUBSTANTIALLY HIGHER (MORE THAN 14 YEARS) MEDIAN AGE MCKENZIE AND WILLIAMS	
		COUNTIES HAVE A LARGER PERCENTAGE OF CHILDREN UNDER THE AGE OF 18 THAN THE STATE AVERAGE, WHICH MAY INDICATE A NEED FOR HEALTH CARE SERVICES GEARED TOWARD CHILDREN ALL THREE COUNTIES LAG BEHIND THE STATE AVERAGE IN TERMS OF INDIVIDUALS	
		WITH A BACHELOR'S DEGREE OR HIGHER THE RATE OF WILLIAMS COUNTY RESIDENTS WITH A BACHELOR'S DEGREE OR HIGHER TRAILS THE STATE AVERAGE BY MORE THAN SEVEN PERCENTAGE POINTS, WITH DIVIDE COUNTY TRAILING BY NEARLY NINE POINTS AND MCKENZIE COUNTY TRAILING BY NEARLY SIX POINTS	
		HIGH SCHOOL GRADUATION RATES TEND TO BE CLOSER TO THE STATE AVERAGE THE EDUCATIONAL BACKGROUNDS OF AREA RESIDENTS CAN AFFECT A HEALTH CARE FACILITY'S ABILITY TO FIND QUALIFIED STAFF MEMBERS WILLISTON STATE COLLEGE, A TWO- YEAR PUBLIC COLLEGE, OFFERS ASSOCIATE DEGREES IN	
		HEALTH PROFESSIONS SUCH AS ADMINISTRATIVE ASSISTANT MEDICAL, HEALTH INFORMATION MANAGEMENT, MEDICAL/BILLING CODING, MEDICAL TRANSCRIPTION, MENTAL HEALTH/ADDICTIONS TECHNICIAN, NURSING, AND SPEECH LANGUAGE	
		PATHOLOGY ASSISTANT QUANTITATIVE DESCRIPTION OF COMMUNITY BENEFIT COMMUNITY BENEFIT FOR THE POOR FINANCIAL ASSISTANCE - \$904,692 COMMUNITY HEALTH IMPROVEMENT - \$5,865 FINANCIAL AND IN-KIND CONTRIBUTIONS - \$21,709 TOTAL COMMUNITY BENEFIT FOR THE POOR \$932,266 COMMUNITY BENEFIT FOR THE	
		BROADER COMMUNITY COMMUNITY BENEFIT OPERATIONS - \$2,520 COMMUNITY HEALTH IMPROVEMENT SERVICES - \$223,431 FINANCIAL AND IN- KIND CONTRIBUTIONS - \$96,074 HEALTH PROFESSIONALS EDUCATION - \$56,678 SUBSIDIZED HEALTH SERVICES - \$1,531 COMMUNITY BUILDING	
		ACTIVITIES- \$439,662 TOTAL COMMUNITY BENEFIT FOR THE BROADER COMMUNITY \$819,896 TOTAL COST OF COMMUNITY BENEFIT \$1,752,162 QUALITATIVE DESCRIPTION OF COMMUNITY BENEFIT UNCOMPENSATED CARE FOR THE POOR OUR BEST- KNOWN, BUT OFTEN LEAST-UTILIZED, COMMUNITY	
		BENEFIT PROGRAM IS THE FINANCIAL ASSISTANCE WE PROVIDE TO PATIENTS WHO CANNOT AFFORD TO PAY FOR THEIR CARE FINANCIAL ASSISTANCE APPLICATIONS ARE AVAILABLE ON OUR WEBSITE (WWW MERCY-WILLISTON ORG) AND AT OUR FACILITIES	
		THE PROCESS IS EXTREMELY CONFIDENTIAL AND OUR GOAL IS TO AWARD FINANCIAL ASSISTANCE RATHER THAN TURN PATIENTS OVER TO COLLECTION FOR HEALTHCARE BILLS CHARITY CARE IS FREE OR DISCOUNTED HEALTH AND HEALTH-RELATED SERVICES PROVIDED TO PERSONS WHO CANNOT AFFORD TO PAY	
		FOR MEDICALLY NECESSARY HEALTH CARE ELIGIBILITY IS BASED ON HOUSEHOLD INCOME AS WELL AS OTHER ASSETS CONSIDERATION IS GIVEN TO A PATIENT WHO HAS SIGNIFICANT OR CATASTROPHIC MEDICAL BILLS AND DOES NOT MEET THE INCOME GUIDELINES CHARITY CARE IS GIVEN TO UNINSURED, LOW-INCOME PATIENTS	
		WHO ARE NOT EXPECTED TO PAY ALL OR PART OF A BILL, OR WHO ARE ABLE TO PAY ONLY A PORTION USING AN INCOME-RELATED FEE SCHEDULE COMMUNITY BENEFIT PROGRAMS FOR THE POOR ARE GEARED TO REDUCING MORBIDITY AND MORTALITY IN BENEFICIARIES OF	
		MEDICAID OR STATE OR LOCAL INDIGENT PROGRAMS MERCY HOSPITAL WILL NOT DELAY PROVIDING AN APPROPRIATE MEDICAL SCREENING EXAMINATION REQUIRED FOR FURTHER MEDICAL EXAMINATION AND TREATMENT REQUIRED IN ORDER TO INQUIRE ABOUT THE INDIVIDUAL'S METHOD OF PAYMENT OR INSURANCE	
		STATUS MERCY HOSPITAL WILL NOT SEEK, OR DIRECT AN INDIVIDUAL TO SEEK, AUTHORIZATION FROM THE INDIVIDUAL'S INSURANCE COMPANY FOR SCREENING OR STABILIZATION SERVICES TO BE FURNISHED BY A PHYSICIAN, OR MID-LEVEL PRACTITIONER TO AN INDIVIDUAL UNTIL AFTER AN APPROPRIATE MEDICAL	
		SCREENING EXAMINATION REQUIRED, AND INITIATED ANY FURTHER MEDICAL EXAMINATION AND TREATMENT THAT MAY BE REQUIRED TO STABILIZE THE EMERGENCY MEDICAL CONDITION ELIGIBILITY FOR UNINSURED/UNDERINSURED DISCOUNTS SHALL BE	
		DETERMINED BASED ON 130% OF THE ANNUALLY UPDATED HUD GEOGRAPHIC VERY-LOWINCOME GUIDELINES, AVAILABLE ASSETS AND ANY EXTENUATING CIRCUMSTANCES THUS, THE STANDARDS OF ELIGIBILITY FOR THE APPLICATION OF UNINSURED/UNDERINSURED DISCOUNTS MUST CONSIDER ASSETS, AS WELL AS	
		INCOME MERCY HOSPITAL SHALL UTILIZE 130% OF THE HUD GEOGRAPHIC VERY-LOWINCOME GUIDELINES AS A MINIMUM FINANCIAL ASSISTANCE APPLICATIONS MAY BE OBTAINED AT MERCY OR ON THE WEBSITE WWW MERCY-WILLISTON ORG MERCY HOSPITAL INCLUDES INFORMATION CONCERNING ITS FINANCIAL	
		ASSISTANCE POLICY ON ITS WEBSITE IN ADDITION, FINANCIAL ASSISTANCE APPLICATIONS ARE PROMINENTLY DISPLAYS IN OBVIOUS LOCATIONS THROUGHOUT THE HOSPITAL, INCLUDING THE EMERGENCY ROOM AND OTHER PATIENT INTAKE AREAS, AS WELL AS OUTPATIENT FACILITIES MERCY HOSPITAL	
		HIRED A PATIENT FINANCIAL ADVOCATE TO MAKE CONTACT WITH PATIENTS AND ASSIST THEM WITH FINANCIAL ASSISTANCE APPLICATION, APPLY FOR MEDICAID AND ASSIST WITH PRE AUTHORIZATIONS SO PATIENTS WILL KNOW WHAT COST IS INVOLVED AND ARE	
		ABLE TO MAKE DECISIONS BASED ON MEDICAL NECESSITY AND COST MERCY'S REGISTRATION CLERKS ARE TRAINED TO PROVIDE CONSULTATION TO THOSE WHO HAVE NO INSURANCE OR POTENTIALLY INADEQUATE INSURANCE CONCERNING THEIR FINANCIAL OPTIONS INCLUDING APPLICATION FOR	
		MEDICAID AND FOR FINANCIAL ASSISTANCE UNDER THE CHARITY CARE POLICY UPON REGISTRATION (AND ONCE ALL EMTALA REQUIREMENTS ARE MET), PATIENTS WHO ARE IDENTIFIED AS UNINSURED (AND NOT COVERED BY MEDICARE OR MEDICAID) ARE PROVIDED WITH A PACKET	
		OF INFORMATION THAT ADDRESSES THE FINANCIAL ASSISTANCE POLICY AND PROCEDURES INCLUDING AN APPLICATION FOR ASSISTANCE PATIENT FINANCIAL ADVOCATE READS THE ORGANIZATION'S MEDICAL ASSISTANCE POLICY TO THOSE WHO APPEAR TO BE INCAPABLE OF READING MERCY'S STAFF WILL ALSO	
		ASSIST THE PATIENT / GUARANTOR WITH APPLYING FOR OTHER AVAILABLE COVERAGE (SUCH AS MEDICARE OR MEDICAID), IF NECESSARY COMMUNITY OUTREACH FOR THE POOR MERCY MEDICAL CENTER DONATES EXCESS MEDICAL SUPPLIES AND EQUIPMENT TO UNDERPROVIDED NATIONS, THROUGH GLOBAL	
		MINISTRIES CHI'S FARGO DIVISION GATHERS SUPPLIES AND EQUIPMENT FOR THE INTERNATIONAL SISTER-TO- SISTER HOSPITAL PROGRAM THE INDIGENOUS PEOPLE'S HOSPITAL OPENED ON MAY 18, 2012 IN NUEVA VIZCAYA, PHILIPPINES THE HOSPITAL, LOCATED IN A REMOTE	
		REGION OF THE COUNTRY, NOW PROVIDES CARE TO IMPOVERISHED TRIBAL PEOPLE THE NEW CLINIC/ HOSPITAL WERE IMMEDIATELY BUSY AND PROVIDED CARE TO MORE THAN 600 PEOPLE ON DAY ONE OF OPENING MERCY MEDICAL CENTER PROVIDES A PROGRAM CALLED MERCY RIDER WHICH PROVIDES	
		ESSENTIAL SERVICE CAB RIDES FOR INDIVIDUALS WHO QUALIFY AS HAVING LOWINCOME THE RIDES CAN BE USED FOR MEDICAL APPOINTMENTS, TO PURCHASE GROCERIES, ESSENTIAL FAMILY NEEDS, ETC MERCY SPONSORS 10 CHILDREN AND FAMILY OVERSEAS	
		THROUGH CHRISTIAN FOUNDATION FOR CHILDREN AND AGING CFCA IS A LAY CATHOLIC ORGANIZATION SERVING THE POOR AT MISSION SITES AROUND THE WORLD THROUGH SPONSORSHIP OF CHILDREN AND AGING, WE BUILD RELATIONSHIP OF MUTUAL RESPECT AND SUPPORT WHILE RAISING AWARENESS IN OUR OWN	
		COUNTRY OF NEEDS AND GIFTS OF THE POOR AND THE MISSION OUTREACH OF THE CHURCH WE ALSO HAVE EMPLOYEES WHO DO PAYROLL DEDUCTION WHICH EQUALS APPROX \$360 X 10 CHILDREN SPONSORED EACH YEAR OUR CANCER TREATMENT CENTER PROVIDES CASH AND GAS CARDS FOR THOSE WHO NEED TO TRAVEL FOR	
		TREATMENTS AND/OR APPOINTMENTS MERCY HOSPITAL COLLECTS FOOD TO BE DISTRIBUTED TO THE FOOD PANTRIES IN FY2013 MMC COLLECTED AMOUNT WAS AROUND \$2000 - \$3000 THAT WERE DISTRIBUTED TO THE FOOD PANTIRES AREA FOOD PANTRY ASSISTS PEOPLE	
<u> </u>		LIVING IN POVERTY WITH NUTRITION AND MEALS	

Identifier	ReturnReference	Explanation
LINE 2,4,&5 NEEDS ASSESSMENT AND COMMUNITY INFORMATION	SCHEDULE H, PART VI	(CONTINUED) COMMUNITY OUTREACH FOR THE BROADER COMMUNITY MMC IS A MAJOR EMPLOYER IN THE WILLISTON REGION, AND OUR EMPLOYEES CONTRIBUTE
		SIGNIFICANTLY TO OUR COMMUNITY SERVICE ORGANIZATIONS BY DONATING THEIR TIME AND TALENTS MMC TAKES GREAT PRIDE IN PROVIDING
		HUNDREDS OF HOURS ARE SPENT IN CIVIC ORGANIZATIONS INCLUDING THE ROTARY AND LIONS
		CLUBS, ECONOMIC DEVELOPMENT GROUPS SUCH AS THE WILLISTON AREA DEVELOPMENT FOUNDATION, FORT UNION ASSOCIATION, CHAMBER OF COMMERCE,
		JAYCEES, CONFLUENCE COMMITTEE, YOUTH ASSESSMENT ADVISORY BOARD, WORKFORCE TRAINING ADVISORY BOARD, PLANNING AND ZONING
		COMMISSION, UNITED WAY BOARD, WILLISTON MINISTERIAL ASSOCIATION, SOCIAL SERVICE BOARD, GOVERNOR'S COMMISSION ON DRUGS AND ALCOHOL,
		AND HOMETOWN WILLISTON COMMITTEE MERCY MEDICAL CENTER ALSO PROVIDES CHAPEL SERVICES TO THE COMMUNITY TO ENRICH ONES SPIRITUAL NEEDS
		MMC'S CRAVEN-HAGAN CLINIC OFFERS A SPORTS PHYSICAL EVENT EACH YEAR PHYSICIANS AND STAFF MEMBERS VOLUNTEER THEIR TIME TO PROVIDE THIS
		VALUABLE SERVICE STUDENTS PAY A FEE, WHICH IS DONATED BACK TO THE SCHOOL OF THEIR CHOICE MMC
		ALSO PARTICIPATES IN MANY LOCAL EVENTS THAT ARE INSTRUMENTAL IN ADDRESSING COMMUNITY BUILDING NEEDS INCLUDING THE MAKE-A-WISH FOUNDATION,
		UNITED WAY, MENTORS AND FRIENDS, CASUAL FOR CHARITY DAY, AG OPEN, HEALTH FAIR, BIBLE CAMPS, SCIENCE FAIRS, LOCAL PTOS, AS WELL AS CHURCH AND
		YOUTH GROUPS MMC EMPLOYEES ARE ACTIVE SUPPORTERS OF THE BASIN UNITED WAY CAMPAIGN MERCY ALSO PROVIDES RESOURCES AND FUNDING FOR
		MANY RURAL SCHOOLS AND COMMUNITY ORGANIZATIONS IN AN EFFORT TO ENHANCE THEIR HEALTHIER COMMUNITY INITIATIVES INCLUDING AFTER
		PROM AND AFTER GRADUATION DRUG AND ALCOHOL FREE EVENTS MERCY PARTICIPATES IN THE REGIONAL INTERVENTION STRATEGIES GROUP WHICH DEVELOPS
		LOCAL STRATEGIES TO DEAL, TREAT, AND INTERVENE WITH THOSE THAT HAVE MENTAL HEALTH AND SUBSTANCE ABUSE ISSUES COLLABORATIVE EFFORTS
		TO IMPROVE COMMUNITY HEALTH COMMUNITY HEALTH IMPROVEMENT SERVICES MMC UNDERSTANDS ITS ROLE
		IN PROVIDING SUPPORT SERVICES IN AN EFFORT TO BUILD A HEALTHIER COMMUNITY MMC COORDINATES SUPPORT GROUPS FOR PATIENTS AND FAMILIES WE
		SERVE THIS PAST YEAR MMC SPONSORED SEVERAL SUPPORT PROGRAMS SUCH AS DIABETES SUPPORT GROUP, WEIGHT LOSS SUPPORT GROUP, FOOT CARE
		CLINICS, GRIEF SUPPORT GROUP, AND THE CANCER SUPPORT GROUP EDUCATIONAL CLASSES ARE ARRANGED SUCH AS CAR SEAT EDUCATION, BABY
		BASICS, BREASTFEEDING CLASS AND CHILDBIRTH CLASSES (LAMAZE) MMC PARTICIPATES IN AN ANNUAL EVENT HEALTH FAIR HELD IN CONJUNCTION WITH THE
		UPPER MISSOURI VALLEY FAIR (UMVF) MMC PROVIDED FREE EDUCATION SUCH AS ORGAN AND TISSUE
		DONATION, GRIEF MATERIALS, ADVANCE DIRECTIVES, PROPER HAND WASHING, AND BLOOD PRESSURE SCREENINGS MERCY COLLABORATES WITH
		INDEPENDENT PHYSICIANS AND OTHER AREA HEALTHCARE PROVIDERS TO OFFER THESE VALUABLE SERVICES TO THE COMMUNITY HEALTH PROFESSIONS
		EDUCATION CRAVEN HAGAN CLINIC PROVIDED SEVERAL INTERNSHIPS FOR MEDICAL AND NURSING STUDENTS SCHOLARSHIPS ARE ALSO PRESENTED TO PROMOTE
		HEALTH OCCUPATIONS COMMUNITY BUILDING ACTIVITIES ONE OF MMC'S LARGEST COMMUNITY OUTREACH PROGRAMS IS THE MERCY COMMUNITY SALE
		HELD ANNUALLY IN THE SPRING THIS EVENT BRINGS THE "MERCY FAMILY" AND THE LARGER COMMUNITY TOGETHER IN AN EFFORT TO RAISE MONEY TO SUPPORT
		PROGRAMS FOR OUR YOUTH THE COMMUNITY SALE PROVIDES AN OPPORTUNITY FOR THE COMMUNITY TO WORK TOGETHER, PROVIDE HOUSEHOLD AND CLOTHING
		ITEMS AT INEXPENSIVE PRICES AND INFUSE MONEY BACK INTO THE COMMUNITY THE REVENUE FROM THE
		COMMUNITY SALE IS RETURNED TO THE COMMUNITY AS IT IS AWARDED TO OTHER NON-PROFIT ENTITIES THAT SERVE THE YOUTH OF WILLISTON THIS YEAR THE
		COMMUNITY SALE RAISED \$47,689 FOR WILLISTON'S UNITED WAY MERCY SPONSORS THE CLOSED CAPTION SPONSORSHIP FOR THE HEARING IMPAIRED OF THE
		LOCAL NEWSCAST ON KXMD TV WORKFORCE DEVELOPMENT PHYSICIAN RECRUITMENT IS A TOP PRIORITY FOR OUR ORGANIZATION AS WE WORK TO
		MEET THE GROWING HEALTHCARE NEEDS OF OUR POPULATION COMMUNITY BENEFIT OPERATIONS COMMUNITY BENEFIT OPERATIONS INCLUDE COSTS
		ASSOCIATED WITH DEDICATED STAFF, COMMUNITY HEALTH NEEDS ASSESSMENT, AND OTHER COSTS ASSOCIATED WITH COMMUNITY BENEFIT STRATEGY AND
		OPERATIONS DEDICATED STAFF HOURS ARE COUNTED FOR THE WORK ON CHARITY CARE ASSISTING THE
		THE MISSION AND COMMUNITY BENEFIT STAFF CONTINUE TO BUILD AND EXPAND THEIR EFFORTS IN
		PROVIDING ADDITIONAL SERVICES AND ALSO ENSURE EMPLOYEES ARE TRACKING THEIR ACTIVITY MMC PROVIDES HEARING SCREENINGS FOR NEWBORNS AND
		PROVIDES HEALTH CAREER CLASSES, INCLUDING JOB SHADOWING MERCY ALSO PROVIDES FREE MEETING ROOM SPACE FOR PARENTING EDUCATION PROGRAMS,
		CANCER SUPPORT GROUP, DIABETES SUPPORT GROUP, AND MORE THE HALLORAN HOUSE, LOCATED ON MMC'S CAMPUS, OFFERS PATIENTS AND THEIR FAMILIES A
		LOCAL PLACE TO STAY WHILE BEING TREATED IN OUR LEONARD P NELSON FAMILY CANCER TREATMENT CENTER OR RECEIVING OTHER SERVICES AT MERCY
		GIVEN OUR LARGE GEOGRAPHIC AREA, THIS SERVICE IS WELL RECEIVED BY OUR PATIENTS HOUSING AND MEALS AT THE HALLORAN HOUSE ARE PROVIDED FREE OF
		CHARGE TO THOSE WHO QUALIFY WHILE IT IS NOT POSSIBLE TO SHARE ALL OF MMC'S EFFORTS TO GIVE BACK TO THE COMMUNITY, THIS REPORT DOES OUTLINE
		THE LARGE CONTRIBUTIONS GIVEN ON BEHALF OF OUR ORGANIZATION TO WILLISTON AND THE REGION MMC IN
Intront advantage of the Control		ITS TRADITION OF FAITH WILL CONTINUE TO PROVIDE COMMUNITY BENEFITS AND ULTIMATELY BUILD A STRONGER, SAFER, AND HEALTHIER COMMUNITY
atient education of eligibility for ssistance	Schedule H, Part VI, Line 3	MERCY MEDICAL CENTER, ALONG WITH ITS AFFILIATED OUTPATIENT FACILITIES ARE PART OF CATHOLIC HEALTH INITIATIVES "CHI" CHI HAS A WRITTEN POLICY
		(STEWARDSHIP POLICY NO 15) GOVERNING THE PROCEDURES FOR DETERMINING AND INFORMING PATIENTS ABOUT THE ENTITY'S FINANCIAL ASSISTANCE
		POLICY ALL HOSPITAL FACILITIES INCLUDED IN THE FILING ORGANIZATION HAVE ADOPTED THE POLICY THE POLICY STATES THE ORGANIZATION WILL INCLUDE
		INFORMATION CONCERNING ITS FINANCIAL ASSISTANCE POLICY ON ITS WEBSITE IN ADDITION, MERCY MEDICAL CENTER PROMINENTLY DISPLAYS ITS
		FINANCIAL ASSISTANCE POLICY IN BOTH ENGLISH AND SPANISH IN OBVIOUS LOCATIONS THROUGHOUT THE HOSPITALS, INCLUDING THE EMERGENCY ROOMS AND
		OTHER PATIENT INTAKE AREAS, AS WELL AS IN MERCY MEDICAL CENTER OUTPATIENT FACILITIES IN
		ADDITION, MERCY MEDICAL CENTER REGISTRATION CLERKS ARE TRAINED TO PROVIDE CONSULTATION TO THOSE WHO HAVE NO INSURANCE OR POTENTIALLY
		INADEQUATE INSURANCE CONCERNING THEIR FINANCIAL OPTIONS INCLUDING APPLICATION FOR MEDICAID AND FOR FINANCIAL ASSISTANCE UNDER
		MERCY MEDICAL CENTER'S FINANCIAL ASSISTANCE POLICY UPON REGISTRATION (AND ONCE ALL EMTALA REQUIREMENTS ARE MET), PATIENTS WHO ARE
		IDENTIFIED AS UNINSURED (AND NOT COVERED BY MEDICARE OR MEDICAID) ARE PROVIDED WITH A PACKET OF INFORMATION THAT ADDRESSES THE FINANCIAL
		ASSISTANCE POLICY AND PROCEDURES INCLUDING AN APPLICATION FOR ASSISTANCE MERCY MEDICAL CENTER REGISTRATION CLERKS READ THE
		ORGANIZATION'S MEDICAL ASSISTANCE POLICY TO THOSE WHO APPEAR TO BE INCAPABLE OF READING, AND
		PROVIDE TRANSLATORS FOR NON ENGLISH-SPEAKING INDIVIDUALS MERCY MEDICAL CENTER'S STAFF WILL ALSO ASSIST THE PATIENT/GUARANTOR WITH APPLYING
		FOR OTHER AVAILABLE COVERAGE (SUCH AS MEDICAID), IF NECESSARY COUNSELORS ASSIST MEDICARE ELIGIBLE PATIENTS IN ENROLLMENT BY PROVIDING
		REFERRALS TO THE APPROPRIATE GOVERNMENT AGENCIES

Identifier	ReturnReference	Explanation			
Affiliated health care system	Schedule H, Part VI, Line 6	MERCY MEDICAL CENTER, ALONG WITH ITS AFFILIATED OUTPATIENT FACILITIES ARE PART OF CATHOLIC HEALTH INITIATIVES CATHOLIC HEALTH INITIATIVES (CHI) IS A NATIONAL FAITH-BASED NONPROFIT HEALTH CARE ORGANIZATION WITH HEADQUARTERS IN ENGLEWOOD, COLORADO CHI'S EXEMPT PURPOSE IS TO SERVE AS AN INTEGRAL PART OF ITS NATIONAL SYSTEM OF HOSPITALS AND OTHER CHARITABLE ENTITIES, WHICH ARE DESCRIBED AS MARKET-BASED ORGANIZATIONS, OR MBOS AN MBO IS A DIRECT PROVIDER OF CARE OR SERVICES WITHIN A DEFINED MARKET AREA THAT MAY BE AN INTEGRATED HEALTH SYSTEM AND/OR A STAND-ALONE HOSPITAL OR OTHER FACILITY OR SERVICE PROVIDER CHI SERVES AS THE PARENT CORPORATION OF ITS MBOS WHICH ARE COMPRISED OF 73 HOSPITALS, 40 LONG-TERM CARE, ASSISTED- AND RESIDENTIAL-LIVING FACILITIES, TWO COMMUNITY HEALTH-SERVICES ORGANIZATIONS, TWO ACCREDITED NURSING COLLEGES, AND HOME HEALTH AGENCIES TOGETHER, THESE FACILITIES PROVIDED \$762 MILLION IN CHARITY CARE AND COMMUNITY BENEFIT IN THE 2013 FISCAL YEAR, INCLUDING SERVICES FOR THE POOR, FREE CLINICS, EDUCATION AND RESEARCH CHI PROVIDES STRATEGIC PLANNING AND MANAGEMENT SERVICES AS WELL AS CENTRALIZED "SHARED SERVICES" FOR THE MBOS THE PROVISION OF CENTRALIZED MANAGEMENT AND SHARED SERVICES - INCLUDING AREAS SUCH AS ACCOUNTING, HUMMAN RESOURCES, PAYROLL AND SUPPLY CHAIN PROVIDES ECONOMIES OF SCALE AND PURCHASING POWER TO THE MBOS THE COST SAVINGS ACHIEVED THROUGH CHI'S CENTRALIZATION ENABLE MBOS TO DEDICATE ADDITIONAL RESOURCES TO HIGH-QUALITY HEALTH CARE AND COMMUNITY OUTREACH SERVICES TO THE MOST VULNERABLE MEMBERS OF OUR SOCIETY MERCY MEDICAL CENTER OPERATES WITH ITS WHOLLY OWNED AFFILIATES AND COMMUNITY PARTNERS, ALONG WITH ITS FUNDRAISING ARM, THE MERCY MEDICAL FOUNDATION TO SERVE THE HEALTH CARE NEEDS OF THE WILLISTON, NORTH DAKOTA COMMUNITIES			

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Schedule I

(Form 990)

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

DLN: 93493135067214

Open to Public Inspection

Department of the Treasury Internal Revenue Service Name of the organization

Employer identification number

MERCY MEDICAL CENTER							
						45-0231183	
Part I General Informatio 1 Does the organization maintain	records to substantı	ate the amount of the					✓ Yes 「N
the selection criteria used to av Describe in Part IV the organiza							y res N
Part II Grants and Other A Form 990, Part IV, lin	ssistance to Go	vernments and O	rganizations in the	United States. Com			es" to
(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of gran or assistance
						_	
Enter total number of section 50Enter total number of other organic							0

ш	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) A mount of cash grant	(d) A mount 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

Complete this part to provide the information required in Part 1, line 2, Part 111, Column (b), and any other additional information						
Identifier	Return Reference	Explanation				
Procedures for monitoring use of grant funds	·	GRANTS AND DONATIONS ARE GIVEN AS NEEDED TO ORGANIZATIONS IN THE LOCAL AREA THE AMOUNTS GIVEN ARE REVIEWED BY THE FOUNDATION DIRECTOR A RECORD OF ALL GRANTS AND DONATIONS ARE CONTINUALLY MONITORED				

Schedule I (Form 990) 2012

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DLN: 93493135067214

OMB No 1545-0047

Schedule J (Form 990)

For certain Officers, Directors, Trustees, Key Employees, and Highest **Compensated Employees** ► Complete if the organization answered "Yes" to Form 990,

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Part IV, question 23. ► Attach to Form 990. ► See separate instructions.

Compensation Information

Name of the organization MERCY MEDICAL CENTER

Employer identification number

45-0231183

Pai	t I Questions Regarding Compensation			
			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	First-class or charter travel Housing allowance or residence for personal use			
	Travel for companions Payments for business use of personal residence			
	Tax idemnification and gross-up payments Health or social club dues or initiation fees			
	Discretionary spending account Personal services (e.g., maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	Compensation committee Written employment contract			
	☐ Independent compensation consultant ☐ Compensation survey or study			
	Form 990 of other organizations Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
а	Receive a severance payment or change-of-control payment?	4a		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4 c		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	5a		No
b	Any related organization?	5b		Νo
	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			
а	The organization?	6a		No
b	Any related organization?	6b		Νo
	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	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was			
	subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe			
	ın Part III	8		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and	(D) Nontaxable	(E) Total of	(F) Compensation	
		(i) Base compensation	(ii) Bonus & ıncentive compensation	(iii) Other reportable compensation	other deferred compensation	benefits	columns (B)(ı)-(D)	reported as deferred in prior Form 990	
(1)BRETT VIBETO GENERAL SURGEON	(i) (ii)	424,991 0	2,550 0	771 0	23,096 0	22,102	473,510 0	0	
(2)CURTIS SMALL BOARD MEMBER/PHYSICIAN	(i) (ii)	219,583 0	2,019 0	11,200	20,202	22,636 0	275,640 0	0	
(3)DAVID LANOUE ORTHOPEDIC SURGEON	(i) (ii)	539,296 0	0	21,458 0	20,596 0	26,261 0	607,611 0	0	
(4)DAVID SKURDAL PHYSICIAN	(i) (ii)	416,718 0	7,547 0	10,873 0	23,096 0	28,593 0	486,827 0	0	
(5)DOUGLAS CLARK PHYSICIAN	(i) (ii)	442,683 0	6,000 0	14,362 0	20,596	10,372 0	494,013 0	0	
(6)JEFFREY DROP EX- OFFICIO/SVP DIVISION OFFICER	(i) (ii)	0 400,148	0 146,277	0 59,679	0 76,703	0 21,785	0 704,592	0 36,347	
(7)KERRY MONSON CFO/VP OF FINANCE	(i) (ii)	129,794 0	15,051 0	412	16,535 0	20,918 0	182,710 0	0	
(8)MATTHEW GRIMSHAW EX- OFFICIO- PRESIDENT/CEO	(i) (ii)	0 173,600	0 58,638	0 46,268	0 36,821	0 17,769	0 333,096	0	
(9)ROXANNE KEENE PHYSICIAN	(i) (ii)	518,323 0	0 0	47,355 0	20,596 0	20,348 0	606,622 0	0	

Schedule J (Form 990) 2012

Part IIII Supplemental Information

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

Also complete this part for any additional information

Identifier	Return Reference	Explanation
Arrangement used to establish the top management official's compensation	Schedule J, Part I, Line 3	COMPENSATION FOR THE TOP MANAGEMENT OFFICIAL WAS ESTABLISHED AND PAID BY CATHOLIC HEALTH INITIATIVES (CHI), A RELATED ORGANIZATION CHI USED THE FOLLOWING TO ESTABLISH THE TOP MANAGEMENT OFFICIAL'S COMPENSATION (1) COMPENSATION COMMITTEE, (2) INDEPENDENT COMPENSATION CONSULTANT, (3) WRITTEN EMPLOYMENT CONTRACTS, (4) COMPENSATION SURVEY OR STUDY, (5) APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE
SEVERANCE PAYMENTS	SCHEDULE J, PART I, LINE 4A	POST-TERMINATION PAYMENTS ARE ADDRESSED IN EXECUTIVE EMPLOYMENT AGREEMENTS FOR CATHOLIC HEALTH INITIATIVES ("CHI") AND RELATED ORGANIZATIONS' EMPLOYEES AT THE LEVEL OF VICE PRESIDENT AND ABOVE, INCLUDING THE MBO CEOS THESE EMPLOYMENT AGREEMENTS REQUIRE THAT IN ORDER FOR THE EXECUTIVE TO RECEIVE POST-TERMINATION PAYMENTS, THESE INDIVIDUALS MUST EXECUTE A GENERAL RELEASE AND SETTLEMENT AGREEMENT POST-TERMINATION PAYMENT ARRANGEMENTS ARE PERIODICALLY REVIEWED FOR OVERALL REASONABLENESS IN LIGHT OF THE EXECUTIVE'S OVERALL COMPENSATION PACKAGE THERE WERE NO INTERESTED PERSONS THAT RECEIVED SEVERANCE OR CHANGE-OF-CONTROL PAYMENTS DURING CALENDAR YEAR 2012
Supplemental nonqualified retirement plan	Schedule J, Part I, Line 4b	DURING THE 2012 CALENDAR YEAR CATHOLIC HEALTH INITIATIVES ("CHI"), A RELATED ORGANIZATION, MAINTAINED A SUPPLEMENTAL NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR MBO CEOS AND OTHER CHI EMPLOYEES AT THE LEVEL OF SENIOR VICE PRESIDENT AND ABOVE THE FOLLOWING REPORTABLE INDIVIDUALS WERE ELIGIBLE TO PARTICIPATE IN THAT PLAN JEFFREY DROP, MATTHEW GRIMSHAW DURING 2012 THE FOLLOWING CONTRIBUTIONS WERE MADE BY CHI TO THE DEFERRED COMPENSATION PLAN JEFFREY DROP - \$48,607, MATTHEW GRIMSHAW - \$16,225 DURING 2012 THE FOLLOWING DISTRIBUTIONS WERE MADE BY CHI FROM THE DEFERRED COMPENSATION PLAN JEFFREY DROP - \$36,347
Non-fixed payments	Schedule J, Part I, Line 7	MERCY MEDICAL CENTER MAINTAINS A VARIABLE PAY PLAN FOR EMPLOYEES AT THE LEVEL OF VICE PRESIDENT AND ABOVE (EXCEPT FOR PHYSICIANS) THAT PUTS A CERTAIN AMOUNT OF COMPENSATION AT RISK AWARDS OF INCENTIVE COMPENSATION UNDER THE VARIABLE PAY PLAN ARE MADE BASED UPON ACHIEVEMENT OF ORGANIZATIONAL OBJECTIVES INCLUDING PERFORMANCE IN RELATION TO BUDGET, AND ACHIEVEMENT OF INDIVIDUAL GOALS ALL COMPENSATION, INCLUDING ANY INCENTIVE COMPENSATION, IS CAPPED TO ENSURE THAT COMPENSATION REMAINS AT FAIR MARKET VALUE

Schedule J (Form 990) 2012

Software ID: 12000266

Software Version: v2012.1.0

EIN: 45-0231183

Name: MERCY MEDICAL CENTER

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

Torm 350, Schedule 3, Fure 11 Officers, Directors, Trustees, Rey Employees, and Highest compensated Employees								
(A) Name		(B) Breakdown o	f W-2 and/or 1099-MIS	SC compensation	(C) Deferred	(D) Nontaxable	(E) Total of columns	(F) Compensation reported in prior Form
		(i) Base Compensation	(ii) Bonus & ıncentıve compensation	(iii) O ther compensation	compensation	benefits	(B)(ı)-(D)	990 or Form 990-EZ
BRETT VIBETO	(I) (II)	424,991	2,550 0	771 0	23,096	22,102	473,510	0
CURTIS SMALL	(I) (II)	219,583 0	2,019	11,200	20,202	22,636 0	275,640	0
DAVID LANOUE	(I) (II)	539,296 0	0	21,458 0	20,596 0	26,261 0	607,611	0
DAVID SKURDAL	(ı) (ıı)	416,718 0	7,547 0	10,873 0	23,096 0	28,593 0	486,827	0 0
DOUGLAS CLARK	(ı) (ıı)	442,683 0	6,000 0	14,362 0	20,596 0	10,372 0	494,013	0
JEFFREY DROP	(I) (II)	0 400,148	0 146,277	0 59,679	0 76,703	0 21,785	0 704,592	0 36,347
KERRY MONSON	(I) (II)	129,794 0	15,051 0	412	16,535 0	20,918 0	182,710	0
MATTHEW GRIMSHAW	(I) (II)	0 173,600	0 58,638	0 46,268	0 36,821	0 17,769	333,096	0
ROXANNE KEENE	(I)	518,323	0	47,355 0	20,596 0	20,348	606,622	0

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DLN: 93493135067214

OMB No 1545-0047 **Transactions with Interested Persons**

► Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.

Department of the Treasury Internal Revenue Service

Schedule L (Form 990 or 990-EZ)

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

Open to Public Inspection

Name of the MERCY MEDICA	organization AL CENTER									Em	ployer	identif	ication	number	•
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	Complete if the organization re							line 38a	ı, or Fori	m 990), Part	: IV, lın	e 26, o	r ıf the	
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Part IV Business Transactions I Complete if the organizatio			ne 28a, 28b, or 28c.		
(a) Name of Interested person	(b) Relationship between interested person and the organization	(c) A mount of transaction	(d) Description of transaction	(e) Sh of organiz reven	f zatıon's
				Yes	No
				1	

Part V Supplemental Information

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

Ident if ier	Return Reference	Explanation
		Sahadula I (Farm 000 at 000 F7) 2012

Schedule L (Form 990 or 990-EZ) 2012

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As Filed Data -

DLN: 93493135067214

Supplemental Information to Form 990 or 990-EZ

Department of the Treasury
Internal Revenue Service

(Form 990 or 990-EZ)

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

2012
Open to Public Inspection

Name of the organization MERCY MEDICAL CENTER	Employer identification number
	45-0231183

ldentifier	Return Reference	Explanation
New program services	1 '	IN DECEMBER OF 2012, MMC OPENED OUR NEW OUTPATIENT SURGERY AND OUTPATIENT BIRTH CENTER

ldentifier	Return Reference	Explanation
Delegate broad authority to a committee	Form 990, Part VI, Section A, Line 1a	PURSUANT TO SECTION 8 6 OF THE BY LAWS OF MERCY MEDICAL CENTER, THE EXECUTIVE COMMITTEE IS COMPOSED OF THE BOARD CHAIR, THE BOARD VICE CHAIR, THE PRESIDENT AND CEO, EACH OF WHOM SHALL SERVE AS AN EX OFFICIO VOTING MEMBER OF THE EXECUTIVE COMMITTEE, AND TWO VOTING MEMBERS APPOINTED BY THE BOARD OF DIRECTORS EACH INDIVIDUAL APPOINTED TO THE EXECUTIVE COMMITTEE SHALL SERVE FOR A TERM OF ONE YEAR OR UNTIL HIS OR HER SUCCESSOR IS DULY APPOINTED BY THE BOARD OF DIRECTORS THE EXECUTIVE COMMITTEE SHALL CONSIST OF ONLY DIRECTORS OF THE CORPORATION PURSUANT TO SECTION 8 1 OF THE CORPORATION'S BY LAWS, COMMITTEES, SUCH AS THE EXECUTIVE COMMITTEE, THAT ARE GRANTED THE AUTHORITY TO ACT ON BEHALF OF THE BOARD OF DIRECTORS MAY INCLUDE ONLY DIRECTORS OF THE CORPORATION FURTHER, PURSUANT TO SECTION 8 6 OF THE CORPORATION'S BY LAWS, THE EXECUTIVE COMMITTEE HAS AND MAY EXERCISE SUCH POWERS AS MAY BE DELEGATED TO IT BY THE BOARD OF DIRECTORS THE EXECUTIVE COMMITTEE ALSO POSSESSES THE POWER TO TRANSACT ROUTINE BUSINESS OF THE CORPORATION IN THE INTERIM PERIOD BETWEEN REGULARLY SCHEDULED MEETINGS OF THE BOARD OF DIRECTORS

ldentifier	Return Reference	Explanation
Classes of members or stockholders	Form 990, Part VI, Section A, Line 6	ACCORDING TO THE BYLAWS OF MERCY MEDICAL CENTER, THE ENTITY'S SOLE MEMBER IS CATHOLIC HEALTH INITIATIVES, A COLORADO NONPROFIT CORPORATION

ldentifier	Return Reference	Explanation
Members or stockholders electing members of governing body	Form 990, Part VI, Section A, Line 7a	PURSUANT TO SECTION 6 5 OF HE ORGANIZATION'S BY LAWS, DIRECTORS SHALL BE APPOINTED OR REFUSED BY THE CORPORATE MEMBER THE CORPORATE MEMBER MAY APPOINT ONE OR MORE INDIVIDUALS TO THE BOARD OF DIRECTORS, AND MAY AT ANY TIME REMOVE, WITH OR WITHOUT CAUSE, ANY MEMBER OF THE BOARD OF DIRECTORS ACCORDING TO THE ORGANIZATION'S BY LAWS, DIRECTORS OF THE CORPORATION SHALL BE APPOINTED BY THE CORPORATE MEMBER NO LATER THAN JUNE 30 OF EACH YEAR THE NAMES AND QUALIFICATIONS OF EACH INDIVIDUAL ACCEPTED BY THE BOARD OF DIRECTORS SHALL BE SUBMITTED TO THE CORPORATE MEMBER, WHO SHALL APPOINT OR REFUSE EACH NOMINEE IN ACCORDANCE WITH THE CORPORATE MEMBER'S BY LAWS AND WITH ENDORSEMENT OF THE SENIOR VICE PRESIDENT OF OPERATIONS THE CORPORATE MEMBER MAY UNILATERALLY APPOINT ONE OR MORE INDIVIDUALS TO THE BOARD OF DIRECTORS SHOULD THE BOARD FAIL TO FURNISH THE CORPORATE MEMBER WITH A LIST OF INDIVIDUALS QUALIFIED TO SERVE ON THE BOARD OF DIRECTORS OF THE CORPORATION

Identifier Return Reference	Explanation
Decisions requiring approval by members or stockholders Form 990, Part VI, Section A, Line 7b	THE ORGANIZATION'S CORPORATE MEMBER IS CATHOLIC HEALTH INITIATIVES ("CHI") PURSUANT TO SECTION 5 4 OF THE ORGANIZATION'S BY LAWS, THE CORPORATE MEMBER SHALL HAVE THE SPECIFIC RIGHTS SET FORTH IN THE GOVERNANCE MATRIX PURSUANT TO THE GOVERNANCE MATRIX THE FOLLOWING RIGHTS ARE RESERVED TO THE CHI BOARD DIRECTLY OR THROUGH POWERS DELEGATED TO THE CHI CHIEF EXECUTIVE OFFICER * SUBSTANTIAL CHANGE IN THE MISSION OR PHILOSOPHY OF MERCY MEDICAL CENTER * AMENDMENT OF THE CORPORATE DOCUMENTS OF MERCY MEDICAL CENTER * APPROVE MEMBERS OF THE MERCY MEDICAL CENTER BOARD * REMOVAL OF A MEMBER OF THE GOVERNING BODY OF MERCY MEDICAL CENTER * APPROVAL OF ISSUANCE OF DEBT BY MERCY MEDICAL CENTER * APPROVAL OF FORMATION OF A NEW CORPORATION BY MERCY MEDICAL CENTER * APPROVAL OF A MERGER INVOLVING MERCY MEDICAL CENTER * APPROVAL OF THE ASSETS OF MERCY MEDICAL CENTER * TO REQUIRE THE TRANSFER OF ASSETS BY MERCY MEDICAL CENTER TO CHI TO ACCOMPLISH CHI'S GOALS AND OBJECTIVES, AND TO SATISFY CHI DEBTS * ADOPTION OF LONG RANGE AND STRATEGIC PLANS FOR MERCY MEDICAL CENTER PURSUANT TO SECTION 5 5 2 OF THE ORGANIZATION'S BY LAWS, CHI MAY, IN EXERCISE OF ITS APPROVAL POWERS, GRANT OR WITHHOLD APPROVAL IN WHOLE OR IN PART, OR MAY, IN ITS COMPLETE DISCRETION, AFTER CONSULTATION WITH THE BOARD AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE ORGANIZATION, RECOMMEND SUCH OTHER OR DIFFERENT ACTIONS AS IT DEEMS APPROPRIATE

ldentifier	Return Reference	Explanation
Review of form 990 by governing body	VI, Section B,	ONCE THE RETURN IS PREPARED, THE RETURN IS REVIEWED BY THE CHIEF FINANCIAL OFFICER AN ELECTRONIC COPY OF THE RETURN IS SENT TO EACH BOARD MEMBER BY EMAIL FOR THEIR REVIEW SUBSEQUENT TO THE RETURN BEING PROVIDED TO THE BOARD, THE TAX DEPARTMENT FILES THE RETURN WITH THE APPROPRIATE FEDERAL AND STATE AGENCIES, MAKING ANY NON-SUBSTANTIVE CHANGES NECESSARY TO EFFECT E-FILING ANY SUCH CHANGES ARE NOT RE-SUBMITTED TO THE BOARD

Identifier Return Reference	Explanation
Interest policy Part VI, Section B, Line 12c The Biological Part V	IN STHE POLICY OF MERCY MEDICAL CENTER THAT (1) EACH OF THE CORPORATIONS DIRECTORS, OF FICERS, NO BURLOYEES ACT AT ALL TIMES NA MANNER THAT FURTHERS THE CORPORATIONS CHARTA BLE UPPROSE OF SERVICE TO THE COMMUNITY AND EXERCISES CARE THAT HE OR SHE DOES NOT ACT NA MANNER HAT FURTHERS HIS OR FIELD COMMUNITY NO EXPENSES CARE THAT HE OR SHE DOES NOT ACT NA MANNER HAT FURTHERS HIS OR FIELD COMMUNITY INTO THE CORPORATIONS COMMUNITY INTO THE CORPORATIONS COMMUNITY INTO THE CORPORATIONS COMMUNITY INTO THE CORPORATION OF PROPERTION OF THE CORPORATION OF PROPERTIES OF THE CORPORATION OF

Identifier Return Reference	Explanation
Conflict of Interest policy Form 990, Part VI, Section B, Line 12c	TORS, THE BOARD SHALL TAKE WHATEVER ACTION IS DEEMED APPROPRIATE UNDER THE CIRCUMSTANCES W ITH RESPECT TO THE INDIVIDUAL IN ORDER TO BEST PROTECT THE INTERESTS OF THE CORPORATION IN CLUDING POSSIBLE DISCIPLINARY OR CORRECTIVE ACTION THE BOARD SHOULD CONSULT WITH A MEMBER OF THE CHI LEGAL RESOURCE GROUP WHEN CONSIDERING DISCIPLINARY OR CORRECTIVE ACTION WHEN CONFLICTS OF INTEREST ARE CONSIDERED BY THE BOARD, THE INDIVIDUAL MUST DISCLOSE ALL OF THE MATERIAL FACTS TO THE BOARD THE INDIVIDUAL SHALL NOT VOTE OR USE HIS OR HER PERSONAL INF LUENCE ON THE MATTER HOWEVER, IF REQUESTED, SUCH INDIVIDUAL IS NOT PREVENTED FROM BRIEFLY STATING HIS OR HER POSITION IN THE MATTER, NOR FROM ANSWERING PERTINENT QUESTIONS FROM BO ARD MEMBERS, AS HIS OR HER KNOWLEDGE MAY BE OF SIGNIFICANT IMPORTANCE. THE INDIVIDUAL SHALL BE EXCUSED FROM THE MEETING DURING DISCUSSION AND VOTE ON THE CONFLICT OF INTEREST MINU TES OF THE BOARD OF DIRECTORS SHALL REFLECT THE FOLLOWING. THE INDIVIDUAL MAKING THE DISCLOSURE, THE NATURE OF THE DISCLOSURE, DISCUSSION REGARDING ANY PROPOSED TRANSACTION, THE DE CISION MADE BY THE BOARD, AND THAT THE INTERESTED DIRECTOR ABSTAINED FROM VOTING. IMPLEMENTATION AND INTERPRETATION QUESTIONS REGARDING THE IMPLEMENTATION AND INTERPRETATION OF THIS POLICY SHALL BE REFERRED TO A MEMBER OF THE CHI LEGAL RESOURCE GROUP IF THE BOARD REASO NABLY BELIEVES THAT A DIRECTOR, OFFICER, OR EMPLOYEE HAS FAILED TO DISCLOSE EITHER AN ACTU AL OR POTENTIAL CONFLICT OF INTEREST, OR ALL MATERIAL FACTS SURROUNDING AN ACTUAL OR POSSI BLE CONFLICT AS REQUIRED BY THIS POLICY, THE INDIVIDUAL WILL BE GIVEN AN OPPORTUNITY TO EX PLAIN SUCH ALLEGED FAILURE TO DISCLOSE AFTER HEARING THE RESPONSE OF THE INDIVIDUAL, THE BOARD WILL CONDUCT SUCH ADDITIONAL INVESTIGATION AS MAY BE APPROPRIATE IF THE BOARD DETER MINES THAT THE INDIVIDUAL HAS IN FACT FAILED TO DISCLOSE AS REQUIRED BY THIS POLICY, THE BOARD DETER MINES THAT THE INDIVIDUAL HAS IN FACT FAILED TO DISCLOSE AS REQUIRED BY THIS POLICY, THE BOARD SHALL TAKE APPROPRIATE DISCIPLINARY OR CORRECTI

ldentifier	Return Reference	Explanation
PROCESS FOR DETERMINING COMPENSATION OF CEO	FORM 990, PART VI, LINE 15A	THE ORGANIZATION'S CEO'S COMPENSATION IS PAID BY CHI CHI HAS A DEFINED COMPENSATION PHILOSOPHY BOTH THE EXECUTIVE AND NON-EXECUTIVE COMPENSATION STRUCTURES AND RANGES ARE REVIEWED ANNUALLY IN COMPARISON TO MARKET DATA CHI USES THE HAY GROUP AS THE INDEPENDENT THIRD PARTY TO ASSESS EXECUTIVE COMPENSATION PROGRAMS AND TO ENSURE THE REASONABLENESS OF ACTUAL SALARIES AND TOTAL COMPENSATION PACKAGES COMPENSATION OF THE SENIOR MOST EXECUTIVES IS REVIEWED ANNUALLY THE HAY GROUP REVIEWS BOTH CASH AND TOTAL COMPENSATION FOR OVERALL REASONABLENESS, FOR ADHERENCE TO CHI'S COMPENSATION PHILOSOPHY, AND FOR COMPARABILITY TO THE NOT-FOR-PROFIT HEALTHCARE MARKET THIS INDEPENDENT REVIEW IS DELIVERED BY HAY GROUP TO THE HR COMMITTEE OF THE CHI BOARD OF STEWARDSHIP TRUSTEES ANNUALLY AT THEIR SEPTEMBER MEETING AND MINUTES ARE SHARED WITH THE FULL BOARD AT THE DECEMBER MEETING. THE LAST REVIEW WAS SEPTEMBER 17TH, 2013 IN ADDITION, IN DECEMBER 2009, HAY GROUP COMPLETED A COMPREHENSIVE REVIEW OF ALL POSITIONS AT THE LEVEL OF VICE PRESIDENT AND ABOVE TO DETERMINE AND VALIDATE APPROPRIATE COMPENSATION LEVELS. THESE LEVELS HAVE BEEN REVIEWED ANNUALLY SINCE AND REVISED BASED ON MARKET DATA, WHERE APPLICABLE

ldentifier	Return Reference	Explanation
Process used to establish compensation of other officers/key employees	Form 990, Part VI, Section B, Line 15b	THE CHIEF FINANCIAL OFFICER REPORTS TO A DIVISION CHIEF FINANCIAL OFFICER WHO REVIEWS AND ADJUSTS THE COMPENSATION FOR SENIOR LEADERSHIP COMPENSATION FOR SENIOR LEADERSHIP IS ALSO INTERNALLY REVIEWED BY A COMPENSATION COMMITTEE ON THE BOARD OF DIRECTORS A MARKET COMPARISON IS DONE ANNUALLY

ldentifier	Return Reference	Explanation
Governing documents, conflict of interest policy and financial statements available to the public	Form 990, Part VI, Section C, Line 19	THE ORGANIZATION'S GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE AVAILABLE TO THE PUBLIC UPON REQUEST THE ORGANIZATION'S FINANCIAL STATEMENTS ARE INCLUDED IN CATHOLIC HEALTH INITIATIVES' CONSOLIDATED AUDITED FINANCIAL STATEMENTS THAT ARE AVAILABLE AT WWW CATHOLICHEALTHINIT ORG OR AT WWW DACBOND ORG

ldentifier	Return Reference	Explanation
Other Expenses	Form 990, Part IX, Line 11g	CONTRACT SERVICES - TOTAL EXPENSE 4343844, PROGRAM SERVICE EXPENSE 3685793, MANAGEMENT AND GENERAL EXPENSES 658051, FUNDRAISING EXPENSES , CONTRACT LABOR - TOTAL EXPENSE 5857195, PROGRAM SERVICE EXPENSE 4969885, MANAGEMENT AND GENERAL EXPENSES 887310, FUNDRAISING EXPENSES , PURCHASED SERVICES - TOTAL EXPENSE 216516, PROGRAM SERVICE EXPENSE 183716, MANAGEMENT AND GENERAL EXPENSES 32800, FUNDRAISING EXPENSES , OTHER FEES FOR SERVICES - TOTAL EXPENSE 63587, PROGRAM SERVICE EXPENSE 53954, MANAGEMENT AND GENERAL EXPENSES 9633, FUNDRAISING EXPENSES ,

ldentifier	Return Reference	Explanation
Other changes in net assets or fund balances	Form 990 , Part XI, Line 9	CAPITAL RESOURCE POOL CONTRIBUTION428388, CHI CONNECT DEPRECIATION - 16690,

SCHEDULE R Related Ord

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

(Form 990)

Department of the Treasury

Internal Revenue Service

Related Organizations and Unrelated Partnerships

► Attach to Form 990. ► See separate instructions.

► Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.

2012

Schedule R (Form 990) 2012

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lame of the organization IERCY MEDICAL CENTER						cation number		
Part I Identification of Disregarded Entities (Comple	ete if the organization	answered "Yes" t	o Form 990 Par	45-02311 t IV line 33)	83			
(a) Name, address, and EIN (ıf applıcable) of dısregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(e) ind-of-year assets	С	(f) Direct controlling entity			
Part II Identification of Related Tax-Exempt Organiz or more related tax-exempt organizations during t	zations (Complete if he tax year.)	the organization a	inswered "Yes" t	o Form 990, P	art IV,	line 34 because it	: had o	ne
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code sectio	(e) Public charity: (if section 501)	status c)(3))	(f) Direct controlling entity	Section (13) co ent	g) n 512(b) ontrolled tity?
See Additional Data Table							Yes	No

Cat No 50135Y

	Primary activit	y Legal domicile (state or foreign country)	entity	Predominant income (related, unrelated, excluded from tax under sections 512-514)	Share of total income		Disproprial allocate		Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)		iging ner?	Percenta ownersh
							Yes	No		Yes	No	
							swere	d "Ye	s" to Form	990,	Part	IV,
(b) Primary activity	(c) Legal domicile (state or foreign country)		(d) Direct controlli entity			otal Share e of	of end- year			Section (b) (conti	n 512 13) olled	
								_		Yes		No
-								1				
												ı
								<u> </u>				
								1				
								1				
												.
	nore related organi	(b) (c) Primary activity Legal domicile (state or foreign	(b) (c) Primary activity Legal domicile (state or foreign	nore related organizations treated as a corporation or (b) (c) (d) (d) Direct controlli domicile (state or foreign	(b) Primary activity (c) Legal domicile (state or foreign) (d) (d) Direct controlling entity (C corp, S corp,	nore related organizations treated as a corporation or trust during the tax year (b) (c) (d) (e) (f) Primary activity Legal domicile (state or foreign entity (C corp, S corp,)	nore related organizations treated as a corporation or trust during the tax year.) (b) (c) (d) (e) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f	nore related organizations treated as a corporation or trust during the tax year.) (b) (c) (d) (e) (f) Share of total of-year assets (C corp, S corp, (state or foreign)	rore related organizations treated as a corporation or trust during the tax year.) (b) (c) (d) (e) (f) (g) Share of total of entity (C corp, S income corp, entity (State or foreign)) (c) (d) (e) (f) (f) Share of total of end-of-year assets)	nore related organizations treated as a corporation or trust during the tax year.) (b) (c) (d) (e) (f) (g) (h) Primary activity Legal domicile domicile (state or foreign (state or foreign)) (c) (d) (e) (f) (g) (h) Type of entity (C corp, S income of-year assets)	rore related organizations treated as a corporation or trust during the tax year.) (b) (c) (d) (e) (f) (g) (g) (h) (state or foreign country) (corp, or trust) (corp, or trust)	(b) (c) (d) (e) (f) (g) (h) (i) Primary activity Legal domicile (state or foreign (state or foreign)) (d) (e) (f) Share of total (C corp, S corp, C corp, S corp, C corp, S corp, C corp, S corp, C

Part V	Transactions With Related Organizations (Complete if the organization an	swered "Yes" to Forn	n 990, Part IV, lın	ie 34, 35b, or 36.)			
Note	Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule					Yes	No
1 During	the tax year, did the orgranization engage in any of the following transactions with one or more	related organizations li	sted in Parts II-IV?				
a Rec	eipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity				1a	Yes	
b Gıft	grant, or capital contribution to related organization(s)				1b	Yes	
c Gıft	grant, or capital contribution from related organization(s)				1c	Yes	
d Loa	ns or loan guarantees to or for related organization(s)				1d		No
e Loa	ns or loan guarantees by related organization(s)				1e	Yes	
f Divi	dends from related organization(s)				1f		No
g Sale	of assets to related organization(s)				1 g		No
h Pur	hase of assets from related organization(s)				1h		No
i Excl	ange of assets with related organization(s)				1i	Yes	
j Leas	e of facilities, equipment, or other assets to related organization(s)				1j	Yes	
k Lea	se of facilities, equipment, or other assets from related organization(s)				1k	Yes	
I Perf	ormance of services or membership or fundraising solicitations for related organization(s)				11		No
m Perf	ormance of services or membership or fundraising solicitations by related organization(s)				1m	Yes	
n Shar	ng of facilities, equipment, mailing lists, or other assets with related organization(s)				1n		No
o Sha	ring of paid employees with related organization(s)				10		No
p Reii	nbursement paid to related organization(s) for expenses				1p	Yes	
q Reii	nbursement paid by related organization(s) for expenses				1 q		No
r Oth	er transfer of cash or property to related organization(s)				1r	Yes	
s Oth	er transfer of cash or property from related organization(s)				1 s		No
2 Ifth	e answer to any of the above is "Yes," see the instructions for information on who must comple	te this line, including co	overed relationships	and transaction thresho	olds		
	(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determinin		involved	ĺ
1) MERCY	MEDICAL FOUNDATION	С	4,828,360	FMV			
2) MERCY	MEDICAL FOUNDATION	A	5,580	FMV			
3) MEDQUI	ST	A	58,781	FMV			
				•			

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

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross)

revenue) that was not a related organization See instructions re	garding exclu	sion for ce		nent	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)	org	(e) all partners section 501(c)(3) anizations?	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtiona allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	nt in managing 20 partner? dule		(k) Percentage ownership
			514)	Yes	No			Yes	No		Yes	No	
												1	

Software ID: 12000266 **Software Version:** v2012.1.0 **EIN:** 45-0231183

Name: MERCY MEDICAL CENTER

Schedule R (Form 990) 2012

Part VII Supplemental Information

Page **5**

	Complete this part to provide additional information for responses to questions on Schedule R (see instructions)													
Identifier		Return	Reference		ı	Explanation								
Form 990, Schedule R	ኒ Part III - Ide 	ntificatio	on of Relate	ed Organizat (e)	tions Taxable as	a Partnership	",	I	(j	i) l				
(a) Name, address, and EIN of related organization	(b) Primary activity	Legal	Controlling Entity	Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total Income		(h) Disproprtionate allocations? Yes No	Code V-UBI amount	Gen	eral r aging ner?	(k) Percentage ownership			
AUDUBON LAND COMPANY LLC	REAL ESTATE	СО	CHIC	RELATED	34,991	8,665,388	No No	0	res	No No	50 1 %			
5390 N ACADEMY BLVD SUITE 300 COLORADO SPRINGS, CO 80918														
84-1513085 AVANTAS LLC	STAFFING OF	NE	AHBMHS	RELATED	-210,405	4,806,071	No	-439,536		No	95 %			
11128 JOHN GALT BLVD SUITE 400 OMAHA, NE 68137 39-2045003	NURSES													
BERYWOOD OFFICE PROPERTIES LLC	PHYS OFFICE	TN	MHCS	RELATED	57,545	1,013,237	No	0	Yes		63 %			
400 BERYWOOD TRAIL CLEVELAND, TN 37312 62-1875199														
BLUEGRASS REGIONAL IMAGING CENTER	DIAGNOSTIC	KY	SJHS	RELATED	308,428	3,317,191	No	0		Νo	65 %			
1218 SOUTH BROADWAY SUITE 310 LEXINGTON, KY 40504 61-1386736														
CENTRAL NEBRASKA	HEALTHCARE SRVC	NE	NA	RELATED	228,435	675,251	No	0	Yes		100 %			
PO BOX 1146-4510 SECOND AVENUE KEARNEY, NE 68848 47-0692112														
CENTRAL NEBRASKA REHAB SERVICES	PHYSICAL THERAPY	NE	SFMC	RELATED	1,710,199	2,712,656	No	0		No	51 %			
3004 W FAIDLEY AVE GRAND ISLAND, NE 68802 81-0653461														
CHI OPERATING INVESTMENT PROGRAM LP	INVESTMENTS	СО	СНІ	UNRELATED	344,962,532	4,617,413,792	No	0	Yes		79 92 %			
198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 47-0727942														
	LAUNDRY	NE	NA	RELATED	98,583	3,190,677	No	0		No	100 %			
PO BOX 9804 GRAND ISLAND, NE 68802 72-1546196														
MRI AT ST JOSEPH MEDICAL CENTER LLC	MEDICAL IMAGING	MD	SJMC	RELATED	423,167	2,174,155	No	0	Yes		51 %			
7253 AMBASSADOR ROAD BALTIMORE, MD 21244 52-1958002														
NORTH RIVER SURGERY CENTER LLC	AMBUL SURG CTF	R AR	SVIMC	RELATED	81,071	1,077,536	No	0		No	57 45 %			
2209 WILDWOOD AVENUE SHERWOOD, AR 72120 71-0799771														
O'DEA MEDICAL ARTS LIMITED PARTNERSHIP	REAL ESTATE	MD	TMI	RELATED	9,490	0	No	0	Yes		66 58 %			
7601 OSLER DRIVE TOWSON, MD 21204 52-1682964	0.07110		Tue		1046452	0.441.044					60.00			
11650 WEST 2ND PLACE LAKEWOOD, CO 80255	ORTHO HOSPITAL	СО	ТНС	RELATED	1,846,153	8,411,844	No	0		No	60 %			
37-1577105 PENINSULA RADIATION ONCOLOGY LLC	HEALTHCARE SRVC	WA	FHS	RELATED	256,567	3,262,002	No	0		No	60 %			
315 MARTIN LUTHER KING JR WAY 111 TACOMA, WA 98405 87-0808610	SKVC													
PENRAD IMAGING	MEDICAL IMAGING	СО	CHIC	RELATED	715,094	3,489,436	No	0		No	70 %			
1390 KELLY JOHNSON BLVD COLORADO SPRINGS, CO 80920 84-1072619														
RUXTON SURGICENTER LLC	SURGERY CENTE	R MD	SJMC	RELATED	-69,345	0	No	0	Yes		51 %			
8322 BELLONA AVENUE SUITE 201 BALTIMORE, MD 21204 52-2095835														

Form 990, Schedule F	२, Part III - Iden।		n of Relate		ons Taxable as	a Partnership	ı		ı	. ا		
(a) Name, address, and EIN of related organization	Primary activity	(c) Legal Domicile (State or Foreign Country)	Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under	(f) Share of total Income	(g) Share of end- of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1	Ger Man	j) neral or aging ner?	(k) Percentage ownership
		Country)		sections 512-514)			Yes	No		Yes	No	
SAINT JOSEPH - SCA HOLDINGS LLC	OP SURGERY	DE	SJHS	RELATED	0	0		No	0	Yes		51 %
1451 HARRDOSBURG ROAD LEXINGTON, KY 40504 45-3801157												
SCA PREMIER SURGERY CENTER OF LOUISVILLE LLC	SURGERY CENTER	KY	Э Н	RELATED	3,388	666,017		No	0	Yes		51 %
200 ABRAHAM FLEXNER WAY LOUISVILLE, KY 40202												
72-1386840 ST FRANCIS LAND COMPANY LLC	REAL ESTATE	СО	CHIC	RELATED	-130,967	13,823,763		No	0		No	51 %
	MED OFFICE	WA	FHS	RELATED	238,717	1,907,063		No	0		No	58 46 %
CENTER ASSOCIATES 1717 SOUTH J STREET TACOMA, WA 98405												
91-1352698 ST JOSEPH-PAML LLC	MGMT SVCS	KY	SJHS	RELATED	30,446	1,149,003		No	0	Yes		62 5 %
424 LEWIS HARGETT CIRCLE STE 160 LEXINGTON, KY 40503 45-2116736												
	OP DIAGNOSTICS	NE	SERMC	RELATED	-200,323	821,112		No	0	Yes		51 %
5000 NORTH 26TH STREET LINCOLN, NE 68521												
26-2884555 SURGERY CENTER OF LEXINGTON LLC	SURGERY CENTER	DE	SJHS	RELATED	-200,318	4,079,584		No	0	Yes		51 %
424 LEWIS HARGETT CIRCLE STE 160 LEXINGTON, KY 40503 62-1179539												
SURGERY CENTER OF LOUISVILLE LLC	SURGERY CENTER	KY	ЈΗ	RELATED	-15,452	396,101		No	0	Yes		51 %
200 ABRAHAM FLEXNER WAY LOUISVILLE, KY 40202 62-1179537 ALEGENT HEALTH	OP DIAGNOSTICS	NE	ACH	RELATED	116,752	776,649		No	0	Yes		51 %
NORTHWEST IMAGING CENTER LLC 3606 N 156TH STREET	OP DIAGNOSTICS	IN E	АСП	RELATED	116,/52	776,649		IN O	U	res		51 %
OMAHA, NE 68116 06-1786985	AMBUL SURG CTR	NE	ACH	RELATED	142,085	3,294,472		No	0		No	63 94 %
SURGERY CENTER LLC 7710 MERCY ROAD STE	ATTOOL SONG CTN			NELA TED	112,003	3,231,172		110				03 31 70
100 ОМАНА, NE 68124 20-8671994												
LAKESIDE AMBULATORY SURGICAL CENTER LLC	AMBUL SURG CTR	NE	ACH	RELATED	3,465,880	1,951,221		No	0		No	516%
17031 LAKESIDE HILLS DR OMAHA, NE 68130												
20-4267902 LAKESIDE ENDOSCOPY CENTER LLC	ENDOSCOPY SRVC	NE	АСН	RELATED	1,455,294	1,013,126		No	0		No	52 28 %
17001 LAKESIDE HILLS PLZ STE 201 OMAHA, NE 68130 20-5544496												
	SPINE HOSPITAL	NE	ACH	RELATED	10,501,730	17,301,869		No	0		No	51 %
6901 N 72ND STREET OMAHA, NE 68122 27-0263191												
	TECH SERVICES	NE	AH-IMC	RELATED	1,011,804	5,564,586		No	68,565	Yes		627%
421 S 9TH ST 102 LINCOLN, NE 68508 20-4962103												
SAINT JOSEPH-ANC HOME CARE SERVICES	HOME HEALTH	KY	ЈΗ	RELATED	3,208,139	9,684,824		No	0		No	96 9 %
1700 EDISON DRIVE SUITE 300 MILFORD, OH 45150 26-3330545												

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

Form 990, Schedule	R, Part III - Iden	tificatio	n of Related	Organizatio	ns Taxable as a	Partnership						
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections	(f) Share of total Income	(g) Share of end- of-year assets	allocat	ortionate ons?	(i) Code V-UBI amount on Box 20 of K-1	Gen o Mana Part	r aging ner?	(k) Percentage ownership
				512-514)			Yes	No		Yes	-	
LINCOLN CK LEASING LLC 8770 BRYN MAWR	REAL ESTATE	NE	SERMC	RELATED	397,452	439,334		No	0		No	53 76 %
SUITE 1370 CHICAGO, IL 60631 26-2496856												
HIGHLINE IMAGING LLC	DIAGNOSTIC	WA	НМС	RELATED	840,222	1,784,058		No	0		No	80 %
275 SW 160TH ST BURIEN, WA 98166 20-0460005												
HC SL VINTAGE I LLC 18000 WEST SARAH	PROPERTY HOLD	WI	SL CDC - VINTAGE	RELATED	1,027,057	105,658,490		No	0		No	51 %
LANE SUITE 250 BROOKFIELD, WI 53045 27-0453767												
ST LUKE'S HOSPITAL AT THE VINTAGE LLC	HOSPITAL	ТХ	SL CDC - VINTAGE	RELATED	-19,253,743	69,158,748		No	0	Yes		51 %
6624 FANNIN SUITE 2505 HOUSTON, TX 77030 26-3734516												
PMC HOSPITAL LLC 6624 FANNIN SUITE 2505 HOUSTON, TX 77030 27-3280598	HOSPITAL	TX	SL CDC - PMC	RELATED	1,092,540	20,751,174		No	0	Yes		51 %
ST LUKE'S DIAGNOSTIC	DIAGNOSTIC	тх	SLHS HOLDINGS	RELATED	273,448	868,814		No	0		No	57 3 %
6620 MAIN ST SUITE 1520 HOUSTON, TX 77030 71-0959365												
ST LUKE'S LAKESIDE HOSPITAL LLC	HOSPITAL		SL CDC - WOODLANDS	RELATED	1,106,628	25,874,619		No	0	Yes		51 %
6624 FANNIN SUITE 2505 HOUSTON, TX 77030 30-0427437												
ST LUKE'S THE WOODLANDS SLEEP CENTER LLC	DIAGNOSTIC	ТХ	SLHS HOLDINGS	RELATED	0	0		No	0		No	51 %
6624 FANNIN SUITE 800 HOUSTON, TX 77030 46-2795726												

Form 990, Schedule R, Part IV - Identi						(-)	<i>(</i> E)		
(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	Secti 512(b) contro entity	on (13) lled
ALTERNATIVE INSURANCE MANAGEMENT SERVICE	MANAGEMENT SERVICES		СНІ	C CORPORATION	0	6,272,746	100 %	Yes	
3900 OLYMPIC BOULEVARD SUITE 400 ERLANGER, KY 41018		со							
84-1112049 AMERICAN NURSING	HOME HEALTH		CHS	С	5,118,606	51,920,207	100 %	Yes	
CARE 1700 EDISON DRIVE MILFORD, OH 45150 31-1085414		он		CORPORATION					
AMERIMED INC 1700 EDISON DRIVE MILFORD, OH 45150 31-1158699	HOME HEALTH	он	ANC	C CORPORATION	2,134,392	14,669,219	100 %	Yes	
BC HOLDING COMPANY INC	FITNESS CLUB		Э Н	C CORPORATION	0	0	100 %	Yes	
1850 BLUEGRASS AVE LOUISVILLE, KY 40215 31-1542851		кү							
CADUCEUS MEDICAL ASSOCIATES INC	HEALTHCARE		MHCS	C CORPORATION	0	1,008	100 %	Yes	
5600 BRAINERD ROAD SUITE 500 CHATTANOOGA, TN 37411 62-1570736		TN							
CAPTIVE MANAGEMENT INITIATIVES	CAPTIVE MANAGEMENT	CJ	CHI	C CORPORATION	0	0	100 %	Yes	
PO BOX 10073 APO GEORGETOWN, GRAND CAYMAN KY1-1001 CJ									
98-0663022 CATHOLIC HEALTH INITIATIVES CENTER FOR TRANSLATIONAL RESEARCH	RESEARCH		CIRI	C CORPORATION	-2,286,538	1,241,259	100 %	Yes	
198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 27-2269511		со							
CGH REALTY COMPANY INC 2500 BERNVILLE RD READING, PA 19603	REAL ESTATE	PA	SJHM	C CORPORATION	0	0	100 %	Yes	
23-2326801 COMCARE SERVICES	INACTIVE		CHIC	С	0	0	100 %	Yes	
4231 W 16TH AVENUE DENVER, CO 80204 84-0904813		со		CORPORATION					
CONSOLIDATED HEALTH SERVICES	HOME HEALTH		CHI	C CORPORATION	-879,467	52,379,487	100 %	Yes	
1700 EDISON DRIVE MILFORD, OH 45150		ОН							
31-1378212 DES MOINES MEDICAL CENTER INC	REAL ESTATE		CHI-IA CORP	C CORPORATION	61,204	1,064,032	92 98 %	Yes	
1111 6TH AVENUE DES MOINES, IA 50314 42-0837382		IA							
FIRST INITIATIVES INSURANCE LTD PO BOX 10073 APO GEORGETOWN,	INSURANCE	Cl	СНІ	C CORPORATION	0	0	100 %	Yes	
GEORGETOWN, GRAND CAYMAN KY1-1001 CJ 98-0203038									
FRANCISCAN SERVICES INC	HEALTHCARE		CHI	C CORPORATION	-7,868	718,254	100 %	Yes	
198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 23-2487967		со							
GOOD SAMARITAN OUTREACH SERVICES	MEDICAL CLINIC		CHI NEBRASKA	C CORPORATION	-257,418	180,468	100 %	Yes	
PO BOX 1990 KEARNEY, NE 68848 47-0659440		NE							
HEALTH SYSTEMS ENTERPRISES INC PO BOX 1990	MANAGEMENT	NE	GSH	C CORPORATION	87,278	1,377,820	100 %	Yes	
KEARNEY, NE 68848 47-0664558									

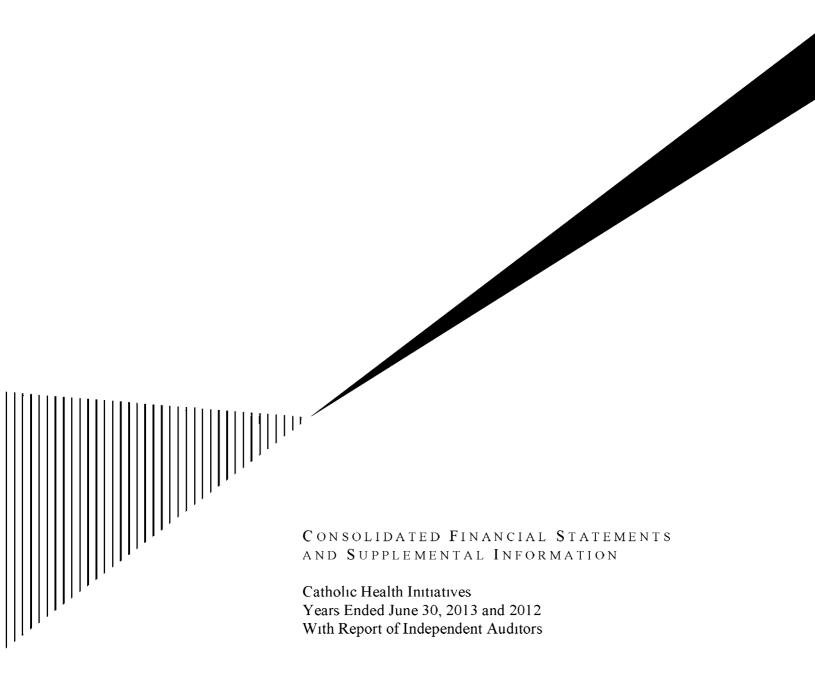
Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust									
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile	(d) Direct controlling	(e) Type of entity (C corp, S	(f) Share of total Income	(g) Share of end- of-year	(h) Percentage ownership	(i) Section 512(b)(on
related organization		(state or foreign country)	entity	corp, s	income	assets	ownership	control	led
HEALTHCARE MGMT	HEALTH ORG	,,	FHS	C	0	0	100 %	Yes Yes	No
SERVICES ORG INC		WA		CORPORATION	_		100 /0		
1149 MARKET ST TACOMA, WA 98402		VVA							
91-1865474 MEDQUEST	SALE OF DME		MMC	C	153,510	1,152,715	100 %	Yes	
1301 15TH AVENUE WEST		ND	WILLISTON	CORPORATION					
WILLISTON, ND 58801		, we							
45-0392137 MERCY PARK	HOUSING		CHI-IA CORP	С	369,231	1,937,218	100 %	Yes	
APARTMENTS LTD				CORPORATION					
1111 6TH AVENUE DES MOINES, IA 50314		IA							
42-1202422 MERCY SERVICES	RETAIL SALES		ммс	С	-440,596	1,423,377	100 %	Yes	
CORP	NETATE SALES			CORPORATION		1,123,377	100 /0		
2700 STEWART PARKWAY		OR							
ROSEBURG, OR 97470 93-0824308									
MHSERVICES CORPORATION	DME		SJRMC	C CORPORATION	0	0	100 %	Yes	
198 INVERNESS		МО							
DRIVE WEST ENGLEWOOD, CO		MO							
80112 43-1457881								.	
MOUNTAIN MANAGEMENT SERVICES INC	MGMT SVC ORG		MHCS	C CORPORATION	96,044	6,465,179	100 %	Yes	
5600 BRAINERD		TN							
ROAD SUITE 500 CHATTANOOGA, TN									
37411 62-1570739									
NAZARETH ASSURANCE	INSURANCE	CJ	CHI	C CORPORATION	0	0	100 %	Yes	
COMPANY PO BOX 10073 APO									
GEORGETOWN, GRAND CAYMAN									
KY1-1001 CJ									
03-0304831 PATIENT TRANSPORT	HOME HEALTH		ANC	С	-164,340	5,488,275	100 %	Yes	
SERVICES INC 1700 EDISON DRIVE		ОН		CORPORATION					
MILFORD, OH 45150 31-1100798									
PHYSICIAN HEALTH SYSTEM NETWORK	HEALTH ORG		FHS	C CORPORATION	0	0	100 %	Yes	
1149 MARKET ST		WA							
TACOMA, WA 98402 91-1746721	DILLING SERVICES		5555		257.262	1 261 242	1000		
SAINT CLARES PRIMARY CARE INC	BILLING SERVICES		sccc	C CORPORATION	-357,263	1,361,242	100 %	Yes	
66 FORD ROAD DENVILLE, NJ 07834		NJ							
22-2441202 SAMARITAN FAMILY	HEALTHCARE		SHP	С	0	0	100 %	Yes	
CARE INC				CORPORATION					
40 W FOURTH ST 1700 DAYTON, OH 45402		ОН							
31-1299450 SJH SERVICES	HEALTHCARE		FSI	С	-197,039	3,331,737	100 %	Yes	
CORPORATION			, = -	CORPORATION		_,,,,,,,,			
198 INVERNESS DRIVE WEST		со							
ENGLEWOOD, CO 80112 23-2307408									
SJL PHYSICIAN MANAGEMENT	MANAGEMENT		SJHS	C CORPORATION	0	0	100 %	Yes	
SERVICES INC									
424 LEWIS HARGETT CR 160		KY							
LEXINGTON, KY 40503 27-0164198									
ST ANTHONY DEVELOPMENT	ATHLETIC CLUB		SAH	C CORPORATION	114,663	2,936,102	100 %	Yes	
COMPANY		0.0		JON GRATION					
1415 SOUTHGATE PENDLETON, OR		OR							
97801 93-1216943			lavaria.			15.55		 	
ST VINCENT COMMUNITY HEALTH SERVICES INC	HEALTHCARE		SVIMC	C CORPORATION	2,408,638	15,225,732	100 %	Yes	
TWO ST VINCENT		AR							
CIRCLE LITTLE ROCK, AR]							
72205 71-0710785									
								<u> </u>	

Form 990, Schedule R, Part IV - Identi						1	1	1
(a) Name, address, and EIN of	(b) Primary activity	(c) Legal domicile	(d) Direct controlling	(e) Type of entity	(f) Share of total	(g) Share of end- of-year	(h) Percentage	(i) Section
related organization		(state or foreign country)	entity	(C corp, S corp, or trust)	income	assets	ownership	512(b)(13) controlled entity?
ST JOSEPH	RENTAL	l country)	FSI	C	655,478	12 257 410	100 %	Yes No
DEVELOPMENT COMPANY INC	RENTAL		F51	CORPORATION	655,478	12,357,418	100 %	Yes
1717 SOUTH J		WA						
STREET TACOMA, WA 98405								
91-1480569 ST JOSEPH OFFICE	MANAGEMENT		SJHS	С	0	882,139	85 %	Yes
PARK ASSOCIATION				CORPORATION				
1401 HARRODSBURG ROAD BLDG B70		KY						
LEXINGTON, KY 40504 61-1079899								
TOWSON MANAGEMENT INC	MANAGEMENT SERVICES		FSI	C CORPORATION	516,457	197,196	100 %	Yes
7601 OSLER DRIVE	SERVICES	MD		CORPORATION				
TOWSON, MD 21204 52-1710750								
COLLABHEALTH MANAGED	HOLDING CO		СНІ	C CORPORATION	0	23,806,707	100 %	Yes
SOLUTIONS INC								
198 INVERNESS DRIVE WEST		СО						
ENGLEWOOD, CO 80112 46-1222808								
46-1222808 COLLABHEALTH PLAN	ADMIN SERVICES		CHMS	C	-1,082,933	38,272,608	100 %	Yes
SERVICES INC 198 INVERNESS				CORPORATION				
DRIVE WEST ENGLEWOOD, CO		СО						
80112 46-1224037								
HIGHLINE MEDICAL GROUP	MEDICAL SERVICES		нмс	C CORPORATION	-6,049,147	5,689,139	100 %	Yes
15811 AMBAUM BLVD		WA						
SW 170 BURIEN, WA 98166								
91-1407026 SOUNDPATH HEALTH	INSURANCE		CHPS	С	-154,741	10,976,973	556%	Yes
INC				CORPORATION				
32129 WEYERHAEUSER WAY S SUITE 201		WA						
FEDERAL WAY, WA 98001								
42-1720801 SLEHS HOLDINGS INC	HOLDING CO		SLHS	C	1,425,313	33,114,103	100 %	Yes
6624 FANNIN SUITE	Holding Co		SENS	CORPORATION		33,114,103	100 /0	
800 HOUSTON, TX 77030		TX						
76-0637138 ST LUKE'S	MEDICAL CLINIC		SLMC	С	0	0	100 %	Yes
ANESTHESIOLOGY ASSOCIATES				CORPORATION				
6624 FANNIN SUITE 1100		тх						
HOUSTON, TX 77030 46-1517163								
SLMT PARKING INC	PARKING		SLHS	C CORPORATION	1,117,934	13,768,221	100 %	Yes
6624 FANNIN SUITE 800		тх						
HOUSTON, TX 77030 _76-0637140								
ST LUKE'S 6620 MAIN CONDOMINIUM	CONDOMINIUM ASSOC		SLPC	C CORPORATION	0	0	100 %	Yes
ASSOCIATION		тх						
6624 FANNIN SUITE 1100 HOUSTON, TX 77030								
30-0355517 ST LUKE'S	PHO		SLMC		6	0	60 %	Yes
EPISCOPAL HOSPITAL				CORPORATION	_		J J /0	103
PHYSICIAN HOSPITAL		TV						
ORGANIZATION INC		TX						
6720 BERTNER HOUSTON, TX 77030								
76-0377932 ST LUKE'S MEDICAL	CONDOMINIUM ASSOC		SLPC	C	0	0	100 %	Yes
ARTS CENTER I CONDOMINIUM ASSOCIATION				CORPORATION				
6624 FANNIN SUITE		тх						
1100 HOUSTON, TX 77030								
30-0355518 ST LUKE'S MEDICAL	CONDOMINIUM ASSOC		SLMTC	С	0	0	100 %	Yes
TOWER CONDOMINIUM				CORPORATION				
ASSOCIATION		тх						
6624 FANNIN SUITE 1100 HOUSTON, TX 77030								
76-0298751 SUGAR LAND	MEDICAL CLINIC		SL CHS	С	-1,159,411	566,590	100 %	Yes
DOCTOR GROUP	MEDICAL CLINIC		JE CH3	CORPORATION		300,390	100 %	162
1317 LAKE POINTE PARKWAY		тх						
SUGAR LAND, TX 77478								
45-4270163	1	<u> </u>	<u> </u>	<u> </u>	<u> </u>			

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total Income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Secti 512(b) contro entity	on (13) lled y?
THE TEXAS HEART	CONDOMINIUM ASSOC		SLMC	c	0	0	100 %	Yes Yes	No
INSTITUTE AT ST LUKE'S EPISCOPAL HOSPITAL DENTON A COOLEY B UILDING CONDOMINIUM ASSOCIATION 6624 FANNIN SUITE 1100 HOUSTON, TX 77030 90-0064009	CONDOMINION ASSOC	ΤX		CORPORATION			100 %	1 es	
ALEGENT HEALTHCREIGHTON ST JOSEPH MANAGED CARE SERVICES INC	MANAGED CARE	NE	ACH	C CORPORATION	5,312,313	4,520,865	100 %	Yes	
12809 WEST DODGE ROAD OMAHA, NE 68154 47-0802396		N.C							
ALL SAINTS INSURANCE COMPANY SPC LTD	INSURANCE	CJ	SLHS	C CORPORATION	0	43,866,961	100 %	Yes	
PO BOX 69 GT 720 WEST BAY ROAD GEORGETOWN, GRAND CAYMAN KY- 1102 CJ									
VINTAGE DOCTOR GROUP	MEDICAL CLINIC		SLMC	C CORPORATION	0	0	100 %	Yes	
6624 FANNIN SUITE 1100 HOUSTON, TX 77030		ТХ							

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Ernst & Young LLP



Consolidated Financial Statements and Supplemental Information

Years Ended June 30, 2013 and 2012

Contents

Report of Independent Auditors	٠	٠	٠	٠		1
Consolidated Financial Statements						
Consolidated Balance Sheets	•					3
Consolidated Statements of Operations	•				•	5
Consolidated Statements of Changes in Net Assets						6
Consolidated Statements of Cash Flows						7
Notes to Consolidated Financial Statements						
Supplemental Information						
Report of Independent Auditors on Supplemental Information	•					51
2013 Consolidating Balance Sheet						
2013 Consolidating Statement of Operations						54



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Report of Independent Auditors

The Board of Stewardship Trustees Catholic Health Initiatives

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of Alegent Health—Bergan Mercy Health System, a wholly sponsored direct affiliate of CHI, which statements reflect total assets of \$716.0 million as of June 30, 2012, and total revenues of \$452.0 million for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Alegent Health—Bergan Mercy Health. System is based solely on the report of other auditors. 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 consolidated financial statements are free of 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, based on our audits, and for 2012 the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Health Initiatives at June 30, 2013 and 2012, and the consolidated results of its operations and its 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 Allowance for Doubtful Accounts for Certain Health Care Entities

As disclosed in Note 1 to the consolidated financial statements. CHI changed its presentation and disclosure of bad debt expense as a result of the adoption of the amendments to the Financial Accounting Standards Board's Accounting Standards Codification resulting from Accounting Standards Update 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. Our opinion is not modified with respect to this matter.

Ernst + Young LLP

September 17, 2013

Consolidated Balance Sheets (In Thousands)

	June 30			
		2013		2012
Assets				
Current assets				
Cash and equivalents	\$	609,226	\$	403,972
Net patient accounts receivable, less allowances for bad debt				
of \$858,394 and \$687,631 in 2013 and 2012, respectively		1,755,348		1,353,928
Other accounts receivable		197,917		115,884
Current portion of investments and assets limited as to use		11,697		1,901
Inventories		247,720		185,571
Assets held for sale		215,777		485,074
Prepaid and other		137,776		87,125
Total current assets		3,175,461		2,633,455
Investments and assets limited as to use:				
Internally designated for capital and other funds		5,452,023		4,588,520
Mission and Ministry Fund		121,109		110,918
Capital Resource Pool		416,938		320,218
Held by trustees		16,726		228
Held for insurance purposes		825,885		745,127
Restricted by donors		266,325		162,776
Total investments and assets limited as to use		7,099,006		5,927,787
Property and equipment, net		7,786,240		5,346,535
Deferred financing costs		36,557		28,717
Investments in unconsolidated organizations		416,816		307,918
Intangible assets and goodwill, net		364,751		162,880
Notes receivable and other		430,888		605,094
Total assets	\$ 1	19,309,719	\$	15,012,386

	June 30			
	2013			2012
Liabilities and net assets				
Current liabilities.				
Compensation and benefits	\$	600,837	\$	418,596
Third-party liabilities		110,571		76,660
Accounts payable and accrued expenses		1,066,930		717,087
Liabilities held for sale		91,412		105,446
Variable-rate debt with self liquidity		321,455		321,455
Commercial paper and current portion of debt		749,617		643,083
Total current liabilities		2,940,822		2,282,327
Pension liability		472,852		892,820
Self-insured reserves and claims		616,652		513,584
Other liabilities		698,283		236,763
Long-term debt		6,334,985		3,778,709
Total liabilities	-	11,063,594		7,704,203
Net assets				
Net assets Net assets attributable to CHI		7,769,310		6,922,466
Net assets attributable to noncontrolling interests		175,663		180,863
Unrestricted		7,944,973		7,103,329
Temporarily restricted		214,524		136,821
Permanently restricted		86,628		68,033
Total net assets		8,246,125		7,308,183
Total liabilities and net assets	\$	19,309,719	\$	15,012,386

See accompanying notes.

Consolidated Statements of Operations (In Thousands)

		Year Ended June 30		
		2013	2012	
Revenues				
Net patient services revenues before provision for doubtful accounts	\$	10,714,455 \$	9,223,859	
Provision for doubtful accounts	J	(821,465)	(708,458)	
Net patient services revenues		9,892,990	8.515.401	
Nonpatient				
Donations		31,089	25,833	
Changes in equity of unconsolidated organizations		19,056	22,934	
Investment income used for operations		66,529	37,169	
Other		698,561	532,303	
Total nonpatient revenues		815,235	618.239	
Total operating revenues		10,708,225	9,133,640	
Expenses				
Salaries and wages		4,424,404	3,776,086	
Employ ee benefits		970,824	749,098	
Purchased services, medical professional fees, consulting and legal		1,361,778	924,785	
Supplies		1,832,984	1,566,359	
Utilities		152,979	120,201	
Rentals, leases, maintenance and insurance		616,683	523,042	
Depreciation and amortization		555,064	473,768	
Interest		164,353	129,648	
Other		624,756	511,152	
Total operating expenses before restructuring, impairment				
and other losses		10,703,825	8,774,139	
Income from operations before restructuring, impairment				
and other losses		4,400	359,501	
Restructuring, impairment, and other losses		59,343	47,735	
(Loss) income from operations		(54,943)	311.766	
Nonoperating gains (losses)				
Investment income, net		488,824	19,770	
Loss on defeasance of bonds		(17,998)	(70,555)	
Realized and unrealized gains (losses) on interest rate swaps		65,843	(153,411)	
Other nonoperating gains (losses)		7,977	(12.215)	
Total nonoperating gains (losses)		544,646	(216.411)	
Excess of revenues over expenses		489,703	95,355	
(Deficit) excess of revenues over expenses attributable to noncontrolling interest		(37)	537	
Excess of revenues over expenses attributable to CHI	<u>s</u>	489,740 \$	94,818	

See accompanying notes

Consolidated Statements of Changes in Net Assets (In Thousands)

	Unrestricted Net Assets					
		Attributable to		Temporarily	Permanently	
	Attributable	Noncontrolling		Restricted Net	Restricted Net	Total Net
	to CHI	Interest	Total	Assets	Assets	Assets
Balances June 30, 2011	\$ 7448161	\$ 8 967 \$	7 457 128	\$ 122 795	\$ 62,426	\$ 7 642 349
Excess of revenues over expenses	94 818	537	95 355	-	-	95 355
Net loss from discontinued operations	(45.095	-	(45 (195)	-	-	(45 (195)
Increase in pension tunded status	(618 141	(878)	(619 ()19)	-	-	(619 019)
Temporarily and permanently restricted contributions	-	-	-	39 117	(122)	38 995
Net assets released from restriction for capital	18 119	-	18 119	(18 119)	-	_
Net assets released from restriction for operations	-	-	-	(19 689)	-	(19 689)
Investment income	232	-	232	1 007	47	1 286
Kentucky ()ne Health noncontrolling interest	-	181 551	181 551	-	-	181 551
Other changes in net assets	24 372	(9.314)	15 058	11 710	5 682	32 450
Net (decrease) increase in net assets	(525 695	171 896	(353 799)	14 026	5 607	(334 166)
Balances Tune 30 2012	6 922 466	180 863	7 103 329	136 821	68 033	7 308 183
Excess of revenues over expenses	489,740	(37)	489,703	_	_	489,703
Net loss from discontinued operations	(108,594	–	(108,594)	_	_	(108,594)
Decrease in pension funded status	483,468	2,082	485,550	_	_	485,550
Temporarily and permanently restricted contributions	-	-	-	33,056	(1,554)	31,502
Net assets released from restriction for capital	15,791	_	15,791	(15,791)	_	_
Net assets released from restriction for operations	_	_	_	(15,728)	_	(15,728)
Investment (loss) income	(45) –	(45)	5,393	1,280	6,628
Temporarily and permanently restricted assets from acquisitions	_	_	_	74,253	19,171	93,424
Other changes in net assets	(33,516	(7,245)	(40,761)	(3,480)	(302)	(44,543)
Net increase (decrease) in net assets	846,844	(5,200)	841,644	77,703	18,595	937,942
Balances June 30 2013	\$ 7,769,310	\$ 175,663	7,944,973	\$ 214,524	\$ 86,628	\$ 8,246,125

See accompanying notes

6

Consolidated Statements of Cash Flows (In Thousands)

		June 30 2012	
Operating activities			
Increase (decrease) in net assets	\$	937,942 \$	(334,166)
Adjustments to reconcile increase (decrease) in net assets to			
net cash provided by operating activities			
Depreciation and amortization		555,064	473,768
Provision for bad debts		821,465	708,458
Changes in equity of unconsolidated organizations Net gains on sales of facilities and investments in		(19,056)	22,934
unconsolidated organizations Noncash operating expenses related to restructuring.		(85,969)	(57,383)
impairment, and other losses		4,872	16,024
Loss on defeasance of bonds		17,998	70,555
(Increase) decrease in fair value of interest rate swaps		(98,799)	121,949
(Decrease) increase in unfunded pension liability Net changes in current assets and liabilities		(484,049)	601,990
Net patient and other accounts receivable		(1,067,716)	(883,703)
Other current assets		(6,725)	(10,992)
Current liabilities		89,868	2,771
Noncontrolling equity of acquisition of JHSMH		, <u> </u>	(181,551)
Other changes		193,461	(120.416)
Net cash provided by operating activities, before net change		·	<u> </u>
in investments and assets limited as to use		858,356	430,238
Net decrease in investments and assets limited as to use		474,258	286,773
Net cash provided by operating activities		1,332,614	717,011
Investing activities		(1.305.330)	(0(1,024)
Purchases of property, equipment, and other capital assets		(1,285,330)	(861,034)
Purchase of St Luke's Health System, net of cash acquired		(961,014)	_
Purchase of Alegent Creighton Health, net of cash acquired		(505,542)	_
Cash acquired on affiliation agreement with UMC		53,458	_
Cash acquired on contribution of Highline Medical Center		14,238	(120,002)
Purchase of Nebraska Heart, net of cash acquired		_	(130,982)
Purchase of JHSMH, net of cash acquired		_	(28,685)
Net cash proceeds from asset sales		218,002	22,159
Distributions from investments in unconsolidated organizations		35,224	40,214
Cash from net repayments of notes receivable		2,843	29,740
Other changes		35,306	21,373
Net cash used in investing activities		(2,392,815)	(907,215)

Consolidated Statements of Cash Flows (continued) (In Thousands)

	Year Ended June 30			
		2013		2012
Financing activities				
Proceeds from issuance of debt	\$	1,591,465	\$	1,126,463
Costs associated with issuance of debt		(12,170)		(8.855)
Repayment of debt		(313,840)		973,106
Net cash provided by financing activities		1,265,455		144,502
Increase (decrease) in cash and equivalents		205,254		(45,702)
Cash and equivalents at beginning of year		403,972		449,674
Cash and equivalents at end of year	\$	609,226	\$	403,972
Supplemental disclosures of cash flow information				
Cash paid during the year for interest, including amounts capitalized	\$	199,413	\$	151,837

See accompanying notes

Notes to Consolidated Financial Statements

June 30, 2013

1. Summary of Significant Accounting Policies

Organization

Catholic Health Initiatives (CHI), established in 1996, is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code CHI sponsors market-based organizations (MBO) and other facilities in 17 states, including 86 acute-care hospitals, of which 23 are designated as critical access hospitals by the Medicare program, two community health service organizations, two accredited nursing colleges, home health agencies, and several other sites including long-term care, assisted living and residential facilities CHI also has an offshore captive insurance company, First Initiatives Insurance, Ltd (FIIL)

The mission of CHI is to nurture the healing ministry of the Church by bringing it new life, energy and viability in the 21st century. Fidelity to the Gospel urges CHI to emphasize human dignity and social justice as it moves toward the creation of healthier communities.

Principles of Consolidation

CHI consolidates all direct affiliates in which it has sole corporate membership or ownership (Direct Affiliates) and all entities in which it has greater than 50% equity interest with commensurate control. All significant intercompany accounts and transactions are eliminated in consolidation.

Fair Value of Financial Instruments

Financial instruments consist primarily of cash and equivalents, patient accounts receivable, investments and assets limited as to use, notes receivable, accounts payable, and long-term debt. The carrying amounts reported in the consolidated balance sheets for these items approximate fair value.

Cash and Equivalents

Cash and equivalents include all deposits with banks and investments in interest-bearing securities with maturity dates of 90 days or less from the date of purchase In addition, cash and equivalents include deposits in short-term funds held by professional managers. The funds generally invest in high-quality, short-term debt securities, including U.S. government securities,

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

securities issued by domestic and foreign banks, such as certificates of deposit and bankers' acceptances, repurchase agreements, asset-backed securities, high-grade commercial paper and corporate short-term obligations

Net Patient Accounts Receivable and Net Patient Services Revenues

Net patient accounts receivable has been adjusted to the estimated amounts expected to be collected. These estimated amounts are subject to further adjustments upon review by third-party payors.

The provision for bad debts is based upon management's assessment of historical and expected net collections, taking into consideration historical business and economic conditions, trends in health care coverage and other collection indicators. Management routinely assesses the adequacy of the allowances for uncollectible accounts based upon historical write-off experience by payor category. The results of these reviews are used to modify, as necessary, the provision for bad debts and to establish appropriate allowances for uncollectible net patient accounts receivable. After satisfaction of amounts due from insurance, CHI follows established guidelines for placing certain patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by each facility. In accordance with 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 Entities, the provision for bad debts is presented on the consolidated statement of operations as a deduction from patient services revenues (net of contractual allowances and discounts) since CHI accepts and treats all patients without regard to the ability to pay

During fiscal year 2013, CHI added approximately \$400.0 million in net patient accounts receivable due to the acquisition of various new subsidiaries – see Note 4, *Acquisitions and Divestitures* As a result, the accounts receivable reserve and allowance accounts have increased materially from June 30, 2012 Exclusive of acquisition activity, the total write-offs of uncollectible accounts and reserves on self-pay patient accounts have not changed significantly

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

from year to year CHI has not experienced significant changes in write-off trends and there have been no significant changes to its charity care policy. Details of CHI's allowance activity is as follows:

	Reserve for Contractual	Allowance for Bad Debt	Reserve for Charity	Total Accounts Receivable Allowances
Delegge et Iuli, 1, 2011	¢ (1.542.707)		•	
Balance at July 1, 2011 Additions	\$ (1,543,707) (17,362,247)	\$ (636,815) (809,567)	(1,027,652)	\$ (2,305,069) (19,199,466)
Reductions	16,958,204	758,751	1,000,851	18,717,806
Balance at June 30, 2012	(1,947,750)	(687,631)	(151,348)	(2,786,729)
Additions	(21,690,860)	(886,571)	(1,219,555)	(23,796,986)
Reductions	20,778,640	715,808	803,787	22,298,235
Balance at June 30, 2013	\$ (2,859,970)	\$ (858,394)	\$ (567,116)	\$ (4,285,480)

CHI records net patient services revenues in the period in which services are performed. CHI has agreements with third-party payors that provide for payments at amounts different from its established rates. The basis for payment under these agreements includes prospectively determined rates, cost reimbursement and negotiated discounts from established rates, and per diem payments.

Net patient services revenues are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments due to future audits, reviews and investigations, and excluding estimated amounts considered uncollectible. The differences between the estimated and actual adjustments are recorded as part of net patient services revenues in future periods, as the amounts become known, or as years are no longer subject to such audits, reviews and investigations

Investments and Assets Limited as to Use

Investments and assets limited as to use include assets set aside by CHI for future long-term purposes, including capital improvements and self-insurance. In addition, assets limited as to use include amounts held by trustees under bond indenture agreements, amounts contributed by donors with stipulated restrictions and amounts held for Mission and Ministry programs.

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

CHI has designated its investment portfolio as trading. Accordingly, unrealized gains and losses on marketable securities are reported within excess of revenues over expenses. In addition, cash flows from the purchases and sales of marketable securities are reported as a component of operating activities in the accompanying consolidated statements of cash flows.

Direct investments in equity securities with readily determinable fair values and all direct investments in debt securities have been measured at fair value in the accompanying consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law

Investments in limited partnerships and limited liability companies are recorded using the equity method of accounting (which approximates fair value as determined by the net asset values of the related unitized interests) with the related changes in value in earnings reported as investment income in the accompanying consolidated financial statements

Inventories

Inventories, primarily consisting of pharmacy drugs, and medical and surgical supplies, are stated at lower of cost (first-in, first-out method) or market

Assets and Liabilities Held for Sale

A long-lived asset or disposal group of assets and liabilities that is expected to be sold within one year is classified as held for sale. For long-lived assets held for sale, an impairment charge is recorded if the carrying amount of the asset exceeds its fair value less costs to sell. Such valuations include estimates of fair values generally based upon firm offers, discounted cash flows and incremental direct costs to transact a sale (Level 2 and Level 3 inputs)

Property and Equipment

Property and equipment are stated at historical cost or, if donated or impaired, at fair value at the date of receipt or impairment. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. For property and equipment under capital lease, amortization is determined over the shorter period of the lease term or the estimated useful life of the property and equipment. Interest cost incurred during the

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

period of construction of major capital projects is capitalized as a component of the cost of acquiring those assets. Capitalized interest of \$30.4 million and \$14.6 million was recorded in 2013 and 2012, respectively

Costs incurred in the development and installation of internal-use software are typically expensed if they are incurred in the preliminary project stage or post-implementation stage, while certain costs are capitalized if incurred during the application development stage. Amounts capitalized are amortized over the useful life of the developed asset following project completion.

Investments in Unconsolidated Organizations

Investments in unconsolidated organizations are accounted for under the cost or equity method of accounting, as appropriate, based on the relative percentage of ownership or degree of influence over that organization. The equity income or loss on these investments is recorded in the consolidated statements of operations as changes in equity of unconsolidated organizations.

During fiscal year 2013, CHI entered into an eleven-year agreement with Conifer Health Solutions (Conifer) to provide revenue cycle services for CHI acute care operations. The agreement allows CHI to earn shares in Conifer as transition and other activities are completed per the agreement. Such shares will be issued at specified future dates. As of June 30, 2013, CHI has received 2,000 shares in Conifer with a fair market value of \$19.3 million and which is reflected as an investment in unconsolidated organizations on the consolidated balance sheet. CHI has also met certain transition milestones for which CHI has earned the right to additional future shares valued at \$19.1 million at June 30, 2013, which are reflected in notes receivable and other in the accompanying consolidated financial statements. This earned value will be amortized as an offset to revenue cycle service fees paid to Conifer over the life of the agreement.

Intangible Assets and Goodwill

Intangible assets are comprised primarily of trade names and non-compete agreements, which are amortized over the estimated useful lives ranging from 10 to 15 years using the straight-line method. Amortization expense of \$5 2 million and \$4 9 million was recorded in 2013 and 2012, respectively

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Goodwill is not amortized but is subject to annual impairment tests as well as more frequent reviews whenever circumstances indicate a possible impairment may exist. Impairment testing of goodwill is done at the MBO level by comparing the fair value of the MBO's net assets against the carrying value of the MBO's net assets, including goodwill. Each MBO is defined as a reporting unit for purposes of impairment testing. The fair value of net assets is calculated based on quantitative analysis of discounted cash flows. The fair value of goodwill is determined by assigning fair values to assets and liabilities and calculating any remaining fair value as the implied fair value of goodwill.

A summary of intangible assets and goodwill is as follows as of June 30 (in thousands)

	 2013	2012
Intangible assets	\$ 107,603 \$	62,754
Less accumulated amortization	(25,467)	(20,298)
	 82,136	42,456
Goodwill	 282,615	120,424
Total intangible assets and goodwill, net	\$ 364,751 \$	162,880

Intangible assets and goodwill increased during fiscal year 2013 due to the acquisitions of Alegent Creighton Health and Affiliates, University Medical Center and University of Louisville Hospital, Highline Medical Center and St Luke's Health System as discussed in Note 4, Acquisitions and Divestitures

Notes Receivable and Other Assets

Other assets consist primarily of notes receivable, pledges receivable, deferred compensation assets, prepaid service contracts, deposits and other long-term assets. Notes receivable from related entities at June 30, 2013, include balances from Bethesda Hospital, Inc. (Bethesda), the non-CHI joint operating agreement (JOA) partner in the Cincinnati, Ohio JOA. As of June 30, 2012, notes receivable also included balances from Alegent Health Immanuel Medical Center (Immanuel), the non-CHI JOA partner, which was not a consolidated subsidiary of CHI until November 1, 2012, when CHI became the sole sponsor of Alegent Creighton Health and Affiliates (Alegent), including Immanuel Subsequent to November 1, 2012, the Immanuel notes receivable balance was recorded as an intercompany note and eliminated in consolidation. All of

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

the notes bear interest at rates commensurate with the CHI blended interest cost and require monthly debt service payments.

A summary of notes receivable and other assets is as follows as of June 30 (in thousands).

	 2013		2012
Total notes receivable from related entities	\$ 188,275	\$	465,400
Reinsurance recoverable on unpaid losses and loss adjustment expense	71,801		42,703
Deferred compensation assets	41,014		29,027
Other long-term assets	 129,798		67,964
Total notes receivable and other	\$ 430,888	\$	605,094

Bethesda is a Designated Affiliate in the CHI credit group under the Capital Obligation Document (COD) As conditions of joining the CHI credit group, Bethesda has agreed to certain covenants related to corporate existence, insurance coverage, exempt use of bond-financed facilities, maintenance of certain financial ratios, and compliance with limitations on the incurrence of additional debt. Based upon management's review of the creditworthiness of Bethesda and its compliance with the covenants and limitations, no allowances for uncollectible notes receivable were recorded at June 30, 2013 and 2012.

Net Assets

Temporarily restricted net assets are those whose use 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, including endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donor's wishes primarily to purchase equipment, to provide charity care, and to provide other health and educational programs and services.

Unconditional promises to receive cash and other assets are reported at fair value at the date the promise is received. Conditional promises and indications of donors' intentions to give are reported at fair value at the date the conditions are met or the gifts are received. All unrestricted

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

contributions are included in the excess of revenue over expenses as donation revenues. Other gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as donations revenue when restricted for operations or as unrestricted net assets when restricted for property and equipment

Performance Indicator

The performance indicator is the excess of revenues over expenses, which includes all changes in unrestricted net assets other than changes in the pension liability funded status, net assets released from restrictions for property acquisitions, the cumulative effect of changes in accounting principles, discontinued operations, contributions of property and equipment, and other changes not required to be included within the performance indicator under generally accepted accounting principles

Operating and Nonoperating Activities

CHI's primary mission is to meet the health care needs in its market areas through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, physician services, long-term care, and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Earnings from fixed-income investments held by FIIL are also classified within operating activities as such earnings support FIIL operations. Other activities that result in gains or losses peripheral to CHI's primary mission are considered to be nonoperating. Nonoperating activities include all other investment earnings, losses from bond defeasance, net interest cost and changes in fair value of interest rate swaps, and the nonoperating component of JOA income share adjustments.

Charity Care

As an integral part of its mission, CHI accepts and treats all patients without regard to the ability to pay Services to patients are classified as charity care in accordance with standards established across all MBOs. Charity care represents services rendered for which partial or no payment is expected, and includes the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. CHI determines the cost

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

of charity care on the basis of an MBO's total cost as a percentage of total charges applied to the charges incurred by patients qualifying for charity care under CHI's policy. This amount is not included in net patient services revenues in the accompanying consolidated statements of operations and changes in net assets. The estimated cost of charity care provided was \$320.7 million and \$248.7 million in 2013 and 2012, respectively, for continuing operations, and \$2.0 million and \$6.8 million in 2013 and 2012, respectively, for discontinued operations

Other Nonpatient Revenues

Other nonpatient revenues include services sold to external health care providers, gains on acquisitions of subsidiaries, cafeteria sales, rental income, retail pharmacy and durable medical equipment sales, auxiliary and gift shop revenues, meaningful use payments, gains and losses on the sales of assets, the operating portion of revenue-sharing income or expense associated with Direct Affiliates that are part of JOAs, and revenues from other miscellaneous sources

Derivative and Hedging Instruments

CHI uses derivative financial instruments (interest rate swaps) in managing its capital costs. These interest rate swaps are recognized at fair value on the consolidated balance sheets. CHI has not designated its interest rate swaps related to CHI's long-term debt as hedges. The net interest cost and change in the fair value of such interest rate swaps is recognized as a component of nonoperating gains (losses) in the accompanying consolidated statements of operations. It is CHI's policy to net the value of collateral on deposit with counterparties against the fair value of its interest rate swaps in other liabilities on the consolidated balance sheets.

Functional Expenses

CHI provides inpatient, outpatient, ambulatory, long-term care and community-based services to individuals within the various geographic areas supported by its facilities. Support services include administration, finance and accounting, information technology, public relations, human resources, legal, mission services and other functions that are supported centrally for all of CHI Support services expenses as a percentage of total operating expenses were approximately 5.5% and 5.0% in 2013 and 2012, respectively

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Restructuring, Impairment and Other Losses

CHI periodically evaluates property, equipment, goodwill and certain other intangible assets to determine whether assets may have been impaired. Management determined there were certain property and equipment impairments in both 2013 and 2012 to the extent that the fair values (estimated based upon discounted cash flows) of those assets were less than the underlying carrying values

During the years ended June 30, 2013 and 2012, CHI recorded total charges of \$155.3 million and \$58.7 million, respectively, relating to asset impairments and changes in business operations, including reorganization and severance costs. Of this amount, \$59.3 million and \$47.7 million were from continuing operations and reported in the consolidated statements of operations for 2013 and 2012, respectively, and \$96.0 million and \$11.0 million were reported as discontinued operations in the consolidated statements of changes in net assets for 2013 and 2012, respectively

Income Taxes

CHI is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code CHI owns certain taxable subsidiaries and engages in certain activities that are unrelated to its exempt purpose and therefore subject to income tax

Management reviews its tax positions annually and has determined that there are no material uncertain tax positions that require recognition in the accompanying consolidated financial statements

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could vary from the estimates

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Meaningful Use of Certified Electronic Health Record Technology Incentive Payments

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in 2011 to certain hospitals and professionals that implement and achieve meaningful use of certified electronic health record (EHR) technology in ways that demonstrate improved quality and effectiveness of care Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. An initial Medicaid incentive payment is available to providers that adopt, implement or upgrade certified EHR technology. However, in order to receive additional Medicaid incentive payments in subsequent years, providers must demonstrate continued meaningful use of EHR technology.

CHI accounts for meaningful use incentive payments under the gain contingency model Medicare EHR incentive payments are recognized as revenues when eligible providers demonstrate meaningful use of certified EHR technology and the cost report information for the full cost report year that will determine the full calculation of the incentive payment is available. Medicaid EHR incentive payments are recognized as revenues when an eligible provider demonstrates meaningful use of certified EHR technology CHI recognized \$32.5 million and \$11.3 million of Medicare meaningful use revenues and \$8.2 million and \$20.7 million of Medicaid meaningful use revenues in its consolidated statements of operations for fiscal year 2013 and 2012, respectively

Reclassifications

Certain reclassifications were made to the 2012 consolidated financial statement presentation to conform to the 2013 presentation

2. Community Benefit (Unaudited)

In accordance with its mission and philosophy, CHI commits substantial resources to sponsor a broad range of services to both the poor and the broader community. Community benefit provided to the poor includes the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. This type of community benefit includes the costs of traditional charity care, unpaid costs of care provided to beneficiaries of Medicaid and other indigent public programs, services such as free clinics and

Notes to Consolidated Financial Statements (continued)

2. Community Benefit (Unaudited) (continued)

meal programs for which a patient is not billed or for which a nominal fee has been assessed, and cash and in-kind donations of equipment, supplies or staff time volunteered on behalf of the community

Community benefit provided to the broader community includes the costs of providing services to other populations who may not qualify as poor but may need special services and support. This type of community benefit includes the costs of services such as health promotion and education, health clinics and screenings, all of which are not billed or can be operated only on a deficit basis, unpaid portions of training health professionals such as medical residents, nursing students and students in allied health professions, and the unpaid portions of testing medical equipment and controlled studies of therapeutic protocols

A summary of the cost of community benefit provided to both the poor and the broader community is as follows (in thousands)

	2013	2012
Cost of community benefit		
Cost of charity care provided	\$ 320,666	\$ 248,667
Unpaid cost of public programs, Medicaid and other		
ındıgent care programs	289,436	280,785
Nonbilled services	36,237	28,514
Cash and in-kind donations	3,904	3,221
Education research	48,186	49,640
Other benefit	 55,427	52,369
Total cost of community benefit from		
continuing operations	753,856	663,196
Total cost of community benefit from		
discontinued operations	 8,095	18,785
Total cost of community benefit	761,951	681,981
Unpaid cost of Medicare from continuing operations	392,485	368,245
Unpaid cost of Medicare from discontinued operations	 27,055	26,226
Total unpaid cost of Medicare	419,540	394,471
Total cost of community benefit and the unpaid cost		
of Medicare	\$ 1,181,491	1,076,452

Notes to Consolidated Financial Statements (continued)

2. Community Benefit (Unaudited) (continued)

The summary above has been prepared in accordance with the Catholic Health Association of the United States (CHA) publication, *A Guide for Planning & Reporting Community Benefit*. Community benefit is measured on the basis of total cost, net of any offsetting revenues, donations or other funds used to defray cost During fiscal year 2013, CHI received \$28.3 million in funds used to subsidize charity care provided

The total cost of community benefit from continuing and discontinued operations was 6 8% and 7 2% of total expenses before operating expenses related to restructuring, impairment and other losses in 2013 and 2012, respectively. The total cost of community benefit and the unpaid cost of Medicare from continuing and discontinued operations was 10 5% and 11 3% of total expenses before operating expenses related to restructuring, impairment and other losses in 2013 and 2012, respectively

3. Joint Operating Agreements and Investments in Unconsolidated Organizations

Joint Operating Agreements

CHI participates in JOAs with hospital-based organizations in three separate market areas. The agreements generally provide for, among other things, joint management of the combined operations of the local facilities included in the JOAs through Joint Operating Companies (JOC) CHI retains ownership of the assets, liabilities, equity, revenues and expenses of the CHI facilities that participate in the JOAs. The financial statements of the CHI facilities managed under all JOAs are included in the CHI consolidated financial statements. Transfers of assets from facilities owned by the JOA participants generally are restricted under the terms of the agreements

As of June 30, 2013, CHI has a 70% interest in a JOC based in Colorado and has a 50% interest in two other JOCs associated with other JOAs. As of June 30, 2012, CHI also held a 50% interest in the Alegent JOC, which was dissolved in November 2012 when CHI became the sole sponsor of Alegent. The dissolution resulted in a remeasurement of CHI's interest and the recognition of a \$21.0 million gain in fiscal year 2013. Such gain is reflected in other nonpatient revenues in the consolidated statements of operations.

CHI's interests in the JOCs are included in investments in unconsolidated organizations and totaled \$103.0 million and \$99.0 million at June 30, 2013 and 2012, respectively CHI recognizes its investment in all JOCs under the equity method of accounting. The JOCs provide

Notes to Consolidated Financial Statements (continued)

3. Joint Operating Agreements and Investments in Unconsolidated Organizations (continued)

varying levels of services to the related JOA sponsors, and operating expenses of the JOCs are allocated to each sponsoring organization. The unconsolidated JOCs had total assets of \$484.0 million and \$688.0 million at June 30, 2013 and 2012, respectively, and net assets of \$161.0 million and \$156.0 million, respectively

Investments in Unconsolidated Organizations

CHI Kentucky – Effective on January 1, 2012, CHI purchased a controlling interest in Jewish Hospital and St. Mary's Healthcare Inc. and affiliates (JHSMH). CHI contributed its controlling interest, including its 25% joint venture investment in JHSMH, into a newly formed consolidated subsidiary, KentuckyOne Health (see Note 4, *Acquisitions and Divestitures*). As a result of the change in control of its investment in JHSMH, CHI recognized a gain in fiscal year 2012 on the remeasurement of its joint venture investment of \$45.0 million reported in other nonpatient revenues in the consolidated statements of operations

Preferred Professional Insurance Corporation (PPIC) – PPIC is an unconsolidated affiliate of CHI PPIC provides professional liability insurance and other related services to preferred physician and other health care providers that are associated with its owners CHI owns a 27% interest in PPIC and accounts for its investment under the equity method of accounting. The book value of the investment was \$56.0 million and \$50.0 million at June 30, 2013 and 2012, respectively. PPIC had net assets of \$208.0 million and \$184.0 million at December 31, 2012 and 2011, respectively.

Notes to Consolidated Financial Statements (continued)

3. Joint Operating Agreements and Investments in Unconsolidated Organizations (continued)

Other Entities – The summarized financial positions and results of operations for the other entities accounted for under the equity method as of and for the periods ended June 30, excluding the investments described above, are as follows (in thousands).

			20	013				
		Outpatient						
	Medical Office Buildings	and Diagnostic Services	Ambulatory Surgery Centers	Surgery Physician		Total		
Total assets Total debt Net assets Net patient services	\$ 34,746 33,106 1,414	\$ 265,568 24,408 195,874	\$ 65,084 11,998 44,996	\$ 28,697 12,535 8,758	\$ 275,661 60,474 172,800	\$ 669,756 142,521 423,842		
revenues Total revenues, net Excess of revenues	6,309	260,204 353,484	138,577 142,775	34,197 37,065	167,914 310,439	600,892 850,072		
over expenses	872	34,633	44,385	4,241	29,416	113,547		
			2012					
		A 4 4 4						
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Practices	Other Investees	Total		
Total assets Total debt Net assets	Office	and Diagnostic Services \$ 259.753 12.866	Ambulatory Surgery	Physician		Total \$ 508.596 77.985 324.288		
Total debt	Office Buildings \$ 29.557 27.793	and Diagnostic Services \$ 259.753 12.866	Ambulatory Surgery Centers \$ 58.575 10.627	Physician Practices \$ 19.997 8.637	\$ 140.714 18.062	\$ 508.596 77.985		

Notes to Consolidated Financial Statements (continued)

4. Acquisitions and Divestitures

Continuing Operations

The following table is a summary of the business combinations that occurred in fiscal year 2013

		St. Luke's	Highline	UMC	Alegent	Total
Fiscal Year 2013						
Purchase consideration						
Cash	\$	1,000,000	\$ _	\$ _	\$ 553,700	\$ 1,553,700
Note payable		260,000	_	_	_	260,000
Contingent						
consideration		_	_	217,709	_	217,709
Equity interest in						
Alegent		_	_	_	33,934	33,934
Gain on business						
combination		_	55,436	_	20,989	76,425
	\$	1,260,000	\$ 55,436	\$ 217,709	\$ 608,623	\$ 2,141,768
	5	St. Luke's	Highline	UMC	Alegent	Total
Fiscal Year 2013						
Purchase price allocation						
Cash and investments	\$	1,153,253	\$ 57,133	\$ 94,061	\$ 496,309	\$ 1,800,756
Patient and other						
accounts receivable		180,106	27,268	65,723	118,833	391,930
Other current assets		37,413	5,081	29,601	34,884	106,979
Property and equipment		1,046,341	137,148	176,004	474,996	1,834,489
Intangible assets		41,124	1,494	_	982	43,600
Goodwill		_	_	53,178	92,964	146,142
Other assets		25,600	17,745	9,367	63,798	116,510
Current liabilities		(175,081)	(34,087)	(76,202)	(206,630)	(492,000)
Pension liability		(3,559)	(12,307)	_	(48,216)	(64,082)
Other liabilities		(153,436)	(5,355)	(11,202)	(81,344)	(251,337)
Notes payable to CHI		_	_	_	(337,953)	(337,953)
Debt		(891,761)	(138,684)	(122,821)	<u> </u>	(1,153,266)
	\$	1,260,000	\$ 55,436	\$ 217,709	\$ 608,623	\$ 2,141,768
			•			

Notes to Consolidated Financial Statements (continued)

4. Acquisitions and Divestitures (continued)

St. Luke's Health System – Effective June 1, 2013, CHI acquired the operations of St Luke's Health System (St. Luke's), a six-hospital system based in Houston, Texas, from Episcopal Health Foundation for cash and a note payable For the month of June 2013, the operations of St Luke's contributed \$95.2 million in operating revenues and \$12.8 million of deficit of revenues over expenses to the CHI consolidated results of operations

Highline Medical Center – Effective April 1, 2013, Highline Medical Center (Highline) was acquired by CHI for no consideration, resulting in the recognition of a \$55.4 million gain calculated as the fair value of assets acquired and liabilities assumed determined based upon observable (Level 2) inputs. Highline is a 154-bed acute care hospital based in Burien, Washington Including the contribution gain, Highline reported \$103.7 million in operating revenues and \$52.8 million in excess of revenues over expenses to the CHI consolidated results of operations for the period April 1 through June 30, 2013

University Medical Center and University of Louisville Hospital – Effective March 1, 2013, KentuckyOne Health, University Medical Center (UMC) and the University of Louisville entered into a partnership, structured as a joint operating agreement between University Medical Center and KentuckyOne Health, whereby KentuckyOne Health controls substantially all of UMC's operations, which consist of the University of Louisville Hospital and the James Graham Brown Cancer Center (ULH) As part of the agreement, KentuckyOne Health has committed to provide financial support to the University of Louisville over the next 20 years, which as of the acquisition date had a fair value of \$217.7 million based upon discounted cash flows and probability-weighted performance assumptions (Level 3 inputs). The value of such contingent consideration will be remeasured at fair value on an annual basis. For the period from March 1 through June 30, 2013, the operations of ULH contributed \$166.3 million of operating revenues and \$11.8 million of excess of revenues over expenses to the CHI consolidated results of operations, prior to the effects of the JOA revenue-sharing arrangement

Alegent Creighton Health and Affiliates – Effective November 1, 2012, CHI became the sole corporate sponsor of Alegent based in Omaha Nebraska. In addition to the operations of Bergan Mercy Health System and Affiliates (Bergan Mercy) previously owned and consolidated by CHI, CHI now consolidates the Alegent operations, which include the operations of Immanuel and the operations of Creighton University Medical Center For the period from November 1, 2012 through June 30, 2013, incremental Alegent (excluding the Bergan Mercy component) contributed \$611.1 million in operating revenues and \$18.1 million of excess of revenues over expenses to the CHI consolidated results of operations

1309-1126999 25

Notes to Consolidated Financial Statements (continued)

4. Acquisitions and Divestitures (continued)

Soundpath Health – Effective on March 1, 2013, CHI acquired a 55 6% majority interest in Soundpath Health, Inc., (Soundpath), a provider-owned health care plan based in Federal Way, Washington, that offers Medicare Advantage plans CHI paid \$12.1 million for shares of common stock and an additional \$12.1 million for preferred shares in Soundpath Of the total purchase price, \$16.3 million was allocated to goodwill

The following table is a summary of the business combinations that occurred in fiscal year 2012

	Nebraska JHSMH Heart		Total	
Fiscal Year 2012				
Purchase consideration				
Cash	\$	_	\$ 131,127	\$ 131,127
Equity interest in JHSMH		19,659	_	19,659
Gain on business combination		57,293	_	57,293
Fair market value of noncontrolling interests		181,551	_	181,551
	\$	258,503	\$ 131,127	\$ 389,630
Purchase price allocation				
Cash and investments	\$	275,764	\$ 146	\$ 275,910
Patient and other accounts receivable		123,040	9,815	132,855
Other current assets		33,011	3,079	36,090
Property and equipment		451,662	45,150	496,812
Intangible assets		_	10,123	10,123
Goodwill		_	69,786	69,786
Other assets		17.330	_	17.330
Current liabilities		(143,277)	(6,417)	(149,694)
Other liabilities		(87,459)	(555)	(88.014)
Debt		(411,568)	_	(411,568)
Net consideration/assets acquired	\$	258,503	\$ 131,127	\$ 389,630

Notes to Consolidated Financial Statements (continued)

4. Acquisitions and Divestitures (continued)

KentuckyOne Health – Effective on January 1, 2012, CHI acquired an additional 58% interest in JHSMH from Jewish Hospital HealthCare Services, Inc. (JHHS) in exchange for a noncontrolling interest in KentuckyOne Health, a new statewide health care network in the state of Kentucky, through the combination of JHSMH and St Joseph Health System, a CHI-sponsored MBO CHI has a controlling interest of approximately 83% in KentuckyOne Health and JHHS has the remaining 17% interest. The fair value of the noncontrolling interest upon acquisition of \$181.6 million was determined using valuation techniques including discounted cash flows. For the period from January 1 to June 30, 2012, JHSMH contributed \$477.1 million of operating revenues and \$62.2 million of deficit of revenues over expenses to the CHI consolidated results of operations.

Nebraska Heart Hospital and Nebraska Heart Institute – Effective on August 1, 2011, CHI acquired Nebraska Heart Hospital and Nebraska Heart Institute (Nebraska Heart) for a gross purchase price of \$131 1 million in cash consideration. The acquisition allowed CHI to expand cardiac, thoracic and vascular care across the state of Nebraska.

On an unaudited pro forma basis, had CHI owned or been party to agreements with St Luke's, Highline, University Medical Center and Alegent at the beginning of fiscal year 2013, these entities would have contributed \$2.8 billion of operating revenues and \$62.6 million of operating income before restructuring. Had CHI owned or been party to agreements with St. Luke's, Highline, University Medical Center, Alegent, JHSMH, and Nebraska Heart at the beginning of fiscal year 2012, these entities would have contributed \$3.7 billion in operating revenues and \$56.5 million operating income before restructuring. However, unaudited pro forma information is not necessarily indicative of the historical results that would have been obtained had the transaction actually occurred on those dates, nor of future results.

Discontinued Operations

In 2012, CHI committed to a plan to sell the MBOs in Denville, New Jersey, Towson, Maryland, and Pierre, South Dakota The Towson MBO was sold to the University of Maryland Medical System effective on December 1, 2012, for preliminary sales proceeds of \$154.0 million Contingent sales proceeds of \$45.7 million have been placed in escrow pending final disposition of certain open items. A final determination is expected by December 31, 2013. The Pierre MBO was sold to Avera Health effective January 1, 2013, for net sales proceeds of \$50.0 million and a loss on disposition of \$27.7 million. In May 2013, CHI agreed to sell the Denville MBO to Prime

1309-1126999 27

Notes to Consolidated Financial Statements (continued)

4. Acquisitions and Divestitures (continued)

Healthcare Services for \$100 0 million. The transaction is subject to governmental and Church approvals and is expected to close towards the middle of fiscal year 2014. In accordance with Accounting Standards Codification (ASC) 205-20, *Discontinued Operations*, and ASC 360-10, *Impairment or Disposal of Long-Lived Assets*, the results of operations associated with these MBOs have been reported as discontinued operations and are included in the consolidated statements of changes in net assets. Assets held for sale consist primarily of net patient accounts receivable, net property and other long-term assets. Liabilities held for sale consist primarily of accrued compensation and benefits, accounts payable and deferred revenues.

Related to discontinued operations, CHI recorded a deficiency of revenues over expenses of \$108.6 million and \$45.1 million for the years ended June 30, 2013 and 2012, respectively, which is reported as discontinued operations in the accompanying consolidated statements of changes in net assets. Included in fiscal year 2013 is an impairment loss of \$64.8 million related to adjusting the carrying value of property, plant and equipment at the Denville MBO to its net realizable value. Total operating revenues and deficiency of revenues over expenses included in the results of discontinued operations for the years ended. June 30 are summarized below (in thousands)

	 2013	2012
Total operating revenues	\$ 464,809 \$	687,971
Total operating expenses	(485,949)	(721,930)
Restructuring and other losses	(95,924)	(10,987)
Nonoperating gains (losses)	8,470	(149)
Deficiency of revenues over expenses	\$ (108,594) \$	(45,095)

The consolidated statements of cash flows include the use of \$24.9 million and \$45.4 million of operating, investing and financing activities related to discontinued operations for the years ended June 30, 2013 and 2012, respectively

5. Net Patient Services Revenues

Net patient services revenues are derived from services provided to patients who are either directly responsible for payment or are covered by various insurance or managed care programs CHI receives payments from the federal government on behalf of patients covered by the

1309-1126999 28

Notes to Consolidated Financial Statements (continued)

5. Net Patient Services Revenues (continued)

Medicare program, from state governments for Medicaid and other state-sponsored programs, from certain private insurance companies and managed care programs and from patients themselves A summary of payment arrangements with major third-party payors follows

Medicare — Inpatient acute care and certain outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or procedure. These rates vary according to patient classification systems based on clinical, diagnostic and other factors. Certain CHI facilities have been designated as critical access hospitals and, accordingly, are reimbursed their cost of providing services to Medicare beneficiaries. Professional services rendered by physicians are paid based on the Medicare allowable fee schedule.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are primarily paid under the traditional Medicaid plan at prospectively determined rates per discharge Certain outpatient services are reimbursed based on a cost reimbursement methodology, fee schedules or discounts from established charges.

Other – CHI has also entered into payment agreements with certain managed care and commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to CHI under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

CHI's Medicare, Medicaid and other payor utilization percentages, based upon net patient services revenues, are summarized as follows.

	2013	2012
Medicare	32%	31%
Medicaid	8	7
Managed care	40	39
Self-pay	8	8
Commercial and other	12	15
	100%	100%

Notes to Consolidated Financial Statements (continued)

5. Net Patient Services Revenues (continued)

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Estimated settlements related to Medicare and Medicaid of \$103.0 million and \$57.0 million at June 30, 2013 and 2012, respectively, are included in third-party liabilities. Net patient services revenues from continuing operations increased by \$38.0 million in 2013 and \$20.5 million in 2012 due to favorable changes in estimates related to prior-year settlements. Also during 2012, CHI prevailed on the appeal of two cost report settlements from the Centers for Medicare and Medicaid Services (CMS) related to the calculation used by CMS for the rural floor wage index and for the disallowance of insurance premiums paid to FIIL. The settlement amounts are included in the 2012 net patient services revenues from continuing operations, and totaled \$76.7 million for the rural floor wage index and \$19.8 million for the insurance premiums. The appeals spanned years from 1997 through 2011.

6. Investments and Assets Limited as to Use

CHI's investments and assets limited as to use as of June 30 are reported in the accompanying consolidated balance sheets as presented in the following table (in thousands).

	2013	2012
Cash and equivalents CHI Investment Program Marketable equity securities	\$ 244,077 \$ 4,911,135 858,537	153,459 4,821,534 315,064
Marketable fixed-income securities	773,069	477,440
Hedge funds and other investments	323,885	162,191
	7,110,703	5,929,688
Less current portion	(11,697)	(1,901)
	\$ 7,099,006 \$	5,927,787

Net unrealized gains at June 30, 2013 and 2012, were \$297.3 million and \$144.0 million, respectively

Notes to Consolidated Financial Statements (continued)

6. Investments and Assets Limited as to Use (continued)

CHI attempts to reduce its market risk by diversifying its investment portfolio using cash equivalents, fixed-income securities, marketable equity securities and alternative investments. Most of the US Treasury, money market funds and corporate debt obligations as well as exchange-traded marketable securities held by CHI and the CHI Investment Program (the Program) have an actively traded market However, CHI also invests in commercial paper, mortgage-backed or other asset-backed securities, alternative investments (such as hedge funds, private equity investments, real estate funds, funds of funds, etc.), collateralized debt obligations, municipal securities and other investments that have potential complexities in valuation based upon the current conditions in the credit markets. For some of these instruments, evidence supporting the determination of fair value may not come from trading in active primary or secondary markets Because these investments may not be readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had an active market for such investments existed. Such differences could be material However, management reviews the CHI investment portfolio on a regular basis and seeks guidance from its professional portfolio managers related to U S and global market conditions to determine the fair value of its investments. CHI believes the carrying amount of these financial instruments in the consolidated financial statements is a reasonable estimate of fair value Additionally, CHI assesses the risk of impairment related to securities held in its investment portfolio on a regular basis and noted no impairment during the years ended June 30, 2013 and 2012

Substantially all CHI long-term investments are held in the Program. The Program is structured under a Limited Partnership Agreement with CHI as managing general partner and numerous limited partners, most sponsored by CHI. The partnership provides a vehicle whereby virtually all entities associated with CHI, as well as certain other unrelated entities, can seek to optimize investment returns while managing investment risk. Entities participating in the Program that are not consolidated in the accompanying financial statements have the ability to direct their invested amounts and liquidate and/or withdraw their interest without penalty as soon as practicable based on market conditions but within 180 days of notification. The Limited Partnership Agreement permits a majority vote of the noncontrolling limited partners to terminate the partnership Accordingly, CHI recognizes only the portion of Program assets attributable to CHI and its sponsored affiliates. Program assets attributable to CHI and its Direct Affiliates represented 90% and 86% of total Program assets at June 30, 2013 and 2012.

31

Notes to Consolidated Financial Statements (continued)

6. Investments and Assets Limited as to Use (continued)

The Program asset allocation at June 30 is as follows

	2013	2012
Marketable equity securities	43%	44%
Marketable fixed-income securities	32	35
Alternative investments	24	19
Cash and equivalents	1	2
	100%	100%

The CHI Investment Committee (the Investment Committee) of the Board of Stewardship Trustees is responsible for determining asset allocations among fixed-income, equity, and alternative investments. At least annually, the Investment Committee reviews targeted allocations and, if necessary, makes adjustments to targeted asset allocations. Given the diversity of the underlying securities in which the Program invests, management does not believe there is a significant concentration of credit risk. Investment income is comprised of the following for the years ended June 30 (in thousands)

		2013		2012
Dividend and interest income	\$	142,054	\$	123,310
Net realized gains		262,067		86,517
Net unrealized gains (losses)		151,232		(152,888)
Total investment income from continuing operations	\$	555,353	\$	56,939
Included in other nonpatient revenue Included in nonoperating gains	\$	66,529 488,824	\$	37,169 19,770
Total investment income from continuing operations		555,353		56,939
Total investment income (loss) from		9 470		(140)
discontinued operations		8,470	Φ.	(149)
Total investment income	<u>\$</u>	563,823	\$	56,790

Direct expenses of the Program are less than 0.4% of total assets. Fees paid to the alternative investment managers are not included in the total expense calculation as they are not a direct expense of the Program.

Notes to Consolidated Financial Statements (continued)

7. Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement)

The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows.

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial asset or liability.

Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurement

Certain of CHI's alternative investments are made through limited liability companies (LLC) and limited liability partnerships (LLP) These LLCs and LLPs provide CHI with a proportionate share of the investment gains (losses) CHI accounts for its ownership in the LLCs and LLPs under the equity method. As such, these investments are excluded from the scope of ASC 820.

Notes to Consolidated Financial Statements (continued)

7. Fair Value of Assets and Liabilities (continued)

Financial assets and liabilities measured at fair value on a recurring basis were determined using the market approach based upon the following inputs at June 30 (in thousands).

			201				
Fair Value Measurements at Reporting Date Using							
			(Level 1)	(Level 2)	(Level 3)
F	air Value	Qu	oted Prices		Other		_
	as of	i	in Active	O	bservable	Un	observable
	June 30		Markets		Inputs		Inputs
					•		
\$	244,077	\$	197,385	\$	46,692	\$	_
	,		•		,		
	858,537		858,537		_		_
	,		•				
	773,069		123,996		649,073		_
	11,718		_		, _		11,718
	12,035		12,035		_		_
\$	1,899,436	\$	1,191,953	\$	695,765	\$	11,718
\$	271,634	\$	_	\$	271,634	\$	_
	,				,		
	12,035		12,035		_		_
\$	283,669	\$	· · · · · · · · · · · · · · · · · · ·	\$	271,634	\$	_
	\$ \$	Fair Value as of June 30 \$ 244,077	Fair Value as of June 30 \$ 244,077 \$ 858,537	Clevel 1) Fair Value as of June 30	Clevel 1) Quoted Prices in Active Markets O Markets \$ 244,077 \$ 197,385 \$ 858,537 \$ 773,069 123,996 \$ 11,718 - \$ 12,035 \$ 12,035 \$ \$ \$ 271,634 \$ - \$ \$ 12,035 \$ 12,035 \$	Clevel 1)	Clevel 1) (Level 2) (Fair Value as of June 30 Markets Observable Inputs

Notes to Consolidated Financial Statements (continued)

7. Fair Value of Assets and Liabilities (continued)

	2012 Fair Value Measurements at Reporting Date Using							e Using
				(Level 1)		(Level 2)		Level 3)
		air Value as of June 30	i	oted Prices n Active Markets	o	Other bservable Inputs		observable Inputs
Assets								
Assets limited as to use								
Cash and short-term								
investments	\$	153,459	\$	106,489	\$	46,970	\$	_
Marketable equity								
securities		315,064		315,064		_		_
Marketable fixed-income		4== 440		000		4= < - 40		
securities		477,440		900		476,540		_
Other investments		1,953		_		_		1,953
Deferred compensation								
assets								
Cash and short-term								
investments		10,852		10,852		_		_
	\$	958,768	\$	433,305	\$	523,510	\$	1,953
Liabilities								
Interest rate swaps	\$	238,549	\$	_	\$	238,549	\$	_
Deferred compensation								
lıabılıty		10,852		10,852				
-	\$	249,401	\$	10,852	\$	238,549	\$	_

The fair values of the instruments included in Level 1 were determined through quoted market prices Level 1 instruments include money market funds, mutual funds and marketable debt and equity securities The fair values of Level 2 instruments were determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads, estimated prepayment rates, where applicable, are used for valuation purposes and are provided by third-party services where quoted market values are not available Level 2 instruments include corporate fixed-income securities, government bonds, mortgage and asset-backed securities, and interest rate swaps. The fair values of Level 3

Notes to Consolidated Financial Statements (continued)

7. Fair Value of Assets and Liabilities (continued)

securities are determined primarily through information obtained from the relevant counterparties for such investments. Information on which these securities' fair values are based is generally not readily available in the market

8. Property and Equipment

A summary of property and equipment is as follows as of June 30 (in thousands)

	2013	2012
Land and improvements	\$ 596 . 548	\$ 392,427
Buildings and improvements	6,399,345	5,098,617
Equipment	4,612,302	3,814,431
	11,608,195	9,305,475
Less accumulated depreciation	(5,009,102)	(4,594,250)
	6,599,093	4,711,225
Construction in progress	1,187,147	635,310
	\$ 7,786,240	\$ 5,346,535

CHI evaluates whether events and circumstances have occurred that indicate the remaining useful life of property, equipment and certain other intangible assets may not be recoverable. Management determined there were impairment issues in both 2013 and 2012, to the extent that the undiscounted cash flows estimated to be generated by certain assets were less than the underlying carrying value CHI recorded \$4.9 million and \$16.0 million in impairment losses in continuing operations for 2013 and 2012, respectively, resulting from charges related to estimated fair value deficiencies (based upon projected discounted cash flows) at various MBOs

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations

The following is a summary of debt obligations as of June 30 (in thousands)

	Interest Rates at June 30, 2013	2013	2012
CHI debt issued under the COD	<u> </u>		
Variable-rate Bonds	0.140		
Series 1997B, maturing through 2022		\$ 9,200	
Series 2000B. maturing 2027	0 07	24,000	27.300
Series 2002B, maturing 2032	0 07	97,800	103,300
Series 2004B, maturing through 2044	0 04-0 07	180,700	180.700
Series 2004C, maturing through 2044	0 05–0 07	163,300	163,300
Series 2008A, maturing 2036	0 14	120,260	120,260
Series 2008C, maturing 2041	0 06	50,000	50.000
Series 2011B, maturing 2046	0 06	158,155	158,155
Series 2011C. maturing 2046	0 13	123,000	125.000
Fixed-rate Bonds			
Series 2002A, maturing 2017	5 50	3,400	4,140
Series 2004A, maturing through 2034	4 75-5 00	146,605	146,605
Series 2006A. maturing 2041	4 00-5 00	270,635	384.135
Series 2006C, maturing through 2041	3 85-5 10	250,000	250,000
Series 2008C, maturing through 2041	4 00-5 00	105,000	105,000
Series 2008D, maturing through 2038	5 00-6 38	471,450	473,950
Series 2009A, maturing 2039	3 50-5 50	748,760	772,110
Series 2009B. maturing through 2039	4 00-5 00	252,360	260.995
Series 2011A, maturing 2041	3 00-5 25	506,090	526,090
Series 2012A, maturing 2035	3 00-5 00	271,260	271,260
Series 2012 Taxable, maturing 2042	1 60-4 35	1,500,000	-
Commercial Paper		442,475	475.625
Unamortized debt piemium		59,538	58.832
Unamortized debt discount		(11,192)	(9.801)
Total CHI debt issued under the COD	-	5,942,796	4,665,856
St. Luke's debt issued under Master Trust Indenture		C, 2 12, 7 2 0	1,000,000
Variable-rate Bonds			
Series 2012, maturing 2021	0 92%	150,220	
Series 2008, maturing 2041	0 10	100,000	
Series 2005, maturing 2032	0.08	132,600	_
Fixed-Rate Series 2009, maturing 2025	3 75-5 625		_
_	3 73–3 023	150,798	_
Unsecured Bank Notes	0.67	5.30 0	
Maturing through 2014	0 67	7,200	_
Maturing through 2017	1 78	92,598	
Total St Luke's debt issued under Master Trust Indenture		633,416	_
Note payable issued to Episcopal Foundation		260,000	_
Capital leases and other debt	-	569,845	77.391
Less Amounts classified as current		7,406,057	4.743.247
Variable-rate debt with self-liquidity		(321,455)	(321,455)
Commercial paper and current portion of debt		(749,617)	(643,083)
Long-term debt	-	\$ 6,334,985	\$ 3,778,709
Long-term debt	_	o 0,004,700	J.110,109

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations (continued)

The fair value of debt obligations was approximately \$7 3 billion at June 30, 2013. Management has determined the carrying values of the variable-rate bonds are representative of fair values as of June 30, 2013, as the interest rates are set by the market participants. The fair value of the fixed-rate tax-exempt bond obligations as of June 30, 2013, is determined by applying credit spreads for similar tax-exempt obligations in the marketplace, which are then used to calculate a price/yield for the outstanding obligations.

A summary of scheduled principal payments, based upon stated maturities, on long-term debt for the next five-years is as follows (in thousands).

	Am	ounts Due
Year Ending June 30		
2014	\$	749,617
2015		244,184
2016		249,028
2017		216,493
2018		391,050

CHI issues the majority of its debt under the COD and is the sole obligor. Bondholder security resides both in the unsecured promise by CHI to pay its obligations and in its control of its Direct and Designated Affiliates. Covenants include a minimum CHI debt service coverage ratio and certain limitations on secured debt. The Direct Affiliates of CHI, defined as Participants under the COD, have agreed to certain covenants related to corporate existence, maintenance of insurance and exempt use of bond-financed facilities.

In October 2012, CHI issued \$1.5 billion of par value long-term, fixed-rate, taxable bonds Proceeds were used to finance a wide array of strategic initiatives, including affiliations in key areas

In November 2011, CHI issued \$809.2 million of fixed-rate, variable-rate and Windows variable-rate bonds (Windows) in the states of Colorado, Kentucky and Washington Proceeds were used to refund \$223.5 million of existing debt and to redeem \$116.8 million of commercial paper outstanding Concurrent with the issuance of these bonds, CHI converted \$50.0 million of Ohio Series 2008C-2 bonds to bear interest at weekly rates. Also, during November 2011, CHI redeemed \$55.8 million of existing debt. These redemptions resulted in a loss on extinguishment of \$0.7 million.

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations (continued)

Total debt at June 30, 2013, includes \$894.9 million of debt related to the acquisition of St. Luke's, including \$533.6 million of St. Luke's series revenue bonds. St. Luke's is a member of the St. Luke's Health System Obligated Group, and together with various of its consolidated subsidiaries, are the obligors under each of the St. Luke's bond issues. Obligated Group members are jointly and severally obligated to pay the notes issued under the master trust indenture. Notes issued under the master trust indenture are equally and ratably secured by a pledge of the accounts receivable of St. Luke's Medical Center and St. Luke's Woodlands. Hospital Payments to bondholders are funded by St. Luke's under the St. Luke's master trust indenture with the trustee of the respective bond issues. Under the related indentures and agreements, St. Luke's is required to satisfy and abide by certain measures of financial and operating performance.

As part of the December 2012 divestiture of CHI's facilities in Towson, Maryland, \$113.5 million of Series 2006A bonds were legally defeased, resulting in a loss on defeasance of \$18.0 million

In connection with the acquisition of JHSMH in January 2012, CHI acquired \$342.0 million of JHSMH 2008 series bonds and \$43.0 million of JHSMH 1996 series bonds. In January 2012, the 1996 bonds were legally defeased, which resulted in a loss on defeasance of \$0.5 million. In April 2012, CHI issued \$271.3 million of par value bonds in the state of Kentucky. Debt proceeds of \$299.7 million and cash of \$114.3 million were used to refund \$322.9 million and legally defease. \$88.4 million of the 2008 bonds. The transaction resulted in a loss on extinguishment of \$69.4 million.

CHI has two types of external liquidity facilities those that are dedicated to specific series of variable-rate demand bonds (VRDB) and those that are not dedicated to a particular series of VRDBs but may be used to support CHI's obligations to fund tenders of VRDBs and pay the maturing principal of commercial paper. Liquidity facilities that are dedicated to specific series of bonds were \$605.0 million and \$625.5 million at June 30, 2013 and 2012, respectively, of which \$7.9 million and \$9.4 million, respectively, are classified as current debt. The remaining \$597.1 million and \$616.1 million at June 30, 2013 and 2012, respectively, are reported as long-term debt due to the repayment terms on any associated drawings extending beyond the subsequent fiscal year under the terms of the specific agreements

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations (continued)

Liquidity facilities not dedicated for specific series of VRDBs but used to support CHI's obligations to fund tenders and to pay maturing principal of commercial paper were \$390.0 million and \$435.0 million at June 30, 2013 and 2012, respectively. At June 30, 2013 and 2012, respectively, \$442.5 million and \$475.6 million of commercial paper were classified as current due to maturities of less than one year, and \$321.5 million of VRDBs and Windows were also classified as current due to the holder's ability to put such VRDBs and Windows back to CHI without liquidity facilities dedicated to these bonds

At June 30, 2013, CHI had a \$45.0 million credit facility with Wells Fargo Bank Letters of credit totaling \$41.7 million have been issued for the benefit of third parties, principally in support of the self-insurance programs administered by FIIL At June 30, 2013 and 2012, no amounts were outstanding under this credit facility

CHI is a party to 13 floating-to-fixed interest rate swap agreements with notional amounts totaling \$1.6 billion and \$931 8 million at June 30, 2013 and 2012, respectively. Generally, it is CHI policy that all counterparties have an AA rating or better. The swap agreements require CHI to provide collateral if CHI's liability, determined on a mark-to-market basis, exceeds a specified threshold that varies based upon the rating on the corporation's long-term indebtedness. These fixed-payor swap agreements convert CHI's variable-rate debt to fixed-rate debt. The swaps have varying maturity dates ranging from December 2014 to February 2047. The fair value of the swaps is estimated based on the present value sum of anticipated future net cash settlements until the swaps' maturities. At June 30, 2013 and 2012, the fair value was \$271.6 million and \$238.5 million, respectively. Cash collateral balances of \$107.5 million and \$140.7 million at June 30, 2013 and 2012, respectively, are netted against the fair value of the swaps, and the net amount is reflected in other liabilities. The change in the fair value of these agreements was a net gain of \$98.9 million in 2013 and a net loss of \$121.9 million in 2012.

10. Retirement Plans

CHI and its direct affiliates maintain noncontributory, defined benefit retirement plans (Plans) covering substantially all employees Benefits in the Plans are based on compensation, retirement age and years of service Vesting occurs over a five-year period Substantially all of the Plans are qualified as church plans and are exempt from certain provisions of both the Employee Retirement Income Security Act and Pension Benefit Guaranty Corporation premiums and coverage Funding requirements are determined through consultation with independent actuaries

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

CHI recognizes the funded status (that is, the difference between the fair value of plan assets and the projected benefit obligations) of its Plans in the consolidated balance sheets, with a corresponding adjustment to net assets. Actuarial gains and losses that arise and are not recognized as net periodic pension cost in the same periods are recognized as a component of changes in net assets.

In connection with the acquisition of Alegent in November 2012 and St Luke's in June 2013, CHI acquired the pension plan assets and liabilities of each entity, herein referred to as the Alegent plan and St Luke's plan, respectively In connection with the acquisition of JHSMH in January 2012, CHI acquired the pension plan assets and liabilities of JHSMH, herein referred to as the JHSMH plan

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

A summary of the changes in the benefit obligation, fair value of plan assets and funded status of the Plans at the June 30 measurement dates is as follows (in thousands).

		2013	2012
Change in benefit obligation			
Benefit obligation, beginning of year	\$	3,601,231 \$	2,767,988
Service cost		205,037	169,477
Interest cost		151,763	153,204
Actuarial (gain) loss		(170,282)	446,352
JHSMH plan		_	183,733
Alegent plan		120,115	_
St Luke's plan		267,074	_
Settlements		(17,931)	(8,495)
Curtailments		(134,233)	_
Benefits paid		(144,838)	(110.851)
Expenses paid		(451)	(177)
Benefit obligation, end of year		3,877,485	3,601,231
Change in the Plans' assets.			
Fair value of the Plans' assets, beginning of year		2,708,411	2,452,465
Actual return on the Plans' assets, net of expenses		309,522	45,002
Employer contributions		203,564	194,279
JHSMH plan		_	136,188
Alegent plan		83,055	_
St Luke's plan		263,218	_
Settlements		(17,848)	(8,495)
Benefits paid		(144,838)	(110.851)
Expenses paid		(451)	(177)
Fair value of the Plans' assets, end of year		3,404,633	2,708,411
Funded status of the Plans	\$	(472,852) \$	(892,820)
End-of-year values			
Projected benefit obligation	\$	3,877,485 \$	3,601,231
Accumulated benefit obligation	¥	3,844,708	3.428.819

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

As a result of market divestitures and other employee transitions in fiscal year 2013, one of the Plans was required to recognize a curtailment event, which is reflected in the June 30, 2013 benefit obligation. Additionally, a curtailment related to the expected future services reductions has occurred as a result of plan design changes for certain Plans, which will be effective in January 2014.

Included in net assets at June 30, 2013, are the following amounts that have not yet been recognized in net periodic pension cost unrecognized prior service cost of \$0.4 million and unrecognized actuarial losses of \$724.2 million. The prior service cost and actuarial losses included in net assets and expected to be recognized in net periodic pension cost during the fiscal year ending June 30, 2014, are \$0.1 million and \$32.8 million, respectively

The components of net periodic pension expense are as follows (in thousands)

	 2013	2012
Components of net periodic pension expense.		
Service cost	\$ 205,037 \$	169,477
Interest cost	151,763	153,204
Expected return on the Plans' assets	(220,236)	(198,093)
Actuarial losses	91,606	39,029
Amortization of prior service benefit	174	187
Curtailments	367	_
Settlements	45	
	\$ 228,756 \$	163,804
Weighted-average assumptions		
Discount rate, beginning of year	4.06%	5 39%
Discount rate, end of year	4.58	4 06
Expected return on Plans' assets	7.75	7 75
Rate of compensation increase	3.75	3 75

The assumption for the expected return on the Plans' assets is based on historical returns and adherence to the asset allocations set forth in the Plans' investment policies. The expected return on the Plans' assets for determining pension cost was 7.75% in 2013 and 2012. The increase in the discount rate to 4.58% at June 30, 2013 decreased the pension benefit obligation by approximately \$187.2 million.

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

A summary of the Plans' asset allocation targets, ranges by asset class and allocations by asset class at the measurement dates of June 30 is as follows.

	2013	2012	Target	Range
Fixed-income securities	25.6%	29 8%	25 0%	15 0–35.0%
Equity securities	55.1	51 2	52 5	42 5-62.5
Alternative investments	19.3	190	22 5	12 5-32.5

The Plans' assets are invested in a portfolio designed to preserve principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, while minimizing unnecessary investment risk. Diversification is achieved by allocating assets to various asset classes and investment styles and by retaining multiple investment managers with complementary philosophies, styles and approaches. Although the objective of the Plans is to maintain asset allocations close to target, temporary periods may exist where allocations are outside of the expected range due to market conditions. The use of leverage is prohibited except as specifically directed in the alternative investment allocation. The portfolio is managed on a basis consistent with the CHI social responsibility guidelines.

The Plans' assets measured at fair value on a recurring basis were determined using the following inputs at June 30 (in thousands)

		2013							
		Fair Value Measurements at Reporting Date Using							
				(Level 1)		(Level 2)		(Level 3)	
		Fair Value as of June 30	Q	uoted Prices in Active Markets		Other Observable Inputs	U	nobservable Inputs	
Cash and short-term investments	\$	115,586	\$	102,360	\$	13,226	\$	_	
Marketable equity securities		1,715,087		1,715,087		_		_	
Marketable fixed-income securities Alternative investments		916,766 657,194		220,833		695,933		- 657,194	
7 Homative mivestments	<u>\$</u>	3,404,633	\$	2,038,280	\$	709,159	\$	657,194	

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

	2012									
		Fair Value Measurements at Reporting Date Using								
				(Level 1)		(Level 2)		(Level 3)		
		Fair Value as of June 30	Q	uoted Prices in Active Markets		Other Observable Inputs	U	nobservable Inputs		
Cash and short-term investments	\$	128,098	\$	117,585	\$	10,513	\$	_		
Marketable equity securities		1,318,456		1,318,456		_		_		
Marketable fixed-income securities		756,137		230,647		525,490		_		
Alternative investments		505,720		_		_		505,720		
	\$	2,708,411	\$	1,666,688	\$	536,003	\$	505,720		

A summary of the changes in the fair value of the Plans' investments for which Level 3 inputs were used at the June 30 measurement dates is as follows (in thousands).

		2013	2012
Beginning investments at fair value	\$	505,720 \$	494,683
Purchases of investments	Þ	91,868	24,306
Proceeds from sale of investments		(47,376)	(32,860)
Net change in unrealized appreciation on investments		, ,	\
and effect of foreign currency translation		12,778	2,426
Net realized gains on investments		25,424	17,346
St Luke's plan investments acquired		53,540	_
Net transfers into (out) of Level 3		15,240	(181)
Ending investments at fair value	\$	657,194 \$	505,720

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

CHI expects to contribute \$111.4 million to the Plans in fiscal year 2014. A summary of expected benefits to be paid to the Plans' participants and beneficiaries is as follows (in thousands)

	Estimated Payments
Year Ending June 30	
2014	\$ 210,586
2015	203,028
2016	224,238
2017	238,993
2018	250,017
2019–2023	1,396,923

11. Concentrations of Credit Risk

CHI grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. CHI's exposure to credit risk on patient accounts receivable is limited by the geographical diversity of its MBOs. The mix of receivables from patients and third-party payors at June 30 approximated the following.

	2013	2012
Medicare	28%	26%
Medicaid	10	11
Managed care	31	32
Self-pay	7	6
Commercial and other	24	25
	100%	100%

CHI maintains long-term investments with various financial institutions and investment management firms through its investment program, and its policy is designed to limit exposure to any one institution or investment Management does not believe there are significant concentrations of credit risk at June 30, 2013 and 2012

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies

Litigation

During the normal course of business, CHI may become involved in litigation. Management assesses the probable outcome of unresolved litigation and records estimated settlements. After consultation with legal counsel, management believes that any such matters will be resolved without material adverse impact to the consolidated financial position or results of operations of CHI.

Health Care Regulatory Environment

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse Management believes CHI is in compliance with all applicable laws and regulations of the Medicare and Medicaid programs. Compliance with such laws and regulations is complex and can be subject to future governmental interpretation as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. Certain CHI entities have been contacted by governmental agencies regarding alleged violations of Medicare practices for certain services. In the opinion of management after consultation with legal counsel, the ultimate outcome of these matters will not have a material adverse effect on CHI's consolidated financial position.

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies (continued)

Operating Leases

CHI leases certain real estate and equipment under operating leases, which may include renewal options and escalation clauses. Future minimum lease payments required for the next five years and thereafter for all operating leases that have initial or remaining noncancelable lease terms in excess of one year at June 30, 2013, are as follows (in thousands).

	Amounts Due			
Year Ending June 30				
2014	\$	154,915		
2015		132,169		
2016		113,672		
2017		96,849		
2018		82,143		
Thereafter		381,561		
	\$	961,309		

Lease expense under operating leases for continuing operations for the years ended June 30, 2013 and 2012, totaled approximately \$223 0 million and \$176 0 million, respectively

13. Insurance Programs

FIIL, a wholly owned captive insurance company of CHI, provides hospital professional liability, employment practices liability, miscellaneous professional liability, and commercial general liability coverage, primarily to MBOs related to CHI either on a directly written basis or through reinsurance fronting relationships with commercial carriers such as PPIC Policies written provide coverage with primary limits in the amounts of \$10.0 million and \$8.0 million for each and every claim in fiscal years 2013 and 2012, respectively. For the policy year July 1, 2012 to June 30, 2013, there is an annual policy aggregate of \$85.0 million eroded by hospital professional liability and commercial general liability claims, subject to a \$175,000 continuing underlying per claim limit. Effective July 1, 2011, FIIL provided excess umbrella liability coverage for claims in excess of the underlying limits discussed above. The limits provided under such excess coverage are \$200.0 million per claim and in the aggregate FIIL reinsured 100% of the excess coverage layer with various commercial insurance companies. At June 30, 2013 and 2012, investments and assets limited as to use held for insurance purposes included \$55.0 million and \$59.0 million, respectively, held as collateral for the reinsurance fronting arrangement with PPIC

Notes to Consolidated Financial Statements (continued)

13. Insurance Programs (continued)

FIIL provides workers' compensation coverage, either on a directly written basis or through reinsurance fronting relationships with commercial carriers for amounts above \$1.0 million per claim. Coverage of \$500,000 in excess of \$500,000 per claim is reinsured with an unrelated commercial carrier. FIIL also underwrites the property and casualty risks of CHI for up to \$1.0 million per claim. Unrelated commercial insurance carriers reinsure losses in excess of the perclaim limits.

The liability for self-insured reserves and claims represents the estimated ultimate net cost of all reported and unreported losses incurred through June 30. The reserves for unpaid losses and loss adjustment expenses are estimated using individual case-based valuations, statistical analyses and the expertise of an independent actuary.

The estimates for loss reserves are subject to the effects of trends in loss severity and frequency Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically, with consultation from independent actuaries, and any adjustments to the loss reserves are reflected in current operations. As a result of these reviews of claims experience, estimated reserves were reduced by \$48.5 million and \$47.8 million in 2013 and 2012, respectively. The reserves for unpaid losses and loss adjustment expenses relating to the workers' compensation program were discounted, assuming a 4.0% annual return at June 30, 2013 and 2012, to a present value of \$151.2 million and \$147.1 million at June 30, 2013 and 2012, respectively, and represented a discount of \$51.3 million and \$46.3 million in 2013 and 2012, respectively. Reserves related to professional liability, employment practices and general liability are not discounted

FIIL holds \$751 9 million and \$722 1 million of investments held for insurance purposes as of June 30, 2013 and 2012, respectively Distribution of amounts from FIIL to CHI are subject to the approval of the Cayman Island Monetary Authority CHI established a captive management operation (Captive Management Initiatives, Ltd) based in the Cayman Islands, which currently manages FIIL as well as operations of other unrelated parties

CHI, through its Welfare Benefit Administration and Development Trust, provides comprehensive health and dental coverage to certain employees and dependents through a self-insured medical plan Accounts payable and accrued expenses include \$51.0 million and \$54.0 million for unpaid claims and claims adjustment expenses for CHI's self-insured medical plan at June 30, 2013 and 2012, respectively. Those estimates are subject to the effects of trends in loss severity and

Notes to Consolidated Financial Statements (continued)

13. Insurance Programs (continued)

frequency Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically and, as adjustments to the liability become necessary, such adjustments are reflected in current operations CHI has stop-loss insurance to cover unusually high costs of care beyond a predetermined annual amount per enrolled participant

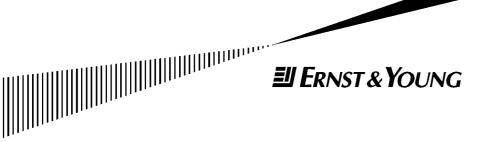
14. Subsequent Events

CHI's management has evaluated events subsequent to June 30, 2013 through September 17, 2013, which is the date these consolidated financial statements were available to be issued. There have been no material events noted during this period that would either impact the results reflected herein or CHI's results going forward, except as disclosed below

Effective in August 2013, a subsidiary of CHI entered into an affiliation agreement with Harrison Medical Center (Harrison), whereby the subsidiary will control the operations of Harrison. Harrison is located in Bremerton, Washington, and operates two acute-care facilities in the area, as well as provides emergency services, and a range of general and specialized services to adjacent areas. A valuation of assets and liabilities is in process. The fair value of the assets acquired net of liabilities assumed will be reported as other nonpatient revenue in 2014.

On July 1, 2013, CHI invested \$65.0 million in MedSynergies, Inc. (MedSynergies), a national physician management services organization. In conjunction with this investment, CHI and MedSynergies have entered into a partnership to create successful physician alignment within CHI, and to enhance patient retention and practice performance within the physician services line of business. The initial term of this agreement is 9 years.

Supplemental Information



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Report of Independent Auditors on Supplemental Information

The Board of Stewardship Trustees Catholic Health Initiatives

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of Catholic Health Initiatives as a whole. The following consolidating financial information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in our 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. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

September 17, 2013

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Consolidating Balance Sheet

June 30, 2013 (In Thousands)

	MBOs	Corporate	C ollab Health	FIIL	C HI W elfare Benefits Trust	Other	Eliminations and Adjustments	Consolidated
Assets		<u> </u>						
Current assets								
Cash and equivalents	\$ 263 377	\$ 330 564	\$ (190) \$	53	\$ 18 120 \$	(2 698)	\$ -	\$ 609 226
Net patient accounts receivable less allowance of \$858 394	1,755 348	_	_	_	_	_	_	1 755 348
Other accounts receivable	165 547	107 082	7 620	9 892	11	25 533	(117,768)	197 917
Current portion of investments and assets limited as to use	4 829	_	6 868	_	=		=	11 697
Inventories	247 720	_	-	-	_	_	-	247 720
Assets held tor sale	236 599	_	_	_	_	_	(20,822)	215 777
Prepaid and other	86 330	49 910	1 244	13	157	122	_	137 776
Total current assets	2,759 750	487 556	15 542	9 958	18 288	22 957	(138,590)	3 175 461
Investments and assets limited as to use								
Internally designated for capital and other funds	5,022 500	333 525	-	_	95 998	-	_	5 452 023
Mission and Ministry Fund	-	121 109	_	-	-	-	-	121 109
Capital Resource Pool	-	416 938	-	-	-	-	-	416 938
Held by trustees	16 726	-	-	-	-	-	-	16 726
Held for insurance purposes	57 904	-	16 053	751 928	-	-	-	825 885
Restricted by donors	265 652	673	-	-	-	-	-	266 325
Total investments and assets limited as to use	5,362 782	872 245	16 053	751 928	95 998	-	=	7 099 006
Property and equipment net	7,034 446	750 192	784	_	_	818	_	7 786 240
Defenred financing costs	213	36 344	-	-	-	-	_	36 557
Investments in unconsolidated organizations	294 234	1 172 035	_	_	_	11 005	(1.060,458)	416 816
Intangible assets and goodwill net	348 407	-	16 344	_	_	_	_	364 751
Notes receivable and other	118 174	3 000 584	201	23 723	-	4	(2 711,798)	430 888
Total assets	\$ 15,918 006	\$ 6318956	\$ 48.924 \$	785 609	\$ 114 286 \$	34 784	\$ (3.910,846)	\$ 19 309 719

Continued on following page

52

Consolidating Balance Sheet (continued)

June 30, 2013 (In Thousands)

	MBOs	Collab Corporate Health			CHI Welfare Benefits Trust	Other a	Eliminations and Adjustments	Consolidated	
Liabilities and net assets									
Current liabilities									
Compensation and benefits	\$ 551,423	\$ 44 398 \$	1 265 \$	-	\$ 1.595 \$	2 156	\$ - :	\$ 600.837	
Third-party liabilities	110 571	_	-	-	-	-	_	110 571	
Accounts payable and accrued expenses	879 789	242 473	3 463	4 700	50 660	2 075	(116 230)	1 066 930	
Liabilities held for sale	91 412	_	_	_	_	-	_	91 412	
\ ariable-rate debt with self-liquidity	_	321 455	_	_	-	-	_	321 455	
Commercial paper and current portion of									
long-term debt	239 237	633 075	682	_	_	_	(123 377)	749 617	
Total current liabilities	1 872 432	1 241 401	5 410	4 700	52 255	4 231	(239 607)	2 940 822	
Pension liability	45 449	427 403	-	_	=	_	=	472 852	
Selt-insured reserves and claims	60 369	48 078	8 917	499 288	_	_	_	616 652	
Other liabilities	551 432	148 390	_	_	_	_	(1.539)	698 283	
Long-term debt	3 673 602	5 248 265	1 538	_	_	_	(2.588.420)	6 334 985	
Total liabilities	6 203 284	7 113 537	15 865	503 988	52 255	4 23 1	(2 829 566)	11 063 594	
Net assets									
Net assets attributable to CHI	9 418 781	(963.870)	22 678	281 621	62 031	30 553	(1.082.484)	7 769 310	
Net assets attributable to noncontrolling interests	(4.723)	168 801	10 381	_	_	_	1 204	175 663	
Unrestricted	9 414 058	(795 069)	33 059	281 621	62 031	30 553	(1.081.280)	7 944 973	
Temporarily restricted	214 036	488	_	_	_	_	_	214 524	
Permanently restricted	86 628	_	_	_	_	_		86 628	
Total net assets	9 714 722	(794 581)	33 059	281 621	62 031	30 553	(1.081.280)	8 246 125	
Total liabilities and net assets	\$ 15,918,006	\$ 6,318,956 \$	48,924 \$	785,609	\$ 114,286 \$	34,784	\$ (3,910,846)	\$ 19,309,719	

53

Consolidating Statement of Operations

Year Ended June 30, 2013 (In Thousands)

	MBOs	Corporate	Collab Health	FIIL	CHI Welfare Benefits Trust		Eliminations and Adjustments	Consolidated
Revenues Net patient services revenues	\$ 10 021 153	\$ -	s - s	-	s - s	- s	(128 163)	\$ 9892990
Nonpatient Donations Changes in equity of unconsolidated organizations Investment income used for operations Other	31 078 9 532 13 974 508 466	11 11 982 - 975 554	- - 108 50 503	- - 52 447 147 219	- - - 40 - 601	- (266) - 3 598	(2 192) - (1 394 380)	31 089 19 056 66 529 698 561
Total nonpatient revenues	563 050	987 547	50 611	199 666	40 601	3 332	(1.396.572)	815 235
Total operating revenues	10 584 203	98" 54"	50 611	199 666	40" 601	3 332	(1.524.735)	10 708 225
Expenses Salaries and wages Employee benefits Purchased services medical professional fees consulting and legal Supplies Utilities Rentals leases maintenance and insurance Depreciation and amortization Interest Other Total operating expenses before restricturing impairment and other losses Restricturing impairment and other losses Restricturing impairment and other losses	4 141 825 985 126 1 495 686 1 827 242 1 138 872 416 421 516 929 115 971 771 993 10 416 265 167 938 27 117	265 962 93 696 219 389 5 488 14 034 331 352 37 720 170 832 34 716 1173 189 (185 642) 32 214 (217 856)	1815 328 48 515 48 54 605 60 101 287 51 813		413 431 2 532 - - - - 6-0 416 633 (9 032)	8 847 1 721 3 425 206 19 1 087 355 882 16 542 (13 210) 12	(45) (523 678) (408 513) - (283 497) - (122 551) (184 258) (1 522 542) - (2 193)	4 424 404 970 824 1 301 78 1 882 984 1 52 979 10 683 555 004 104 353 624 756 10 703 825 4 400 59 343
Income (loss) from operations	140 821	(21 856)	(1 202)	4 41	(9.032)	(13 222)	(2 193)	(24 64 8)
Nonoperating gains (losses) Investment income (loss) net Loss on deteasance of bonds Realized and unicalized (losses) gains on interest rate swaps Other nonoperating gains (losses) Total nonoperating (losses) gains	324 210 - 14 244 - 9 346 431	158 503 (17 998) 51 599 (40 485) 151 619	(425) - - - (425)	- - - -	6 550 - - - - 6 550	(14) - - - (14)	40 485 40 485	-488 824 (1 - 998) 65 843 - 9
Excess (deficiency) of revenues over expenses	\$ 487.252	\$ (66.237)	\$ (1.62°) \$	47 741	\$ (2.482) \$	(13 236) \$	38 292	\$ 489 703
Excess of revenues over expenses attributable to noncontrolling interest	\$ 5972	\$ (6 ~45)	s -36 s	-	s - s	- 5	_	\$ (3")
Excess (deficiency) of revenues over expenses attributable to CHI	\$ 481.280	\$ (59.492)	\$ (2.363) \$	47 741	\$ (2.482) \$	(13 236) \$	38 292	\$ 489 740

54

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