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Part III

Statement of Program Service Accomplishments

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

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1

Briefly describe the organization’s mission

THE MISSION OF ST CLAIRE REGIONAL MEDICAL CENTER IS TO PROCLAIM GOD'S GOODNESS THROUGH A HEALING MINISTRY TO THE PEOPLE OF EASTERN KENTUCKY

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes ☒ No

If “Yes,” describe these new services on Schedule O

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No

If “Yes,” describe these changes on Schedule O

4

Describe the organization’s program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 77,466,915 including grants of \$ 43,728) (Revenue \$ 87,257,535)

ST CLAIRE REGIONAL MEDICAL CENTER SERVES AS A 159-BED REGIONAL REFERRAL CENTER AND IS THE LARGEST RURAL HOSPITAL IN NORTHEASTERN KENTUCKY SPONSORED BY THE SISTERS OF NOTRE DAME IN COVINGTON, KENTUCKY, ST CLAIRE REGIONAL SERVES AS A NOT-FOR-PROFIT HOSPITAL WITH NEARLY 1,500 EMPLOYEES, ST CLAIRE REGIONAL IS THE SECOND-LARGEST EMPLOYER IN THE REGION THE MEDICAL CENTER IS AN ESTABLISHED TRAINING SITE FOR THE UNIVERSITY OF KENTUCKY SCHOOL OF MEDICINES PHYSICIAN RESIDENCY PROGRAMS ST CLAIRE REGIONAL'S MEDICAL STAFF IS COMPRISED OF OVER 100 PHYSICIANS AND SURGEONS, REPRESENTING 31 MEDICAL AND SURGICAL SPECIALTIES CONTINUE ON SCHEDULE O IN ADDITION TO PROVIDING SERVICES AT THE MEDICAL CENTER'S MAIN CAMPUS IN MOREHEAD, ST CLAIRE REGIONAL'S OPERATIONS CONSIST OF A ST CLAIRE REGIONAL OUTPATIENT CENTER, CAVE RUN SURGICAL SPECIALISTS, MOREHEAD MEDICAL SPECIALISTS, FIVE COMPREHENSIVE FAMILY MEDICINE CLINICS AS WELL AS A FAMILY MEDICINE EXPRESS, A REGIONAL TELEMEDICINE SYSTEM, AND AN EIGHT-COUNTY HOME CARE SERVICE REGION COMPRISED OF HOME HEALTH, HOSPICE & PALLIATIVE CARE, AND HOME MEDICAL EQUIPMENT ADDITIONALLY, ST CLAIRE REGIONAL PARTNERS WITH THE UNIVERSITY OF KENTUCKY MEDICAL CENTER TO OFFER SERVICES THROUGH THE KENTUCKY CLINIC MOREHEAD CANCER TREATMENT CENTER ST CLAIRE REGIONAL MEDICAL CENTER'S SERVICE REGION SERVES A POPULATION OF OVER 160,000 IN BATH, CARTER, ELLIOTT, FLEMING, LEWIS, MAGOFFIN, MENIFEE, MONTGOMERY, MORGAN, ROWAN AND WOLFE COUNTIES ST CLAIRE REGIONAL'S FIVE FAMILY MEDICINE CLINICS ARE LOCATED IN FRENCHBURG, MOREHEAD, OLIVE HILL, OWINGSVILLE, AND SANDY HOOK

4b

(Code) (Expenses \$ 9,919,800 including grants of \$) (Revenue \$ 12,055,811)

HOME CAREST CLAIRE HOMECARE IS A SERVICE PROVIDED BY ST CLAIRE REGIONAL MEDICAL CENTER OFFERING A FULL RANGE OF HOME CARE SERVICES FOR PATIENTS TO RECOVER IN THEIR OWN HOMES AS ONE OF THE LARGEST PROGRAMS IN THE STATE, ST CLAIRE HOMECARE IS A COMPREHENSIVE IN-HOME SERVICE SYSTEM COMPRISED OF HOME HEALTH, HOSPICE, AND HOME MEDICAL EQUIPMENT OUR COMMITTED STAFF INCLUDES NURSES, THERAPISTS AND AIDES WORKING AS A TEAM TO HELP MEET VIRTUALLY EVERY HOME CARE NEED CONTINUE ON SCHEDULE O THE JOINT COMMISSION ON THE ACCREDITATION OF HEALTHCARE ORGANIZATIONS (JCAHO) ACCREDIT'S BOTH ST CLAIRE REGIONAL MEDICAL CENTER AND ST CLAIRE HOMECARE ST CLAIRE HOMECARE IS MEDICARE-CERTIFIED AND LICENSED IN THE STATE OF KENTUCKY

4c

(Code) (Expenses \$ 6,303,574 including grants of \$) (Revenue \$ 6,234,538)

FAMILY MEDICINEST CLAIRE REGIONAL FAMILY MEDICINE IS A SYSTEM OF FIVE FAMILY MEDICINE CLINICS THAT PROVIDE A FULL RANGE OF PREVENTIVE AND THERAPEUTIC HEALTHCARE SERVICES, FROM NEWBORN TO GERIATRICS, INCLUDING OBSTETRICAL SERVICES THE ST CLAIRE REGIONAL FAMILY MEDICINE MEDICAL STAFF INCLUDES BOARD CERTIFIED FAMILY AND INTERNAL MEDICINE PHYSICIANS AS WELL AS ADVANCED REGISTERED NURSE PRACTITIONERS, CERTIFIED PHYSICIAN ASSISTANTS, CERTIFIED NURSE MIDWIVES, AND FAMILY MEDICINE RESIDENTS AFFILIATED WITH THE UNIVERSITY OF KENTUCKY

(Code) (Expenses \$ 16,041,191 including grants of \$) (Revenue \$ 13,335,200)

PHYSICIAN SERVICESST CLAIRE REGIONAL OFFERS A COMPREHENSIVE ARRAY OF PHYSICIAN SERVICES SPECIALTIES EMPLOYED BY ST CLAIRE INCLUDE RADIOLOGY, EMERGENCY MEDICINE, ONCOLOGY, NEPHROLOGY, GENERAL SURGERY, AND ORTHOPEDIC SURGERY

4d

Other program services (Describe in Schedule O)























(Expenses \$ 16,041,191 including grants of \$) (Revenue \$ 13,335,200)

4e

Total program service expenses

109,731,480

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? 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	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
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		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
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)			
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I	33		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	35b		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

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		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	77	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	1,540
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		2b	Yes
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		3a	No
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		3b	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a	No
b If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a	No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b	No
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a	No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b	
7 Organizations that may receive deductible contributions under section 170(c).			
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		7a	No
b If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c	No
d If "Yes," indicate the number of Forms 8282 filed during the year.		7d	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e	No
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f	No
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g	
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8	
9 Sponsoring organizations maintaining donor advised funds.			
a Did the organization make any taxable distributions under section 4966?		9a	
b Did the organization make a distribution to a donor, donor advisor, or related person?		9b	
10 Section 501(c)(7) organizations. Enter			
a Initiation fees and capital contributions included on Part VIII, line 12.		10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		10b	
11 Section 501(c)(12) organizations. Enter			
a Gross income from members or shareholders.		11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		13a	
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		13b	
c Enter the amount of reserves on hand.		13c	
14a Did the organization receive any payments for indoor tanning services during the tax year?		14a	No
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	15	
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	14	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	►KY
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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	►CHRIS MCCLURG VP OF FINANCIAL SERVICES 222 MEDICAL CIRCLE MOREHEAD, KY (606) 783-6500

Part VII

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

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

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid

List all of the organization's **current** key employees, if any See instructions for definition of "key employee "

List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ROBERT G STEVENS BOARD CHAIR	2 00	X						0	0	0
(2) GARREN COLVIN BOARD TREASURER	2 00	X						0	0	0
(3) JOHN NORTHCUT BOARD SECRETARY	2 00	X						0	0	0
(4) SISTER MARY MARGARET DROEGE MEMBER	2 00	X						0	0	0
(5) NICHOLE SMITH MEMBER	2 00	X						0	0	0
(6) SAMUEL MATHENY MD MEMBER	2 00	X						0	0	0
(7) SISTER MARLA MONAHAN MEMBER	2 00	X						0	0	0
(8) O THOMAS NEWCOMB MD MEMBER	2 00	X						0	0	0
(9) GLEN TEAGER MEMBER	2 00	X						0	0	0
(10) BETH PATRICK MEMBER	2 00	X						0	0	0
(11) STEVE LEWIS MEMBER	2 00	X						0	0	0
(12) RICHARD TAPKE JR MEMBER	2 00	X						0	0	0
(13) AMY J CONLEY-SALLAZ MD NON-VOTING MEMBER	2 00	X						0	0	0
(14) MARK J NEFF PRESIDENT / CEO	50 00	X		X				321,984	0	66,544
(15) JEFFREY L ELLIS MD MEMBER	2 00	X						0	0	0
(16) GR JONES JR CFO	50 00			X				189,119	0	38,569
(17) DR KIM WILLIAMS VP SPECIAL PROJECTS	50 00				X			235,079	0	64,131

Part VII

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) DR WILL MELAHN VP MEDICAL STAFF	50 00				X			215,365	0	43,993
(19) GREG BAUSCH COO	50 00				X			215,365	0	35,227
(20) DR WILLIAM LEWIS RADIOLOGIST	40 00					X		659,301	0	63,385
(21) DR CRAIG BUTLER RADIOLOGIST	40 00					X		631,255	0	63,385
(22) DR STEPHEN WILLIAMS RADIOLOGIST	40 00					X		662,313	0	54,241
(23) DR CHARLES CROUSE ORTHOPEDIC SURGEON	40 00					X		745,626	0	63,212
(24) DR MANSHA KHALOON CARDIOLOGIST	40 00					X		720,110	0	63,385
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								4,595,517	0	556,072

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶91

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year		
(A) Name and business address	(B) Description of services	(C) Compensation
ARAMARK ONE SERVICE MASTER WAY DOWNERS GROVE IL 60515	CONTRACT SERVICE	1,513,368
PROFESSIONAL MEDICAL BILLING 7619 W JEFFERSON BLVD FORT WAYNE IN 46804	BILLING SERVICE	538,253
KMSF-PATH FAC SERVICES 138 LEADER AVENUE LEXINGTON KY 40506	PHYSICIAN SERVICES	537,728
PRECYSE SOLUTIONS PO BOX 11407 BIRMINGHAM AL 352461736	TRANSCRIPTION SERVICE	447,639
LABORATORY CORP OF AMERICA 902 DR EDWARD HILLIARD DR BIRMINGHAM AL 35401	LAB SERVICES	410,991
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶18		

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	589,393			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	272,539			
	g	Noncash contributions included in lines 1a-1f \$		73,000			
	h	Total. Add lines 1a-1f		861,932			
Program Service Revenue	2a	NET PATIENT SERVICE REVENUE	Business Code 621110	106,620,008	106,620,008		
	b	HOME CARE REVENUE	621610	12,055,811	12,055,811		
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		118,675,819			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		518,893		518,893
4		Income from investment of tax-exempt bond proceeds . . .					
5		Royalties					
6a		Gross rents	(i) Real	(ii) Personal			
			335,489				
			128,224				
			207,265				
d		Net rental income or (loss)		207,265	207,265		
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
			4,033,220	51,616			
			3,545,780	1,000			
			487,440	50,616			
d		Net gain or (loss)		538,056			538,056
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18		118,758			118,758
a		135,327					
b		Less direct expenses	b				
c		Net income or (loss) from fundraising events . . .					
9a		Gross income from gaming activities See Part IV, line 19					
a							
b		Less direct expenses	b				
c		Net income or (loss) from gaming activities . . .					
10a		Gross sales of inventory, less returns and allowances					
			a				
	b		Less cost of goods sold				
c	Net income or (loss) from sales of inventory . . .		-46,811			-46,811	
Miscellaneous Revenue		Business Code					
11a	EHR INCENTIVE REVENUE	900099	2,314,962			2,314,962	
b	340B PHARMACY	900099	1,511,052			1,511,052	
c	CAFETERIA INCOME	900099	707,397			707,397	
d	All other revenue		2,411,545			2,411,545	
e	Total. Add lines 11a-11d		6,944,956				
12	Total revenue. See Instructions		127,818,868	118,883,084	0	8,073,852	

Part IX

Statement of Functional Expenses

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

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

☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	43,728	43,728		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	1,425,379	1,293,721	131,658	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	61,322,998	55,790,423	5,532,575	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	1,941,742	1,752,184	189,558	
9	Other employee benefits.	8,601,370	7,842,600	758,770	
10	Payroll taxes.	3,963,062	3,589,593	373,469	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	620,013	84,516	535,497	
c	Accounting.	107,159		107,159	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	9,766,960	8,204,246	1,562,714	
12	Advertising and promotion.	227,065	216,947	10,118	
13	Office expenses.	18,657,134	18,323,477	333,657	
14	Information technology.				
15	Royalties.				
16	Occupancy.	6,338,933	4,120,306	2,218,627	
17	Travel.	152,644	114,483	38,161	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	348,160	330,752	17,408	
20	Interest.	602,197		602,197	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	5,385,631	5,385,631		
23	Insurance.	1,752,370	1,206,920	545,450	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O).				
a	PROVIDER TAX	1,520,386	152,039	1,368,347	
b	RECRUITMENT	800,580	280,203	520,377	
c	LICENSES & FEES	257,996	90,299	167,697	
d	MEDICAL SUPPLIES	77,376	77,376		
e	All other expenses	1,026,866	832,036	194,830	
25	Total functional expenses. Add lines 1 through 24e.	124,939,749	109,731,480	15,208,269	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		10,224,317	2	12,510,728
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		14,626,702	4	12,979,663
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		6,668	5	6,668
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		2,124,524	7	1,748,119
	8	Inventories for sale or use		2,029,437	8	2,470,190
	9	Prepaid expenses and deferred charges		630,316	9	1,092,977
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a95,657,084			
	b	Less accumulated depreciation	10b62,697,200	34,848,119	10c	32,959,884
	11	Investments—publicly traded securities		15,736,459	11	16,671,870
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		2,587,239	15	2,552,514
	16	Total assets. Add lines 1 through 15 (must equal line 34)		82,813,781	16	82,992,613
Liabilities	17	Accounts payable and accrued expenses		17,349,581	17	14,474,677
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		17,103,292	20	15,417,407
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		841,805	23	1,085,763
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		6,672,525	25	7,001,487
	26	Total liabilities. Add lines 17 through 25		41,967,203	26	37,979,334
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		40,184,680	27	44,387,499
	28	Temporarily restricted net assets		661,898	28	625,780
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		40,846,578	33	45,013,279
	34	Total liabilities and net assets/fund balances		82,813,781	34	82,992,613

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	127,818,868
2	Total expenses (must equal Part IX, column (A), line 25)	2	124,939,749
3	Revenue less expenses Subtract line 2 from line 1	3	2,879,119
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	40,846,578
5	Net unrealized gains (losses) on investments	5	927,368
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	360,214
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	45,013,279

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
ST CLAIRES MEDICAL CENTER INC

Employer identification number
61-0605336

Part I

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

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

1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____

5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)

8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11

☐

An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated

e

☐

By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f

☐

If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box

g

☐

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

A family member of a person described in (i) above?

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
Total									

Part II

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

Part IIISupport Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization ST CLAI RE MEDICAL CENTER INC	Employer identification number 61-0605336
---	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$ _____
3	Volunteer hours	_____

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$ _____
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$ _____
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If “Yes,” describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$ _____
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$ _____
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$ _____
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		14,239
j	Total. Add lines 1c through 1i.			14,239
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912.			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912.			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

	Yes	No
1		
2		
3		

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	MEMBERSHIP DUES TO KHA AND AHA OF WHICH A PORTION OF THE DUES ARE USED FOR LOBBY EXPENSES BY THE TRADE ORGANIZATIONS

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST CLAIRES MEDICAL CENTER INC

Employer identification number
61-0605336

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

Part II

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

1

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

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

2

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

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

3

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

4

Number of states where property subject to conservation easement is located

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes☐ No

6

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

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

(ii) Assets included in Form 990, Part X

2

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

a

Revenues included in Form 990, Part VIII, line 1

b

Assets included in Form 990, Part X

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3

Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐

Public exhibition

b

☐

Scholarly research

c

☐

Preservation for future generations

d

☐

Loan or exchange programs

e

☐

Other

4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIII and complete the following table

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

☐

Part V

Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	661,898				
b Contributions		661,898			
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs	36,118				
f Administrative expenses					
g End of year balance	625,780	661,898			

2

Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a

Board designated or quasi-endowment

b

Permanent endowment

c

Temporarily restricted endowment 100.000 %

The percentages in lines 2a, 2b, and 2c should equal 100%

3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i) unrelated organizations

(ii) related organizations

	Yes	No
3a(i)		No
3a(ii)		No
3b		

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4

Describe in Part XIII the intended uses of the organization's endowment funds

Part VI

Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,555,649		1,555,649
b Buildings		47,089,810	29,083,035	18,006,775
c Leasehold improvements		578,330	203,857	374,473
d Equipment		45,765,774	33,410,308	12,355,466
e Other		667,521		667,521
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				32,959,884

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return					
1	Total revenue, gains, and other support per audited financial statements			1	129,563,484
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			2e	
a	Net unrealized gains on investments	2a	927,368		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	360,214		
e	Add lines 2a through 2d			2e	1,287,582
3	Subtract line 2e from line 1			3	128,275,902
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1			4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	-457,034		
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	127,818,868
Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return					
1	Total expenses and losses per audited financial statements			1	125,396,783
2	Amounts included on line 1 but not on Form 990, Part IX, line 25			2e	
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d	457,034		
e	Add lines 2a through 2d			2e	457,034
3	Subtract line 2e from line 1			3	124,939,749
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :			4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines 4a and 4b		4c		
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)			5	124,939,749

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	TEMPORARILY RESTRICTED NET ASSETS ARE DONOR-RESTRICTED FOR A SPECIFIC USE OR BY THE PASSAGE OF TIME. INCOME EARNED FROM THE PRINCIPLE AMOUNT IS UNRESTRICTED. THE DONOR-RESTRICTED NET ASSETS ARE TO BE USED FOR CURATIVE TREATMENT AND REHABILITATIVE THERAPY OF PEDIATRIC ILLNESS, DISEASE, OR DEFORMITY.
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE MEDICAL CENTER AND RECOGNIZE A TAX LIABILITY IF THE MEDICAL CENTER HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY VARIOUS FEDERAL AND STATE TAXING AUTHORITIES. MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE MEDICAL CENTER, AND HAS CONCLUDED THAT AS OF JUNE 30, 2013 AND 2012, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE ACCOMPANYING FINANCIAL STATEMENTS. THE MEDICAL CENTER IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS.
PART XI, LINE 2D - OTHER ADJUSTMENTS		CHANGE IN FMV OF INTEREST RATE SWAP 360,214
PART XI, LINE 4B - OTHER ADJUSTMENTS		COST OF GOOD SOLD -312,241 SPECIAL EVENT EXPENSE -16,569 RENTAL EXPENSES -128,224
PART XII, LINE 2D - OTHER ADJUSTMENTS		COST OF GOODS SOLD 312,241 SPECIAL EVENT EXPENSES 16,569 RENTAL EXPENSES 128,224

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a. Form 990-EZ filers are not required to complete this part.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST CLAIRE MEDICAL CENTER INC

Employer identification number
61-0605336

Part I Fundraising Activities.

Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1

Indicate whether the organization raised funds through any of the following activities. Check all that apply.

a

☐ Mail solicitations

e

☐ Solicitation of non-government grants

b

☐ Internet and email solicitations

f

☐ Solicitation of government grants

c

☐ Phone solicitations

g

☐ Special fundraising events

d

☐ In-person solicitations

2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☐ Yes

☐ No

b

If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
Total ▶						

3

List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing.

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events
		CHARITY GOLF OUTING (event type)	MYSTERY DINNER THEATER (event type)	(total number)	(add col (a) through col (c))
Revenue	1	Gross receipts . . .	124,918	10,409	135,327
	2	Less Contributions . .			
	3	Gross income (line 1 minus line 2) . . .	124,918	10,409	135,327
Direct Expenses	4	Cash prizes . . .			
	5	Noncash prizes . .	1,495		1,495
	6	Rent/facility costs . .	4,300		4,300
	7	Food and beverages .	3,638	3,341	6,979
	8	Entertainment . . .			
	9	Other direct expenses .	3,695	100	3,795
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine line 3, column (d), and line 10 ▶			

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Revenue	1	Gross revenue			
Direct Expenses	2	Cash prizes			
	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses . . .			
	6	Volunteer labor	Yes No	Yes No	
	7	Direct expense summary Add lines 2 through 5 in column (d) ▶			
	8	Net gaming income summary Combine lines 1 and 7 in column (d) ▶			

9 Enter the state(s) in which the organization operates gaming activities

a Is the organization licensed to operate gaming activities in each of these states? Yes No

b If "No," explain

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? Yes No

b If "Yes," explain

Does the organization operate gaming activities with nonmembers? ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in



a The organization's facility	13a	
b An outside facility	13b	

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name 

Address 

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No


b If "Yes," enter the amount of gaming revenue received by the organization  \$ _____ and the amount of gaming revenue retained by the third party  \$ _____

c If "Yes," enter name and address of the third party

Name 

Address 

16 Gaming manager information

Name 


Gaming manager compensation  \$

Description of services provided 

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year  \$ _____

Part IV Supplemental Information. Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Identifier	Return Reference	Explanation
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

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

Name of the organization
ST CLAIRE MEDICAL CENTER INC

Employer identification number
61-0605336

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>12500 0000000000 %</u> b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b		No
b	If "Yes," did the organization make it available to the public?	5c		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a	Yes	
		6b	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			6,283,721	2,344,613	3,939,108	3 150 %
b Medicaid (from Worksheet 3, column a)			17,336,497	14,200,667	3,135,830	2 510 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			23,620,218	16,545,280	7,074,938	5 660 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			3,051,163		3,051,163	2 440 %
f Health professions education (from Worksheet 5)			2,353,192	982,448	1,370,744	1 100 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total. Other Benefits			5,404,355	982,448	4,421,907	3 540 %
k Total. Add lines 7d and 7j			29,024,573	17,527,728	11,496,845	9 200 %

Part II

Community Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy		91,000		91,000	0.070 %
8	Workforce development					
9	Other					
10	Total		91,000		91,000	0.070 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

13,013,950

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

0

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

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

5

34,520,386

6

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

6

34,307,086

7

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

7

213,300

8

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

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Schedule H (Form 990) 2012

Section A. Hospital Facilities

Name, address, and primary website address

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)

ST CLAIRE REGIONAL MEDICAL CENTER

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility			
b <input checked="" type="checkbox"/> Demographics of the community			
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d <input checked="" type="checkbox"/> How data was obtained			
e <input checked="" type="checkbox"/> The health needs of the community			
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs			
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests			
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs			
j <input type="checkbox"/> Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>			
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		No
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes	
a <input checked="" type="checkbox"/> Hospital facility's website			
b <input checked="" type="checkbox"/> Available upon request from the hospital facility			
c <input type="checkbox"/> Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b <input checked="" type="checkbox"/> Execution of the implementation strategy			
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan			
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan			
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans			
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA			
g <input checked="" type="checkbox"/> Prioritization of health needs in its community			
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i <input type="checkbox"/> Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		No
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____			

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>125 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input checked="" type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input checked="" type="checkbox"/> Medicaid/Medicare			
g <input checked="" type="checkbox"/> State regulation			
h <input type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input type="checkbox"/> The policy was posted on the hospital facility's website			
b <input type="checkbox"/> The policy was attached to billing invoices			
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☒

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input checked="" type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

How many non-hospital health care facilities did the organization operate during the tax year?

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8
- Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) TOTAL BAD DEBT EXPENSE HAS BEEN EXCLUDED FROM THE DENOMINATOR FOR THE PERCENTAGE CALCULATION PER IRS INSTRUCTIONS HOWEVER, THE BAD DEBT EXPENSE OF \$13,013,950 WAS NOT INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), DUE TO NEW ACCOUNTING PRONOUNCEMENT, ACCOUNTING STANDARD UPDATE 2011-07, HEALTHCARE ENTITIES (TOPIC 954), "PRESENTATION AND DISCLOSURE OF PATIENT SERVICE REVENUE, PROVISION FOR BAD DEBTS, AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR CERTAIN HEALTHCARE ENTITIES," WHICH REQUIRES CERTAIN HEALTHCARE ENTITIES TO PRESENT THE PROVISIONS FOR BAD DEBTS RELATING TO PATIENT SERVICE REVENUE AS A DEDUCTION FROM PATIENT SERVICE REVENUE IN THE STATEMENT OF OPERATIONS RATHER THAN AS AN OPERATING EXPENSE
		PART II OUR MISSION AND VALUES HAVE BEEN ENHANCED THROUGH COMMUNITY BENEFIT PROGRAMS, AND THOSE ACTIVITIES HAVE CENTERED ON EDUCATION, COLLABORATION AND IMPROVING THE HEALTH AND WELL-BEING OF THE COMMUNITIES THAT WE SERVE THE EDUCATION AND DEVELOPMENT OF HEALTH PROFESSIONALS HAS BEEN ONE OF OUR PRIMARY FOCUS AREAS FOR COMMUNITY BENEFIT, BECAUSE WE BELIEVE THAT THEIR TRAINING IS VITAL TO IMPROVING COMMUNITY HEALTH ANOTHER TARGET AREA IS OUR ENGAGEMENT IN COMMUNITY SUPPORT AND PARTNERSHIPS THIS ENGAGEMENT IS REALIZED THROUGH PARTICIPATION IN HEALTH FAIRS AND SCREENINGS, PROVIDING SUPPORT GROUPS, AS WELL AS COALITION BUILDING INITIATIVES

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 SECTION A BAD DEBT EXPENSE LINE 2 FOOTNOTE TO ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED ON THE MEDICAL CENTER'S EVALUATION OF ITS MAJOR PAYOR SOURCES OF REVENUE, THE AGING OF THE ACCOUNTS, HISTORICAL LOSSES, CURRENT ECONOMIC CONDITIONS, AND OTHER FACTORS UNIQUE TO THEIR SERVICE AREA AND THE HEALTHCARE INDUSTRY MANAGEMENT REGULARLY REVIEWS DATA ABOUT THE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE MEDICAL CENTER ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY (FOR EXAMPLE, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYOR HAS NOT YET PAID, OR FOR PAYORS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTY THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY) FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PAYMENTS, WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL, THE MEDICAL CENTER RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE MEDICAL CENTER'S CURRENT ALLOWANCE FOR DOUBTFUL ACCOUNTS POLICY IS TO RESERVE 90 PERCENT OF ALL SELF-PAY ACCOUNTS LESS THAN 150 DAYS OLD AND INCLUDE ALL ACCOUNTS 150 DAYS OLD AND OLDER, NET OF CONTRACTUAL ALLOWANCES ALREADY TAKEN THE ALLOWANCE FOR DOUBTFUL ACCOUNTS ESTIMATE PRIOR TO 2012 RESERVED A LOWER PERCENTAGE OF SELF-PAY ACCOUNTS AND ALL ACCOUNTS 150 DAYS AND OLDER THE EFFECT OF THIS CHANGE WAS A DECREASE IN INCOME(LOSS) FROM OPERATIONS OF APPROXIMATELY \$3,200,000 FOR 2012 THE JUNE 30, 2013 ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$13,335,152 WAS COMPRISED OF \$10,390,971 RESERVED FOR SELF-PAY BALANCES AND \$2,944,181 RESERVED FOR THIRD-PARTY PAYOR BALANCES SECTION A BAD DEBT EXPENSE LINE 3 EXPLANATION FOR RATIONAL FOR INCLUDING OTHER BAD DEBT AMOUNT IN COMMUNITY BENEFIT BAD DEBT EXPENSE IS RECORDED AS A GROSS AMOUNT ON THE FINANACIAL STATEMENTS COSTS ASSOCIATED WITH THIS EXPENSE ARE CALCULATED BY USING THE COST TO CHARGE RATIO WITHIN EACH RESPECTIVE DIVISION OF THE MEDICAL CENTER THE MEDICAL CENTER HAS A FINANCIAL ASSISTANCE POLICY THAT STATES PARTICIPATION IN CHARITY PROGRAM REQUIRES THAT CANDIDATES FULLY COOPERATE THE MEDICAL CENTER EDUCATES PATIENTS WILL LIMITED ABILITY TO PAY REGARDING FINANCIAL ASSISTANCE AND PROVIDES ACCESS TO DEDICATED FINANCIAL COUNSELORS DAILY FOR THIS REASON THE MEDICAL CENTER BELIEVES THAT IT IS ACCURATELY CAPTURING ALL CHARITY CARE DEDUCTIONS ACCORDING TO THE FINANCIAL ASSISTANCE POLICY AND THE AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE UNDER THE ORGANIZATION CHARITY CARE POLICY IS NEGLIGIBLE</p>
		<p>PART III, LINE 8 THE SOURCE USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COSTS REPORTED FOR PART III, SECTION B, MEDICARE HAS BEEN PROVIDED FROM THE YEAR ENDED JUNE 30, 2013 REPORT HOSPITAL STATEMENT OF REIMBURSABLE COST</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE MEDICAL CENTER WILL ASSIST ALL PATIENTS AND THEIR RESPONSIBLE PARTY WITH METHODS OF PAYING ACCOUNTS GENERATED AS A RESULT OF NO THIRD PARTY COVERAGE OR BALANCES AFTER INSURANCE PAYMENTS ACCEPTABLE PAYMENT ARRANGEMENTS ARE REQUESTED IF FULL PAYMENT CANNOT BE MADE COMPUTER GENERATED STATEMENTS ARE MAILED TO THE RESPONSIBLE PARTY ON A REGULAR SCHEDULE LETTERS ARE ALSO SENT AS SUPPLEMENT TO THE DATA STATEMENTS TO KEEP THE PATIENT/GUARANTOR INFORMED OF THE STATUS OF THE ACCOUNT HEALTHCARE FINANCIAL ASSISTANCE WILL BE GRANTED IF THERE ARE NO OTHER RESOURCES AVAILABLE TO THE PATIENT AND THEY HAVE MET THE GUIDELINES AND FURNISHED REQUESTED VERIFICATION
ST CLAIRE REGIONAL MEDICAL CENTER		PART V, SECTION B, LINE 3 SCRMC PARTNERED WITH MOREHEAD STATE UNIVERSITY AND THE GATEWAY DISTRICT HEALTH DEPARTMENT IN ORDER TO COMPILE THE INFORMATION FOR THE CHNA THEY GATHERED INPUT FROM THE FOLLOWING ST CLAIRE REGIONAL MEDICAL CENTER- CAVE RUN SURGICAL SPECIALISTS - MOREHEAD MEDICAL SPECIALISTS - ST CLAIRE REGIONAL OUTPATIENT CENTER - ST CLAIRE REGIONAL FAMILY MEDICINE - ST CLAIRE REGIONAL HOMECARE, HOSPICE AND PALLIATIVE CARE - ST CLAIRE REGIONAL FAMILY MEDICAL SUPPLY MOREHEAD-ROWAN COUNTY CHAMBER OF COMMERCEELECTED OFFICIALSROWAN COUNTY SCHOOL DISTRICTMAYSVILLE COMMUNITY AND TECHNICAL COLLEGEMOREHEAD & ROWAN COUNTY ECONOMIC DEVELOPMENT COUNCIL (EDC) PHYSICIANSPHARMACISTSOPTOMETRISTS DENTISTSPATHWAYS COMMUNITY MENTAL HEALTH CENTERVETERANS CLINICPEOPLE'S CLINIC (FREE CLINIC) MOREHEAD STATE UNIVERSITY ROWAN UNITE UNIVERSITY OF KENTUCKYMOREHEAD POLICE DEPARTMENT EMERGENCY MEDICAL SERVICES FAITH-BASED ORGANIZATIONS EMPLOYERS URBAN PLANNERSPARKS AND RECREATION MOREHEAD FIRE/ RESCUE GATEWAY DISTRICT HEALTH DEPARTMENTNEW HOPE FREE CLINICCOUNTY LEVEL STEERING COMMITTEEESTHEY ALSO GATHERED INFORMATION AND INPUT THROUGH FOCUS GROUPS AND COMMUNITY SURVEYS

Identifier	ReturnReference	Explanation
ST CLAIRE REGIONAL MEDICAL CENTER		<p>PART V, SECTION B, LINE 7 THROUGHOUT THIS COMPREHENSIVE PROCESS, MANY HEALTH NEEDS WERE IDENTIFIED, BUT SOME HAVE NOT BEEN ADDRESSED IN THIS SPECIFIC PLAN SEVERAL GATEWAY WELLNESS COALITION EXECUTIVE COMMITTEE MEETINGS FOCUSED ON THE NEEDS THAT WERE ALREADY BEING ADDRESSED IN DIFFERENT WAYS ONE OF THE MOST CRITICAL AREAS OF NEED IS CARE FOR UNINSURED/UNDERINSURED, AS ST CLAIRE REGIONAL MEDICAL CENTER PROVIDES CARE AND SERVICES FOR UNINSURED AND MEDICAID PATIENTS SCRCM ROUTINELY TREATS PATIENTS WHO RECEIVE MEDICAID BENEFITS, AND SCRCM'S FISCAL 2012 REIMBURSEMENT FELL \$2 7 MILLION SHORT OF THE ACTUAL COST OF CARE FOR MEDICAID PATIENTS SCRCM ALSO PROVIDED APPROXIMATELY \$6 MILLION IN CHARITY CARE (AT COST) IN FISCAL 2012 UNCOMPENSATED CARE, WHICH TOTALED \$6 9 MILLION, WAS THE COST OF SCRCM SERVICES TO INDIVIDUALS WHO WERE UNABLE OR UNWILLING TO PAY AND DID NOT OFFICIALLY MEET GUIDELINES FOR TRADITIONAL CHARITY CARE THUS, MORE FUNDING, EXPERTISE AND ACCESS ARE NECESSARY TO ENSURE THAT THE SUBSTANTIAL IMPACT THAT ST CLAIRE REGIONAL HAS ON THE UNINSURED/UNDERINSURED POPULATION IN ITS PRIMARY SERVICE AREA IS SUSTAINABLE FOR YEARS TO COME, PARTICULARLY GIVEN THE REQUIREMENTS AND IMPACT OF THE AFFORDABLE CARE ACT SINCE OUR FOUNDING IN 1963, ST CLAIRE REGIONAL MEDICAL CENTER HAS CONTINUALLY SOUGHT TO EXPAND OUR REACH IN THE REGION EVIDENCE OF THIS OUTREACH AND GROWTH INCLUDES THE COMPLETE TRANSFORMATION OF OUR FAMILY MEDICINE CLINIC IN MOREHEAD, AS WE HAVE TRIPLED OUR EXAM ROOM SPACE OVER THE PAST FIVE YEARS ADDITIONALLY, ST CLAIRE REGIONAL MEDICAL CENTER HAS EXPANDED INTO THE REGION, OPERATING SEVERAL PRIMACY CARE AND FAMILY CLINICS IN FIVE SERVICE AREA COUNTIES OUR FIRST PRIMARY CARE CLINIC OPENED IN 1973 IN MENIFEE COUNTY, WHILE OUR SECOND OPENED THREE YEARS LATER IN BATH COUNTY OTHER PRIMARY CARE/FAMILY MEDICINE CLINICS FOLLOWED IN ROWAN, CARTER AND ELLIOTT COUNTIES IN 2010, ST CLAIRE REGIONAL MEDICAL CENTER AND THE UNIVERSITY OF KENTUCKY FORGED A COMPREHENSIVE STROKE AFFILIATION, WHICH ENHANCED PATIENT SERVICES FOR THE REGION EVIDENCE OF OUR EFFORTS TO ADDRESS AN ANTICIPATED NEED FOR MORE PRIMARY CARE PHYSICIANS AND SPECIALISTS IN THE REGION IS A UNIQUE JOINT INITIATIVE FEATURING A REGIONAL UNIVERSITY (MOREHEAD STATE UNIVERSITY), A LAND GRANT UNIVERSITY (THE UNIVERSITY OF KENTUCKY), AND A PRIVATE NONPROFIT HOSPITAL (ST CLAIRE REGIONAL MEDICAL CENTER) THAT LED TO THE CREATION OF THE CENTER FOR HEALTH, EDUCATION AND RESEARCH (CHER) IN MOREHEAD TO TRAIN THE NEXT GENERATION OF MEDICAL STUDENTS AND HEALTHCARE PROFESSIONALS FOR THE REGION THIS FACILITY PROVIDES EXCEPTIONAL TRAINING OPPORTUNITIES FOR THE STATE'S TOP RANKED NURSING PROGRAM AT MOREHEAD STATE UNIVERSITY ADDITIONALLY, THE FACILITY SERVES AS A REGIONAL CAMPUS FOR THE UNIVERSITY OF KENTUCKY COLLEGE OF MEDICINE'S RURAL PHYSICIAN LEADERSHIP PROGRAM IT IS ALSO A TRAINING GROUND FOR THE FAMILY PRACTICE RESIDENCY PROGRAMS FOR ST CLAIRE REGIONAL AND UK THE OFFICE OF RESEARCH AND ENGAGEMENT FOR ADVANCING COMMUNITY HEALTH (REACH), A UNIVERSITY OF KENTUCKY VENTURE, WILL ALSO ADVANCE ITS EFFORTS AT THE CHER FACILITY THROUGH THE CREATION AND IMPLEMENTATION OF THE SERVICES THAT THE CHER BUILDING HAS TO OFFER, THIS FACILITY ALLOWS FOR EXCEPTIONAL GRADUATE MEDICAL EDUCATION AND RESEARCH ANOTHER ADDED BENEFIT TO THE REGION IS THAT CITIZEN ACCESS TO PRIMARY CARE SERVICES WILL BE GREATLY ENHANCED WITH THE EXPANSION OF SCRCM'S FAMILY MEDICINE CLINIC</p>
		<p>PART VI, LINE 2 THE ORGANIZATION ASSESS COMMUNITY NEEDS THROUGH VOLUNTEER BOARDS, COMMUNITY INVOLVEMENT, VOLUNTEERING, AND BOARD SERVICE</p>

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 PATIENT FINANCIAL SERVICES' PATIENT ACCESS/REGISTRATION STAFF AND CASHIER ASSIST PATIENTS WITH INFORMING AND EDUCATING PATIENTS ABOUT THEIR ACCOUNTS AND CHARGES
		PART VI, LINE 4 ST CLAIRE REGIONAL MEDICAL CENTER'S SERVICE REGION SERVES A POPULATION OF OVER 160,000 IN BATH, CARTER, ELLIOTT, FLEMING, LEWIS, MAGOFFIN, MENIFEE, MONTGOMERY, MORGAN, ROWAN AND WOLFE COUNTIES ST CLAIRE REGIONAL'S FIVE FAMILY MEDICINE CLINICS ARE LOCATED IN FRENCHBURG, MOREHEAD, OLIVE HILL, OWINGSVILLE, AND SANDY HOOK

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 THE ORGANIZATION FURTHERS ITS EXEMPT PURPOSE BY PROMOTING HEALTH OF THE COMMUNITY THROUGH THE FOLLOWING THE MAJORITY OF THE ORGANIZATION'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATION'S PRIMARY SERVICE AREA THESE VOLUNTEERS ARE NEITHER EMPLOYEES NOR INDEPENDENT CONTRACTORS OF THE ORGANIZATION, NOR FAMILY MEMBERS THEREOF ANY SURPLUS FUNDS ARE APPLIED DIRECTLY OR INDIRECTLY TO IMPROVE SERVICES
		PART VI, LINE 6 NOT APPLICABLE THE ORGANIZATION IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	KY

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
ST CLARE MEDICAL CENTER INC

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

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

OMB No 1545-0047

2012

Open to Public
Inspection

Employer identification number
61-0605336

Part I General Information on Grants and Assistance

1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No

2

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

2

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

▶

3

Enter total number of other organizations listed in the line 1 table

▶

Part III

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) SCHOLARSHIPS	4	43,728			

Part IV

Supplemental Information.

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 HOSPITAL MAKES SCHOLARSHIPS AVAILABLE TO ELIGIBLE PERSONS TO FURTHER HEALTHCARE IN THE COMMUNITY

Schedule J (Form 990) <div>Department of the Treasury Internal Revenue Service</div>	<div>Compensation Information</div> <div>For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees</div> <div>▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.</div> <div>▶ Attach to Form 990. ▶ See separate instructions.</div>	OMB No 1545-0047
		2012
		Open to Public Inspection

Name of the organization ST CLAIRE MEDICAL CENTER INC	Employer identification number 61-0605336
--	--

Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	<div><input type="checkbox"/> First-class or charter travel</div> <div><input type="checkbox"/> Travel for companions</div> <div><input type="checkbox"/> Tax idemnification and gross-up payments</div> <div><input type="checkbox"/> Discretionary spending account</div> <div><input type="checkbox"/> Housing allowance or residence for personal use</div> <div><input type="checkbox"/> Payments for business use of personal residence</div> <div><input type="checkbox"/> Health or social club dues or initiation fees</div> <div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div>			
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			
	<div><input checked="" type="checkbox"/> Compensation committee</div> <div><input checked="" type="checkbox"/> Independent compensation consultant</div> <div><input checked="" type="checkbox"/> Form 990 of other organizations</div> <div><input type="checkbox"/> Written employment contract</div> <div><input checked="" type="checkbox"/> Compensation survey or study</div> <div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div>			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	4a		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	5a		No
b	Any related organization?	5b		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	6a		No
b	Any related organization?	6b		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
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Software ID:
Software Version:
EIN: 61-0605336
Name: ST CLAIRE MEDICAL CENTER INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
MARK J NEFF	(i)	321,984	0	0	53,000	13,544	388,528	0
	(ii)	0	0	0	0	0	0	0
GR JONES JR	(i)	189,119	0	0	31,795	6,774	227,688	0
	(ii)	0	0	0	0	0	0	0
DR KIM WILLIAMS	(i)	235,079	0	0	52,816	11,315	299,210	0
	(ii)	0	0	0	0	0	0	0
DR WILL MELAHN	(i)	215,365	0	0	27,895	16,098	259,358	0
	(ii)	0	0	0	0	0	0	0
GREG BAUSCH	(i)	215,365	0	0	25,225	10,002	250,592	0
	(ii)	0	0	0	0	0	0	0
DR WILLIAM LEWIS	(i)	659,301	0	0	47,500	15,885	722,686	0
	(ii)	0	0	0	0	0	0	0
DR CRAIG BUTLER	(i)	631,255	0	0	47,500	15,885	694,640	0
	(ii)	0	0	0	0	0	0	0
DR STEPHEN WILLIAMS	(i)	662,313	0	0	47,500	6,741	716,554	0
	(ii)	0	0	0	0	0	0	0
DR CHARLES CROUSE	(i)	745,626	0	0	47,500	15,712	808,838	0
	(ii)	0	0	0	0	0	0	0
DR MANSHA KAHLOON	(i)	720,110	0	0	47,500	15,885	783,495	0
	(ii)	0	0	0	0	0	0	0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST CLAIRE MEDICAL CENTER INC

Employer identification number
61-0605336

Part I

Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A ROWAN COUNTY KENTUCKY	61-6000882		03-22-2010	6,000,000	PURCHASE AND INSTALL MEDICAL EQUIPMENT		X		X		X
B ROWAN COUNTY KENTUCKY	61-6000882		12-22-2010	14,000,000	AQUIRE, CONSTRUCT, EQUIP FACILITIES/RETIRE 1994 ISSUANCE		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	6,000,000		14,000,000					
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	115,000		115,000					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	6,000,000		2,334,385					
11	Other spent proceeds	11,550,615		11,550,615					
12	Other unspent proceeds								
13	Year of substantial completion	2010		2011		YesNoYesNo			
		Yes	No	Yes	No				
14	Were the bonds issued as part of a current refunding issue?		X	X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?	X			X				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X				
b	Exception to rebate?		X		X				
c	No rebate due?		X		X				
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X	X					
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X			X				
b	Name of provider	FIFTH THIRD BANK							
c	Term of hedge	10 000000000000							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Identifier	Return Reference	Explanation
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Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST CLAIRE MEDICAL CENTER INC

Employer identification number

61-0605336

Part I

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

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

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

2

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

\$

3

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

\$

Part II

Loans to and/or From Interested Persons.

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1) DR CHARLES CROUSE		SIGNING/EDUCATIONAL LOAN BONUS		X	200,000	6,668		No	Yes		Yes	
Total												

Part III

Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

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

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE M
(Form 990)

Noncash Contributions

OMB No 1545-0047

2012

Open to Public Inspection

►Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
► Attach to Form 990.

Name of the organization
ST CLAIRE MEDICAL CENTER INC

Employer identification number
61-0605336

Part I

Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies	X	8	73,000	FMV
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► ()				
26 Other ►()				
27 Other ►()				
28 Other ► ()				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement29

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

31 If "Yes," describe the arrangement in Part II

32a Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

33 Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

33 If "Yes," describe in Part II

If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

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

Cat No 51227J

Schedule M (Form 990) (2012)

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
THIRD PARTY USE	PART I, LINE 32B	THE ST CLAIRES FOUNDATION SHALL RESERVE THE RIGHT TO ACCEPT OR REJECT ALL GIFT OFFERS THE FINAL DECISION SHALL BE MADE BY THE EXECUTIVE DIRECTOR FOR DEVELOPMENT IN CONSULTATION WITH THE PRESIDENT OF THE ST CLAIRES REGIONAL MEDICAL CENTER, WHEN APPROPRIATE HE MAY ALSO REFER A PROPOSED GIFT TO THE FOUNDATIONS EXECUTIVE COMMITTEE FOR THEIR RECOMMENDATION

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization
ST CLAIRE MEDICAL CENTER INC

Employer identification number
61-0605336

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	THE PRESIDENT OF THE SISTERS OF NOTRE DAME OF COVINGTON, KY IS THE PERSON WHO APPOINTS ALL THE DIRECTORS
	FORM 990, PART VI, SECTION B, LINE 11	THE PROCESS OF REVIEWING THE FORM 990 ENTAILS A DETAILED REVIEW BY THE CFO AND BY THE ACCOUNTING DEPARTMENT THE GOVERNING BODY REVIEWS AND APPROVES THE FORM 990 AND THE FINAL FORM 990 INCLUDING REQUESTED SCHEDULES, AS ULTIMATELY FILED WITH THE IRS, ARE PROVIDED TO EACH VOTING MEMBER OF THE ORGANIZATION'S GOVERNING BODY PRIOR TO FILING
	FORM 990, PART VI, SECTION B, LINE 12C	MEMBERS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES, AND MEDICAL CENTER LEADERSHIP SIGN A CONFLICT OF INTEREST STATEMENT ON INITIAL APPOINTMENT OR EMPLOYMENT AND ANNUALLY THEREAFTER THE WRITTEN CONFLICT OF INTEREST POLICY IS REGULARLY AND CONSISTENTLY MONITORED AND COMPLIANCE ENFORCED BY THE DEPARTMENT HEAD OF BOARD/ADMINISTRATION THE SCOPE OF THIS POLICY INCLUDES BOARD OF DIRECTORS, BOARD COMMITTEES, ADMINISTRATIVE STAFF, EMPLOYEES, AND MEDICAL STAFF THE POLICY IS IN PLACE TO AVOID CONFLICTS OF INTEREST OR THE APPEARANCE OF CONFLICTS BETWEEN PERSONAL INTERESTS AND ONE'S OFFICIAL RESPONSIBILITIES AND PERFORMANCE OF DUTIES ON BEHALF OF THE MEDICAL CENTER THE COVERED PERSONS ARE TO AVOID BEING PLACED IN A POSITION FOR PERSONAL PROFIT, EITHER THROUGH MONEY, GOODS, OR INFLUENCE FROM THE CONDUCTING OF MEDICAL CENTER RESPONSIBILITIES A SELF DISCLOSURE FROM COVERED PERSONS TO THE INTEGRITY OFFICER IS REQUIRED ON ANY POTENTIAL CONFLICTS OF INTEREST THE COVERED PERSONS ARE TO REFUSE FROM PARTICIPATING IN ANY DELIBERATION OR DECISIONS ON SUCH TRANSACTIONS
	FORM 990, PART VI, SECTION B, LINE 15	THE CEO'S COMPENSATION IS ESTABLISHED ANNUALLY BY THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS AND IS BASED ON PERFORMANCE CRITERIA AND ON PUBLISHED MARKET SURVEY COMPARISONS FOR HEALTHCARE INSTITUTIONS SIMILAR IN SIZE AND SCOPE OF OPERATIONS COMPENSATION FOR OTHER OFFICERS AND KEY EMPLOYEES IS ESTABLISHED BY THE CEO, BASED ON PERFORMANCE CRITERIA, AND PUBLISHED MARKET SURVEY COMPARISONS, AND IS REVIEWED AND BY THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION DOES NOT MAKE THE GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, OR FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	CHANGE IN FMV OF INTEREST RATE SWAP 360,214
OVERSIGHT OF AUDIT	FORM 990, PART XI, LINE 2C	THE BOARD OF DIRECTORS ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT OF THE FINANCIAL STATEMENTS AND SELECTION OF THE INDEPENDENT ACCOUNTANT, AND NO PROCESSES HAVE CHANGED FROM PRIOR YEAR

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST CLAIRE MEDICAL CENTER INC

Employer identification number
61-0605336

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) SISTERS OF NOTRE DAME OF COVINGTON KENTUCKY INC 1601 DIXIE HIGHWAY COVINGTON, KY 41011	RELIGIOUS ORDER	KY	501(C)(3)	LINE 1	N/A		No

Part III

Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) CLAIRE-FRANCIS HEALTH SERVICES PLLC DBA INFUSION SOLUTIONS 200 MALL ROAD STE 3 ASHLAND, KY 41101 31-1517507	HOME INFUSION SERVICES	KY	N/A	RELATED	238,828	497,320		No			No	25 000 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No

Part V

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

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses

- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b		No
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l		No
1m	Yes	
1n		No
1o		No
1p		No
1q		No
1r		No
1s		No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved

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

[illegible]

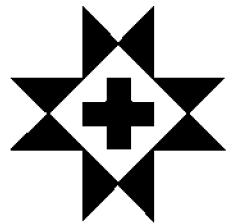
Software ID:
Software Version:
EIN: 61-0605336
Name: ST CLAIRE MEDICAL CENTER INC

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	
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**St. Claire Regional
Medical Center**

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

TABLE OF CONTENTS JUNE 30, 2013 AND 2012

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blueandco.com

REPORT OF INDEPENDENT AUDITORS

Board of Directors
St. Claire Regional Medical Center, Inc

Report on the Financial Statements

We have audited the accompanying financial statements of St. Claire Regional Medical Center, Inc. (the "Medical Center") (a nonprofit organization), which comprise the balance sheets as of June 30, 2013 and 2012, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Board of Directors
St. Claire Regional Medical Center, Inc

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Medical Center as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Blue & Co., LLC

Louisville, Kentucky
August 21, 2013

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

BALANCE SHEETS JUNE 30, 2013 AND 2012

ASSETS		
	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 12,510,728	\$ 10,224,317
Patient accounts receivable, net of allowance for doubtful accounts \$13,335,152 in 2013 and \$15,190,851 in 2012	12,979,663	14,626,702
Short-term investments	2,665,954	2,506,504
Inventories	2,470,190	2,029,437
Prepaid expenses and other current assets	2,841,096	2,754,840
Other assets, current portion	<u>173,545</u>	<u>143,228</u>
Total current assets	33,641,176	32,285,028
Assets whose use is limited, net of amount required to meet current obligations	14,005,916	13,229,955
Property and equipment		
Land and land improvements	3,341,225	2,720,322
Buildings and building improvements	47,668,140	47,273,245
Equipment	<u>43,980,198</u>	<u>40,541,601</u>
	94,989,563	90,535,168
Less accumulated depreciation	<u>62,697,200</u>	<u>56,136,296</u>
	32,292,363	34,398,872
Construction in progress	<u>667,521</u>	<u>449,247</u>
Property and equipment, net	32,959,884	34,848,119
Other assets, net of current portion	<u>2,385,637</u>	<u>2,450,679</u>
 Total assets	 <u>\$ 82,992,613</u>	 <u>\$ 82,813,781</u>

See accompanying notes to financial statements.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

BALANCE SHEETS JUNE 30, 2013 AND 2012

LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
Current liabilities		
Accounts payable	\$ 2,783,325	\$ 5,022,232
Accrued payroll and payroll withholdings	7,209,323	7,317,613
Accrued expenses	4,482,029	5,009,736
Estimated third-party payor settlements	1,150,000	1,450,000
Current portion of obligations under capital leases	281,205	270,698
Current portion of long-term debt	<u>2,072,317</u>	<u>1,932,254</u>
Total current liabilities	17,978,199	21,002,533
Long-term liabilities		
Obligations under capital leases, net of current portion	686,558	354,895
Long-term debt, net of current portion	13,463,090	15,387,250
Interest rate swap	508,671	868,885
Deferred compensation	2,140,323	1,630,041
Reserves for professional liability claims	<u>3,202,493</u>	<u>2,723,599</u>
Total long-term liabilities	<u>20,001,135</u>	<u>20,964,670</u>
Total liabilities	37,979,334	41,967,203
Net assets		
Unrestricted	44,387,499	40,184,680
Temporarily restricted	<u>625,780</u>	<u>661,898</u>
Total net assets	<u>45,013,279</u>	<u>40,846,578</u>
Total liabilities and net assets	<u>\$ 82,992,613</u>	<u>\$ 82,813,781</u>

See accompanying notes to financial statements.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

STATEMENTS OF OPERATIONS YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Changes in unrestricted net assets		
Operating revenues (expenses)		
Net patient service revenue	\$ 131,689,769	\$ 134,886,017
Less Provision for bad debts	(13,013,950)	(19,433,310)
Net patient service revenue less provision for bad debts	118,675,819	115,452,707
Other revenue	8,017,392	6,106,814
Net assets released from restrictions	36,118	-0-
Total operating revenues	126,729,329	121,559,521
Operating expenses		
Salaries and wages	62,834,082	64,776,127
Employee benefits and payroll taxes	14,493,311	15,090,952
Professional medical fees	2,451,228	2,287,194
Medical supplies	9,966,258	10,551,653
Other supplies	2,408,513	2,549,072
Pharmaceuticals	6,290,731	5,999,340
Repairs and maintenance	3,303,702	3,098,466
Contract services	7,543,992	7,180,403
Utilities	1,831,940	1,847,359
Insurance	1,764,042	792,991
Depreciation and amortization	5,385,631	5,665,980
Interest	602,197	657,006
Travel and education	870,803	976,565
Other operating expenses	4,129,967	3,980,041
Provider tax	1,520,386	1,512,507
Total operating expenses	125,396,783	126,965,656
Income (loss) from operations	1,332,546	(5,406,135)
Nonoperating revenues (expenses)		
Investment income	772,096	573,719
Realized gain on sale of investments	487,440	226,595
Unrealized gain (loss) on investments	927,368	(431,049)
Contributions	272,539	1,593,697
Change in value of interest rate swap	360,214	(614,352)
Other	50,616	17,628
Total nonoperating revenues (expenses)	2,870,273	1,366,238
Excess revenues (expenses)	4,202,819	(4,039,897)
Changes in temporarily restricted net assets		
Donor restricted contributions	-0-	661,898
Net assets released from restrictions	(36,118)	-0-
Change in temporarily restricted net assets	(36,118)	661,898
Change in net assets	4,166,701	(3,377,999)
Net assets, beginning of year	40,846,578	44,224,577
Net assets, end of year	\$ 45,013,279	\$ 40,846,578

See accompanying notes to financial statements.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

STATEMENTS OF CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Unrestricted Net Assets		
Beginning of year	\$ 40,184,680	\$ 44,224,577
Change in unrestricted net assets	<u>4,202,819</u>	<u>(4,039,897)</u>
End of year	<u>\$ 44,387,499</u>	<u>\$ 40,184,680</u>
	<u>2013</u>	<u>2012</u>
Temporarily Restricted Net Assets		
Beginning of year	\$ 661,898	\$ -0-
Change in temporarily restricted net assets	<u>(36,118)</u>	<u>661,898</u>
End of year	<u>\$ 625,780</u>	<u>\$ 661,898</u>

See accompanying notes to financial statements.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Operating activities		
Change in net assets	\$ 4,166,701	\$ (3,377,999)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	5,372,467	5,652,816
Amortization	13,164	13,164
Change in value of interest rate swap	(360,214)	614,352
Provision for bad debts	13,013,950	19,433,310
Realized and unrealized gains and losses on investments	(1,414,808)	204,454
Gain on disposal of property and equipment	(50,616)	(17,628)
Changes in operating assets and liabilities		
Patient accounts receivable	(11,366,911)	(14,472,615)
Inventories	(440,753)	511,354
Prepaid expenses and other current assets	(86,256)	(1,526,866)
Accounts payable	(2,403,792)	2,142,256
Accrued payroll and payroll withholdings	(108,290)	(1,326,239)
Accrued expenses	(527,707)	116,231
Estimated third-party payor settlements	(300,000)	(2,050,000)
Change in deferred compensation	510,282	219,529
Reserves for professional liability claims	478,894	(127,731)
Net cash flows from operating activities	6,496,111	6,008,388
Investing activities		
Purchases of property and equipment	(2,645,138)	(4,171,032)
Proceeds from sale of property and equipment	9,407	11,228
Change in investments and assets whose use is limited	479,397	2,178,477
Change in other assets	21,561	138,865
Net cash flows from investing activities	(2,134,773)	(1,842,462)
Financing activities		
Principal payments on long-term debt	(1,784,097)	(1,606,713)
Principal payments on obligations under capital leases	(290,830)	(248,050)
Net cash flows from financing activities	(2,074,927)	(1,854,763)
Net change in cash and cash equivalents	2,286,411	2,311,163
Cash and cash equivalents, beginning of year	<u>10,224,317</u>	<u>7,913,154</u>
Cash and cash equivalents, end of year	<u>\$ 12,510,728</u>	<u>\$ 10,224,317</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 588,725	\$ 677,112
Supplemental disclosure of noncash operating and investing activities		
Equipment acquired included in accounts payable	\$ 164,885	\$ 200,994
Supplemental disclosure of noncash investing and financing activities		
Equipment acquired under capital leases	\$ 633,000	\$ 404,425

See accompanying notes to financial statements.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

1. NATURE OF OPERATIONS

St. Claire Regional Medical Center, Inc. (the "Medical Center"), a non-profit organization, was incorporated in 1963 for the purpose of operating a hospital to provide inpatient and outpatient services to residents in Rowan County and northeastern Kentucky. The Medical Center also serves as a regional referral center and provides healthcare services through off-campus facilities including primary care, specialty care, home health, hospice, and home medical equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Medical Center in the preparation of the financial statements are summarized below:

Management's Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, if any, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid assets with maturity dates of 90 days or less when purchased, excluding amounts reported in assets whose use is limited.

Patient Accounts Receivable and Net Patient Service Revenue

The Medical Center recognizes net patient service revenues on the accrual basis of accounting in the reporting period in which services are performed based on the current gross charge structure, less actual adjustments and estimated discounts for contractual allowances, principally for patients covered by Medicare, Medicaid, and managed care and other health plans. Gross patient service revenue is recorded in the accounting records using the established rates for the type of service provided to the patient. The Medical Center recognizes an estimated contractual allowance to reduce gross patient charges to the estimated net realizable amount for services rendered based upon previously agreed-to rates with a payor. The Medical Center utilizes the patient accounting system to calculate contractual allowances on a payor-by-payor basis based on the rates in effect for each primary third-party payor. Another factor that is considered and could further influence the level of the contractual reserves includes the status of accounts receivable balances as inpatient or outpatient. The Medical Center's management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms that result from contract renegotiations and renewals.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Payors include federal and state agencies, including Medicare and Medicaid, managed care health plans, commercial insurance companies, employers, and patients. These third-party payors provide payments to the Medical Center at amounts different from its established rates based on negotiated reimbursement agreements. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and fee schedule payments. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Allowance for Doubtful Accounts

Accounts receivable are reduced by an allowance for doubtful accounts based on the Medical Center's evaluation of its major payor sources of revenue, the aging of the accounts, historical losses, current economic conditions, and other factors unique to their service area and the healthcare industry. Management regularly reviews data about the major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, the Medical Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulty that make the realization of amounts due unlikely). For receivables associated with self-pay payments, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Medical Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Medical Center's current allowance for doubtful accounts policy is to reserve 90 percent of all self-pay accounts less than 150 days old and include all accounts 150 days old and older, net of contractual allowances already taken. The allowance for doubtful accounts estimate prior to 2012 reserved a lower percentage of self-pay accounts and all accounts 150 days and older. The effect of this change was a decrease in *income (loss) from operations* of approximately \$3,200,000 for 2012.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

The June 30, 2013 and 2012 allowance for doubtful accounts balances consist of the following

	2013	2012
Reserve for third-party payor balances	\$ 2,944,181	\$ 4,590,781
Reserve for self-pay balances	10,390,971	10,600,070
Total allowance for doubtful accounts	<u>\$ 13,335,152</u>	<u>\$ 15,190,851</u>

Inventories

Inventories consist of medical supplies and pharmaceuticals and are valued at the lower-of-cost or market, with cost being determined on the first-in, first-out (FIFO) method

Investments and Assets Whose Use Is Limited

Assets whose use is limited include assets set aside by the Medical Center's Board of Directors for future capital improvements and other long-term uses, over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under bond indenture and insurance trust agreements, assets that have been restricted by donors for specific purposes, and amounts that have been set aside as part of deferred compensation plans

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value in the balance sheets. Investment income or loss, including realized gains and losses on investments, unrealized gains and losses on investments, interest, and dividends, is included in nonoperating revenues of unrestricted net assets, unless the income is restricted by donor or law.

Other Assets

Other assets consist of notes receivable, bond issue costs, ownership in a joint venture, and prepaid rent expense.

Provider notes receivable are in varying amounts maturing through July 2022. If the providers meet the period of service requirement, the Medical Center will forgive the notes.

If providers do not meet the period-of-service requirement, the notes are immediately due in full. Interest rates vary from 0 percent to 9.25 percent.

Bond issue costs are being amortized over the lives of the bonds. The joint venture investment is being accounted for using the equity method.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Prepaid rent expense represents exclusive rights to approximately 12,750 square feet of space in a health, education, and research facility belonging to Morehead State University. The Medical Center received these rights in exchange for donating the land upon which the facility was constructed. The Medical Center recorded this asset at its fair market value and is amortizing the asset based on fair value rental rates for the Medical Center's leased facilities.

Property and Equipment

Property and equipment are recorded at cost, except for donations, which are recorded at the fair market value at the date of the donation.

Property and equipment include expenditures for additions and repairs which substantially increase the useful lives of property and equipment. Maintenance, repairs, and minor improvements are expensed as incurred. All property and equipment other than land and construction in progress are depreciated using the straight-line method with a half year convention over their estimated useful lives based upon the American Hospital Association's *Estimated Useful Lives of Depreciable Hospital Assets*.

Reserves for Professional Liability Claims

The reserves for professional liability claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Net Assets

Temporarily restricted net assets are those whose use by the Medical Center has been limited by donors to a specific time period or purpose, if any. Permanently restricted net assets have been restricted by donors to be maintained by the Medical Center in perpetuity, if any. Unrestricted net assets are remaining net assets that do not meet the definition of temporarily restricted or permanently restricted net assets.

Statements of Operations – Income (Loss) From Operations

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as operating revenues and expenses and included within the line *income (loss) from operations* in the statements of operations. Peripheral and incidental transactions are reported as nonoperating revenues and expenses and are excluded from *income (loss) from operations*. Nonoperating revenues and expenses which are excluded from *income (loss) from operations* include contributions, investment income, and unrealized and realized gain (loss) on sale of investments.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Performance Indicator

The statements of operations include the performance indicator *excess revenues (expenses)*. Consistent with industry practice, changes in net assets which are excluded

from *excess revenues (expenses)* include, if any, changes in net unrealized gains and losses on non-trading investments, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions by which donor restriction were to be used for the purposes of acquiring such assets)

Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Amounts determined to qualify as charity care are reported as deductions from gross revenue.

Income Taxes

The Medical Center is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. As such, the Medical Center is generally exempt from income taxes. However, the Medical Center is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an information return only.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Medical Center and recognize a tax liability if the Medical Center has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Medical Center, and has concluded that as of June 30, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Medical Center is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress.

Risk Management

The Medical Center is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Subsequent Events

The Medical Center has evaluated events or transactions occurring subsequent to the balance sheet date for recognition and disclosure in the accompanying financial statements through the date the financial statements are issued which is August 21, 2013

Reclassifications

Certain 2012 amounts have been reclassified to provide for consistency with reporting of 2013 information. These reclassifications have no effect on the previously reported change in net assets or total net assets.

3. INVESTMENTS AND ASSETS WHOSE USE IS LIMITED

Total investments consist of the following at June 30, 2013 and 2012

	2013	%	2012	%
Certificate of deposits	\$ 1,197,765	44.9 %	\$ 1,181,162	47.1 %
U S Government securities	-0-	0.0	51,230	2.0
Mutual funds	1,468,189	55.1	1,274,112	50.9
Total Investments	<u>\$ 2,665,954</u>	<u>100.0 %</u>	<u>\$ 2,506,504</u>	<u>100.0 %</u>

Assets whose use is limited are reported at market value and cost that approximates market value, and consist of the following at June 30, 2013 and 2012

	2013	%	2012	%
Cash and cash equivalents	\$ 289,225	2.1 %	\$ 211,317	1.6 %
Mutual funds	5,407,235	38.6	5,211,396	39.4
Hedge funds	1,067,788	7.6	1,336,047	10.1
Common stocks	4,183,703	29.9	3,488,300	26.4
Corporate bonds	2,042,682	14.6	2,171,752	16.4
U S Government securities	1,015,283	7.2	811,143	6.1
Total assets whose use is limited	<u>\$ 14,005,916</u>	<u>100.0 %</u>	<u>\$ 13,229,955</u>	<u>100.0 %</u>

	2013	%	2012	%
Board-designated depreciation reserve fund	\$ 9,589,567	68.5 %	\$ 8,445,411	63.8 %
Trustee-held under insurance trust	1,650,246	11.7	2,492,605	18.9
Donor-restricted	625,780	4.5	661,898	5.0
Deferred compensation fund	2,140,323	15.3	1,630,041	12.3
Total assets whose use is limited	<u>\$ 14,005,916</u>	<u>100.0 %</u>	<u>\$ 13,229,955</u>	<u>100.0 %</u>

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Board-Designated Depreciation Reserve Fund

The Medical Center's Board of Directors approved a depreciation reserve fund to meet the capital asset replacement needs of the facility. All income earned by the fund is left to accumulate as an addition to the fund.

Trustee-Held Under Insurance Trust

The trustee-held under insurance trust amounts represent assets held under reserve for professional liability claims.

Donor-Restricted

The Medical Center received donor-restricted funds designated exclusively for curative treatment and rehabilitative therapy of pediatric illness, disease, or deformity.

Deferred Compensation Fund

The deferred compensation fund represents assets that have accumulated under the Medical Center's deferred compensation plan. The Medical Center simply maintains the funds for the participants until they are withdrawn. The Medical Center records a liability equal to the deferred compensation assets.

Fair Value Measurements and Disclosures

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active market for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Medical Center has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013 and 2012.

- *Mutual funds* Valued at the daily closing price as reported by the fund. Mutual funds held by the Medical Center are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Medical Center are deemed to be actively traded.
- *Corporate bonds* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- *Hedge funds* Valued at the net asset value (NAV) of units of the fund. The NAV, as provided by the investment manager, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. Due to the nature of the investments held by the fund, changes in market conditions and the economic environment may significantly impact the net asset value of the fund and, consequently, the fair value of the Medical Center's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the Medical Center were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.
- *U.S. government securities* Valued using pricing models maximizing the use of observable inputs for similar securities.
- *Common stocks* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Interest rate swap agreements* Valued using pricing models that are derived principally from observable market data based on discounted cash flows and interest rate yield curves at quoted intervals for the full term of the swap.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2013 are as follows

	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds				
Domestic large cap growth	\$ 329,573	\$ -0-	\$ -0-	\$ 329,573
Domestic large cap value	352,780	-0-	-0-	352,780
Domestic mid cap core	72,930	-0-	-0-	72,930
Domestic small cap growth	72,113	-0-	-0-	72,113
Fixed income	494,360	-0-	-0-	494,360
International emerging markets	146,433	-0-	-0-	146,433
Total Investments	\$ 1,468,189	\$ -0-	\$ -0-	\$ 1,468,189
Assets whose use is limited				
Mutual funds				
Domestic large cap growth	\$ 597,671	\$ -0-	\$ -0-	\$ 597,671
Domestic large cap value	328,539	-0-	-0-	328,539
Domestic mid cap core	197,859	-0-	-0-	197,859
Domestic mid cap growth	673,773	-0-	-0-	673,773
Domestic small cap growth	720,779	-0-	-0-	720,779
Domestic small cap value	568,265	-0-	-0-	568,265
Fixed income	607,014	-0-	-0-	607,014
International emerging markets	1,494,920	-0-	-0-	1,494,920
Capital conservation	218,415	-0-	-0-	218,415
Total mutual funds	5,407,235	-0-	-0-	5,407,235
Hedge funds				
Preferred funds	-0-	73,557	-0-	73,557
Low volatility funds	-0-	627,764	-0-	627,764
Multi-strategy funds	-0-	366,467	-0-	366,467
Total hedge funds	-0-	1,067,788	-0-	1,067,788
Common stocks				
Technology	773,916	-0-	-0-	773,916
Healthcare	668,917	-0-	-0-	668,917
Financial	884,242	-0-	-0-	884,242
Services	521,078	-0-	-0-	521,078
Basic materials	469,843	-0-	-0-	469,843
Consumer goods	478,533	-0-	-0-	478,533
Industrial goods	387,174	-0-	-0-	387,174
Total common stocks	4,183,703	-0-	-0-	4,183,703
Corporate bonds				
Financial institutions	-0-	1,343,608	-0-	1,343,608
Healthcare	-0-	50,303	-0-	50,303
Industrials	-0-	276,146	-0-	276,146
Information technology	-0-	102,417	-0-	102,417
Chemicals	-0-	270,208	-0-	270,208
Total corporate bonds	-0-	2,042,682	-0-	2,042,682
U S Government securities				
Federal National Mortgage Association	-0-	1,015,283	-0-	1,015,283
Total U S Government securities	-0-	1,015,283	-0-	1,015,283
Total assets whose use is limited	\$ 9,590,938	\$ 4,125,753	\$ -0-	\$ 13,716,691

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Liabilities

Interest rate swap	\$ -0-	\$ 508,671	\$ -0-	\$ 508,671
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Assets and liabilities measured at fair value on a recurring basis as of June 30, 2012 are as follows

	Level 1	Level 2	Level 3	Total
Investments				
U S Government securities				
Federal National Mortgage Association	\$ -0-	\$ 51,230	\$ -0-	\$ 51,230
Mutual funds				
Domestic large cap growth	242,215	-0-	-0-	242,215
Domestic large cap value	308,722	-0-	-0-	308,722
Domestic mid cap core	53,677	-0-	-0-	53,677
Domestic small cap growth	45,794	-0-	-0-	45,794
Fixed income	462,872	-0-	-0-	462,872
International emerging markets	160,832	-0-	-0-	160,832
Total mutual funds	1,274,112	-0-	-0-	1,274,112
Total Investments	\$ 1,274,112	\$ 51,230	\$ -0-	\$ 1,325,342
Assets whose use is limited				
Mutual funds				
Domestic large cap growth	\$ 736,253	\$ -0-	\$ -0-	\$ 736,253
Domestic large cap value	455,578	-0-	-0-	455,578
Domestic mid cap core	103,870	-0-	-0-	103,870
Domestic mid cap growth	527,645	-0-	-0-	527,645
Domestic small cap growth	469,114	-0-	-0-	469,114
Domestic small cap value	660,012	-0-	-0-	660,012
Fixed income	595,698	-0-	-0-	595,698
International emerging markets	1,151,166	-0-	-0-	1,151,166
Capital conservation	512,060	-0-	-0-	512,060
Total mutual funds	5,211,396	-0-	-0-	5,211,396
Hedge funds				
Preferred funds	-0-	377,826	-0-	377,826
Low volatility funds	-0-	580,913	-0-	580,913
Multi-strategy funds	-0-	377,308	-0-	377,308
Total hedge funds	-0-	1,336,047	-0-	1,336,047
Common stocks				
Technology	790,079	-0-	-0-	790,079
Healthcare	345,473	-0-	-0-	345,473
Financial	573,961	-0-	-0-	573,961
Services	664,059	-0-	-0-	664,059
Basic materials	332,576	-0-	-0-	332,576
Conglomerates	32,266	-0-	-0-	32,266
Consumer goods	355,420	-0-	-0-	355,420
Industrial goods	348,261	-0-	-0-	348,261
Utilities	46,205	-0-	-0-	46,205
Total common stocks	3,488,300	-0-	-0-	3,488,300

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Corporate bonds				
Financial institutions	-0-	1,780,748	-0-	1,780,748
Information technology	-0-	104,531	-0-	104,531
Industrials	-0-	177,550	-0-	177,550
Chemicals	-0-	108,923	-0-	108,923
Total corporate bonds	-0-	2,171,752	-0-	2,171,752
U S Government securities				
Federal Home Loan Bank	-0-	554,026	-0-	554,026
Federal National Mortgage Association	-0-	257,117	-0-	257,117
Total U S Government securities	-0-	811,143	-0-	811,143
Total assets whose use is limited	\$ 8,699,696	\$ 4,318,942	\$ -0-	\$ 13,018,638
Liabilities				
Interest rate swap	\$ -0-	\$ 868,885	\$ -0-	\$ 868,885

The Medical Center's policy is to recognize transfers between levels as of the end of the reporting period. There were no significant transfers between levels 1 and 2 during 2013 and 2012.

Investments in Hedge Funds are recorded at fair value as reported by the Fund's administrator or investment manager, which represents the Fund's *pro rata* interest in the net assets of the Funds, substantially all of which are valued on a mark-to-market basis.

Risks and Uncertainties

The national and world-wide investment market conditions continue to be volatile. The Medical Center holds investments in common stocks, mutual funds, hedge funds, corporate bonds, and U S Government securities. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements. The Medical Center's management is currently unable to determine the effect, if any, the decline in the market conditions may ultimately have on the Medical Center's investment portfolio and ability to fund certain projects.

4. OBLIGATIONS UNDER CAPITAL LEASES

The Medical Center is the lessee of certain equipment under capital leases expiring in various fiscal years through 2018. The assets and liabilities under capital leases are initially recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. Amortization of assets held under capital leases is included in depreciation expense and was \$194,389 and \$222,264 for the years ended June 30, 2013 and 2012, respectively. The capital lease obligations carry imputed interest rates and are collateralized by the leased equipment.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Following is a summary of property held under capital leases

	<u>2013</u>	<u>2012</u>
Equipment	\$ 1,581,085	\$ 1,425,199
Less accumulated depreciation	<u>563,719</u>	<u>743,710</u>
	<u>\$ 1,017,366</u>	<u>\$ 681,489</u>

Minimum future lease payments under capital leases as of June 30, 2013, are as follows

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 293,731
2015	258,793
2016	194,311
2017	133,572
2018	<u>122,439</u>
	1,002,846
Less amount representing interest	<u>35,083</u>
Present value of minimum lease payments	<u>\$ 967,763</u>

5. LONG-TERM DEBT

At June 30, 2013 and 2012, the Medical Center was obligated for long-term debt agreements as follows

	<u>2013</u>	<u>2012</u>
Series 2010 A bonds	\$ 3,619,207	\$ 4,448,492
Series 2010 B bonds	11,798,200	12,654,800
Sizemore note payable	-0-	74,212
Bayless note payable	<u>118,000</u>	<u>142,000</u>
Total long-term debt	15,535,407	17,319,504
Less current portion	<u>(2,072,317)</u>	<u>(1,932,254)</u>
Total long-term debt, net of current portion	<u>\$ 13,463,090</u>	<u>\$ 15,387,250</u>

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Series 2010 A Bonds

In March 2010, the County of Rowan, Kentucky, issued \$6,000,000 of Kentucky Industrial Building Revenue Bonds ("Series 2010 A Bonds"), dated March 22, 2010, on behalf of the Medical Center. The proceeds of the bonds are required to be used for the purchase and installation of medical equipment. The 2010 A Bonds bear interest at a fixed rate of 3.42 percent per annum until March 31, 2015. At March 31, 2015, the interest rate will be reset equal to the Five Year Constant Maturity Treasury Rate as of March 31, 2015, plus 1.94 percent. However, the reset interest rate shall not be less than 4 percent per annum, nor more than 24 percent per annum. The Series 2010 A Bonds mature in April 2017 and require the Medical Center to make quarterly principal and interest payments. The 2010 A Bonds are secured by the Medical Center's pledged gross receipts.

Series 2010 B Bonds

In December 2010, the County of Rowan, Kentucky, issued \$14,000,000 of Kentucky Industrial Building Revenue Bonds ("Series 2010 B Bonds"), dated December 22, 2010, on behalf of the Medical Center. The proceeds of the bonds were required to be used for the purchase and construction of buildings and medical equipment. The 2010 B Bonds bear interest at a variable rate (1.43 percent at June 30, 2013), mature in January, 2025, and require the Medical Center to make monthly principal and interest payments. The variable interest rate is equal to the 1M-month London Interbank Offered Rate ("LIBOR"), on the day that is two business days preceding the first calendar day of the month, plus 200 basis points, multiplied by 65 percent, plus 25 basis points. The interest rate shall be adjusted automatically on the first business day of each calendar month. The 2010 B Bonds are secured by the Medical Center's pledged gross receipts. In addition, the Medical Center entered into an interest rate swap with a notional amount that matches the outstanding principal amount of the Series 2010 B Bonds.

Sizemore Note Payable

The Medical Center had a note payable to Wanda and Carl Sizemore, in the original amount of \$100,000. The note was payable in monthly installments of \$1,000, including interest at a fixed rate of 6 percent per annum with a final balloon payment of \$66,115 due July 2013 that was paid for in full in June 2013. The note payable was unsecured.

Bayless Note Payable

The Medical Center has a note payable to Joseph and Virginia Bayless, in the original amount of \$240,000. The note is non-interest bearing and is payable in monthly installments of \$2,000 through June 2018. The note payable is unsecured.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Maturities of long-term debt for each of the five years subsequent to June 30, 2013, are as follows

<u>Year Ending June 30,</u>	<u>Principal Amount</u>
2014	\$ 2,072,317
2015	1,926,733
2016	1,994,832
2017	1,818,025
2018	1,144,700
Thereafter	6,578,800
Total	<u>\$ 15,535,407</u>

The Medical Center's debt agreements contain various restrictive covenants, including limits on additional indebtedness, submission of audited financial statements, minimum debt service coverage ratio, minimum days cash on hand ratio, and maximum debt to capitalization ratio

Interest Rate Swaps

Objectives and Strategies for Using Derivatives

The Medical Center makes limited use of derivative financial instruments for the purpose of managing rate risk. In particular, the Medical Center uses a forward interest rate swap to manage the risk associated with interest rates on variable rate borrowings and to lower its overall borrowing costs.

At June 30, 2013 and 2012, the Medical Center had outstanding an interest rate swaps agreement with a commercial bank as follows:

	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Fixed Rate Paid</u>	<u>Variable Rate Received (1)</u>	<u>Fair Value</u>	<u>Termination Date</u>	<u>Counterparty Credit Rating (2)</u>
2013	\$ 12,731,400	1/4/2011	1.99%	65% of LIBOR	\$ (508,671)	1/1/2021	A
2012	\$ 12,731,400	1/4/2011	1.99%	65% of LIBOR	\$ (868,885)	1/1/2021	A

(1) LIBOR - London Interbank Offered Rate

(2) As rated by DBRS

The swap agreement effectively changes the Medical Center's interest rate exposure on its 2010 B Bonds to a fixed 3.29 percent. The Medical Center is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreement. However, the Medical Center does not anticipate nonperformance by the counterparty.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

This derivative is not designed as a hedging instrument, and is marked-to-market on the balance sheets at fair value at the end of each fiscal year. The change in fair value of the interest rate swap is included as a component of investment income in nonoperating revenues (expenses), and therefore, is included within the performance indicator on the statements of operations. Cash flows from the interest rate swap agreement are classified as an operating activity on the statements of cash flows.

Tabular Disclosures

The liability derivative recorded in the balance sheets is reported as Interest Rate Swap. At June 30, 2013 and 2012, the fair value of the derivative reported in the balance sheet is as follows:

	<u>Asset</u>	<u>Liability</u>
2013 Interest rate swap	<u>\$ -0-</u>	<u>\$ 508,671</u>
2012 Interest rate swap	<u>\$ -0-</u>	<u>\$ 868,885</u>

For the years ended June 30, 2013 and 2012, the change in fair value recognized in the statements of operations (and the location) is as follows:

	<u>Change in Fair Value</u>	<u>Location</u>
2013 Interest rate swap	\$ 360,214	Nonoperating revenues (expenses)
2012 Interest rate swap	\$ (614,352)	Nonoperating revenues (expenses)

Additional information regarding fair value measurements of the interest rate swap agreement is disclosed in Note 3.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are donor-restricted for a specific use or by the passage of time. Income earned from the principal amount is unrestricted. Temporary restricted net assets include the following at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Browning estate	<u>\$ 625,780</u>	<u>\$ 661,898</u>

The Browning estate is donor-restricted exclusively for curative treatment and rehabilitative therapy of pediatric illness, disease, or deformity.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

7. NET PATIENT SERVICE REVENUE

For the years ended June 30, 2013 and 2012, net patient service revenue was as follows

	2013	2012
Gross patient service revenue		
Inpatient revenue	\$ 106,936,486	\$ 114,098,037
Outpatient revenue	239,021,691	231,275,670
Total gross patient service revenue	<u>345,958,177</u>	<u>345,373,707</u>
Deductions from revenue		
Contractual allowances	202,174,294	196,610,329
Charity care	14,444,824	15,560,007
Provision for bad debts	13,013,950	19,433,310
Medicaid disproportionate share	(2,350,710)	(1,682,646)
Total deductions from revenue	<u>227,282,358</u>	<u>229,921,000</u>
Total net patient service revenue	<u>\$ 118,675,819</u>	<u>\$ 115,452,707</u>

For the years ended June 30, 2013 and 2012, net patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), by major payor source was as follows

	2013	2012
Patient service revenue (net of contractual allowances and discounts)		
Third party payors	\$ 102,519,526	\$ 103,302,322
Self-pay	<u>29,170,243</u>	<u>31,583,695</u>
Total	<u>\$ 131,689,769</u>	<u>\$ 134,886,017</u>

The Medical Center grants credit without collateral to its patients, most of who are local residents and insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2013 and 2012 is as follows

	2013		2012	
	<u>Revenues</u>	<u>Receivables</u>	<u>Revenues</u>	<u>Receivables</u>
Medicare	49 %	37 %	49 %	43 %
Medicaid	19	21	18	20
Blue Cross	10	5	11	5
Other third-party payors	13	14	12	13
Self-pay	<u>9</u>	<u>23</u>	<u>10</u>	<u>19</u>
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

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The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- **Medicare** The Medical Center is a provider of services to patients entitled to coverage under Title XVIII (Medicare) of the Health Insurance Act. The Medical Center is reimbursed for Medicare inpatient services based on a fixed price per discharge for each diagnosis related grouping (DRG) and Medicare outpatient services based on a fixed price per clinical unit of service. Differences between the total program billed charges and the payments received are reflected as deductions from revenue. At the Medical Center's year end, a cost report is filed with the Medicare program computing reimbursement amounts related to Medicare patients. The difference between computed reimbursement and interim reimbursement is reflected as a receivable from or payable to the third-party program. The Medical Center's classification of patients under the Medicare program and the appropriateness of their admissions are subject to an independent review by a peer review organization under contract with the Medical Center.

As of June 30, 2013, the Medical Center's submitted Medicare cost reports have been final settled with the fiscal intermediary through June 30, 2010.

- **Medicaid** The Commonwealth of Kentucky Department for Medicaid Services reimburses the Medical Center for care rendered to Medicaid patients based on a diagnosis related grouping (DRG) payment system for inpatient care. Certain outpatient services related to Medicaid beneficiaries are paid based upon a cost reimbursement methodology. The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports filed by the Medical Center and audits thereof by Medicaid.

As of June 30, 2013, the Medical Center's submitted Medicaid cost reports have been final settled with the fiscal intermediary through June 30, 2008.

The Kentucky General Assembly enacted legislation which established a healthcare provider tax for the purpose of funding the Medicaid program. Historically, the tax on hospitals was 2.5 percent of net patient service revenue received. Long-term care services were taxed at 2 percent. Beginning in 2006, the provider tax was capped at the amount hospitals paid in 2005 – 2006. The Medical Center incurred \$1,520,386 and \$1,512,507 in provider taxes for the years ended June 30, 2013 and 2012, respectively.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

- **Indigent Care Reimbursements.** In addition to the Medicaid cost reimbursement program, the Kentucky 1992 General Assembly created a Medicaid disproportionate share plan for indigent care. The distribution formula for indigent care under the plan gives special consideration to care provided to indigent patients below the federal poverty level, and the percentage of each facility's indigent patient volume to Kentucky's total indigent patient volume. The Medical Center recognized payments under the disproportionate share plan in the amounts of \$2,350,710 and \$1,682,646 for the years ended June 30, 2013 and 2012, respectively.
- **Other.** The Medical Center has also entered into preferred provider agreements with certain commercial insurance carriers. The basis for payment to the Medical Center under these agreements is a discount from established charges.
- **Charity Care and Uninsured Discounts.** The Medical Center provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Because the Medical Center does not collect amounts deemed to be charity care, they are not reported as revenue. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associating with providing care to charity patients. The ratio of cost to charges is calculated based on the Medical Center's total operating expenses divided by gross patient service revenue. For the years ended June 30, 2013 and 2012, the Medical Center incurred estimated costs of \$5,235,704 and \$5,720,142, respectively.

The Centers for Medicare and Medicaid Services ("CMS") has been granted authority to suspend payments, in whole or in part, to Medicare providers if CMS possess reliable information on overpayment, fraud or if willful misrepresentation exists. If CMS suspects payments are being made as the result of fraud or misrepresentation, CMS may suspend payment at any time without providing prior notice to the Medical Center. The initial suspension period is limited to 180 days. However, the payment suspension period can be extended indefinitely if the matter is under investigation by the United States Department of Health and Human Services Office of Inspector General or the United States Department of Justice. Therefore, the Medical Center is unable to predict if or when it may be subject to a suspension of payments by the Medicare and/or Medicaid programs, the possible length of the suspension period, or the potential cash flow impact of a payment suspension. Any such suspension would adversely impact the Medical Center's financial position, results of operations, and cash flows.

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

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

8. RETIREMENT PLANS

The Medical Center has a discretionary, non-matching 401(k) plan. Eligible employees can contribute up to 10% of their earnings via payroll deductions, but not to exceed certain Internal Revenue Code limits. The plan does not have a matching component, however, the Medical Center may contribute a discretionary amount to the plan each year. The withheld amounts and Medical Center contributions are deposited into investment accounts held at Transamerica Retirement Services (Transamerica) and employees can direct where the funds are invested. For the years ended June 30, 2013 and 2012, the amount of retirement expense was \$1,948,269 and \$2,607,588, respectively.

The Medical Center offers a non-matching 403(b) retirement plan to all eligible employees, which permits them to defer a portion of their salary until future years. The Medical Center incurs no expense related to this plan, as all custodial and investment fees are borne by the plan participants. The Medical Center records no assets or liabilities related to this plan.

The Medical Center offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all Medical Center eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, the employee reaching 70 ½ years of age, unforeseeable emergency, or de minimis exception as defined by the plan agreement. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Medical Center (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Medical Center's general creditors. Participants' rights under the plans are equal to those of general creditors of the Medical Center in an amount equal to the fair market value of the deferred account for each participant. The Medical Center believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. The deferred compensation assets and related liabilities under this plan were \$2,140,323 and \$1,630,041 for the years ended June 30, 2013 and 2012, respectively.

9. INCENTIVE PAYMENTS

The Medical Center receives Electronic Health Records ("EHR") incentive payments under the Medicare and Medicaid programs. To qualify for EHR incentive payments, the Medical Center must meet "meaningful use" criteria that become more stringent over time. The Medical Center periodically submits and attests to its use of certified EHR technology, satisfaction of meaningful use objectives, and various patient data. These submissions generally include performance measures for each annual EHR reporting prior (Federal fiscal year ending September 30th). The related EHR incentive payments are paid out over a four year transition schedule and are based upon data that is captured in the Medical Center's cost reports. The payment calculation is based upon

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

an initial amount as adjusted for discharges, program utilization using inpatient days multiplied by a factor of total charges excluding charity care to total charges, and a transitional factor that ranges from 100 percent in first payment year and thereby decreasing by 25 percent each payment year until it is completely phased out in the fifth year

The Medical Center recognizes EHR incentive payments as grant income when there is reasonable assurance that the Medical Center will comply with the conditions of the meaningful use objectives and other specific grant requirements. In addition, the financial statement effects of the grants must be both recognizable and measurable. For the years ended June 30, 2013 and 2012, the Medical Center recognized \$2,314,962 and \$1,120,431, respectively, in EHR incentive payments as grant income using the cliff recognition method. Under the cliff recognition method, the Medical Center records income at the end of EHR reporting period in which compliance is achieved. EHR incentive payments income is included in other revenue in the statements of operations. EHR incentive income recognized is based on management's estimate and amounts are subject to change, with such changes impacting operations in the period the changes occur.

Receipt of these funds is subject to fulfillment of certain obligations by the Medical Center as prescribed by the program, subject to future audits, and may be subject to repayment upon a determination of noncompliance.

10. OPERATING LEASES

The Medical Center leases certain equipment and building space under noncancelable operating leases expiring through 2019. Minimum future rental payments under these noncancelable operating leases as of June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 1,061,265
2015	533,605
2016	431,987
2017	359,888
2018	113,905
Thereafter	<u>86,775</u>
Total minimum lease payments	<u>\$ 2,587,425</u>

The Medical Center incurred \$1,808,945 and \$1,677,741 in total rent expense for the years ended June 30, 2013 and 2012, respectively, under both cancelable and noncancelable leases.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

11. CONCENTRATIONS OF CREDIT RISK

The Medical Center maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Medical Center has not experienced any losses on such accounts. The Medical Center believes it is not exposed to any significant credit risk on cash.

12. FUNCTIONAL EXPENSES

The Medical Center provides general healthcare services to residents within its geographic area. Expenses related to providing these services are broken down as follows for the years ended June 30, 2013 and 2012:

	2013	2012
Healthcare services	\$ 110,188,514	\$ 111,906,006
General and administrative	15,208,269	15,059,650
	<u>\$ 125,396,783</u>	<u>\$ 126,965,656</u>

The costs of providing the various programs and supporting services have been summarized on a functional basis in the table above. Accordingly, certain costs have been allocated among the programs and supporting services benefited. While the methods of allocation are considered appropriate, other methods could produce different results.

13. COMMITMENTS AND CONTINGENCIES

The Medical Center carries professional and general liability insurance on an occurrence basis to cover losses, if any, within policy limits. In 1987, the Medical Center established an irrevocable trust to provide for professional liability losses in excess of insurance coverage.

The Medical Center is self-insured for the first \$1 million per claim and \$3 million in the aggregate. The Medical Center has obtained commercial insurance coverage in the amount of \$15,000,000 for claims over the self-insured limit.

The Medical Center has been named a defendant in certain litigation. In management's opinion, professional and general liability insurance and insurance trust funding are adequate to cover related losses, if any, from such litigation.

As of June 30, 2013, the Medical Center has signed a capital lease agreement for Omni cell equipment. The installation and implementation of the equipment was not completed by June 30, 2013. The lease agreement calls for monthly payments of \$19,948 beginning in fiscal year 2014 when the equipment is installed and ready for use and continuing for 60 months.

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As of June 30, 2013, the Medical Center has construction and renovation project commitments as follows

<u>Project</u>	<u>Expected Date of Completion</u>	<u>Estimated Total Cost of Project</u>	<u>Costs Incurred As of June 30, 2013</u>
LSS Phase II	December 2014	\$ 158,000	\$ 32,077
Hospital Call System	August 2013	127,000	105,000
Meditech Phase III	August 2013	380,000	377,743
All Other Projects	Various	375,000	152,701
Total		<u>\$ 1,040,000</u>	<u>\$ 667,521</u>

14. RELATED PARTY TRANSACTIONS

The Medical Center is sponsored by The Sisters of Notre Dame of Covington, Kentucky, Inc. The Medical Center contracts with The Sisters of Notre Dame for the professional services of Sisters working in the Medical Center. Total expenses related to professional services provided by the Sisters of Notre Dame were \$184,902 and \$184,866 for the years ended June 30, 2013 and 2012, respectively.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Medical Center in estimating the fair value of its financial instruments:

Cash and Cash Equivalents

The carrying amount reported in the balance sheets for cash and cash equivalents approximates its fair value based on short maturities of those items.

Investments and Assets Whose Use is Limited

These assets are reported in the balance sheets at fair value or cost that approximates fair value. The fair value amounts are based on quoted market prices, if available, or are estimated using quoted market prices for similar securities.

Accounts Payable, Accrued Payroll and Payroll Withholdings, and Accrued Expenses

The carrying amounts reported in the balance sheets for accounts payable, accrued payroll and payroll withholdings, and accrued expenses approximate their fair value based upon short maturities of those items.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

Estimated Third-Party Payor Settlements

The carrying amount reported in the balance sheets for estimated third-party payor settlements approximates its fair value because they are expected to be settled in the near future

Long-Term Debt, Obligations Under Capital Leases, and Deferred Compensation Liabilities

The carrying amount and fair value reported in the balance sheets for the combined amounts of long-term debt and obligations under capital leases were \$16,503,170 and \$16,649,142, respectively, for 2013 and \$17,945,097 and \$18,081,942, respectively, for 2012. The carrying amount reported in the balance sheets for debt and capital leases approximates fair value based upon the variable nature of the primary debt. The carrying amount reported in the balance sheets for deferred compensation liabilities approximates its fair value.

Reserves for Professional Liability Claims

The carrying amount reported in the balance sheets for reserves for professional liability claims approximates its fair value because the timing of future payments is not determinable.

Interest Rate Swap

The carrying amount reported in the balance sheets for the interest rate swap approximates its fair value based upon interest yield curves.