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Form 990  Department of the Treasury Internal Revenue Service	<h1>Return of Organization Exempt From Income Tax</h1> <p>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</p> <p>▶ The organization may have to use a copy of this return to satisfy state reporting requirements</p>	OMB No 1545-0047 <div>2012</div> <p>Open to Public Inspection</p>

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

B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization ST FRANCIS MEDICAL CENTER		D Employer identification number 72-0408970	
	Doing Business As			
	Number and street (or P O box if mail is not delivered to street address) PO Box 1901 Suite	Room/suite	E Telephone number (318) 966-7369	
	City or town, state or country, and ZIP + 4 Monroe, LA 71210			
			G Gross receipts \$ 295,120,248	
F Name and address of principal officer LOUIS BREMER PO BOX 1901 MONROE, LA 71210			H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶ 0928	
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527				
J Website: ▶ www.stfran.com				
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			L Year of formation 1913	M State of legal domicile LA

Part I	Summary
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Activities & Governance	1 Briefly describe the organization's mission or most significant activities THE PURPOSE OF THE HOSPITAL IS TO PROVIDE FOR THE CARE OF THE ILL, INJURED, OR DISABLED PERSONS AND TO PROVIDE FOR RESEARCH, EDUCATION, AND FOR THE ENHANCEMENT OF HEALTH OF THOSE IN NORTHEAST LOUISIANA			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3	Number of voting members of the governing body (Part VI, line 1a)	17	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	14	
	5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	2,680	
6	Total number of volunteers (estimate if necessary)	170		
7a	Total unrelated business revenue from Part VIII, column (C), line 12	2,127,384		
b	Net unrelated business taxable income from Form 990-T, line 34	0		
Revenue	8	Contributions and grants (Part VIII, line 1h)	1,043,555	868,817
	9	Program service revenue (Part VIII, line 2g)	253,370,138	255,055,662
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,157,916	5,210,406
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,599,421	12,149,198
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	260,171,030	273,284,083
	Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	147,316
14		Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	118,399,769	125,931,886
16a		Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b		Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
17		Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	153,146,291	129,313,313
18		Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	271,693,376	255,368,499
19		Revenue less expenses Subtract line 18 from line 12	-11,522,346	17,915,584
Net Assets or Fund Balances			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	365,133,702	374,036,971
	21	Total liabilities (Part X, line 26)	234,049,883	220,726,355
	22	Net assets or fund balances Subtract line 21 from line 20	131,083,819	153,310,616
























Part II Signature Block

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

Sign Here	***** Signature of officer			2014-05-15 Date	
	RONALD HOGAN REGIONAL CFO Type or print name and title				
Paid Preparer Use Only	Prntt/Type preparer's name Ryan Hooks		Preparer's signature		Date
	Check <input type="checkbox"/> if self-employed			PTIN	
	Firm's name ▶ KPMG LLP			Firm's EIN ▶	
Firm's address ▶ 301 Main Street Suite 2150 Baton Rouge, LA 70801			Phone no (225) 344-4000		
May the IRS discuss this return with the preparer shown above? (see instructions) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					

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 Yes	
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	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV 	14b Yes	
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 Yes	
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV 	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	167
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	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	2,680
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	Yes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes
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 8822?	7c	No
d	If "Yes," indicate the number of Forms 8822 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	17	
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			
1b	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	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	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
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	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
10b	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
11b	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
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	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?		
15a	The organization's CEO, Executive Director, or top management official	15a	No
15b	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	Yes
16b	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	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
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 MR RONALD E HOGAN 309 JACKSON ST MONROE, LA (318) 966-7369

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) J STEWART GENTRY CHAIRMAN	1 0	X		X				0	0	0
(2) JUDY BELL SECRETARY	1 0	X		X				0	0	0
(3) KAREN A PUCKETT DIRECTOR	1 0	X						0	0	0
(4) SR MARY ANN SEPULVADO OSF DIRECTOR	1 0 1 0	X						0	0	0
(5) TERRY KING MD DIRECTOR	1 0	X						0	0	0
(6) CHARLES MORGAN MD DIRECTOR	1 0	X						0	0	0
(7) REV LARRY STAFFORD DIRECTOR	1 0	X						0	0	0
(8) BISHOP MICHAEL G DUCA DIRECTOR	1 0	X						0	0	0
(9) SUSAN HOFFMANN VICE CHAIRMAN	1 0	X		X				0	0	0
(10) NICK J BRUNO PHD DIRECTOR	1 0	X						0	0	0
(11) LOUIS BREMER CEO/DIRECTOR	2 0 52 0	X		X				0	501,979	22,718
(12) MARK NAPOLI MD DIRECTOR	1 0	X						0	0	0
(13) SIDNEY BAILEY MD DIRECTOR	1 0	X						0	0	0
(14) JOHN L LUFFEY JR ESQ DIRECTOR	1 0	X						0	0	0
(15) WILLIAM E CHEEK DIRECTOR	1 0	X						0	0	0
(16) R Keith White MD DIRECTOR	40 0	X						825,173	0	31,718
(17) Rolf Morstead MD Ex-Officio/Chief of Staff	2 0	X						8,250	0	0

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) ARTHUR LILES MD EX-OFFICIO/ CHIEF OF STAFF	1 0	X						0	0	0
(19) WILSON T BARHAM MD DIRECTOR	1 0	X						0	0	0
(20) SR HELEN CAHILL OSF DIRECTOR	1 0	X						0	0	0
(21) RONALD E HOGAN Secretary-Treasurer	50 0 2 0			X				327,398	0	51,408
(22) THOMAS J GULLATT HOSPITALIST MED DIR	40 0				X			489,417	0	54,613
(23) ANTTI G MARAN PHYSICIAN	40 0				X			288,884	0	18,271
(24) JOSE A BERMUDEZ PHYSICIAN	40 0					X		378,475	0	17,057
(25) JOHN D BRUCHHAUS HOSPITALIST	40 0					X		415,306	0	30,903
(26) JAMES G SMITH HOSPITALIST	40 0					X		431,767	0	40,298
(27) Syed A Mehmood PHYSICIAN	40 0					X		407,505	0	12,238
(28) Kevin M Meyer PHYSICIAN	40 0					X		628,190	0	25,468
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								4,200,365	501,979	304,692

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

75

		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>		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>	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>		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
FMOL HEALTH SYSTEM INC , 4200 Essen Lane BATON ROUGE LA 70809	Management Services	29,342,896
PARISH ANESTHESIA OF MONROE , 3510 North Causeway Blvd METAIRIE LA 70002	Anesthesia Services	4,515,129
NORTH MONROE ER PHYSICIANS , 6061 Oak Ridge Rd OAK RIDGE LA 71261	ER SERVICES	1,331,337
DVA RENAL HEALTHCARE , PO Box 8500-1607 PHILADELPHIA PA 191781607	Dialysis Services	1,111,822
MAYO COLLABORATIVE SERVICES , P O Box 4100 ROCHESTER MN 55903	Laboratory Testing	1,028,629
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	
	47	

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	253,057			
	e	Government grants (contributions) 1e	238,763			
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	376,997			
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f	868,817			
Program Service Revenue	2a	PATIENT SERVICE REVENUE	Business Code 621500	250,042,636	247,975,779	2,066,857
	b	CAFETERIA SALES	900099	2,028,448	2,028,448	
	c	INCOME FROM EQUITY INVESTEES	900099	1,113,942	1,093,693	20,249
	d	COMMUNITY DIABETES CENTER	900099	284,206	284,206	
	e	WIC PROGRAM	900099	189,223	189,223	
	f	All other program service revenue		1,397,207	1,397,207	
	g	Total. Add lines 2a–2f	255,055,662			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	1,466,818		21,034	1,445,784
	4	Income from investment of tax-exempt bond proceeds	0			
	5	Royalties	0			
	6a	Gross rents	(i) Real 1,913,767	(ii) Personal		
	b	Less rental expenses	1,702,521			
	c	Rental income or (loss)	211,246	0		
	d	Net rental income or (loss)	211,246	199,372		11,874
	7a	Gross amount from sales of assets other than inventory	(i) Securities 23,877,232	(ii) Other 0		
	b	Less cost or other basis and sales expenses	18,383,425	1,750,219		
	c	Gain or (loss)	5,493,807	-1,750,219		
	d	Net gain or (loss)	3,743,588		19,244	3,724,344
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a			
	b	Less direct expenses	b			
	c	Net income or (loss) from fundraising events		0		
	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		0		
	10a	Gross sales of inventory, less returns and allowances	a			
	b	Less cost of goods sold	b			
	c	Net income or (loss) from sales of inventory		0		
		Miscellaneous Revenue	Business Code			
	11a	INCREASE IN ACCRUED PENSION	900099	9,082,635		9,082,635
	b	SPECIALTY HOSPITAL	900099	2,216,357		2,216,357
	c	CANCER INSTITUTE	900099	638,960		638,960
	d	All other revenue				
	e	Total. Add lines 11a–11d		11,937,952		
	12	Total revenue. See Instructions		273,284,083	253,167,928	2,127,384
						17,119,954

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.	111,300	111,300		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	12,000	12,000		
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	5,789,263	5,139,660	649,603	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	93,774,102	76,830,152	16,943,950	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	8,122,010	6,588,285	1,533,725	
9	Other employee benefits.	18,246,511	14,800,920	3,445,591	
10	Payroll taxes.	0			
11	Fees for services (non-employees):				
a	Management.	1,102,936	737,029	365,907	
b	Legal.	427,808	278,948	148,860	
c	Accounting.	326,086	212,621	113,465	
d	Lobbying.	23,684		23,684	
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	355,396		355,396	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	25,428,351	16,517,296	8,911,055	
12	Advertising and promotion.	648,993	447,841	201,152	
13	Office expenses.	35,450,333	23,201,610	12,248,723	
14	Information technology.	0			
15	Royalties.	0			
16	Occupancy.	6,029,985	1,294,262	4,735,723	
17	Travel.	772,866	515,042	257,824	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	0			
20	Interest.	6,139,259	6,139,259		
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	11,505,748	10,278,911	1,226,837	
23	Insurance.	4,463,125	2,170,166	2,292,959	
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	MEDICAL SUPPLIES EXPENSE	36,532,388	23,841,614	12,690,774	
b	MISCELLANEOUS EXPENSE	106,355	27,901	78,454	
c					
d					
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e.	255,368,499	189,144,817	66,223,682	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		21,222,230	1	9,988,207
	2	Savings and temporary cash investments		13,071,704	2	12,053,803
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		34,611,600	4	46,780,652
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	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		0	6	0
	7	Notes and loans receivable, net		2,608,548	7	1,080,699
	8	Inventories for sale or use		6,112,953	8	6,118,261
	9	Prepaid expenses and deferred charges		3,704,814	9	6,361,717
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a323,497,218			
	b	Less accumulated depreciation	10b219,747,010	106,502,465	10c	103,750,208
	11	Investments—publicly traded securities		51,588,290	11	70,092,738
	12	Investments—other securities See Part IV, line 11		95,048,345	12	92,493,236
	13	Investments—program-related See Part IV, line 11		4,240,190	13	3,709,716
	14	Intangible assets		3,743,789	14	3,743,789
	15	Other assets See Part IV, line 11		22,678,774	15	17,863,945
	16	Total assets. Add lines 1 through 15 (must equal line 34)		365,133,702	16	374,036,971
Liabilities	17	Accounts payable and accrued expenses		29,434,017	17	27,544,053
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		140,232,126	20	137,426,259
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	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		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	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		64,383,740	25	55,756,043
	26	Total liabilities. Add lines 17 through 25		234,049,883	26	220,726,355
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		130,006,000	27	153,310,616
	28	Temporarily restricted net assets		1,077,819	28	0
	29	Permanently restricted net assets		0	29	0
	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		131,083,819	33	153,310,616
	34	Total liabilities and net assets/fund balances		365,133,702	34	374,036,971

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	273,284,083
2	Total expenses (must equal Part IX, column (A), line 25)	2	255,368,499
3	Revenue less expenses Subtract line 2 from line 1	3	17,915,584
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	131,083,819
5	Net unrealized gains (losses) on investments	5	9,780,552
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	-5,469,339
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	153,310,616

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	2a	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 type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2b	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	2c	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?	3a	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	3b	

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 FRANCIS MEDICAL CENTER

Employer identification number
72-0408970

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 FRANCIS MEDICAL CENTER	Employer identification number 72-0408970
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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?	Yes		23,684
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?		No	
j	Total. Add lines 1c through 1i.			23,684
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?		No	

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
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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 FRANCIS MEDICAL CENTER

Employer identification number
72-0408970

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

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

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

	Held at the End of the Year
2a	
2b	
2c	
2d	

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

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

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

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

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

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

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

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

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

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

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

a Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b Assets included in Form 990, Part X

▶ \$ _____

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

1b

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

2b

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					
1b Contributions					
1c Net investment earnings, gains, and losses					
1d Grants or scholarships					
1e Other expenditures for facilities and programs					
1f Administrative expenses					
1g End of year balance					

2

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

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Temporarily restricted endowment ▶

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

3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

Yes

No

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	0	14,350,165		14,350,165
1b Buildings	0	172,925,046	111,135,058	61,789,988
1c Leasehold improvements	0	2,311,834		2,311,834
1d Equipment	0	128,541,534	106,034,522	22,507,012
1e Other	0	5,368,639	2,577,430	2,791,209
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				103,750,208

Schedule D (Form 990) 2012

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

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

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

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
FIN 48 (ASC 740) FOOTNOTE	SCHEDULE D, PART XIII	"FMOLHS recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgement occurs. No reserves for uncertain tax positions have been recorded."

SCHEDULE F
(Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization
ST FRANCIS MEDICAL CENTER

Employer identification number
72-0408970

Part I

General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

- 1 For grantmakers. 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 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States.
- 3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
Central America and the Caribbean			Investments		32,759,083
3a Sub-total					32,759,083
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)					32,759,083

Part II

Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
			Central America and the Caribbean	MEDICAL SUPPORT	12,000	CASH			

- 2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter ▶

1
- 3 Enter total number of other organizations or entities ▶

Part III

[illegible]

Part IV Foreign Forms

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*

☒ Yes ☐ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*

☐ Yes ☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*

☒ Yes ☐ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*

☒ Yes ☐ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*

☒ Yes ☐ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*

☐ Yes ☒ No

Supplemental Information
Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

[illegible]

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST FRANCIS MEDICAL CENTER

Employer identification number
72-0408970

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 checked="" 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 checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ % 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 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	No
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)			4,905,352		4,905,352	1 800 %
b Medicaid (from Worksheet 3, column a)			39,841,433	16,387,505	23,453,928	8 600 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			794,706	612,913	181,793	0 070 %
d Total Financial Assistance and Means-Tested Government Programs			45,541,491	17,000,418	28,541,073	10 470 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			427,285	262,906	164,379	0 060 %
f Health professions education (from Worksheet 5)			559,869		559,869	0 210 %
g Subsidized health services (from Worksheet 6)			1,785,214	398,853	1,386,362	0 510 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			99,029		99,029	0 040 %
j Total Other Benefits			2,871,397	661,759	2,209,639	0 820 %
k Total. Add lines 7d and 7j			48,412,888	17,662,177	30,750,712	11 290 %

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		43,095		43,095	0 020 %
2	Economic development					
3	Community support		179,513		179,513	0 070 %
4	Environmental improvements					
5	Leadership development and training for community members		1,733		1,733	
6	Coalition building					
7	Community health improvement advocacy		175,126	174,451	675	
8	Workforce development		17,511		17,511	0 010 %
9	Other					
10	Total		416,978	174,451	242,527	0 100 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Heathcare 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

11,959,895

3

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

3

4

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

Section B. Medicare

5

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

5

115,759,334

6

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

6

143,221,171

7

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

7

-27,461,837

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

9a

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

9a

Yes

9b

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 P&S Surgical Hospita	MEDICAL SERVICES	49 990 %	5 600 %	41 820 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
3

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	ST FRANCIS MEDICAL CENTER PO BOX 1901 MONROE, LA 71210 www.fmolhs.org/stfran	X	X					X			
2	P&S SURGERY CENTER LLC 312 GRAMMONT STREET MONROE, LA 71201 www.pssurgery.com	X	X								
3	ST FRANCIS NORTH HOSPITAL PO BOX 1901 MONROE, LA 71201 www.fmolhs.org/stfran	X	X					X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

ST FRANCIS 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)

	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 type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input checked="" 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>200</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>400</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 type="checkbox"/> State regulation					
h <input checked="" 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 checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
b <input checked="" 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 checked="" 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 checked="" 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?				17	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
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 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 checked="" 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 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)

P&S SURGERY CENTER LLC

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)

		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	Yes	
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 checked="" 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 type="checkbox"/> Participation in the development of a community-wide plan			
d <input 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 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>150</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>262</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 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 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 checked="" 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?				17	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
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 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 checked="" 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 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 FRANCIS NORTH HOSPITAL

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)

	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 Yes	
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 type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" 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 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>200</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>400</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 type="checkbox"/> State regulation					
h <input checked="" 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 checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
b <input checked="" 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 checked="" 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 checked="" 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?				17	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
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 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 checked="" 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?

6

Name and address	Type of Facility (describe)
1 NORTHEAST LA CANCER INSTITUTE 411 CALYPSO STREET MONROE, LA 71201	CANCER TREATMENT AND IMAGING CENTER
2 OPEN MRI CENTER OF MONROE LLC 309 JACKSON STREET MONROE, LA 71210	MRI SERVICES
3 ST FRANCIS PET IMAGING OF MONROE LLC PO BOX 1851 MONROE, LA 71210	MRI SERVICES
4 Monroe MRI Center LLC 501 Catalpa Street Monroe, LA 71201	GENERAL MEDICAL AND SURGICAL
5 Community Health Center 920 Oliver Road Monroe, LA 71201	Various Outpatient Services
6 ST FRANCIS PEDIATRIC AFTER HOURS PO BOX 207 MONROE, LA 71201	PRIMARY CARE CLINIC FOR CHILDREN
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
PART I, LINE 3C		St Francis Medical Center uses information obtained related to income levels, etc to determine eligibility for discounted care A range of charity care is provided to those who do not meet the 200% of FPG All uninsured patients are provided a 15% self-pay discount
PART I, LINE 6A		The organization prepares its own community benefit report

Identifier	ReturnReference	Explanation
PART I, LINE 7G		ST FRANCIS MEDICAL CENTER INCLUDES THE COST OF THE SEVERAL PHYSICIAN CLINICS IN THE SUBSIDIZED HEALTH SERVICES THESE CLINICS, OFFERING SERVICES IN PEDIATRIC NEUROLOGY, PEDIATRIC NEUROSURGERY, AND ADULT NEUROLOGY ARE SUBSIDIZED BY ST FRANCIS MEDICAL CENTER SINCE THESE ARE UNDER-SERVED SPECIALTY AREAS
PART I, LINE 7		The cost to charge ratio is utilized as the costing methodology to calculate the amounts reported in Part I line 7g, subsidized health services The cost to charge ratio was derived from the June 30, 2013 Medicare Cost Report data The cost-to-charge ratio from the cost reports was used to calculate the amounts in the table The cost accounting system does address all patient segments

Identifier	ReturnReference	Explanation
PART III, LINE 4		THE BAD DEBT FOOTNOTE IS ON PAGE 16 OF THE ATTACHED AUDITED FINANCIAL STATEMENTS
PART III, LINE 8		The costing methodology used to determine the Medicare allowable costs reported in the Medicare Cost Report is based on regulatory requirements and guidelines. The organization currently does not believe that any shortfall should be treated as a community benefit.

Identifier	ReturnReference	Explanation
PART III, LINE 9B		If the patient does not have means to pay, they may apply for financial assistance through St Francis Medical Center's Charity Care Plan known as The Franciscan Care Plan Approval will be based on income and medical expenses Accounts may also be written off to charity based on the information provided by the credit bureaus through the systems and tools utilized as well as the patient's medical expenses
PART VI, LINE 2	NEEDS ASSESSMENT	St Francis Medical Center, Inc works to conduct health care needs assessments They work closely with Families helping Families, The Wellspring, The Children's Coalition, YMCA and many other organizations to define community needs and to consolidate efforts to meet those community needs For example, a school-based health center and a diabetes and nutrition center was initiated after a health care assessment identified the need SFMC conducted a formal community based needs assessment in 2011 and will continue to use community based data to support decisions for outreach in the community

Identifier	ReturnReference	Explanation
PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	Patients are informed through a patient handbook that contains information on the financial policies of SFMC. Additionally, signs are posted in the Admissions areas that Financial Counseling is available upon request. Systems and tools are utilized to conduct high level financial screening to assist in identifying patients eligible for charity care, financial assistance, or self-pay discounts. Financial counselors work closely with patients to assist with enrollment for those who are eligible for Medicaid as well as assist those who are eligible for charity in determining eligibility.
PART VI, LINE 4	COMMUNITY INFORMATION	St. Francis Medical Center's community served is a broad 20-parish area in northeastern Louisiana and southern Arkansas, with a population of approximately 510,381. The 2011 estimated average household income for this community is \$53,469. Based on estimates for the next five years, the only age group estimated to grow in size in our community is the 65+ group, with an estimated 5.5% increase.

Identifier	ReturnReference	Explanation
PART II	COMMUNITY BUILDING ACTIVITIES	SFMC provides occupancy and utilities free of charge to St Vincent DePaul charitable pharmacy so that the poorest individuals in the community have access to prescription drugs SFMC also provides occupancy free of charge to a primary health care clinic located in one of the poorest areas of Monroe These activities allow the recipient organizations to spend their available funds on activities that have more direct impact on those in need SFMC provides management oversight of community programs and activities, including Meals on Wheels, taxi and medication provided to the needy, and community benefit salary dollars SMFC proudly serves as the designated regional hospital for Region 8 and provides leadership and coordination for emergency preparedness activities SFMC provides leadership development and training for Roman Catholic Priests to serve in the SFMC Community SFMC improves access to public health through its financial support of an adult day health care facility and a school based health center SFMC has many programs designed to promote leadership development and provide exposure to various careers in health care Such programs include health information management, sports medicine program, AHEC (area health education center) program, Carroll High School Housekeeping Program and the Jr Volunteer Program
Part VI, LINE 5	PROMOTION OF COMMUNITY HEALTH	A majority of the governing body of SFMC is comprised of individuals from a broad cross-section of the community who reside in the primary service area and who are neither employees nor contractors of the organization SFMC extends medical staff privileges to all qualified physicians in the community for some or all of the departments, as needed SFMC applies surplus funds to improvements in patient care through the continued investment in clinical technology, medical information technology, and continued training of clinical staff

Identifier	ReturnReference	Explanation
PART VI, LINE 6		St Francis Medical Center is a not-for-profit hospital, non-stock member corporation of which Franciscan Missionaries of Our Lady Health System, Inc (FMOL Health System) is the sole member St Francis Medical Center is part of the FMOL Health System which includes several hospitals and tax-exempt affiliates throughout the state of Louisiana St Francis Medical Center serves the community in Northeastern Louisiana and Southern Arkansas Other related hospitals in Louisiana include Our Lady of Lourdes Regional Medical Center Our Lady of the Lake Hospital St Elizabeth Hospital Our Lady of the Lake Assumption Hospital
PART V, LINE 11H	ST FRANCIS MEDICAL CENTER & ST FRANCIS NORTH HOSPITAL	THE ORGANIZATIONS USE FAMILY HOUSEHOLD SIZE IN DETERMINING FPG

Identifier	ReturnReference	Explanation
PART V, LINE 13G & 17E	ST FRANCIS MEDICAL CENTER & ST FRANCIS NORTH HOSPITAL	REGISTRATION PERSONNEL REFER PATIENTS THAT MAY HAVE DIFFICULTY PAYING FOR THEIR MEDICAL CARE TO FINANCIAL COUNSELORS TO DISCUSS QUALIFICATIONS FOR FREE OR DISCOUNTED CARE
PART V, LINE 19D	ST FRANCIS MEDICAL CENTER & ST FRANCIS NORTH HOSPITAL	THE HOSPITAL OFFERS VARIOUS LEVELS OF DISCOUNTS WHICH ARE BASED ON A SLIDING SCALE USING FEDERAL POVERTY GUIDELINE FAMILY INCOME LEVELS AND OTHER FACTORS. SUCH OTHER FACTORS INCLUDE ASSET LEVELS, MEDICAL INDIGENCY AND A PATIENT'S QUALIFICATION FOR MEDICARE OR MEDICAID. TOGETHER THESE CRITERIA ARE USED TO SET THE MAXIMUM AMOUNT CHARGED. IN ADDITION, A 15% SELF-PAY DISCOUNT AND A 5% PROMPT PAY DISCOUNT ARE GIVEN IN ADDITION TO THE CHARITY DISCOUNTS DESCRIBED ABOVE. THESE DISCOUNTS WHEN VIEWED TOGETHER ARE SUFFICIENT TO ENSURE THAT FAP-ELIGIBLE INDIVIDUALS ARE NOT CHARGED MORE THAN THE AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAD INSURANCE COVERING SUCH CARE. P&S SURGERY CENTER. THE HOSPITAL OFFERS VARIOUS LEVELS OF DISCOUNTS WHICH ARE BASED ON A SLIDING SCALE METHODOLOGY USING FEDERAL POVERTY GUIDELINE FAMILY INCOME LEVELS AND OTHER FACTORS. SUCH OTHER FACTORS INCLUDE MEDICAL INDIGENCY AND A PATIENT'S QUALIFICATION FOR MEDICAID OR MEDICARE. IN ADDITION, THE HOSPITAL OFFERS A SELF-PAY DISCOUNT EQUAL TO THE MEDIAN OF ALL INSURANCE PAYORS. TOGETHER THESE DISCOUNTS ARE USED TO SET THE MAXIMUM AMOUNT CHARGED.

Identifier	ReturnReference	Explanation
PART V, SECTION B, LINE 3		ST FRANCIS MEDICAL CENTER, ST FRANCIS NORTH HOSPITAL AND P&S SURGICAL HOSPITAL THE ORGANIZATIONS ENGAGED KEY COMMUNITY PARTNERS THROUGH PERSONAL INTERVIEWS AND RESEARCH OF CURRENT HEALTH STATISTICS AND TRENDS SFMC TOOK INTO ACCOUNT INPUT FROM THOSE WITH SPECIALIZED KNOWLEDGE OF OR EXPERTISE IN PUBLIC HEALTH BY INTERVIEWING SHELLEY JONES, MD, MPH, REGIONAL MEDICAL DIRECTOR WITH DHH/LOUISIANA OFFICER OF PUBLIC HEALTH
PART III, SECTION A, LINE 2		THE HOSPITAL ACCOUNTS FOR BAD DEBTS BASED ON THE AGING OF THE ACCOUNTS AND BASED ON HISTORICAL COLLECTION HISTORY ASSOCIATED WITH THE VARIOUS AGING CATEGORIES ON A PERIODIC BASIS, THE ORGANIZATION CONDUCTS A RETROSPECTIVE REVIEW TO DETERMINE THE APPROPRIATENESS OF THE COLLECTION PERCENTAGES UTILIZED IN ESTIMATED BAD DEBT EXPENSE DISCOUNTS PROVIDED ARE NOT INCLUDED IN BAD DEBT EXPENSE PAYMENTS RECEIVED ON ACCOUNTS SUBSEQUENT TO BEING CONSIDERED BAD DEBT ARE RECORDED AS A REDUCTION (RECOVERY) OF BAD DEBT EXPENSE TO THE EXTENT APPROPRIATE AND PERMITTED BY LAW, FINANCIAL COUNSELING AND SCREENINGS ARE CONDUCTED AT THE TIME OF ENCOUNTER TO ASSIST IN IDENTIFYING PATIENTS WHO WOULD LIKELY QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL'S CHARITY CARE POLICY NO ESTIMATE HAS BEEN MADE FOR ANY AMOUNTS INCLUDED IN BAD DEBT EXPENSE THAT MIGHT QUALIFY FOR FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
PART V, SECTION B, LINE 4		P&S SURGICAL HOSPITAL (P&S) P&S SURGICAL HOSPITAL FORMALLY ADOPTED THE COMMUNITY HEALTH NEEDS ASSESSMENT OF ST FRANCIS MEDICAL CENTER, AN AFFILIATED ENTITY ST FRANCIS MEDICAL CENTER AND P&S SHARE THE SAME DEMOGRAPHIC COMMUNITY SO P&S FELT THAT THE NEEDS IDENTIFIED BY ST FRANCIS MEDICAL CENTER WERE REPRESENTATIVE OF ITS COMMUNITY'S NEEDS AS WELL ST FRANCIS NORTH HOSPITAL (SFN) ST FRANCIS NORTH HOSPITAL FORMALLY ADOPTED THE COMMUNITY HEALTH NEEDS ASSESSMENT OF ST FRANCIS MEDICAL CENTER, ITS PARENT ORGANIZATION ST FRANCIS MEDICAL CENTER AND SFN SHARE THE SAME DEMOGRAPHIC COMMUNITY SO SFN FELT THAT THE NEEDS IDENTIFIED BY ST FRANCIS MEDICAL CENTER WERE REPRESENTATIVE OF ITS COMMUNITY'S NEEDS AS WELL
PART V, SECTION B, LINE 5		ST FRANCIS MEDICAL CENTER, ST FRANCIS MEDICAL CENTER - NORTH & P&S SURGICAL HOSPITAL THE CHNA CAN BE FOUND AT HTTPS //FMOLHS ORG/STFRAN/PAGES/COMMUNITY-HEALTH-NEEDS-ASSESSMENT ASPX

Identifier	ReturnReference	Explanation
PART V, SECTION B, LINE 7		<p>ST FRANCIS MEDICAL CENTER (SFM)C SFMC DID NOT ADDRESS ALL OF THE NEEDS IDENTIFIED IN ITS MOST RECENTLY CONDUCTED CHNA SFMC CHOSE NOT TO FOCUS ON THE FOLLOWING ISSUES RELATED TO CARE FOR THE AGING, ADOLESCENT HEALTH, IMMUNIZATIONS, PREMATURE BIRTH, DOMESTIC VIOLENCE, MENTAL HEALTH, LACK OF MEDICAL HOME/BARRIER TO CARE SFMC FELT THAT THE FOUR AREAS IT CHOSE TO FOCUS ON - OBESITY, DIABETES, TOBACCO USE AND ASTHMA - ARE AREAS WHERE THE GREATEST AMOUNT OF WORK STILL NEED TO TAKE PLACE THEY WERE THE FOUR MOST FREQUENTLY MENTIONED DURING THE CHNA PROCESS AND PROGRAMS TO ADDRESS THESE FOUR ISSUES ARE NOT WELL ESTABLISHED AND/OR NOT AS EFFECTIVE SFMC FELT IT HAD A CHANCE TO CHANGE THIS HOWEVER SFMC CURRENTLY CONDUCTS AND WILL CONTINUE TO CONDUCT PROGRAMS AND/OR PROVIDES SERVICES THAT HELP ADDRESS THE NEEDS IT CHOSE NOT TO SPECIFICALLY ADDRESS P&S SURGICAL HOSPITAL P&S DID NOT ADDRESS ALL OF THE NEEDS IDENTIFIED IN ITS MOST RECENTLY CONDUCTED CHNA IT CHOSE NOT TO ADDRESS OBESITY, DIABETES, TOBACCO USE, ASTHMA, ISSUES RELATED TO CARE FOR THE AGING, PREMATURE BIRTH, DOMESTIC VIOLENCE, MENTAL HEALTH, AND LACK OF A MEDICAL HOME/BARRIER TO CARE P&S FELT THAT THE TWO AREAS IT CHOSE TO FOCUS ON - ADOLESCENT HEALTH AND IMMUNIZATIONS - ARE LACKING IN THE COMMUNITY, ARE NOT WELL ESTABLISHED AND/OR NOT AS EFFECTIVE AS THEY COULD BE AND WILL HAVE A GREAT IMPACT ON THE VULNERABLE POPULATIONS OF THE REGION P&S WILL WORK ITS PATIENTS AND WILL ASSIST COMMUNITY PARTNERS WITH THEIR ENDEAVORS RELATED TO THESE ISSUES ST FRANCIS NORTH HOSPITAL ST FRANCIS NORTH HOSPITAL DID NOT ADDRESS ALL OF THE NEEDS IDENTIFIED IN ITS MOST RECENTLY CONDUCTED CHNA SFN CHOSE NOT TO FOCUS ON THE FOLLOWING OBESITY, DIABETES, TOBACCO USE, ASTHMA, IMMUNIZATIONS, PREMATURE BIRTH, DOMESTIC VIOLENCE, MENTAL , AND LACK OF A MEDICAL HOME/BARRIERS TO CARE SFN FELT THAT THE TWO AREAS IT CHOSE TO FOCUS ON - ISSUES RELATED TO CARE FOR THE AGING AND ADOLESCENT HEALTH - ARE AREAS THAT CAN HAVE A GREAT IMPACT ON THE VULNERABLE POPULATIONS OF THE REGION SFNC ALSO FELT THAT A GREAT AMOUNT OF WORK STILL NEEDS TO TAKE PLACE HOWEVER, SFN WILL ALSO CONTINUE TO WORK WITH SFMC AND ITS COMMUNITY PARTNERS TO ADDRESS THE NEEDS IT CHOSE NOT TO SPECIFICALLY ADDRESS</p>

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization
ST FRANCIS MEDICAL CENTER

Employer identification number
72-0408970

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
(1) AMERICAN HEART ASSOCIATION PO BOX 159 DESTRAHAN,LA 70047	13-5613797	501(c)(3)	12,500				FIGHT HEART DISEASE
(2) MARCH OF DIMES 2211 NORTH 7TH STREET SUITE 315 WEST MONROE,LA 71291	13-1846366	501(c)(3)	9,000				GENERAL SUPPORT
(3) UNITED WAY OF NORTHEAST LA 1201 HUDSON LANE MONROE,LA 71241	72-0498515	501(c)(3)	15,000				GENERAL SUPPORT
(4) CHILDRENS COALITION OF NE LA 1201 HUDSON LANE MONROE,LA 71201	72-1502186	501(C)(3)	9,500				SUPPORT CHILD CARE
(5) ULM ATHLETIC FOUNDATION 700 UNIVERSITY AVENUE MONROE,LA 71209	23-7399232	501(C)(3)	23,500				WARHAWK SPONSORSHIP
(6) ULM FOUNDATION 700 UNIVERSITY AVENUE MONROE,LA 71209	72-6028527	501(c)(3)	50,300				NURSING PRGM
(7) North LA Economic Partnership 415 Texas St Suite 320 Shreveport Shreveport,LA 71101	72-0936419	501(C)(3)	6,000				GENERAL SUPPORT
(8) LA Delta Community College 7500 Millhaven Rd Monroe,LA 71203	72-1447520	GOVT	10,000				RN/Allied Health PRGM

2

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

8

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

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
PART I, LINE 2		ST FRANCIS MEDICAL CENTER REQUESTS AN ACKNOWLEDGEMENT LETTER FROM EACH ORGANIZATION TO WHICH WE GIVE \$5,000 OR MORE IN A CALENDAR YEAR. ORGANIZATIONS ARE REQUESTED TO IDENTIFY WHEN THE FUNDS WERE RECEIVED, HOW MUCH WAS RECEIVED, HOW THE FUNDS WERE USED AND WHAT THE OUTCOMES WERE OF THE PROJECT OR PROGRAM FOR WHICH THE FUNDS WERE REQUESTED

Software ID:
Software Version:
EIN: 72-0408970
Name: ST FRANCIS MEDICAL CENTER

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
AMERICAN HEART ASSOCIATIONPO BOX 159 DESTRAHAN, LA 70047	13-5613797	501(c)(3)	12,500				FIGHT HEART DISEASE
MARCH OF DIMES2211 NORTH 7TH STREET SUITE 315 WEST MONROE, LA 71291	13-1846366	501(c)(3)	9,000				GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
UNITED WAY OF NORTHEAST LA 1201 HUDSON LANE MONROE, LA 71241	72-0498515	501(c)(3)	15,000					GENERAL SUPPORT
CHILDRENS COALITION OF NE LA 1201 HUDSON LANE MONROE, LA 71201	72-1502186	501(C)(3)	9,500					SUPPORT CHILD CARE

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A amount of cash grant	(e) A 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
ULM ATHLETIC FOUNDATION700 UNIVERSITY AVENUE MONROE, LA 71209	23-7399232	501(C)(3)	23,500					WARHAWK SPONSORSHIP
ULM FOUNDATION700 UNIVERSITY AVENUE MONROE, LA 71209	72-6028527	501(c)(3)	50,300					NURSING PRGM

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
North LA Economic Partnership415 Texas St Suite 320 Shreveport Shreveport, LA 71101	72-0936419	501(C)(3)	6,000				GENERAL SUPPORT
LA Delta Community College7500 Millhaven Rd Monroe, LA 71203	72-1447520	GOVT	10,000				RN/Allied Health PRGM

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST FRANCIS MEDICAL CENTER

Employer identification number
72-0408970

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>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><div><div><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><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></div></div></div>		
<div><div>1b</div><div>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</div></div>		
<div><div>2</div><div>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?</div></div>		
<div><div>3</div><div>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><div><div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>		
<div><div>4</div><div>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</div></div>		
<div><div>4a</div><div>Receive a severance payment or change-of-control payment?</div></div>		No
<div><div>4b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	Yes	
<div><div>4c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>		No
<div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>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</div></div>		
<div><div>5a</div><div>The organization?</div></div>		No
<div><div>5b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>		No
<div><div>6</div><div>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</div></div>		
<div><div>6a</div><div>The organization?</div></div>		No
<div><div>6b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>		No
<div><div>7</div><div>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</div></div>	Yes	
<div><div>8</div><div>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</div></div>		No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div></div>		

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

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

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

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

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
PART I, QUESTION 3		THE CEO IS PAID BY FMOL HEALTH SYSTEM, A RELATED TAX EXEMPT ORGANIZATION. THE FMOLHS BOARD OF DIRECTORS DESIGNATES A COMPENSATION COMMITTEE, MADE UP OF INDEPENDENT BOARD MEMBERS, TO REVIEW AND SET THE CEO'S COMPENSATION ANNUALLY. THE COMPENSATION COMMITTEE OBTAINS AND RELIES UPON COMPARABLE DATA INCLUDING A COMPENSATION STUDY/SURVEY FROM AN INDEPENDENT COMPENSATION CONSULTANT. THE COMPENSATION COMMITTEE REVIEWS COMPENSATION PACKAGES AND APPROPRIATE COMPENSATION IS DETERMINED AND APPROVED. THE BASIS FOR DETERMINATION IS THEN DOCUMENTED BY THE COMPENSATION COMMITTEE. THE CEO ALSO SIGNS A WRITTEN EMPLOYMENT AGREEMENT.
PART I, LINE 4A		THE CEO IS ENTITLED TO A SEVERANCE BENEFIT. THE PAYOUT OF SUCH BENEFIT IS REMOTE AS IT IS EFFECTIVE ONLY FOR A TERMINATION OF EMPLOYMENT WITHOUT CAUSE FOR A GOOD REASON. IF TRIGGERED, THE EXECUTIVE WOULD BE PAID HIS/HER BASE SALARY AND AN ANNUAL INCENTIVE AT TARGET AND PROVIDED RETIREMENT AND WELFARE BENEFITS FOR AN ENTITLEMENT PERIOD. THE ENTITLEMENT PERIOD IS 24 MONTHS. NO PAYMENTS WERE MADE UNDER THE PLAN IN THE CURRENT YEAR.
PART I, QUESTION 7		DISCRETIONARY BONUSES WERE PAID WITH REGARD TO PERSONS LISTED ON PART VII, SECTION A, LINE 1A. SUCH BONUSES WERE APPROVED BY THE CEO OR THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS.

Software ID:
Software Version:
EIN: 72-0408970
Name: ST FRANCIS MEDICAL CENTER

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				
JOSE A BERMUDEZ	(i)	334,1940	40,0250	6,2500	10,8070	395,5320	00
	(ii)						00
THOMAS J GULLATT	(i)	292,3720	194,3090	29,1450	25,4680	544,0300	00
	(ii)						00
JOHN D BRUCHHAUS	(i)	296,9790	115,9810	19,7500	11,1530	446,2090	00
	(ii)						00
JAMES G SMITH	(i)	292,0260	137,3720	29,1450	11,1530	472,0650	00
	(ii)						00
ANTTI G MARAN	(i)	276,8430	8,0250	6,2500	12,0210	307,1550	00
	(ii)						00
RONALD E HOGAN	(i)	240,0710	31,3980	21,8760	29,5320	378,8060	00
	(ii)						00
LOUIS BREMER	(i)	370,7990	129,2000	10,0000	12,7180	524,6970	00
	(ii)						00
R Keith White MD	(i)	500,1870	322,2500	6,2500	25,4680	856,8910	00
	(ii)						00
Syed A Mehmood	(i)	332,4320	75,0250	6,2500	5,9880	419,7430	00
	(ii)						00
Kevin M Meyer	(i)	344,5860	281,4750	6,2500	19,2180	653,6580	00
	(ii)						00

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST FRANCIS MEDICAL CENTER

Employer identification number

72-0408970

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
Total ▶ \$											

Part III Grants or Assistance Benefitting Interested Persons.

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

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) PS Surgery Center LLC	DIR/OFF OF SFMC ON BOARD	313,796	P&S purchased SFMC services		No
(2) NE LA Cancer Institute	CEO/CFO OF SFMC ON BOARD	50,434	Purchase of support services		No
(3) NE LA Cancer Institute	CEO/CFO OF SFMC ON BOARD	366,767	Lease of space from SFMC		No
(4) TERRY KING APMC	BOARD MEMBER IS OWNER	332,378	SFMC PAYS FOR MEDICAL SERVICES		No
(5) PS Surgery Center LLC	DIR/OFF OF SFMC ON BOARD	774,975	LEASE OF SPACE FROM SFMC		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 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 FRANCIS MEDICAL CENTER

Employer identification number

72-0408970

Identifier	Return Reference	Explanation																							
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990 PART III	<p>The Medical Center is an active, caring member of the communities it serves. In carrying out its mission of meeting the health needs of the people of God, the Board of Directors has established a policy under which the Medical Center provides care to needy members of its communities. Following that policy, health care services costing \$5,910,403 were provided without charge during the year ended June 30, 2013. Gross charges foregone, based on established rates, totaled approximately \$18,374,000 for the year ended June 30, 2013. The Medical Center also participates in government programs including Medicare, Medicaid and Tri Care programs. Under these programs, the Medical Center provides care to patients at payment rates that are determined by the federal and state governments, regardless of actual cost. In some cases, these programs pay the Medical Center at amounts which are less than its cost of providing services. The following table summarizes the amounts of charges foregone (i.e., contractual allowances) and the estimated unreimbursed costs incurred by the Medical Center due to inadequate payments by these programs and for charity for the year ended June 30, 2013.</p> <table><tr><td>June 30, 2013 Charity Care and means-tested programs</td><td>CHARGES FOREGONE</td><td>Medicare</td><td>\$297,892,582</td><td>Medicaid</td><td>\$130,371,419</td><td>Charity</td><td>\$18,423,000</td><td>Other</td><td>\$2,669,819</td><td>Total</td><td>\$449,356,820</td></tr><tr><td>Estimated Unreimbursed Charges</td><td>Medicare</td><td>\$26,741,775</td><td>Medicaid</td><td>\$25,379,937</td><td>Charity</td><td>\$5,910,403</td><td>Other</td><td>\$181,793</td><td>Total</td><td>\$58,213,908</td></tr></table> <p>In addition to community services directly associated with providing hospital-based care, the Medical Center serves the community in numerous other ways. For example, The Medical Center provides Health Professionals Education in a clinical setting for undergraduate, vocational training, internships, clerkships, and residencies. This program includes registered nurse recruitment activities and collaboration with local colleges for supervision and clinical training in pharmacy, respiratory therapy, health information management and medical technology. The costs incurred for these programs totaled approximately \$553,052 during the year ended June 30, 2013. The Medical Center provides subsidized health services which provide a discount, at cost, to all patients that have no form of insurance coverage. The costs incurred for these programs totaled approximately \$541,217 during the year ended June 30, 2013. The Medical Center provides cash and in-kind contributions to community groups which include donations to Families Helping Families, Children's Coalition, Wellspring, Haiti Project, Prevent Child Abuse, Alzheimer's Foundation, YMCA, and Komen Foundation. This program also includes employee costs associated with board and community involvement of rural hospitals. The costs incurred for these programs totaled approximately \$65,354.61 during the year ended June 30, 2013. The Medical Center provides occupancy and utilities to St. Vincent DePaul charitable pharmacy. The costs incurred for these programs totaled approximately \$43,095 during the year ended June 30, 2013. The Medical Center provides community health education classes on breast feeding, childbirth basics, sibling class and abc's of childcare. This also includes sponsorship of Think First, a national injury prevention organization. The Medical Center provides free depression and anxiety screenings to the community. The costs incurred for these programs totaled approximately \$3,900 during the year ended June 30, 2013. The Medical Center provides community support which includes staff costs of management oversight of community benefit programs and activities, including Meals on Wheels, taxi and medication provided to the needy, Bayou Jamb (an annual football jamboree for area high school teams), and community benefit salary dollars. The costs incurred for these programs totaled approximately \$74,914 during the year ended June 30, 2013. The Medical Center provides community based clinical services including community based health screenings including behavior health, discounted services provided to Louisiana Baptist Children's home, Veteran's Administration, rural hospitals, ULM athletic department, MDA, Wellspring, and handicap children. The costs incurred for these programs totaled approximately \$40,688 during the year ended June 30, 2013. The Medical Center provides leadership development and training for community members. St. Francis serves as the designated regional hospital for Region 8 and provides leadership and coordination for emergency preparedness activities. The costs incurred for these programs totaled approximately \$130,416 during the year ended June 30, 2013. The Medical Center provides community health improvement advocacy which includes the unreimbursed costs of the Adult Day Health Care Facility and the school based health center. The costs incurred for these programs totaled approximately \$193,814 during the year ended June 30, 2013. The Medical Center provides workforce</p>	June 30, 2013 Charity Care and means-tested programs	CHARGES FOREGONE	Medicare	\$297,892,582	Medicaid	\$130,371,419	Charity	\$18,423,000	Other	\$2,669,819	Total	\$449,356,820	Estimated Unreimbursed Charges	Medicare	\$26,741,775	Medicaid	\$25,379,937	Charity	\$5,910,403	Other	\$181,793	Total	\$58,213,908
June 30, 2013 Charity Care and means-tested programs	CHARGES FOREGONE	Medicare	\$297,892,582	Medicaid	\$130,371,419	Charity	\$18,423,000	Other	\$2,669,819	Total	\$449,356,820														
Estimated Unreimbursed Charges	Medicare	\$26,741,775	Medicaid	\$25,379,937	Charity	\$5,910,403	Other	\$181,793	Total	\$58,213,908															

Identifier	Return Reference	Explanation
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990 PART III	development designed to promote leadership development and provided exposure to various careers in health care including sports medicine program, AHEC (Area Health Education Center Program), Carroll High School housekeeping program and junior volunteer program The costs incurred for these programs totaled approximately \$14,052.80 during the year ended June 30, 2013

Identifier	Return Reference	Explanation
Part VI, Section A, Question 2		Ron Hogan, Louis Bremer, Mark Napoli, and J Stewart Gentry have a business relationship with each other solely because they all serve as directors of other organizations which are related to St Francis Medical Center

Identifier	Return Reference	Explanation
Part VI, Section A, Question 6		FMOL Health System, Inc (an IRC Section 501(C)(3) organization) is the sole member of the medical center

Identifier	Return Reference	Explanation
PART VI, SECTION A, QUESTION 7A		FMOL HEALTH SYSTEM, INC AS THE SOLE MEMBER OF THE MEDICAL CENTER, RETAINS THE POWER TO APPOINT AND REMOVE THE MEMBERS OF THE BOARD OF TRUSTEES AND OFFICERS OF ST FRANCIS MEDICAL CENTER

Identifier	Return Reference	Explanation
PART VI, SECTION A, QUESTION 7B		THE RESERVED POWERS TO FMOL HEALTH SYSTEM, INC ARE AS FOLLOWS i To change philosophy, objectives and purposes of corporation ii To appoint or remove the Members of the Board of Trustees and Officers of the corporation iii To amend, alter, modify or repeal the Articles of Incorporation and Bylaws of the corporation iv To authorize merger, consolidation, or affiliation, or participate in joint ventures v To dissolve and to distribute assets of the corporation vi To appoint and/or terminate with or without cause the Chief Executive Officer of the corporation vii To acquire, purchase, sell, lease, transfer, or encumber any immovable property on behalf of the corporation viii To add to or incur long-term debt in excess of \$5 million by the Corporation ix To appoint the fiscal auditor for the corporation x To approve any increment or addition to the capital debt or efforts to renegotiate, modify or charge the existing capital debt obligations of the corporation xi To approve the annual operating and capital budgets of the corporation xii To approve a strategic business plan of the corporation

Identifier	Return Reference	Explanation
Part VI, Section A, Question 11A		AFTER PREPARATION AND REVIEW OF FORM 990 BY KPMG LLP, THE TAXPAYER'S TAX ADVISORS, ONE OR MORE MEMBERS OF SENIOR MANAGEMENT REVIEWS THE RETURN. ST. FRANCIS MEDICAL CENTER'S GOVERNING BODY IS PROVIDED A COPY OF THE RETURN ELECTRONICALLY PRIOR TO THE FILING DATE AND IS GIVEN AN OPPORTUNITY TO REVIEW AND PROVIDE COMMENTS TO MANAGEMENT.

Identifier	Return Reference	Explanation
PART VI, SECTION B, QUESTION 12C		<p>St Francis Medical Center has a comprehensive conflict of interest policy that requires each officer, trustee, board committee member and employee to complete a conflict of interest disclosure statement annually. Completed disclosure forms are reviewed and maintained by the Chief Compliance Officer. If any trustee, Board committee member or senior manager has a potential conflict, the Executive Committee of the Board determines whether action needs to be taken and communicates any such action to the individual. A potential conflict of any other employee is reviewed by the CEO or his designee. The Executive Committee, CEO or designee, as applicable, determines if a conflict of interest exists or creates the appearance of impropriety. If such a determination is made, the individual will be excused from participating in the business decision. During the year, any change to the information in the disclosure statement must be disclosed promptly to the Chief Compliance Officer, who takes appropriate action. The process also requires affirmation from each individual that she/he (a) has received a copy of the conflict of interest policy, (b) has read and understands the policy, (c) has agreed to comply with the policy, and (d) understands that St Francis Medical Center is a charitable organization and that, in order to maintain its Federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes. In addition to the above, St Francis Medical Center provides mechanisms for confidential reporting of compliance issues. These mechanisms include an anonymous hotline and Web site where individuals may raise issues, seek clarification, and report possible conflicts of interest or other concerns. These reports, including reports of possible conflicts of interest, are reviewed and investigated by the Corporate Compliance Department and appropriate action is taken.</p>

Identifier	Return Reference	Explanation
PART VI, SECTION B, QUESTION 15A & 15B		Our Board of Directors designates an executive committee made up of independent board members to review and set the compensation annually of our officers and key employees. The executive committee obtains and relies upon comparable data including industry-wide compensation information provided by an outside consulting firm. The executive committee reviews compensation packages and appropriate compensation is determined and approved. The basis for determination is then documented by the executive committee. The compensation for the CEO of St. Francis Medical Center is set by the compensation committee of FMOL Health System (a related tax-exempt organization) according to their pay practices which are similar to those described above.

Identifier	Return Reference	Explanation
GOVERNING DOCUMENTS	PART VI, SECTION C, QUESTION 19	The organization makes its governing documents, conflict of interest policy and financial statements available upon request

Identifier	Return Reference	Explanation
PART XI, QUESTION 9		CAPITAL TRANSFERS \$(5,469,339)

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 FRANCIS MEDICAL CENTER

Employer identification number
72-0408970

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
(1) ST FRANCIS PEDIATRIC AFTER HOURS PO BOX 207 MONROE, LA 71210 06-1782572	HEALTHCARE	LA	46,800	213,683	SFMC
(2) ST FRANCIS MEDICAL GROUP PO BOX 1901 MONROE, LA 71210	HEALTHCARE	LA	5,343,825	-6,169,274	SFMC

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) St Bernard Health Fund 4200 ESSEN LANE BATON ROUGE, LA 70809 20-4685614	HEALTHCARE	LA	501(C)(3)	11 TYPE 1	FMOLHS		No
(2) HEALTH PARTNERS NETWORK OF SOUTH LA 4801 AMBASSADOR CAFFERY PKWY LAFAYETTE, LA 70508	HEALTHCARE	LA	501(C)(3)	3	LOURDES RMC	Yes	
(3) HEALTH CARE CENTERS IN SCHOOLS 5000 HENNESSY BLVD BATON ROUGE, LA 70808 72-1443935	HEALTHCARE	LA	501(C)(3)	7	LOLOL	Yes	

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			
See Additional Data Table										Yes	No

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
See Additional Data Table									

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)

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

(a) Name of other organization		(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) ST FRANCIS AMBULATORY SERVICES		K	310,224	FMV
(2) ST FRANCIS INSURANCE AGENCY		A	35,162	FMV
(3) P&S SURGERY CENTER		A	774,975	FMV
(4) P&S SURGERY CENTER		L	313,796	FMV
(5) P&S SURGERY CENTER		S	1,201,037	FMV
(6) ST FRANCIS INSURANCE AGENCY		M	50,625	FMV

Schedule R (Form 990) 2012

Software ID:

Software Version:

EIN: 72-0408970

Name: ST FRANCIS MEDICAL CENTER

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Dispropportionate allocations?		(i) Code V-UBI amount on Box 20 of K-1	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
Heart Hospital of Acadiana 1105 Kaliste Saloom Road Lafayette, LA 70508 30-0442368	Healthcare	LA	LOURDES	N/A				No		Yes		
Perkins Plaza Medical Arts Development 5000 Hennessy Boulevard Baton Rouge, LA 70808 45-0516574	REAL ESTATE	LA	OLOL	N/A				No		Yes		
Perkins Plaza Imaging Development 5000 Hennessy Boulevard Baton Rouge, LA 70808 20-3894521	REAL ESTATE	LA	OLOL	N/A				No		Yes		
P&S SURGERY CENTER LLC 312 GRAMMONT STREET MONROE, LA 71201 72-1387870	HEALTHCARE	LA	SFMC	RELATED	1,733,286	14,521,524		No	0	Yes		50 000 %
NUCLEAR IMAGING LLC 5000 HENNESSY BOULEVARD BATON ROUGE, LA 70808 72-1470061	HEALTHCARE	LA	OLOL	N/A				No		Yes		
Lourdes Imaging Development LLC 4801 AMBASSADOR CAFFERY PKWY Lafayette, LA 70508 20-8326287	REAL ESTATE	LA	LOURDES	N/A				No		Yes		
Park Place Surgical Hospital 901 Wilson Street Lafayette, LA 70503 72-1404092	Healthcare	LA	LOURDES	N/A				No		Yes		
BRPT Lake Rehabilitation Centers LLC 530 Shadows Lane Baton Rouge, LA 70806 72-1506100	Healthcare	LA	OLOL	N/A				No		Yes		
Convenient Care LLC 7777 Hennessy Boulevard Suite 1004 Baton Rouge, LA 70808 72-1439481	Healthcare	LA	OLOL	N/A				No		Yes		
Perkins Plaza Ambulatory Surgery Center 54 The Legends Parkway Suite 159 Eureka, MO 63025 48-1264699	Healthcare	LA	OLOL	N/A				No		Yes		
Surgical Specialty Center of Baton Rouge 8080 Bluebonnet Boulevard Baton Rouge, LA 70810 26-3160962	Healthcare	LA	OLOL	N/A				No		Yes		
St Elizabeth - Mary Bird Perkins 4950 Essen Lane BATON ROUGE, LA 70809 26-0628752	HEALTHCARE	LA	STEH	N/A				No		Yes		
Regional Eye Surgery Center LLC 7777 Hennessy Blvd Suite 4000 BATON ROUGE, LA 70808 72-1484653	HEALTHCARE	LA	OLOL	N/A				No		Yes		
St Mary's Imaging Center II 4801 AMBASSADOR CAFFERY PKWY LAFAYETTE, LA 70508	HEALTHCARE	LA	LOURDES IMAGING	N/A				No		Yes		
NORTHEAST LA CANCER INSTITUTE 141 DESTARD STREET SUITE 704 MONROE, LA 71201 72-1329499	HEALTHCARE	LA	SFMC	RELATED	236,690	2,873,076		No	0	Yes		50 000 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
LOURDES AFTER HOURS LLC 4801 AMBASSADOR CAFFERY PWKY LAFAYETTE, LA 70508 20-1367299	HEALTHCARE	LA	LOURDES	N/A				No		Yes		
LHCG-XIII LLC 420 WEST PINHOOK ROAD SUITE A LAFAYETTE, LA 70503 20-8068308	HEALTHCARE	LA	LOURDES	N/A				No		Yes		
ST ELIZABETH IMAGING CENTER 1125 HIGHWAY 30 GONZALES, LA 70737 36-4701565	HEALTHCARE	LA	STEH	N/A				No		Yes		
CAPITAL AREA SHARED SVC ORGANIZATIONLLC 5000 HENNESSY BOULEVARD BATON ROUGE, LA 70808 27-5173212	HEALTHCARE	LA	OLOL PG	N/A				No		Yes		
CAPITAL AREA SHARED SVC ORGANIZATIONLLC 5000 HENNESSY BLVD BATON ROUGE, LA 70808 27-5173212	HEALTHCARE	LA	STEP	N/A				No		Yes		
LAKE URGENT CARE ASCENSION LLC 10319 JEFFERSON HWY BATON ROUGE, LA 70809 35-2463092	HEALTHCARE	LA	STEH	N/A				No		Yes		
OLOL PONTCHARTRAIN SURGERY CTR 15305 DALLAS PKWY STE 1600 LB 28 ADDISON, TX 75001 46-1379031	HEALTHCARE	LA	OLOL USP	N/A				No		Yes		
OLOL USP SURGERY CENTERS LLC 15305 DALLAS PKWY STE 1600 LB 28 ADDISON, TX 75001 35-2457810	HEALTHCARE	TX	OLOL	N/A				No		Yes		
LAKE URGENT CARE ASCENSION LLC 10319 JEFFERSON HWY BATON ROUGE, LA 70809 35-2463092	HEALTHCARE	LA	OLOL	N/A				No		Yes		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
St Francis Insurance Agency 309 Jackson Street Monroe, LA 71201 72-1435136	Insurance	LA	SFMC	C CORP	142,157	12,237	100 000 %	Yes	
Hospital Assistance Services PO Box 4027-C Lafayette, LA 70502 72-1073486	Healthcare	LA	LOURDES	C Corp					
Louise Insurance Company PO BOX 1051 KY1-1102 CJ	INSURANCE	CJ	FMOL	C Corp					
Monroe Health Services PO Box 3187 Monroe, LA 71210 72-1057820	Healthcare	LA	AMBULATORY	C Corp					
Northeast LA Health Network 309 Jackson Street Monroe, LA 71201 72-1294587	Healthcare	LA	AMBULATORY	C Corp					
CHARITABLE REMAINDER TRUST	Investment	LA	LOL Foundation	Trust					
FRANCISCAN HEALTH & WELLNESS SERVICES I 4200 ESSEN LANE BATON ROUGE, LA 70809 45-5492379	HEALTHCARE	LA	FMOL	C CORP					
FMOL HEALTH SYSTEM HOLDINGS INC 4200 ESSEN LANE BATON ROUGE, LA 70809 45-4405024	INVESTMENT	LA	FMOL	C CORP					

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

(a) Name of other organization		(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
ST FRANCIS AMBULATORY SERVICES		K	310,224	FMV
ST FRANCIS INSURANCE AGENCY		A	35,162	FMV
P&S SURGERY CENTER		A	774,975	FMV
P&S SURGERY CENTER		L	313,796	FMV
P&S SURGERY CENTER		S	1,201,037	FMV
ST FRANCIS INSURANCE AGENCY		M	50,625	FMV



**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Consolidated Financial Statements
and Supplemental Schedules

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Table of Contents

	Page(s)
Independent Auditors' Report	1
Consolidated Financial Statements:	
Consolidated Balance Sheets, June 30, 2013 and 2012	4
Consolidated Statements of Operations, Years ended June 30, 2013 and 2012	5–6
Consolidated Statements of Changes in Net Assets, Years ended June 30, 2013 and 2012	7
Consolidated Statements of Cash Flows, Years ended June 30, 2013 and 2012	8–9
Notes to Consolidated Financial Statements	10–61
Supplemental Schedules	
1 Consolidating Schedule – Balance Sheet Information	62
2 Consolidating Schedule – Statement of Operations Information	63–64
3 Consolidating Schedule – Statement of Changes in Net Assets Information	65
4 Service to the Community (Unaudited)	66–67



KPMG LLP
Suite 1700
450 Laurel Street, Suite 1700
Baton Rouge, LA 70801

Independent Auditors' Report

The Board of Trustees
Franciscan Missionaries of
Our Lady Health System, Inc.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Franciscan Missionaries of Our Lady Health System, Inc. and affiliated organizations (the System), which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Franciscan Missionaries of Our Lady Health System, Inc. and affiliated organizations as of June 30, 2013 and 2012, and the results of their operations, changes in their net assets, and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

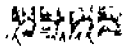
Emphasis of Matter

As discussed in note 1(w) to the consolidated financial statements the System adopted the provisions of Accounting Standards Update No. 2011-07: *Health Care Entities: Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* on July 1, 2012, and retroactively applied the provision to all periods presented. Our opinion is not modified with respect to this matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The supplementary information included in Schedule 4 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2013, on our consideration of Franciscan Missionaries of Our Lady Health System, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franciscan Missionaries of Our Lady Health System, Inc.'s internal control over financial reporting and compliance.

KPMG LLP

Baton Rouge, Louisiana
October 29, 2013

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Consolidated Balance Sheets

June 30, 2013 and 2012

(In thousands)

Assets	2013	2012
Current assets:		
Cash and cash equivalents	\$ 131,937	190,006
Short-term investments	19,231	17,538
Patient receivables, net of allowance for uncollectible accounts of \$146,255 and \$73,144 in 2013 and 2012, respectively	236,674	191,752
Other current assets	127,541	81,714
Total current assets	515,383	481,010
Assets limited as to use, net of current portion	754,249	668,512
Property and equipment, net	1,102,803	999,262
Other assets	152,382	112,761
Total assets	\$ 2,524,817	2,261,545
Liabilities and Net Assets		
Current liabilities:		
Lines of credit	\$ 835	5,996
Current installments of long-term debt	14,260	19,027
Current portion of capital lease obligations	7,586	5,103
Accounts payable	88,205	53,435
Other current liabilities	202,967	169,200
Total current liabilities	313,853	252,761
Professional and general liabilities	31,326	28,472
Long-term debt, excluding current installments	599,796	502,390
Capital lease obligations, excluding current portion	12,463	21,469
Accrued pension cost	264,952	304,591
Other long-term liabilities	24,782	52,905
Total liabilities	1,247,172	1,162,588
Net assets.		
Unrestricted	1,221,806	1,065,480
Temporarily restricted	27,227	20,802
Permanently restricted	5,300	5,510
Total net assets attributable to Franciscan Missionaries of Our Lady Health System, Inc.	1,254,333	1,091,792
Noncontrolling interests	23,312	7,165
Total net assets	1,277,645	1,098,957
Commitments and contingencies		
Total liabilities and net assets	\$ 2,524,817	2,261,545

See accompanying notes to consolidated financial statements.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Consolidated Statements of Operations

Years ended June 30, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Changes in unrestricted net assets:		
Unrestricted revenues:		
Net patient service revenue, net of contractual allowances and discounts	\$ 1,469,958	1,319,535
Provision for uncollectible accounts	(161,838)	(123,500)
Net patient service revenue	1,308,120	1,196,035
Other revenue	93,689	89,943
Equity in income from equity investees, net	11,659	12,033
Total unrestricted revenues	<u>1,413,468</u>	<u>1,298,011</u>
Net assets released from restrictions used for operations:		
Satisfaction of program restrictions	2,044	2,780
Expiration of time restrictions	142	133
Total net assets released from restrictions used for operations	<u>2,186</u>	<u>2,913</u>
Total unrestricted revenues and other support	<u>1,415,654</u>	<u>1,300,924</u>
Operating expenses:		
Salaries and wages	550,375	519,767
Employee benefits	146,888	111,761
Total salaries, wages, and employee benefits	697,263	631,528
Physician fees	31,207	30,570
Professional services	17,463	15,973
Other services	207,870	171,469
Leases, insurance, and utilities	50,751	46,384
Supplies and other	276,443	257,758
Depreciation and amortization	84,098	79,153
Interest	25,821	26,537
Other	2,778	3,133
Total operating expenses	<u>1,393,694</u>	<u>1,262,505</u>
Operating income	<u>21,960</u>	<u>38,419</u>

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Consolidated Statements of Operations

Years ended June 30, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Nonoperating gains (losses):		
Investment return	\$ 70,038	(5,332)
Other	(10,316)	(3,743)
Change in fair value of interest rate swap agreements	10,040	(14,118)
Total nonoperating gains (losses), net	<u>69,762</u>	<u>(23,193)</u>
Unrestricted revenues, gains, and other support in excess of expenses and losses before noncontrolling interest	91,722	15,226
Noncontrolling interests	<u>(2,569)</u>	<u>(3,126)</u>
Unrestricted revenues, gains, and other support in excess of expenses and losses attributable to Franciscan Missionaries of Our Lady Health System, Inc.	89,153	12,100
Pension-related changes other than net periodic pension cost	67,738	(124,981)
Other	<u>(565)</u>	<u>(1,848)</u>
Increase (decrease) in unrestricted net assets	<u>\$ 156,326</u>	<u>(114,729)</u>

See accompanying notes to consolidated financial statements.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Change in unrestricted net assets:		
Unrestricted revenues, gains, and other support in excess of expenses and losses attributable to Franciscan Missionaries of Our Lady Health System, Inc.	\$ 89,153	12,100
Pension-related changes other than net periodic pension cost	67,738	(124,981)
Other	(565)	(1,848)
Increase (decrease) in unrestricted net assets	<u>156,326</u>	<u>(114,729)</u>
Changes in temporarily restricted net assets:		
Contributions	8,297	5,062
Income from long-term investments, net	5	1
Net unrealized and realized gains on investments, net	—	15
Net assets released from restrictions	(2,186)	(2,913)
Acquired net assets	—	28
Other	309	—
Increase in temporarily restricted net assets	<u>6,425</u>	<u>2,193</u>
Changes in permanently restricted net assets	<u>(210)</u>	<u>(6)</u>
Changes in noncontrolling interests:		
Unrestricted revenues, gains, and other support in excess of expenses and losses	2,569	3,126
Distributions	(2,272)	(5,183)
Acquired controlling interest	—	(1,066)
Sale of noncontrolling interest	15,838	—
Other	12	—
Increase (decrease) in noncontrolling interests	<u>16,147</u>	<u>(3,123)</u>
Increase (decrease) in net assets	<u>178,688</u>	<u>(115,665)</u>
Net assets, beginning of year	<u>1,098,957</u>	<u>1,214,622</u>
Net assets, end of year	<u>\$ 1,277,645</u>	<u>1,098,957</u>

See accompanying notes to consolidated financial statements.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Consolidated Statements of Cash Flows

Years ended June 30, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 178,688	(115,665)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	84,098	79,153
Provision for uncollectible accounts	161,838	123,500
Loss on sale or disposal of property and equipment, net	67	2,827
Net realized and unrealized (gains) losses on assets limited as to use and investment securities	(63,140)	11,107
Income from equity investees	(11,659)	(12,033)
Change in value of interest rate swap agreements	(10,040)	14,119
Amortization of net premium on bond issues	(192)	(38)
Pension-related changes other than net periodic pension cost	(67,738)	124,981
Loss on early extinguishment of debt	970	—
Sale of noncontrolling interest	(15,838)	—
Acquired controlling interest	—	985
Distributions to noncontrolling interest	2,272	5,183
Return on investment in equity investees	9,685	—
Changes in operating assets and liabilities:		
Short-term investments, net	(155)	1,214
Receivables	(204,964)	(138,914)
Inventories	(4,096)	(187)
Prepaid expenses and other assets	(12,144)	(6,688)
Accounts payable, accrued expenses, and other liabilities	67,069	(3,688)
Professional and general liabilities	1,562	2,518
Net cash provided by operating activities	<u>116,283</u>	<u>88,374</u>

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Consolidated Statements of Cash Flows

Years ended June 30, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Cash flows from investing activities:		
Capital expenditures	\$ (174,899)	(121,208)
Change in assets limited as to use	(58,049)	19,679
Cash paid for acquisitions, net of cash acquired	(25,556)	—
Proceeds from sales of property and equipment	160	1,267
Distributions of investment in equity investees	—	7,660
Net cash used in investing activities	<u>(258,344)</u>	<u>(92,602)</u>
Cash flows from financing activities:		
Repayment of long-term debt	(68,780)	(18,124)
Repayment of capital lease obligations, net	(6,617)	(4,216)
Proceeds from issuance of long-term debt	161,502	3,200
Payment of bond issuance costs	(1,884)	—
Payments on line of credit, net	(5,506)	1,347
Sale of noncontrolling interest	7,549	—
Acquired controlling interest	—	(985)
Distributions to noncontrolling interest	(2,272)	(5,183)
Net cash provided by (used in) financing activities	<u>83,992</u>	<u>(23,961)</u>
Decrease in cash and cash equivalents	(58,069)	(28,189)
Cash and cash equivalents, beginning of year	<u>190,006</u>	<u>218,195</u>
Cash and cash equivalents, end of year	<u>\$ 131,937</u>	<u>190,006</u>

See accompanying notes to consolidated financial statements.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(1) Organization and Summary of Significant Accounting Policies

Franciscan Missionaries of Our Lady Health System, Inc. (FMOLHS or the System) is a not-for-profit, nonstock membership corporation and is a wholly owned subsidiary of Franciscan Missionaries of Our Lady in Baton Rouge, Louisiana (FMOL). The members of FMOL are the Provincial and the members of the Council of the Franciscan Missionaries of Our Lady – North American Province. FMOLHS is the sole member and has sole voting control of four medical centers and their affiliates (FMOLHS Affiliates). All of these entities are not-for-profit, nonstock membership corporations. The medical centers are as follows:

- Our Lady of the Lake Regional Medical Center, Inc. (the Lake) – Baton Rouge, Louisiana
- Our Lady of the Lake Ascension Community Hospital, Inc. (d.b.a. St. Elizabeth Hospital) – Gonzales, Louisiana
- Our Lady of Lourdes Regional Medical Center, Inc. (Lourdes) – Lafayette, Louisiana
- St. Francis Medical Center, Inc. (St. Francis) – Monroe, Louisiana

The FMOLHS Affiliates participate together in a captive insurance company, Louise Insurance Co., Ltd. (Louise), which is wholly owned by FMOLHS (note 20).

The significant accounting policies used by FMOLHS in preparing and presenting its consolidated financial statements follow:

(a) Principles of Consolidation

The consolidated financial statements include the accounts of FMOLHS, its wholly owned subsidiaries, and the FMOLHS Affiliates. All significant intercompany balances and transactions have been eliminated in consolidation. Third party equity interest in the consolidated subsidiaries are reflected as noncontrolling interest in FMOLHS's consolidated financial statements. For subsidiaries in which FMOLHS does not have a controlling interest, FMOLHS records such investments under the equity method of accounting.

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumptions.

Significant items subject to such estimates and assumptions include the determination of the allowances for uncollectible accounts and contractual adjustments, reserves for general and professional liability claims, reserves for workers' compensation claims, reserves for employee healthcare claims, estimated third-party payor settlements, certain investments in alternative funds, valuation of derivatives, useful lives of property and equipment, and the actuarially determined

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

benefit liability related to FMOLHS's pension plans and postretirement health plans. In addition, 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 related to these programs will change by a material amount in the near term.

(c) *Cash Equivalents*

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less when purchased, excluding amounts included in assets limited as to use.

FMOLHS maintains bank accounts at various financial institutions covered by Federal Depository Insurance Corporation (FDIC). At time throughout the year, FMOLHS may maintain bank account balances in excess of the FDIC insured limit. FMOLHS believes it is not exposed to any significant credit risk related to cash.

(d) *Investments and Investment Return*

Investments in equity securities with readily determinable fair values and all investments in debt securities, except for investments in the common stock of equity investees accounted for using the equity method, are recorded at fair value. The estimated fair value of these investments is based on quoted market prices.

FMOLHS also invests in alternative assets such as hedge funds, private equity funds, and commingled funds. When FMOLHS's investment in alternative assets represents investments organized as corporations, or trusts with legal structures similar to a corporation, with ownership less than 20%, and transacts frequently (at least quarterly), FMOLHS accounts for these investments at net asset value as a practical expedient to fair value. When FMOLHS's investment in alternative assets represents investments organized as limited partnerships, or limited liability companies with specific ownership accounts or trusts with legal structures similar to a partnership, FMOLHS accounts for these investments using the equity method, which generally approximates net asset value.

The net asset value for alternative assets for which quoted market prices are not available is based on the most recent valuations provided by the external investment managers, adjusted for receipts and disbursements through June 30. FMOLHS reviews and evaluates the values provided by the managers and agrees with the valuation methods and assumptions used to determine those values. Therefore, FMOLHS believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because alternative assets are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

Dividend, interest, and other income, realized and unrealized gains and losses on investments recorded at fair value, alternative assets recorded at net asset value, and changes in the carrying value of alternative assets recorded on the equity method, are included as unrestricted revenues, gains, and other support in excess of expenses and losses in the consolidated statements of operations unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Donated investments are recorded at fair value at the date of receipt.

(e) *Inventories*

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost (average cost method) or market.

(f) *Assets Limited as to Use*

Assets limited as to use include the following:

- Assets set aside by the Board of Directors for future capital acquisitions, capital improvements, securities lending, and debt service, over which the Board of Directors retains control and may at its discretion subsequently use for other purposes.
- Assets held by trustees under indenture agreements, self-insurance trust arrangements, and terms of donor restrictions.

Amounts required to satisfy current requirements for the payment of current construction costs and debt service costs are classified as current assets in the accompanying consolidated balance sheets.

(g) *Components of Net Assets*

Net assets, revenues, and other support and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of FMOLHS and changes therein are classified and reported as follows:

Unrestricted Net Assets – Unrestricted net assets are net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contracts or by board designation.

Temporarily Restricted Net Assets – Temporarily restricted net assets are net assets subject to donor-imposed stipulations that may or will be met either by actions of FMOLHS and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions.

Permanently Restricted Net Assets – Permanently restricted net assets are net assets subject to donor-imposed stipulations that are maintained permanently by FMOLHS. Generally, the donors of these assets permit FMOLHS to use all or part of the income earned on related investments for specific or general purposes.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

Unrealized gains and losses are recorded as temporarily restricted net assets if the terms of the gift restrict the use of the income. Permanently restricted net assets are increased if the term of the gift that gave rise to the investment requires the unrealized gain be added to the principal of a permanent endowment.

Generally, losses on the investments of restricted endowments reduce temporarily restricted net assets to the extent donor-imposed temporary restrictions on net appreciation of investments have not been met before the loss occurs. Any remaining losses reduce unrestricted net assets, but can be restored through subsequent investment gains.

(h) Bond Issuance Costs

Bond issuance costs, premiums, and discounts, costs of letters of credit and standby purchase agreements are being amortized over the terms of the related bond issues using a method that approximates the effective interest method. Accumulated amortization was approximately \$5,510 and \$5,019 at June 30, 2013 and 2012, respectively.

(i) Property and Equipment

Property and equipment, including leasehold improvements, are stated at cost upon acquisition or fair value if donated. Depreciation is computed primarily on the straight-line method based upon the shorter of the estimated useful lives of the assets or the lease term. Equipment under capital lease is amortized using the straight-line method over the shorter of the lease term of the equipment or its useful life. Such amortization is included in depreciation and amortization expense in the accompanying consolidated financial statements.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor time stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Contributions restricted for the purchase of property and equipment for which restrictions are met within the same year as the contributions are received are reported as increases in unrestricted net assets in the accompanying consolidated financial statements.

(j) Business Combination

FMOLHS accounts for business combinations using the acquisition method. The assets acquired consist primarily of property and equipment, intangibles, and license. The assets acquired and liabilities assumed, if any, are measured at fair value on the acquisition date using the appropriate valuation method. The noncontrolling interest associated with joint venture acquisitions is also measured and recorded at fair value as of the acquisition date. The residual purchase price is recorded as goodwill. The operations of the acquisitions are included in the consolidated financial statements from their respective dates of acquisition.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(k) *Cost in Excess of Net Assets Acquired*

Cost in excess of net assets acquired, or goodwill, included in other assets, is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Cost in excess of net assets acquired is reviewed for impairment at least annually. In September 2011, the Financial Accounting Standards Board (FASB) issued ASU 2011-08, *Testing Goodwill for Impairment*, which provides an entity the option to perform a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount prior to performing the two-step goodwill impairment test. If this is the case, the two-step goodwill impairment test is required. If it is more-likely-than-not that the fair value of a reporting unit is greater than its carrying amount, the two-step goodwill impairment test is not required. FMOLHS adopted this guidance in 2013.

If the two-step goodwill impairment test is required, first, the fair value of the reporting unit is compared with its carrying amount (including cost in excess of net assets acquired). If the fair value of the reporting unit is less than its carrying amount, an indication of cost in excess of net assets acquired impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of cost in excess of net assets acquired is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying amount, step two does not need to be performed.

FMOLHS performs its annual impairment review of cost in excess of net assets acquired at June 30, and when a triggering event occurs between annual impairment tests. For 2013, FMOLHS performed a qualitative assessment of cost in excess of net assets acquired and determined that it is not more-likely-than-not that the fair values of its reporting units are less than the carrying amounts. Accordingly, no impairment loss was recorded in 2013 or 2012.

Accumulated amortization for all costs in excess of net assets acquired was \$15,846 at June 30, 2013 and 2012.

(l) *Capitalization of Interest*

FMOLHS capitalizes the interest costs of borrowings, net of related investment income on the unexpended funds, during the construction period of major projects as a component of the asset. Net interest expense capitalized was \$1,842 and \$325 for the years ended June 30, 2013 and 2012, respectively.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(m) *Impairment of Long-lived Assets*

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, FMOLHS first compares the undiscounted future cash flows expected to be generated by the assets to its carrying value. If the carrying amount of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment charge is recognized to the extent the carrying amount of the asset exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party appraisals, as considered necessary.

Assets to be disposed of are separately presented in the accompanying consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

(n) *Estimated Workers' Compensation, Professional Liability, and Employee Health Claims*

The provisions for estimated workers' compensation, professional liability, and employee health claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported. These estimates incorporate FMOLHS's past experience, as well as other considerations, including the nature of claims, industry data, relevant trends, and/or the use of actuarial information.

(o) *Consolidated Statements of Operations*

Transactions deemed to be ongoing, major, or central to the provision of healthcare services are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as nonoperating gains and losses. Investment return, consisting of dividends and interest earned on investments, as well as realized and unrealized gains and losses on the investment portfolio, medical office building rental income, the change in value of interest rate swap agreement, and gains and losses on asset disposals are reported as nonoperating gains or losses.

The consolidated statements of operations include unrestricted revenues, gains, and other support in excess of expenses and losses, which is an indicator of financial performance. Changes in unrestricted net assets that are excluded from unrestricted revenues, gains, and other support in excess of expenses and losses include permanent transfers of assets to and from affiliates for other than goods and services, pension-related changes other than net periodic pension cost, and contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purpose of acquiring such assets).

(p) *Net Patient Service Revenue and Patient Accounts Receivable*

Net patient service revenue is recognized as services are performed and is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

Retroactively calculated contractual adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and are adjusted as final settlements are determined.

Patient receivables are reduced by an allowance for uncollectible accounts. The allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in healthcare coverage, major payor sources, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category. The results of this review are then used to make modifications to the provision for uncollectible accounts to establish an appropriate allowance for uncollectible receivables. After satisfaction of amounts due from insurance, FMOLHS Affiliates follow established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by FMOLHS Affiliates.

(q) Charity Care

The FMOLHS Affiliates provide care to patients who meet certain criteria under their charity care policies without charge or at amounts less than its established rates. Because the FMOLHS Affiliates do not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue.

The FMOLHS Affiliates maintain records to identify and monitor the level of charges forgone that are associated with the charity care they provide. Charges forgone, based on established rates, totaled approximately \$38,576 and \$30,305 for the years ended June 30, 2013 and 2012, respectively.

The FMOLHS Affiliates do not include charity care in net patient service revenue. The cost of charity care provided in 2013 and 2012 approximated \$13,734 and \$11,216, respectively. FMOLHS Affiliates estimated these costs by calculating a ratio of cost to gross charges and then multiplying that ratio by the gross charity charges associated with providing care to charity patients.

(r) Electronic Health Record Incentive Program

The Centers for Medicare & Medicaid Services (CMS) have implemented provisions of the American Recovery and Reinvestment Act of 2009 that provide incentive payments beginning in 2011 for the meaningful use of certified electronic health record (EHR) technology. CMS has defined meaningful use as meeting certain objectives and clinical quality measures based on current and updated technology capabilities over predetermined reporting periods as established by CMS. The Medicare EHR incentive program provides annual incentive payments to eligible professionals, eligible hospitals, and critical access hospitals, as defined, that are meaningful users of certified EHR technology. The Medicaid EHR incentive program provides annual incentive payments to eligible professionals and hospitals for efforts to adopt, implement, and meaningfully use certified EHR technology. FMOLHS utilizes a contingency accounting model to recognize EHR incentive revenues. FMOLHS records EHR incentive revenue when FMOLHS has actually complied with the meaningful use criteria for a full reporting period and when all uncertainties and contingencies are

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

resolved prior to the recognition of income. In fiscal 2013 and 2012, FMOLHS recorded EHR incentive revenues of \$9,527 and \$15,372 comprised of \$5,354 and \$8,361 of Medicare revenues and \$4,173 and \$7,011 of Medicaid revenues, respectively. EHR incentive revenues are included in net patient service revenue in the accompanying consolidated statements of operations. There were no EHR incentive receivables from Medicare and Medicaid at June 30, 2013.

(s) *Income Taxes*

FMOLHS and the FMOLHS Affiliates are exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as organizations described in IRC Section 501(c)(3). Certain of the FMOLHS Affiliates' subsidiaries are subject to federal and state income taxes, provisions for which have been reflected in the accompanying consolidated financial statements. The amounts of such provisions are not material.

FMOLHS recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. No reserves for uncertain tax positions have been recorded.

(t) *Asset Retirement Obligations*

FMOLHS recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, FMOLHS capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statements of operations.

(u) *Fair Value Measurements*

FMOLHS applies Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes an enhanced framework for measuring fair value, and expands disclosures about fair value measurements, including those required for certain investments in funds that do not have readily determinable fair values including private equity investments, hedge funds, real estate, and other funds. ASC Topic 820 permits, as a practical expedient, the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent. Net asset value, in many instances, may not equal fair value that would be calculated pursuant to other related requirements of ASC Topic 820.

FMOLHS utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. FMOLHS determines fair value based on

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

In May 2011, the FASB issued Accounting Standards Update 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04). The new standard does not extend the use of fair value but, rather, provides guidance about how fair value should be applied where it is already required or permitted under IFRS or U.S. GAAP. For U.S. GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS. The provisions of the ASU are effective for periods beginning after December 15, 2011. FMOLHS adopted the provisions of this standard in fiscal 2013. The adoption of ASU 2011-04 did not have a material effect on the consolidated financial statements.

(v) Fair Value Option

ASC SubTopic 825-10, *Financial Instruments – Overall*, gives FMOLHS the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. FMOLHS has not elected to apply the fair value option to any assets or liabilities.

(w) Recently Adopted Accounting Standards

In July 2011, the FASB issued ASU 2011-07, *Health Care Entities: Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. This ASU changed FMOLHS's presentation of the provision for uncollectible accounts in the consolidated statements of operations from an operating expense to a deduction from net patient service revenue. It expanded disclosures regarding policies for recognizing revenue, assessing contra revenue line items, and activity in the allowance for uncollectible accounts. FMOLHS adopted the provisions of this standard on July 1, 2012, and retroactively applied the provisions to all periods presented.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(x) *Reclassifications*

Certain reclassifications have been made to 2012 amounts to conform to the 2013 consolidated financial statement presentation.

(y) *Current Economic Environment*

In light of the current sluggish recovery of the U.S. economy, FMOLHS monitors economic conditions closely, both with respect to potential impacts on the healthcare provider industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact FMOLHS in a number of ways, including (but not limited to) uncertainties associated with U.S. financial system reform and rising self-pay patient volumes and corresponding increases in uncompensated care.

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the impacts of the federal healthcare reform legislation, which was passed in the spring of 2010 and upheld by the Supreme Court in June 2012. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant (and potentially unprecedented) capital investment in healthcare information technology (HCIT);
- Continuing volatility in the state and federal government reimbursement programs;
- Lack of clarity related to the health benefit exchange framework mandated by reform legislation, including important open questions regarding exchange reimbursement levels, changes in combined state/federal disproportionate share payments, and impact on the healthcare “demand curve” as the previously uninsured enter the insurance system;
- Effective management of multiple major regulatory mandates, including achievement of meaningful use of HCIT and the transition to ICD-10; and
- Significant potential business model changes throughout the healthcare ecosystem, including within the healthcare commercial payor industry.

The business of healthcare in the current economic, legislative, and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may or may not arise in the future, could have a material adverse impact on FMOLHS’s financial position and operating results.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(2) Short-Term Investments and Assets Limited as to Use

Short-term investments consist of the following:

	<u>2013</u>	<u>2012</u>
Asset category:		
Cash	\$ 794	640
Equity securities:		
U.S. companies	4,819	4,361
International companies	1,952	1,689
Real assets	1,181	1,160
Fixed income securities:		
U.S. government guaranteed	149	66
U.S. agency	428	383
Corporate	589	670
Municipal	33	28
Other	1,693	1,876
Emerging markets	854	722
Alternative asset funds:		
Hedge funds	4,873	4,149
Private equity funds	1,866	1,794
Total	<u>\$ 19,231</u>	<u>17,538</u>

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

The composition of assets limited as to use at June 30, 2013 and 2012 is as follows:

	2013				
	Board- designated for capital	Trusted bond funds	Self- insurance trust funds	Other	Total
Asset category					
Cash	\$ 34,828	58,572	—	3,144	96,544
Equity securities.					
U S. companies	111,472	—	3,439	5,262	120,173
International companies	82,258	—	—	486	82,744
Real assets	49,779	—	—	—	49,779
Fixed income securities.					
U S. government guaranteed	6,288	—	2,138	—	8,426
U S. agency	18,021	—	10,570	354	28,945
Corporate	24,843	—	3,944	1,329	30,116
Municipal	1,380	—	10,095	—	11,475
Other	61,625	—	2,691	1,081	65,397
Emerging markets	36,000	—	—	—	36,000
Alternative asset funds					
Hedge funds	205,300	—	—	109	205,409
Private equity funds	78,658	—	—	—	78,658
	710,452	58,572	32,877	11,765	813,666
Less amounts classified as current assets	102	58,572	—	743	59,417
Noncurrent portion	\$ 710,350	—	32,877	11,022	754,249

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

		2012				
		Board- designated for capital	Trusted bond funds	Self- insurance trust funds	Other	Total
Asset category.						
Cash	\$	32,846	23,997	815	2,725	60,383
Equity securities.						
U.S. companies		92,345	—	2,917	4,652	99,914
International companies		70,598	—	—	414	71,012
Real assets		48,469	—	—	—	48,469
Fixed income securities:						
U.S. government guaranteed		2,758	—	3,228	—	5,986
U S agency		15,982	—	17,176	—	33,158
Corporate		27,984	—	—	1,834	29,818
Municipal		1,185	—	—	—	1,185
Other		64,195	—	—	1,031	65,226
Emerging markets		30,163	—	—	—	30,163
Alternative asset funds						
Hedge funds		173,366	—	—	—	173,366
Private equity funds		74,968	—	—	—	74,968
Accrued interest		367	—	—	—	367
		635,226	23,997	24,136	10,656	694,015
Less amounts classified as current assets		913	23,997	—	593	25,503
Noncurrent portion	\$	634,313	—	24,136	10,063	668,512

(a) Board-designated for Capital

In accordance with Board approval, the FMOLHS Affiliates have designated assets to fund future capital acquisitions and capital improvements.

The FMOLHS Affiliates invest their board-designated for capital funds together within FMOLHS in a capital reserve investment fund held in a JP Morgan Chase Bank custodial account. Through usage of unitized accounting, these investments are segregated for each FMOLHS Affiliate. Investments held as board-designated for capital are managed by several money managers, which focus on different investment strategies and provide diversity to the investments.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(b) Alternative Assets

Alternative assets (included in short-term investments and assets limited as to use) include limited partnerships and offshore investment funds. These funds invest in certain types of financial instruments, including, among others, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments. These financial instruments, which involve varying degrees of risk, may result in loss due to changes in the market (market risk). Alternative assets by strategy type are as follows:

	<u>2013</u>	<u>2012</u>
Alternative assets:		
Hedge funds	\$ 210,282	177,515
Private equity	80,524	76,762
Total alternative assets	<u>\$ 290,806</u>	<u>254,277</u>

At June 30, 2013, FMOLHS's remaining outstanding commitments to private equity interests totaled \$26,329. The projected capital call amounts for the next five fiscal years and thereafter are summarized in the table below:

	<u>Projected capital calls</u>
Fiscal year:	
2014	\$ 22,854
2015	2,482
2016	666
2017	255
2018	72
Thereafter	—
	<u>\$ 26,329</u>

Private equity interests have 10-year terms, with extensions of 1 to 4 years. As of June 30, 2013, the average remaining life of the private equity interests is approximately 7.1 years.

At June 30, 2013 and 2012, FMOLHS had hedge fund investments of \$210,282 and \$177,515, respectively, which were restricted from redemption for lock-up periods. Some of the hedge fund investments with redemption restrictions allow early redemption for specified fees. The terms and conditions upon which an investor may redeem an investment vary, usually requiring 30 to 180 days notice after the initial lock-up period.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

Based upon the terms and conditions in effect at June 30, 2013, FMOLHS's hedge fund investments can be redeemed or sold as follows:

	<u>Amount</u>
Fiscal year:	
2014	\$ 198,346
2015	4,933
2016	—
2017	—
2018	—
2019–2023	—
Thereafter	<u>7,003</u>
Total	<u>\$ 210,282</u>

(c) *Trusted Bond Funds*

Certain trusted bond funds have been established in accordance with the requirements of indentures related to various bond obligations. The consolidated trusted bond funds as of June 30, 2013 and 2012 consist of the following categories:

	<u>2013</u>	<u>2012</u>
Construction funds	\$ 37,217	—
Principal and interest funds	<u>21,355</u>	<u>23,997</u>
	58,572	23,997
Less amounts classified as other current assets	<u>58,572</u>	<u>23,997</u>
Noncurrent portion	<u>\$ —</u>	<u>—</u>

The above funds were established in accordance with related indentures to secure the payment of principal and interest on the related obligations, and to pay or reimburse the FMOLHS Affiliates for payment of the costs of the acquisition, construction, and installation of certain extensions and improvements to their facilities. Amounts classified as current represent funds deposited to pay current costs of construction projects and to pay related debt service costs classified as current liabilities. Information regarding FMOLHS's debt obligations is included in note 11.

(d) *Self-insurance Trust Funds*

The self-insurance trust funds represent amounts designated to pay certain self-insured losses (note 20).

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(e) Other

Other assets limited at to use as of June 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Scholarships – limited by donor	\$ 355	184
Healthcare services – limited by donor	9,974	9,167
Resident deposits	109	141
Escrow, security deposits, and surplus cash	276	260
Capital improvement – limited by grantor agency	1,051	904
	<u>11,765</u>	<u>10,656</u>
Less amounts classified as current	743	593
	<u>\$ 11,022</u>	<u>10,063</u>

All investments are considered “trading” for accounting purposes. All unrestricted investment income, including both realized and unrealized gains and losses, is included in the reported total of unrestricted revenues, gains, and other support in excess of expenses and losses. The following schedule for the years ended June 30, 2013 and 2012 summarizes the investment return and its classification in the consolidated statements of operations:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
2013			
Dividends and interest, net of expenses of \$1,986	\$ 6,898	5	6,903
Realized and unrealized gains (losses), net	63,140	—	63,140
Investment return	<u>\$ 70,038</u>	<u>5</u>	<u>70,043</u>
2012:			
Dividends and interest, net of expenses of \$2,088	\$ 5,790	1	5,791
Realized and unrealized gains (losses), net	(11,122)	15	(11,107)
Investment return	<u>\$ (5,332)</u>	<u>16</u>	<u>(5,316)</u>

Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets, statements of operations, and statements of changes in net assets.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(3) Patient Receivables

The composition of net patient receivables at June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Patient accounts receivable	\$ 382,929	264,896
Less allowance for uncollectible accounts	<u>146,255</u>	<u>73,144</u>
	<u>\$ 236,674</u>	<u>191,752</u>

For patient receivables associate with self-pay patients, including patients with deductibles and copayment balances for which third-party coverage provides for a portion of the services provided, FMOLHS Affiliates record an estimated provision for uncollectible accounts in the year of service. FMOLHS has experienced an increase in the provision for uncollectible accounts due to a significant increase in the uninsured and underinsured patient population including the transition of patients resulting from the Cooperative Endeavor Agreement. FMOLHS' allowance for uncollectible accounts increased by 99.9% and 13.5% compared to June 30, 2012 and June 30, 2011, respectively.

(4) Other Current Assets

The composition of other current assets at June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Due from third-party payors	\$ 540	—
Other receivables	13,430	13,005
Inventories	27,680	23,007
Prepaid expenses and other current assets	26,474	20,199
Assets limited as to use required for current liabilities	<u>59,417</u>	<u>25,503</u>
	<u>\$ 127,541</u>	<u>81,714</u>

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(5) Property and Equipment

A summary of property and equipment as of June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>	<u>Estimated useful lives</u>
Land	\$ 123,845	123,195	—
Land improvements	26,011	15,520	2–40 years
Buildings and building improvements	943,203	931,013	5–50 years
Fixed equipment	114,891	109,329	3–50 years
Movable equipment	562,916	535,280	3–25 years
Leasehold improvements	7,769	7,188	5–15 years
Building and building improvements held for lease	3,543	3,543	2–22 years
Construction in progress	142,295	92,146	—
	<u>1,924,473</u>	<u>1,817,214</u>	
Less accumulated depreciation	821,670	817,952	
	<u>\$ 1,102,803</u>	<u>999,262</u>	

At June 30, 2013, the FMOLHS Affiliates were obligated under purchase commitments of \$70,232 relating to the completion of various construction projects and purchases of equipment. Approximately \$10,658 and \$4,374 related to such projects and other property additions are included in accounts payable at June 30, 2013 and 2012, respectively.

(6) Other Assets

The composition of other assets at June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Unamortized bond issuance costs, net of accumulated amortization	\$ 7,348	6,839
Investments in equity investees	72,535	69,644
Cost in excess of net assets acquired	46,283	17,066
Fair value of interest rate swap agreements	7,453	5,573
Other	18,763	13,639
	<u>\$ 152,382</u>	<u>112,761</u>

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(7) Investment in Equity Investees

A summary of the FMOLHS's investment in equity investees at June 30, 2013 and 2012 included in other assets in the consolidated balance sheets, and its income from equity investees for the years ended June 30, 2013 and 2012 are as follows:

	<u>Ownership interest</u>	<u>Investment in investees</u>	<u>Equity income (loss) of investees</u>
2013:			
Convenient Care, LLC	50%	\$ 1,643	497
Capital Area Shared Service Organization – Lake	48	—	(339)
Surgical Specialty Center of Baton Rouge, LLC	49	25,106	4,653
Regional Eye Surgery Center LLC	14	204	247
Baton Rouge Physical Therapy – Lake	29	572	169
Lake Surgery Center LP	47		(20)
Lake Urgent Care Ascension – Lake	30	1,527	177
Baton Rouge Physical Therapy – STE	4	71	22
P&S Surgery Center, LLC	50	12,755	1,174
Northeast Louisiana Cancer Institute, LLC	50	2,849	(71)
Northeast Louisiana Physician Hospital Organization	25	177	7
Louisiana Home Care of Monroe, LLC	33	73	11
Lourdes After Hours, LLC	50	425	159
LHCG VIII	33	337	12
Park Place Surgery Center	45	17,531	3,565
Resource Optimization and Innovation, LLC	10	6,090	1,402
Capital Area Shared Service Organization – STE	17	—	(120)
Lake Urgent Care Ascension – STE	20	218	118
Mary Bird Perkins Cancer Center – STE	35	2,957	(4)
		<u>\$ 72,535</u>	<u>11,659</u>

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

	<u>Ownership interest</u>	<u>Investment in investees</u>	<u>Equity income (loss) of investees</u>
2012:			
Convenient Care, LLC	50%	\$ 1,650	197
Capital Area Shared Service Organization – Lake	48	341	(126)
Surgical Specialty Center of Baton Rouge, LLC	49	24,702	4,599
Regional Eye Surgery Center LLC	14	164	246
Baton Rouge Physical Therapy-Lake	29	466	139
Baton Rouge Physical Therapy – STE	4	57	17
Perkins Plaza ASC	46	620	128
P&S Surgery Center, LLC	50	12,783	2,091
Northeast Louisiana Cancer Institute, LLC	50	2,920	674
Northeast Louisiana Physician Hospital Organization	25	169	(13)
LHCG VIII	33	85	23
Lourdes After Hours, LLC	50	514	40
Louisiana Health Care Group, LLC	33	330	264
Park Place Surgery Center	45	17,074	3,858
Resource Optimization and Innovation, LLC	10	4,688	—
Capital Area Shared Service Organization – STE	17	120	(50)
Mary Bird Perkins Cancer Center – STE	35	2,961	(54)
		<u>\$ 69,644</u>	<u>12,033</u>

(8) Business Combinations

Effective December 31, 2012, the Lake acquired 51% of OLOL/USP Surgery Centers, LLC (OLOL/USP). Also effective December 31, 2012, OLOL/USP acquired 550 membership units or 55% of OLOL Pontchartrain Surgery Center, LLC (Center) for approximately \$15,605, less withheld funds and purchases of retroactive insurance for the Center. The Center is a freestanding outpatient surgery center located in Covington, Louisiana. The results of OLOL/USP's operations have been included in the consolidated financial statements since that date.

OLOL's joint venture partner in OLOL/USP, entered into a management agreement as of January 1, 2013 with the Center. The joint venture partner manages the day-to-day business operations of the Center including, but not limited to, financial management, billing, purchasing, staffing, and recruiting. Effective January 1, 2013, the Lake entered into a management subcontract with the joint venture partner in which

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

the Lake performs some of the duties under the management agreement, including managed care contracting.

The following summarizes the preliminary amounts of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value at the acquisition date of the noncontrolling interest acquired.

Cash	\$	214
Current assets		366
Accounts receivable		1,042
Property and equipment		1,751
Goodwill		21,081
Current liabilities		(564)
Other liabilities		(29)
Noncontrolling interest		(8,288)

Effective December 31, 2012, the Lake acquired an additional 24% ownership in Perkins Plaza Ambulatory Surgery Center, LLC, d/b/a Lake Surgery Center from Foundation Surgery Holdings, LLC for approximately \$797, resulting in the Lake holding 70% ownership after the purchase.

Effective December 31, 2012, Our Lady of the Lake Physician Group, L.L.C. (OLOLPG), a wholly owned subsidiary of the Lake, purchased substantially all of the assets of Hematology-Oncology Associates of Baton Rouge, L.L.C. d/b/a Louisiana Hematology-Oncology Associates (LHOA) related to the physician practice. The purchase price was approximately \$8,120. The physicians and the mid-levels will be provided to OLOLPG through a professional services agreement between LHOA to OLOLPG. The remainder of the clinic staff will be employed by an unrelated entity and provided to OLOLPG through a management/staffing arrangement with the unrelated entity.

(9) Lines of Credit

At June 30, 2013, FMOLHS affiliates had various unsecured working capital lines of credit with banks in aggregate amount of \$46,500, bearing interest at variable rates expiring at various dates through June 2014. Outstanding amounts at June 30, 2013 and 2012 were \$835 and \$5,996, respectively. FMOLHS affiliates expect to renew the lines of credit at expiration under substantially the same terms and conditions.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(10) Other Current Liabilities

The composition of other current liabilities at June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Accrued salaries and related expenses	\$ 71,489	61,856
Accrued interest	11,822	9,730
Due to third-party payors	59,223	51,392
Accrued expenses and other current liabilities	60,433	46,222
	<u>\$ 202,967</u>	<u>169,200</u>

(11) Long-term Debt

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

	<u>2013</u>	<u>2012</u>
Obligated Group bonds:		
Louisiana Public Facilities Authority Hospital Revenue and Refunding Bonds Series 1998A, \$72,560 tax-exempt bonds; due in varying installments through 2026 with interest fixed at rates ranging from 5.50% to 5.75%	\$ 40,699	49,505
Louisiana Public Facilities Authority Hospital Revenue and Refunding Bonds Series 1998B, \$31,050 tax-exempt bonds; due in varying installments through fiscal year 2017, with interest fixed at rates ranging from 3.375% to 5.000%, respectively), due in varying installments through 2017	18,500	22,800
Louisiana Public Facilities Authority Hospital Bonds Series 2005A, \$80,000 tax-exempt bonds; due in varying installments from 2032 through 2037, with interest fixed at rates ranging from 5.00% to 5.25%	80,000	80,000
Louisiana Public Facilities Authority Hospital Bonds Series 2005B, \$50,000 tax-exempt bonds; due in varying installments from fiscal year 2014 through 2031, which bear interest at a variable rate (0.06% at June 30, 2013)	50,000	50,000
Louisiana Public Facilities Authority Hospital Bonds Series 2005C, \$50,000 tax-exempt bonds; due in varying installments from fiscal year 2014 through 2031, with interest fixed at a rates ranging from 4.00% to 6.75%	—	50,000

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Louisiana Public Facilities Authority Hospital Bonds Series 2005D, \$88,325 bonds due in varying installments through 2029, which bear interest at a variable rate (0.06% at June 30, 2013)	\$ 76,275	79,450
Louisiana Public Facilities Authority Hospital Bonds Series 2008A, \$47,185 bonds; due in varying installments through fiscal year 2026, which bear interest at a variable rate (0.07% at June 30, 2013)	46,309	46,480
Louisiana Public Facilities Authority Hospital Revenue Bonds Series 2009A, \$125,000 bonds; due in varying installments from fiscal year 2029 through 2040, with interest fixed at rates ranging from 6.63% to 6.75%	125,000	125,000
Louisiana Public Facilities Authority Hospital Revenue Bonds Series 2012A, \$56,530 bonds; due in varying installments from fiscal year 2034, with interest fixed at 2.47% at June 30, 2013	56,530	—
Louisiana Public Facilities Authority Hospital Revenue Bonds Series 2012B, \$100,000 bonds; due in varying installments from fiscal year 2043, with interest at a variable rate ranging from 4.00% to 5.00%.	100,000	—
	<u>593,313</u>	<u>503,235</u>
Add unamortized premium	5,202	334
Total Obligated Group bonds	598,515	503,569
Other debt – Our Lady of the Lake Regional Medical Center:		
Mortgage payable in monthly installments of \$23, including interest at 9.00%, through May 1, 2033, secured by land, building and equipment	2,526	2,569
Mortgage payable in monthly installments of \$33, including interest at 5.00%, through December 2017, secured by land, building and equipment	2,701	2,950
Mortgage payable in monthly installments of \$29, including interest at 6.90% through April 2016 with a lump sum due at this time, secured by land and building	2,923	3,060
Other debt – Our Lady of Lourdes Regional Medical Center:		
Note payable, payable upon demand, including interest at 5.50%, maturing April 2013, secured by equipment, inventory and accounts receivable	—	435
Note payable, due in monthly installments of \$7, including interest at 5.75%, through January 2013 secured by 1.1 acres of property	—	59

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Note payable, payable upon demand, including interest at 3.25% maturing October 2016, secured by equipment	\$ 2,150	2,787
Note payable, payable upon demand, including interest at 3.2% maturing May 2018, secured by equipment	306	—
Note payable, payable upon demand, including interest at 3.25% maturing April 2016, secured by equipment	514	705
Note payable, payable upon demand, including interest at 4.42%, maturing December 2014, secured by equipment	627	1,080
Other debt – St. Elizabeth:		
Note payable in monthly installments of \$51, including interest at 5.15%, through October 15, 2015 secured by land, building, and equipment	<u>3,794</u>	<u>4,203</u>
Total long-term debt for FMOLHS	614,056	521,417
Less current installments of long-term debt	<u>14,260</u>	<u>19,027</u>
	<u>\$ 599,796</u>	<u>502,390</u>

FMOLHS and its affiliates participate in an Obligated Group Master Trust Indenture whereby the obligated issuers have agreed to be jointly and severally liable for timely payments due and for the performance and observance of all covenants and agreements pursuant to the trust indenture. FMOLHS directs the proceeds of the borrowed funds to the particular affiliate benefiting therefrom and separate escrow funds are maintained by the trustee for each of the affiliates to support each affiliate's allocated portion of the bonds (see note 2). The total debt subject to the Obligated Group guarantee and Master Trust Indenture amounted to \$598,515 and \$503,569 as of June 30, 2013 and 2012, respectively.

The Master Trust Indenture covering the bond issues contains numerous covenants typical of such agreements, including a liquidity ratio, debt service coverage ratio, and leverage ratio. In addition, the Obligated Group members are subject to restrictions on maintenance of revenue, incurrence of additional debt, disposition of assets, maintenance of insurance, and other restrictions. Obligations of the Obligated Group under the Master Trust Indenture are general obligations secured by the full faith and credit of the Obligated Group. None of the bonds is secured by a mortgage on, or security interest in, any real or personal property of FMOLHS or its affiliates.

In 2005, FMOLHS completed a system-wide refinancing for the purposes of advance refunding certain 1998A and 1998C bonds and providing additional capital by issuing four series of revenue bonds. The following bond series were issued by the Louisiana Public Facilities Authority (the Authority): \$80,000 fixed rate Revenue Bonds (Series 2005A), \$100,000 variable rate Revenue Bonds (Series 2005B and 2005C in the amounts of \$50,000 each), and \$89,325 in variable rate Revenue and Refunding bonds (Series 2005D). The variable rate bonds were issued as auction rate securities. The four bond issues total \$269,325, of which approximately \$83,000 represents refunding of existing bonds and the remainder of

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

approximately \$186,000 was designated for capital improvements, including facility modifications and additions and new equipment acquisitions.

In May 2008, FMOLHS tendered its 2005B and 2005C auction rate bonds and reissued 2005B and 2005C bonds at weekly variable interest modes. In July and August 2008, the 2005D and 1998B auction rate bonds were tendered by FMOLHS and reissued at daily variable interest modes. In August 2008, the 2008A bonds, which were preapproved by the Authority, were issued by FMOLHS. These bonds, issued in the amount of \$47,185, bear interest at a variable rate based upon a weekly index rate and are due in 2025. These bonds refunded \$42,735 of the 1998A bonds and \$3,225 of the 1998C bonds.

In 2009, FMOLHS completed a system-wide issuance of \$125,000 of Hospital Revenue Bonds Series 2009 (the 2009 Series). The proceeds for the 2009 Series were used for (i) acquiring, constructing, and equipping a replacement hospital for Lourdes; (ii) acquiring, constructing, and equipping improvement and renovations to the existing Lake facilities, to accommodate modern demands for space and utility and building a satellite outpatient facility in Livingston Parish, Louisiana; and (iii) paying the costs of issuance of the bonds.

In addition to the issuance of the 2009 Series, FMOLHS (i) converted the interest rate from the daily variable interest modes to a fixed rate on the Series 1998B and (ii) converted the interest rate from the weekly variable interest modes to a fixed rate on the Series 2005C.

In 2012, FMOLHS completed an issuance of \$100,000 of Hospital Revenue Bonds Series 2012 (the 2012B Series). The proceeds for the 2012B Series were used for (i) acquiring, constructing, and equipping a patient tower and other capital improvements at the campus of the Lake and (ii) paying the costs of issuance of the bonds. FMOLHS also completed a \$56,530 issuance of Hospital Revenue Bonds Series 2012 (the 2012A Series). The proceeds for the 2012A Series were used to refund all outstanding 2005C bonds and prepayment cost.

FMOLHS and FMOLHS Affiliates made cash payments for interest of \$25,106 and \$26,203 during the years ended June 30, 2013 and 2012, respectively.

Aggregate maturities of long-term debt at June 30, 2013 follow:

Year ending June 30:	
2014	\$ 14,260
2015	14,241
2016	19,450
2017	13,393
2018	12,985
Thereafter	534,525
	<u>\$ 608,854</u>

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(12) Interest Rate Swaps

FMOLHS uses interest rate related derivative instruments to manage its exposure related to changes in interest rates on its variable rate debt instruments. FMOLHS does not enter into derivative instruments for any purpose other than cash flow hedging. FMOLHS does not speculate using derivative instruments.

By using derivative financial instruments to hedge exposures to changes in interest rates, FMOLHS exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes FMOLHS, which creates credit risk for FMOLHS. When the fair value of a derivative contract is negative, FMOLHS owes the counterparty, and therefore, FMOLHS is not exposed to the counterparty's credit risk in those circumstances. FMOLHS minimizes counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties.

Market risk is the adverse effect on the value of a derivative instrument that results from a change in interest rates. Such risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

FMOLHS entered into an interest rate swap agreement with Merrill Lynch Capital Services with respect to the 2005D refunding series. Such agreement is intended to reduce the impact of changes in interest rates on the variable rate debt. The swap agreement effectively changes FMOLHS's interest rate exposure on the 2005D variable rate debt to a fixed rate of 3.53%.

In 2005, FMOLHS also obtained preapproval from the Louisiana Public Facilities Authority for the issuance of revenue refunding bonds in 2008 to advance refund the approximately \$48,000 of 1998A and 1998C bonds. In 2005, FMOLHS entered into a forward starting interest rate swap agreement with Goldman Sachs Capital Markets to effectively change FMOLHS's interest rate exposure on the 2008 bonds once issued from a variable rate to a fixed rate of 3.66%.

In June 2007, FMOLHS entered into two Constant Maturity Swaps (CMS) with Merrill Lynch. Under these swap agreements, FMOLHS receives variable rate payments based on the ten-year International Swaps and Derivatives Association Inc. (ISDA) swap rate and makes variable rate payments based on one-month LIBOR. The total notional amount of the first swap is \$88,325, with an effective date of July 1, 2008, and the total notional amount of the second swap is \$49,075, with an effective date of May 29, 2008.

The interest rate swap agreements are not afforded hedge accounting treatment in the consolidated financial statements and are marked to fair value through the consolidated statements of operations. The net unrealized gain (loss) on the interest rate swaps for the years ended June 30, 2013 and 2012 was \$10,040 and \$(14,118), respectively, and is included in nonoperating gains (losses) in the accompanying consolidated statements of operations.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

The following is a summary of the contracts outstanding at June 30, 2013 and 2012 and are recorded, as applicable, in either other assets or other long-term liabilities:

June 30, 2013						
Related bond issuance	Notional amount	Maturity date	Average rate paid	Average rate received	(Decrease) increase in interest expense	Swap fair value
2005D	\$ 76,275	7/1/2028	3.53%	0.15%	\$ 2,579	(10,360)
2005D	76,275	7/1/2028	0.15	1.00	(647)	4,413
2008A	48,125	7/1/2025	3.66	0.15	1,689	(7,181)
2008A	48,125	7/1/2025	0.15	0.99	(408)	3,040

June 30, 2012						
Related bond issuance	Notional amount	Maturity date	Average rate paid	Average rate received	(Decrease) increase in interest expense	Swap fair value
2005D	\$ 79,450	7/1/2028	3.53%	0.17%	\$ 2,669	(15,482)
2005D	79,450	7/1/2028	0.17	1.20	(823)	3,318
2008A	48,375	7/1/2025	3.66	0.17	1,687	(10,219)
2008A	48,375	7/1/2025	0.17	1.20	(500)	2,255

(13) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets restricted by time and purpose at June 30, 2013 and 2012 are available for the following purposes:

	2013	2012
Healthcare services	\$ 13,784	8,525
Elderly housing	9,777	9,428
Building and equipment acquisitions	116	116
Educational services	3,437	2,612
Other	113	121
	<u>\$ 27,227</u>	<u>20,802</u>

Permanently restricted net assets at June 30, 2013 and 2012 totaled \$5,300 and \$5,510, respectively, the income from which is restricted for educational services.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

Net assets released from restrictions for the years ended June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Healthcare services	\$ 2,678	2,474
Elderly housing	142	133
Building and equipment acquisitions	(1,033)	—
Educational services and other	399	306
	<u>\$ 2,186</u>	<u>2,913</u>

(14) Net Patient Service Revenue

The FMOLHS Affiliates have agreements with governmental and other third-party payors that provide for reimbursement to the FMOLHS Affiliates at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs represent the difference between billings at established rates for services and amounts reimbursed by third-party payors. Management regularly analyzes the historical contractual adjustments for each payor group to determine if current estimates for contractual adjustment allowances need to be revised. A summary of the basis of reimbursement with major third-party payors is as follows:

(a) Medicare

Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain types of exempt services and other defined payments related to Medicare beneficiaries are paid based on cost reimbursement or other retroactive determination methodologies. The FMOLHS Affiliates are paid for retroactively determined items at tentative rates with final settlement determined after submission of annual cost reports by FMOLHS Affiliates and audits by the Medicare fiscal intermediary. The FMOLHS Affiliates' Medicare cost reports have been audited by the Medicare fiscal intermediary through varying years ranging from June 30, 2009 to June 30, 2010.

(b) Medicaid

Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined per diem rates. These rates vary according to a hospital classification system that is based on bed size, teaching status, and other factors. Additional outlier payments are made for neonatal intensive care patients with extended lengths of stay. Outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a cost reimbursement methodology. The FMOLHS Affiliates are paid at a tentative rate with final settlement determined after submission of annual cost reports by FMOLHS Affiliates and audits by the Medicaid fiscal intermediary. The FMOLHS Affiliates' Medicaid cost reports have been audited by the Medicaid fiscal intermediary through varying years ranging from June 30, 2004 to June 30, 2007.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(c) Blue Cross

Inpatient services rendered to Blue Cross subscribers are paid at prospectively determined per diem rates. Outpatient services are paid based on a fee schedule.

(d) Certain Commercial Insurance Carriers, Health Maintenance Organizations, and Preferred Provider Organizations

Payment methodologies under these agreements include prospectively determined rates per discharge, discounts from established charges, prospectively determined per diem rates, and fee schedules.

The FMOLHS Affiliates' net patient service revenue for the years ended June 30, 2013 and 2012 increased \$29,840 and \$8,523, respectively, due to changes in previously estimated allowances as a result of final settlements, closure on years that are no longer subject to audits, and prior year retroactive adjustments.

With the expansion of prepayment reviews, including recovery audit contractor (RAC) reviews by The Centers for Medicare and Medicaid Services (CMS), the FMOLHS Affiliates continue to experience changes to net patient service revenue for prior years of service. Due to completed, pending, and projected RAC reviews, the FMOLHS Affiliates' net patient revenue decreased by \$3,700 for the year ended June 30, 2013.

The FMOLHS's Affiliates' net patient service revenue is also reduced by provision for uncollectible accounts. The historical collections and write-offs of bad debts are reviewed annually and periodically during the fiscal year to determine if adjustments need to occur to the allowance for uncollectible accounts. The allowance for uncollectible accounts includes an analysis of self-pay patients without insurance coverage, and an analysis of deductibles and copayment balances for patients with insurance coverage. FMOLHS's Affiliates' allowance for uncollectible accounts increased \$73,112 and is primarily due to an increase in the self-pay payor mix.

Presented below is a summary of amounts comprising net patient service revenue for the years ended June 30, 2013 and 2012:

	2013	2012
Inpatient revenue	\$ 1,722,505	1,674,711
Outpatient revenue	1,734,913	1,465,374
Gross patient service revenue	3,457,418	3,140,085
Less provision for contractual and other adjustments	1,987,460	1,820,550
Less provision for uncollectible accounts	161,838	123,500
Net patient service revenue	\$ 1,308,120	1,196,035

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

The composition of net patient service revenue, before provision for uncollectible accounts, by major payor source is as follows:

	<u>2013</u>	<u>Percentage</u>	<u>2012</u>	<u>Percentage</u>
Medicare	\$ 468,148	32%	\$ 433,690	33%
Medicaid	101,538	7	92,717	7
Blue Cross	348,772	24	320,242	24
Self-pay	199,114	13	131,457	10
Managed care/other	352,386	24	341,429	26
	<u>\$ 1,469,958</u>	<u>100%</u>	<u>\$ 1,319,535</u>	<u>100%</u>

In the spring of 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, the Health Care Acts) were signed into law by President Obama. The impact of the Health Care Acts is complicated and difficult to predict, but FMOLHS anticipates its reimbursement in the future will be affected by major elements of the Health Care Acts designed to (1) increase insurance coverage, (2) change provider and payor behavior, and (3) encourage alternative delivery models. Many healthcare reform variables remain unknown and are, among other things, dependent on implementation by federal and state governments and reactions by providers, payors, employers, and individuals. FMOLHS continues to monitor developments in healthcare reform and participates actively in contemplating and designing new programs that are encouraged and/or required by the Health Care Acts.

The Health Information Technology for Economic and Clinical Health (HITECH) Act was enacted as part of the American Recovery and Reinvestment Act of 2009 and signed into law in February 2009. In the context of the HITECH Act, FMOLHS must implement a certified Electronic Health Record (EHR) in an effort to promote the adoption and “meaningful use” of health information technology (HIT). The HITECH Act includes significant monetary incentives and payment penalties meant to encourage the adoption of EHR technology. FMOLHS anticipates that its current efforts at implementing an enterprise-wide EHR will enable its compliance with Meaningful Use objectives mandated in the HITECH legislation.

(15) Business and Credit Concentrations

The FMOLHS Affiliates grant credit to their patients, substantially all of whom are local residents. The FMOLHS Affiliates generally do not require collateral or other security in extending credit to patients; however, they routinely obtain assignment of (or are otherwise entitled to receive) patients’ benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, health maintenance organizations, preferred provider arrangements, and commercial insurance policies).

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

The mix of accounts receivable from patients and third-party payors at June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Medicare	27%	28%
Medicaid	9	12
Blue Cross	20	13
Self-pay	13	21
Managed care / other	31	26
	<u>100%</u>	<u>100%</u>

(16) Related-party Transactions

The FMOL Sisters formed the Franciscan Fund (Fund) to support community programs in the operating areas of the FMOLHS hospitals. Each FMOLHS hospital makes contributions to the Fund based on a percentage of earnings determined by the Fund, then can submit grant applications to the Fund to receive moneys back for supporting its community programs. Grant making decisions are made by the FMOL Sisters and no guarantee is provided that each hospital will receive back their specific contribution amounts in the form of a formal grant from the Fund. During 2013 and 2012, FMOLHS made no contributions to the Fund.

During 2011, FMOLHS Affiliates entered into an Operating Agreement with Capital Area Shared Services Organization, a related party. The agreement has an initial term expiring December 2016. The Operating Agreement requires FMOLHS Affiliates to commit to pay certain sublicense fees relating to its use of the services made available to the related third party and to pay certain implementation and system build costs and other costs contemplated under an information system contract for a period through December 31, 2016. At June 30, 2013, FMOLHS has approximately \$5,667 included in other assets related to these agreements.

The affiliation agreement between FMOLHS Affiliate and Mary Bird Perkins Cancer Center was effective July 1, 2012. This agreement is to further enhance the cancer program operations, including clinical research, and to provide the community with comprehensive cancer care services. The cost of this program is shared by both entities and the operating expense for FMOLHS for the year ended June 30, 2013 was \$424.

During 2013, FMOLHS Affiliate also entered into Management Services agreements with Mary Bird Perkins Cancer Center to manage the business operations of medical oncology services. The services provided by Mary Bird Perkins Cancer Center included management of operations, scheduling and registration of patients, management of billing and collections services, and staffing support for clinical and nonclinical personnel. The management services and staffing expenses incurred for the year ended June 30, 2013 were \$1,130.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

Effective February 2012, FMOLHS amended the Operating Agreement with Resource Optimization & Innovation, LLC, which is organized to facilitate and administer the purchasing, manufacturing, processing, and distribution of medical and pharmaceutical products and services at competitive prices. FMOLHS's ownership percentage in Resource Optimization & Innovation, LLC is 10%, and the equity in income from this equity investee for the year ended June 30, 2013 was \$1,402.

Certain members of the Council of the Franciscan Missionaries of Our Lady-North Province, Inc. (Province) are included as covered employees of this defined benefit plan. For the years ended June 30, 2013 and 2012, the Province's share of the net pension cost was \$16 and \$29, respectively.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(17) Retirement Plans

(a) Defined Benefit Plans

FMOLHS Affiliates sponsor various defined benefit plans (the Plans). The following table at June 30, 2013 and 2012 sets forth, in the aggregate, the Plans' changes in benefit obligations, changes in plan assets, and the funded status of the Plans:

	<u>2013</u>	<u>2012</u>
Change in benefit obligation:		
Projected benefit obligation, beginning of year	\$ 724,658	588,635
Service cost	26,037	22,064
Interest cost	34,719	33,411
Actuarial (gains) losses	(28,982)	95,491
Benefits paid	<u>(16,644)</u>	<u>(14,943)</u>
Projected benefit obligation, end of year	<u>739,788</u>	<u>724,658</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	420,067	412,632
Actual return on plan assets	51,055	(1,652)
Contributions made	20,358	24,030
Benefits paid	<u>(16,644)</u>	<u>(14,943)</u>
Fair value of plan assets, end of year	<u>474,836</u>	<u>420,067</u>
Funded status	<u>\$ (264,952)</u>	<u>(304,591)</u>
Amounts recognized in the consolidated balance sheets consist of:		
Accrued pension cost	\$ (264,952)	(304,591)
Unrestricted net assets	150,657	218,395
Amounts recognized in unrestricted net assets:		
Prior service cost	\$ (1,544)	(1,781)
Net actuarial loss	<u>152,201</u>	<u>220,176</u>
	<u>\$ 150,657</u>	<u>218,395</u>

Weighted average assumptions used to determine the projected benefit obligations at June 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Weighted average discount rate	5.17%	4.85%
Rate of compensation increase	3.50–4.25	3.50–4.25

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

Net periodic pension cost for the years ended June 30, 2013 and 2012 includes the following components:

	<u>2013</u>	<u>2012</u>
Service cost, benefits earned during the year	\$ 26,037	22,064
Interest cost on projected benefit obligation	34,719	33,411
Expected return on plan assets	(33,032)	(32,674)
Amortization of actuarial losses	20,971	5,074
Amortization of prior service cost	(237)	(236)
Net periodic pension cost	<u>48,458</u>	<u>27,639</u>
Other changes in plan assets and benefit obligations recognized in unrestricted net assets:		
Net actuarial loss (gain)	(47,004)	129,818
Amortization of net actuarial losses (gains)	(20,971)	(5,074)
Amortization of prior service cost	237	135
Prior service credit	—	102
	<u>(67,738)</u>	<u>124,981</u>
Total recognized in net periodic benefit costs and unrestricted net assets	<u>\$ (19,280)</u>	<u>152,620</u>

Weighted average assumptions used to determine net periodic pension cost for the years ended June 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Weighted average discount rate	4.85%	5.75%
Expected return on plan assets	8.00	8.00
Rate of compensation increase	3.50–4.25	3.50–4.25

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

The defined benefit pension plan asset allocation as of the measurement date (June 30, 2013 and 2012) and the target asset allocation, presented as a percentage of total plan assets, were as follows:

	2013	2012	Target allocation
U.S. Equity	22%	17%	15%–25%
Global equity	15	13	10–20
Real assets	8	8	5–15
Fixed income and cash	16	33	10–25
Emerging markets	5	4	3–10
Alternative investments – hedge funds	30	21	15–35
Alternative investments – private equity funds	4	4	2–10

FMOLHS overall expected long-term rate of return on assets is 8.0%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based on historical returns, without adjustments.

FMOLHS provides investment oversight for all of the FMOLHS Affiliates' defined benefit plans. Asset allocations and investment performance are formally reviewed quarterly by the FMOLHS Investment Committee (Investment Committee). FMOLHS utilizes an investment advisor, multiple managers for different asset classes, and a separate custodian in managing the pooled funds.

The asset allocation is designed to provide a diversified mix of asset classes, including U.S. and foreign equity securities, fixed income securities, hedge funds, real estate investment trusts, and cash. The investment goals for the pooled funds are to achieve returns in the top half of a representative universe of professionally managed funds with a percentage of equity, fixed income, and alternate investments to be indicative of the asset mix policy of the fund; to exceed the return of a balanced market index weighted to replicate the asset allocation policy of the plan; to exceed the rate of inflation as measured by the consumer price index (CPI) by at least 500 basis points on an annualized basis; to achieve a positive risk-adjusted return; and to achieve a rate of return above the current actuarial assumption. Risk management practices include various criteria for each asset class, including measurement against various benchmarks, achievement of a positive risk-adjusted return, and investment guidelines for each class of assets that enumerate types of investments allowed in each category.

FMOLHS's retirement plan assets are reported at fair value. Level 1 assets include investments in publicly traded equity securities and mutual funds. These securities (or the underlying investments of the funds) are actively traded and valued using quoted prices for identical securities from the market exchanges. Level 2 assets consist of fixed-income securities and comingled funds that are not actively traded or whose underlying investments are valued using observable marketplace inputs. The fair value of plan assets invested in fixed-income securities is generally determined using valuation models that use observable inputs such as interest rates, bond yields, low-volume market

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

quotes, and quoted prices for similar assets. Plan assets that are invested in comingled, hedge, and private equity funds are valued using a unit price or net asset value (NAV) that is based on the underlying investments of the fund. Level 3 assets include investments in private equities and hedge funds valued using significant un-observable inputs.

The following is a summary of the levels within the fair value hierarchy of plan assets as of June 30, 2013 and 2012:

	June 30, 2013			
	Level 1	Level 2	Level 3	Total
Asset category:				
Cash	\$ 19,515	—	—	19,515
Equity securities:				
U.S. companies	74,740	—	28,246	102,986
International companies	47,992	22,809	—	70,801
Real assets	22,672	15,876	—	38,548
Fixed income securities:				
U.S. government guaranteed	4,278	—	—	4,278
U S agency	—	11,965	—	11,965
Corporate	—	17,299	—	17,299
Municipal	—	785	—	785
Other	15,766	2,161	2,826	20,753
Emerging markets	—	12,527	12,838	25,365
Alternative asset funds:				
Hedge funds	—	—	143,130	143,130
Private equity funds	—	—	19,411	19,411
Total	\$ 184,963	83,422	206,451	474,836

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

June 30, 2012				
	Level 1	Level 2	Level 3	Total
Asset category:				
Cash	\$ 32,597	—	—	32,597
Equity securities:				
U.S. companies	45,831	11,668	15,758	73,257
International companies	39,480	13,078	—	52,558
Real assets	17,468	13,965	—	31,433
Fixed income securities:				
U.S. government guaranteed	7,881	—	—	7,881
U.S. agency	—	11,805	—	11,805
Corporate	—	17,521	—	17,521
Municipal	—	1,252	—	1,252
Other	11,742	53,645	2,678	68,065
Emerging markets	—	7,424	8,866	16,290
Alternative asset funds:				
Hedge funds	—	—	89,843	89,843
Private equity funds	—	—	17,565	17,565
Total	<u>\$ 154,999</u>	<u>130,358</u>	<u>134,710</u>	<u>420,067</u>

There were no transfers into or out of Level 1, Level 2 and Level 3 investments during fiscal 2013 and 2012.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

The fair values of the following plan assets have been estimated using the net assets value per share as of June 30, 2013 and 2012:

		<u>2013</u>	<u>2012</u>	<u>Redemption terms**</u>	<u>Notice period (days)</u>	<u>Remaining life**</u>
Asset category						
U S equity funds (a)	\$	28,246	15,758	Quarterly	60	—
International equity funds (b)		22,809	13,078	Monthly	10	—
International emerging markets (c)		25,365	16,289	Monthly	30	—
Fixed income special situations fund (d)		2,826	2,678			1 year
Hedge fund of funds (e)		143,130	89,843	Quarterly – annually	30 – 180	—
Real asset funds (f)		15,876	13,965	Monthly	24	—
U S venture capital funds (g)		4,645	4,267	—	—	4 – 6 years
U S private equity (h)		3,218	3,107	—	—	4 – 6 years
International private equity (i)		3,493	2,424	—	—	4 – 6 years
Natural Resources (j)		5,491	5,275	—	—	4 – 6 years
Private real estate (k)		2,565	2,493	—	—	1 year

** Information reflects a range of various terms from multiple investments

- (a) The primary objective of the U.S. equity funds is to match the risk and return characteristics of the S&P 500 Index.
- (b) The international equity fund's investment objective is to outperform the MSCI World Market Index by investing in a portfolio of publicly traded equity securities.
- (c) The investment objective of the international emerging markets equity funds is to outperform the MSCI Emerging Markets Index, net of dividend withholding taxes, by investing in a portfolio of non-U.S., emerging market equities.
- (d) The primary objective of the fixed income special situations fund is to outperform the S&P LSTA Leveraged Loan Index by focusing their investments in asset-based lending, on a senior-secured basis, to companies for working capital, project financing, refinancing and capital structure improvement.
- (e) The hedge fund of funds' objective is to develop and actively maintain an investment portfolio of long-term returns through strategies such as multi-strategy, event focused, distressed, U.S. long/short, and global long/short.
- (f) The real asset funds seek to generate a total return in the long-term through investments in commodity-related instruments globally.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

- (g) U.S. venture capital funds invest in target funds, which in turn, make venture capital investments primarily in emerging growth companies with the objective of obtaining long term growth capital.
- (h) U.S. private equity funds invest in private limited partnerships, which in turn, make investments in equity securities, warrants, or other options that are generally not actively traded at the time of investment.
- (i) International private equity funds invest in limited partnerships, which in turn, make international private equity investments with the objective of obtaining long-term growth of capital.
- (j) Natural resources funds invest in limited partnerships, which in turn, make oil, gas, and timber investments.
- (k) Private real estate invest its capital on a pari passu basis in certain real estate funds formed as limited partnerships, limited liability companies, private real estate investment trusts or similar entities that will, in turn, invest in office, retail, industrial and other commercial real estate properties, as well as in select residential properties, or in real estate-related securities.

The following tables present a roll-forward of the fair value of Level 3 (significant unobservable inputs) plan assets for the years ended June 30, 2013 and 2012:

	June 30, 2013					
	Hedge Fund	Private Equity	Emerging Markets	Equity	Fixed Income	Total
Beginning balance as of June 30, 2012	\$ 89,843	17,565	8,866	15,758	2,678	134,710
Transfers into Level 3	-	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-	-
Total gains or losses						
Realized and unrealized gains and losses						
Relating to assets held at end of year	14,317	1,741	472	4,488	201	21,219
Relating to assets sold during the year	(457)	-	-	-	-	(457)
Purchases, issuances, sales, and settlements						
Purchases	40,750	1,686	3,500	8,000	668	54,604
Sales	(1,323)	(1,581)	-	-	(721)	(3,625)
Ending balance as of June 30, 2013	\$ 143,130	19,411	12,838	28,246	2,826	206,451

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

	June 30, 2012					
	Hedge Fund	Private Equity	Emerging Markets	Equity	Fixed Income	Total
Beginning balance as of June 30, 2011	\$ 90,056	15,627	11,008	14,288	1,576	132,555
Transfers into Level 3		—		—	—	
Transfers out of Level 3				—		—
Total gains or losses						
Realized and unrealized gains and losses						
Relating to assets held at end of year	(861)	1,119	(2,142)	1,470	4	(430)
Relating to assets sold during the year	222		—	—	—	222
Purchases, issuances, sales, and settlements						
Purchases	9,135	2,226	—	—	1,760	13,121
Sales	(8,689)	(1,407)			(662)	(10,758)
Ending balance as of June 30, 2012	\$ 89,843	17,565	8,866	15,758	2,678	134,710

The asset allocation policy provides for a range of minimum and maximum investments in each asset class to allow flexibility in achieving expected long-term rate of return. Historical return patterns and correlations, consensus return forecast, and other relevant financial factors are analyzed to check for reasonableness and appropriateness of the asset allocation to ensure that the probability of meeting actuarial assumptions is reasonable. The Investment Committee monitors manager performance, rate of return, and risk factors on a quarterly basis and makes required adjustments to achieve expected returns.

As of June 30, 2013 and 2012, the plans had accumulated benefit obligations (ABO) of \$657,150 and \$637,633, respectively. At June 30, 2013 and 2012, the fair value of plan assets falls short of the ABO by \$182,312 and \$217,566, respectively.

The estimated net gain (loss) and prior service cost that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is \$(11,058) and \$(20,733), respectively.

Future benefit payments expected to be paid in each of the next five fiscal years and five years thereafter as of June 30, 2013 are as follows:

Year(s) ending June 30:	
2014	\$ 19,982
2015	22,803
2016	25,770
2017	28,720
2018	31,822
2019–2023	205,959

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(b) Defined Contribution Plans

The FMOLHS Affiliates also sponsor 403(b) and 401(k) plans. These defined contribution plans are available to substantially all employees. No contributions are made to the plans by the FMOLHS Affiliates.

The defined benefit pension plan was closed to new entrants in 2006 and a new defined contribution plan was created for those hired after June 30, 2006, the FMOL Health System Retirement Plan (FMOL Plan). Substantially all employees of the FMOLHS Affiliates meeting eligibility requirements may participate in the FMOL Plan. The FMOLHS Affiliates may annually elect to make a contribution on behalf of those participants in an amount determined by the FMOLHS Affiliates. Contribution expense of \$7,100 and \$4,085 was recorded for the years ended June 30, 2013 and 2012, respectively.

(c) Retiree Medical Plan

Lourdes offers partially subsidized healthcare benefits to employees who retired before June 30, 2006. Costs are accrued for this plan during the service lives of covered employees. Retirees contribute a portion of the self-funded cost of healthcare benefits and Lourdes contributes the remainder. The healthcare plan is funded on a pay-as-you-go basis. Lourdes retains the right to modify or terminate the benefits and/or cost sharing provisions. The accrued liability for such benefits was approximately \$823 and \$819 at June 30, 2013 and 2012, respectively, and is included in other long-term liabilities.

(18) Functional Expenses

The FMOLHS Affiliates provide healthcare and other services to residents within its service area. Expenses related to providing these services for the years ended June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Healthcare services	\$ 976,031	845,079
General and administrative	393,276	394,146
Educational services	21,255	20,350
Fund-raising	3,132	2,930
	<u>\$ 1,393,694</u>	<u>1,262,505</u>

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(19) Fair Value of Financial Instruments

(a) Fair Value of Financial Instruments

The carrying amounts of all applicable asset and liability financial instruments reported in the consolidated balance sheets, except for long-term debt, approximate their estimated fair values, in all significant respects, at June 30, 2013 and 2012.

FMOLHS's financial instruments for which estimated fair values differ from their carrying amounts at June 30, 2013 and 2012 are summarized as follows:

		2013		2012	
		Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Liabilities – long-term debt	\$	614,056	642,446	521,417	578,881

The fair value of long-term debt which is a Level 2 estimate is determined by discounting the future cash flows of each instrument at rates that reflect rates currently observed in publicly trade debt markets for debt of similar terms to companies with comparable credit risk.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(b) Fair Value Hierarchy

The following tables present the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2013 and 2012:

June 30, 2013				
	Level 1	Level 2	Level 3	Total
Assets category:				
Equity securities:				
U.S. companies	\$ 90,223	—	—	90,223
International companies	60,884		—	60,884
Real assets	28,059	22,901	—	50,960
Fixed income securities:				
U.S. government guaranteed	8,575	—	—	8,575
U.S. agency	—	29,372	—	29,372
Corporate	—	30,705	—	30,705
Municipal	—	11,507	—	11,507
Other	55,332	6,388	—	61,720
Emerging markets	—	19,034	—	19,034
Alternative asset funds:				
Hedge funds		109	—	109
Interest rate swaps	—	7,453	—	7,453
Total categorized	\$ 243,073	127,469	—	370,542
Assets limited as to use and short-term investments accounted for using the equity method and cash — uncategorized				469,808
				\$ 840,350
Liabilities:				
Interest rate swaps	\$	17,541	—	17,541

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

June 30, 2012				
	Level 1	Level 2	Level 3	Total
Assets category:				
Equity securities:				
U.S. companies	\$ 63,948	—		63,948
International companies	59,610	—	—	59,610
Real assets	28,977	25,676	—	54,653
Fixed income securities:				
U.S. government guaranteed	3,620	—		3,620
U.S. agency	—	40,712	—	40,712
Corporate	—	34,717	—	34,717
Municipal	—	1,392		1,392
Other	46,894	6,503	—	53,397
Emerging markets	—	16,705	—	16,705
Comingled funds:				
Equity funds	—	—	100	100
Interest rate swaps	—	5,573		5,573
Total – categorized	\$ 203,049	131,278	100	334,427
Assets limited as to use and short-term investments accounted for using the equity method and cash – uncategorized				382,699
				\$ 717,126
Liabilities:				
Interest rate swaps	\$	25,701		25,701

The fair values of the following investments have been estimated using the net assets value per share as of June 30, 2013 and 2012:

	2013	2012	Redemption terms**	Notice period (days)	Remaining life**
Asset category:					
International emerging markets (a)	\$ 19,034	16,705	Monthly	30	—
Real asset funds (b)	22,901	25,676	Monthly	24	—

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

****** Information reflects a range of various terms from multiple investments

- (a) The investment objective of the international emerging markets equity funds is to outperform the MSCI Emerging Markets Index, net of dividend withholding taxes, by investing in a portfolio of non-U.S., emerging market equities.
- (b) The real asset funds seek to generate a total return in the long-term through investments in commodity-related instruments globally.

FMOLHS's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no significant transfers into or out of Level 1, Level 2, or Level 3 for the years ended June 30, 2013 or 2012.

The investments classified as Level 2 are as follows:

- Shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of FMOLHS's interest therein, its classification in Level 2 is based on FMOLHS's ability to redeem its interest at or near the date of the consolidated balance sheets. If the interest can be redeemed in the near term, the investment is classified in Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.
- Bonds whose fair values are determined by independent vendors. The vendors compile prices from various sources and may apply matrix pricing for similar bonds or loans where no price is observable in an actively traded market. If available, the vendor may also use quoted prices for recent trading activity of assets with similar characteristics to the bond being valued.

(c) Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(20) Insurance Programs

The FMOLHS Affiliates are qualified under the State of Louisiana medical malpractice program and are Self-insured for the first \$100 of professional liability per occurrence; additional coverage is provided by the Louisiana Patients' Compensation Fund for the next \$400 of professional liability up to the present statutory maximum of \$500 per claim (exclusive of additional amounts for future medical expenses provided by law.) FMOLHS's professional and general liability insurance program is managed through Louise, its wholly owned captive insurer. As of June 30, 2013, FMOLHS has significant excess insurance coverage in place for general and professional liability risks, with a \$2,000 self-insured retention for

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

professional liability and a \$1,000 layer of self-insurance for general liability. A \$6,000 aggregate sits above these limits, covering general and professional liability. Incurred losses identified under FMOLHS's incident reporting system and incurred, but not reported losses are accrued based on estimates that incorporate FMOLHS's past experience, as well as other considerations such as the nature of each claim or incident, relevant trend factors, and advice from consulting actuaries. The reserve for estimated professional and general liability costs is approximately \$31,888 and \$29,754 as of June 30, 2013 and 2012, respectively. Claims liabilities are estimated at a present value of future claims payments using a discount rate of 3% at June 30, 2013.

FMOLHS has established a self-insurance trust fund for payment of liability claims and makes deposits to the fund in amounts determined by consulting actuaries. FMOLHS also has substantial excess liability coverage available under the provisions of certain claims-made policies, currently expiring on June 30, 2013. To the extent that any claims-made coverage is not renewed or replaced with equivalent value insurance, claims based on occurrences during the term of such coverage, but reported subsequently, would be uninsured. Management believes, based on incidents identified through the incident reporting process that any such claims would not have a material effect on FMOLHS's results of operations or financial position. In any event, management anticipates that the claims-made coverage currently in place will be renewed or replaced with equivalent insurance as the term of such coverage expires.

FMOLHS is also self-insured with respect to employee health coverage (up to \$500 limit per claim) and workers' compensation (up to a limit of \$400 per individual claim). Substantial coverage with a third-party carrier is maintained for potential excess losses under the workers' compensation program. The employee health self-insured reserves are approximately \$7,939 and \$7,428 as of June 30, 2013 and 2012, respectively, and are included in other current liabilities in the consolidated balance sheets. The workers' compensation reserves are approximately \$14,522 and \$13,107 as of June 30, 2013 and 2012, respectively, and are included in professional and general liabilities in the consolidated balance sheets.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(21) Leases – Lessor

FMOLHS Affiliates lease office space and clinical facilities, generally to medical staff members, under operating leases. The terms of these leases range from month-to-month to 10 years. Assets held for lease at June 30, 2013 and 2012 consist of buildings and improvements with an original cost of \$233,559 and \$181,641, respectively, and fixed equipment with an original cost of \$14,707 and \$11,813, respectively. Total accumulated depreciation is \$103,578 and \$68,048 at June 30, 2013 and 2012, respectively. Future minimum lease payments to be received at June 30, 2013 are as follows:

Year ending June 30:		
2014	\$	10,888
2015		9,251
2016		7,075
2017		6,176
2018		5,845
Thereafter		25,008
	\$	<u>64,243</u>

(22) Commitments and Contingencies

(a) Investments

As it relates to alternative assets, FMOLHS is obligated under certain limited partnership agreements to provide advance funding up to specific levels upon the request of the general partner. See note 2(b).

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(b) Capital Leases

As of June 30, 2013, FMOLHS Affiliates were obligated under various capital leases, each with noncancelable terms in excess of one year. Future minimum lease payments as of June 30, 2013 are as follows:

Year ending June 30:		
2014	\$	8,689
2015		7,582
2016		5,024
2017		98
		<hr/>
Total minimum lease payments		21,393
Less amounts representing interest (rates ranging from 6.0% to 14.5%)		<hr/> 1,344
Present value of future minimum lease payments		20,049
Less current portion of capital lease obligations		<hr/> 7,586
Capital lease obligations excluding current portion	\$	<hr/> <hr/> 12,463

The net book value of assets under capital lease as of June 30, 2013 and 2012 was \$19,754 and \$22,630, respectively.

For the years ended June 30, 2013 and 2012, FMOLHS entered into new capital leases for equipment in the amount of \$1,382 and \$7,693, respectively.

In 2013, the FASB issued for comment *Proposed Accounting Standards Update-Leases (Revised) (Topic 840)*. After receiving and considering significant feedback, the FASB intends to issue a related final ASU in calendar year 2014. This new guidance is expected to require FMOLHS to recognize virtually all of its leases in the consolidated balance sheet. Assuming the ASU is in fact issued; adoption will cause considerable changes in the presentation of FMOLHS's debt and interest expense in its consolidated financial statements (among other things). Management is reviewing the implications of the proposed ASU for FMOLHS, including potential implications for many complex agreements and arrangements, which might be impacted by this potential major accounting change. While that work is ongoing, management is optimistic that there will not be material issues associated with important related matters, such as overall FMOLHS credit ratings or future debt covenant compliance.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

(c) Operating Leases – Lessee

Rental expense for all operating leases totaled \$14,081 and \$11,376 for the years ended June 30, 2013 and 2012, respectively. Future minimum rental payments under operating leases that have initial or remaining noncancelable terms in excess of one year as of June 30, 2013 follow:

Year ending June 30:		
2014	\$	12,319
2015		10,676
2016		9,720
2017		7,620
2018		3,283
Thereafter		7,837
	\$	<u>51,455</u>

(d) Specialty Extended Care Hospital of Monroe

During the years ended June 30, 2013 and 2012, St. Francis had a leasing arrangement with Specialty Extended Care Hospital of Monroe, LLC (Extended Care), a distinct and separate long-term care hospital, with rates based on square footage. In addition to the lease arrangement, a separate services agreement existed for the provision of ancillary, clinical, and support services, based on fair market value rates. This lease and services agreement was effective November 1, 2009 between St. Francis and St. Francis Specialty Hospital (Specialty), and was subsequently assigned to Extended Care as a result of an asset purchase agreement between Specialty and Extended Care. The initial term was for five years, with automatic renewal of the lease for subsequent one-year terms unless written notice is given. Rental income and income related to the services agreement with Extended Care totaled \$2,637 and \$2,594 for the years ended June 30, 2013 and 2012, respectively. Amounts due from Extended Care at June 30, 2013 and 2012 were \$785 and \$506, respectively.

(e) Community Health Center Lease

An amended lease was executed by St. Francis for the Community Health Center (CHC) space during the year ended June 30, 1998. The amended lease provided for an expansion of the leased premises through construction of an addition to the CHC building by St. Francis Ambulatory Services, Inc. (SFASI) at the leased site. The building was completed during the year ended June 30, 1999, and SFASI took occupancy of the building. Concurrently, the lease term was extended through August 31, 2014, and annual rentals increased to \$449 through September 2008 and the greater of \$601 annually, or an increase based upon the CPI through termination of the lease.

(f) Perkins Plaza ASC

The Lake's subsidiary, Perkins Plaza Medical Arts Development (PPMAD), has a lease with Perkins Plaza ASC, an equity investment, whereby PPMAD receives minimum rent of \$797 per year subject to annual adjustments. Monthly rental installments were \$70 from January 2012 through

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

December 2012 and \$62 beginning in January 2013. The lease is currently on a month-to-month basis.

(g) *Asset Retirement Obligations*

FMOLHS recognizes obligations associated with the future retirement of long-lived assets. Estimated asset retirement obligations of \$3,379 and \$3,462 for the years ended June 30, 2013 and 2012, respectively, are classified as a long-term liability.

(h) *Contingent Liabilities*

FMOLHS and the FMOLHS Affiliates have certain pending and threatened litigation and claims incurred in the ordinary course of business; however, management believes that the probable resolution of such contingencies will not exceed the self-insurance reserves or insurance coverage, and will not materially affect the financial position or the results of operations.

St. Francis, the Lake, and Lourdes received notice that each are included in a national investigation conducted by the Department of Justice concerning implantable cardioverter defibrillators. Each hospital is cooperating fully in the investigation. Although the results of the investigation cannot be predicted with certainty, management believes the outcome will not have a material adverse effect on the consolidated financial statements.

(i) *Regulatory Compliance*

The U.S. Department of Justice and other federal agencies are increasing resources dedicated to regulatory investigations and compliance audits of healthcare providers. The FMOLHS Affiliates are subject to these regulatory efforts and have corporate compliance committees that monitor and respond to regulatory changes and any issues that may arise. FMOLHS does not expect this matter to have a material adverse effect on its financial position, results of operations, or liquidity.

In consultation with legal counsel, management is not aware of any issues that could have a material adverse effect on the FMOLHS Affiliates' financial position or results of operations.

(j) *Information Technology Contract*

During fiscal year 2009, FMOLHS entered into a variety of contracts with a major information technology vendor. The agreements are generally for terms of seven years. The contracts generally commit FMOLHS to the purchase of a variety of information technology products and services from this vendor for defined payment streams over the terms of the contracts. Certain software license and related implicit maintenance costs were capitalized at the inception of the agreements in the amount of \$17,621, with recognition of an associated liability related to FMOLHS's acquisition of these intangible assets. Capitalized software and implied maintenance costs are being amortized over the estimated useful life of the software licenses (generally seven years) and the implicit maintenance period (which varies depending on first date of productive use), respectively. Other contract costs are evaluated for capitalization or expense recognition under relevant accounting literature as associated products and/or services are provided.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

The following table summarizes FMOLHS's future payment commitments under the contract as of June 30, 2013:

	Capitalized software obligation	Other
2014	\$ 3,137	9,594
2015	3,137	9,594
2016	1,047	2,417
Total	7,321	\$ 21,605
Less amounts representing interest at 6.74%	601	
Long-term obligation (included in other long-term liabilities)	\$ 6,720	

(23) Cooperative Endeavor Agreement

As part of its mission to ensure an appropriate supply of medical professionals in its service area and improve graduate medical education in the region, the Lake entered into an agreement with the State of Louisiana Department of Health and Hospitals (DHH) and Louisiana State University Health Sciences (LSU) in February 2010. The parties received associated governmental approval of the agreement from the Center for Medicare and Medicaid Services (CMS) on July 13, 2010. Major components of the agreement are as follows:

- The Lake will construct a medical education building (MEB) to house LSU training programs (to be donated by the Lake to LSU at completion of construction), expand its clinical capacity by 60 licensed beds, and implement a Trauma Center. The Lake recorded \$19,000 in other current liabilities in the consolidated balance sheets as of June 30, 2013 and an associated other expense was recorded in the consolidated statement of operations for the year ended June 30, 2012 to reflect its promise to give in accordance with relevant accounting literature, related to the MEB. The projected completion date for the MEB is November 2013.
- DHH will provide payments under a new reimbursement structure to the Lake, which are intended to compensate the Lake for incremental costs associated with higher Medicaid and uninsured patient volumes that are generally expected to accompany the Lake's increased role in LSU's graduate medical education program. The prospective payments received through June 30, 2013 are based on estimated cost for Medicaid and uninsured patients, a reconciliation of all costs and payments made pursuant to this agreement will occur in fiscal year 2014. As a result, a portion of the payments received were recorded as deferred revenue. Upon completion of this reconciliation, any amounts recorded as deferred revenue will be re-evaluated.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

(In thousands)

The Cooperative Endeavor Agreement was amended on April 10, 2013 to ensure viability of existing LSU Health outpatient facilities and patient care services and programs. The major components of the amended agreement include:

- The Lake manages and operates the operations of LSU Health outpatient facilities. The reimbursement structure of the agreement was revised to include payment to the Lake for the operations of these facilities. Lease agreements were implemented for LSU Health outpatient facilities and equipment.
- GME program amendments were implemented for assignment of GME reimbursement caps.
- Clinical service agreements were implemented with LSU School of Medicine to provide professional services at the LSU Health clinics.

(24) Subsequent Events

FMOLHS has evaluated subsequent events from the balance sheet date through October 29, 2013, the date at which the consolidated financial statements were available to be issued, and determined that there were no other items to disclose.

SUPPLEMENTAL SCHEDULES

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Consolidating Schedule – Balance Sheet Information

June 30, 2013

(with comparative totals as of June 30, 2012)

(In thousands)

	Franciscan Missionaries of Our Lady Health System, Inc.	Our Lady of the Lake Regional Medical Center, Inc. and affiliated organizations	St. Elizabeth Hospital	St. Francis Medical Center, Inc. and subsidiaries	Our Lady of Lourdes Regional Medical Center, Inc. and subsidiaries	Others	Eliminations	2013	2012
Assets									
Current assets									
Cash and cash equivalents	\$ 10,356	75,120	18,247	1,354	17,288	9,572	—	131,937	190,006
Short-term investments	2,172	16,710	—	2	—	347	—	19,231	17,538
Receivables									
Patients		248,157	27,486	59,471	47,806	9	—	382,929	264,896
Less allowance for uncollectible accounts		(103,876)	(14,446)	(12,690)	(15,243)	—	—	(146,253)	(73,144)
Net patient receivables		144,281	13,040	46,781	32,563	9	—	236,674	191,752
Other current assets	8,277	88,556	3,518	18,933	13,433	1,859	(7,035)	127,541	81,714
Total current assets	20,805	324,667	34,805	67,070	63,284	11,787	(7,035)	515,383	481,010
Noncurrent assets limited as to use		532,057	5,396	171,087	13,547	32,162	—	754,249	668,512
Property and equipment, net	48,695	624,085	54,076	106,249	265,346	1,352	—	1,102,803	999,262
Other assets	10,953	91,591	6,533	30,614	34,269	6,219	(27,797)	152,382	112,761
Total assets	\$ 80,453	1,572,400	100,810	375,020	379,446	51,520	(34,832)	2,524,817	2,261,545
Liabilities and Net Assets									
Current liabilities									
Lines of credit	\$ —	7,339	835	—	—	—	—	835	5,996
Current installments of long-term debt	3,132	553	429	2,853	3,639	—	—	14,260	19,027
Current portion of capital lease obligations	4,925	60,367	152	537	3,212	—	—	7,586	5,103
Accounts payable	7,256	130,148	3,519	10,628	8,890	415	(539)	88,205	53,435
Other current liabilities			13,415	19,294	18,295	21,055	(6,496)	202,967	169,200
Total current liabilities	15,313	198,407	18,350	33,312	34,036	21,470	(7,035)	313,853	252,761
Professional and general liabilities, excluding current portion	1,172	16,386	2,445	7,009	3,872	26,466	(26,024)	31,326	28,472
Long-term debt, excluding current installments	—	301,643	15,086	134,573	148,494	—	—	599,796	502,390
Capital lease obligations, excluding current portion	4,815	334	413	147	6,754	—	—	12,463	21,469
Accrued pension cost	—	165,177	—	44,490	55,285	—	—	264,952	304,591
Other long-term liabilities	17,782	583	—	2,143	2,415	1,859	—	24,782	52,905
Total liabilities	39,082	682,530	36,294	221,674	250,856	49,795	(33,059)	1,247,172	1,162,588
Net assets									
Unrestricted	41,371	840,482	64,275	152,227	123,587	1,637	(1,773)	1,221,806	1,065,480
Temporarily restricted	—	25,118	323	1,119	579	88	—	27,227	20,802
Permanently restricted	—	5,300	—	—	—	—	—	5,300	5,510
Total net assets attributable to Franciscan Missionaries of Our Lady Health System, Inc.	41,371	870,900	64,598	153,346	124,166	1,725	(1,773)	1,254,333	1,091,792
Noncontrolling interests	—	18,970	(82)	—	4,424	—	—	23,312	7,165
Total net assets	41,371	889,870	64,516	153,346	128,590	1,725	(1,773)	1,277,645	1,098,957
Total liabilities and net assets	\$ 80,453	1,572,400	100,810	375,020	379,446	51,520	(34,832)	2,524,817	2,261,545

See accompanying independent auditors' report

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Consolidating Schedule – Statement of Operations Information

Year ended June 30, 2013

(with comparative totals for the year ended June 30, 2012)

(in thousands)

	Franciscan Missionaries of Our Lady Health System, Inc.	Our Lady of the Lake Regional Medical Center, Inc. and affiliated organizations	St. Elizabeth Hospital	St. Francis Medical Center Inc. and subsidiaries	Our Lady of Lourdes Regional Medical Center, Inc. and subsidiaries	Others	Eliminations	2013	2012
Changes in unrestricted net assets									
Unrestricted revenues									
Net patient service revenue	\$ —	863,620 (109,052)	104,620 (18,219)	261,894 (11,852)	239,824 (22,209)	— (506)	—	1,469,958 (161,838)	1,319,535 (123,500)
Provision for uncollectible accounts									
Net patient service revenue	—	754,568	86,401	250,042	217,615	(506)	—	1,308,120	1,196,035
Other revenue	92,595	68,854	1,808	10,447	8,832	19,488	(108,315)	93,689	89,943
Equity in income from equity investees, net		5,384	16	1,121	3,736	1,402	—	11,659	12,033
Total unrestricted revenues	92,595	828,806	88,225	261,610	230,183	20,364	(108,315)	1,413,468	1,298,011
Net assets released from restrictions used for operations									
Satisfaction of program restrictions	—	1,721	258	—	—	65	—	2,044	2,780
Expiration of time restrictions	—	142	—	—	—	—	—	142	133
Total net assets released from restrictions used for operations	—	1,863	258	—	—	65	—	2,186	2,913
Total unrestricted revenues and other support	92,595	830,669	88,483	261,610	230,183	20,429	(108,315)	1,415,654	1,300,924
Operating expenses									
Salaries and wages	36,527	292,720	39,939	101,869	73,283	6,037	—	550,375	519,767
Employee benefits	10,277	77,353	8,418	26,477	23,903	1,520	(1,060)	146,888	111,761
Total salaries, wages, and benefits	46,804	370,073	48,357	128,346	97,186	7,557	(1,060)	697,263	631,528
Physician fees	—	17,674	212	4,001	9,320	—	—	31,207	30,570
Professional services	282	11,047	606	3,275	2,059	194	—	17,463	15,973
Other services	38,136	159,206	16,790	46,162	40,835	5,962	(99,221)	207,870	171,469
Leases, insurance, and utilities	3,146	24,319	3,076	10,896	10,219	7,129	(8,034)	50,751	46,384
Supplies and other	241	166,248	10,981	46,158	52,437	378	—	276,443	257,758
Depreciation and amortization	19,224	32,194	4,410	12,447	15,642	181	—	84,098	79,153
Interest	587	10,555	801	6,276	7,602	—	—	25,821	26,537
Other	113	1,243	—	317	587	518	—	2,778	3,133
Total operating expenses	108,533	792,559	85,233	257,878	233,887	21,919	(108,315)	1,393,694	1,262,505
Operating income (loss)	(15,938)	38,110	3,250	3,732	(3,704)	(1,490)	—	21,960	38,419

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Consolidating Schedule — Statement of Operations Information

Year ended June 30, 2013

(with comparative totals for the year ended June 30, 2012)

(In thousands)

	Franciscan Missionaries of Our Lady Health System, Inc.	Our Lady of the Lake Regional Medical Center, Inc. and affiliated organizations	St. Elizabeth Hospital	St. Francis Medical Center Inc. and subsidiaries	Our Lady of Lourdes Regional Medical Center, Inc. and subsidiaries	Others	Eliminations	2013	2012
Nonoperating gains (losses)									
Investment return	\$ 24	51,041	562	16,626	1,459	326		70,038	(5,332)
Other	—	(5,540)	(268)	(1,750)	(2,964)	206		(10,316)	(3,743)
Change in fair value of interest rate swap agreement	10,040							10,040	(14,118)
Total nonoperating gains (losses), net	10,064	45,501	294	14,876	(1,505)	532		69,762	(23,193)
Unrestricted revenues, gains, and other support in excess (less than) expenses and losses	(5,874)	83,611	3,544	18,608	(7,209)	(958)		91,722	15,226
Noncontrolling interests	—	(979)	15		(1,605)			(2,569)	(3,126)
Unrestricted revenues, gains, and other support in excess of (less than) expenses and losses attributable to FMOLHS	(5,874)	82,632	3,559	18,608	(8,814)	(958)		89,153	12,100
Capital transfers (to) from FMOLHS	26,974	(16,771)	(1,947)	(5,470)	(2,706)		(80)		—
Pension-related changes other than net periodic pension cost		47,005		9,083	11,650			67,738	(124,981)
Other	(2)	(635)	(5)		(3)		80	(565)	(1,848)
Increase (decrease) in unrestricted net assets	\$ 21,098	112,231	1,607	22,221	127	(958)		156,326	(114,729)

See accompanying independent auditors' report

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Consolidating Schedule – Statement of Changes in Net Assets Information

Year ended June 30, 2013

(with comparative totals for the year ended June 30, 2012)

(In thousands)

	Franciscan Missionaries of Our Lady Health System, Inc.	Our Lady of the Lake Hospital, Inc. and Affiliated Organizations	St. Elizabeth Hospital	St. Francis Medical Center Inc. and subsidiaries	Our Lady of Lourdes Regional Medical Center, Inc. and subsidiaries	Others	Eliminations	2013	2012
Change in unrestricted net assets									
Unrestricted revenues, gains, and other support in excess of (less than) expenses and losses attributable to FMOLHS	\$ (5,874)	82,632	3,559	18,608	(8,814)	(958)	—	89,153	12,100
Capital transfers (to) from FMOLHS	26,974	(16,771)	(1,947)	(5,470)	(2,706)	—	(80)	—	—
Pension-related changes other than net periodic pension cost	—	47,005	—	9,083	11,650	—	80	67,738	(124,981)
Other	(2)	(635)	(5)	—	(3)	—	—	(565)	(1,848)
	21,098	112,231	1,607	22,221	127	(958)	—	156,326	(114,729)
Increase (decrease) in unrestricted net assets									
Changes in temporarily restricted net assets									
Contributions	—	7,631	215	—	369	82	—	8,297	5,062
Income from long-term investments, net	—	—	—	5	—	—	—	5	1
Net unrealized and realized losses on investments, net	—	—	—	—	—	—	—	—	15
Net assets released from restrictions	—	(1,863)	(258)	—	—	(65)	—	(2,186)	(2,913)
Acquired net assets	—	—	—	—	—	—	—	—	28
Other	2	97	—	—	210	—	—	309	—
	2	5,865	(43)	5	579	17	—	6,425	2,193
Increase (decrease) in temporarily restricted net assets									
Changes in permanently restricted net assets									
Changes in noncontrolling interest	—	—	—	—	(210)	—	—	(210)	(6)
Unrestricted revenues, gains, and other support in excess of expenses and losses attributable to FMOLHS	—	979	(15)	—	1,605	—	—	2,569	3,126
Distributions	—	(421)	—	—	(1,851)	—	—	(2,272)	(5,183)
Sale of noncontrolling interests	—	—	—	—	—	—	—	—	(1,066)
Acquired noncontrolling interest	—	15,838	—	—	—	—	—	15,838	—
Other	—	—	10	—	2	—	—	12	—
	—	16,396	(5)	—	(244)	—	—	16,147	(3,123)
Changes in noncontrolling interest									
Increase (decrease) in net assets	21,100	134,492	1,559	22,226	252	(~41)	—	178,688	(115,665)
Net assets, beginning of year	20,271	755,378	62,957	131,120	128,338	2,666	(1,773)	1,098,957	1,214,622
Net assets, end of year	\$ 41,371	\$ 889,870	\$ 64,516	\$ 153,346	\$ 128,590	\$ 1,725	\$ (1,773)	\$ 1,277,645	\$ 1,098,957

See accompanying independent auditors' report.

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Service to the Community (Unaudited)

June 30, 2013 and 2012

FMOLHS and the FMOLHS Affiliates are active, caring members of the communities they serve. In carrying out its mission of meeting the health needs of the people of God, the Board of Directors has established a policy under which FMOLHS Affiliates provide care to needy members of their communities. Following that policy, healthcare services costing \$13,734 and \$11,216 were provided without charge during the years ended June 30, 2013 and 2012, respectively. Charges foregone, based on established rates, totaled \$38,576 and \$30,305 for the years ended June 30, 2013 and 2012, respectively.

The FMOLHS Affiliates also participate in government programs including Medicare, Medicaid, and the TriCare program. Under these programs, the FMOLHS Affiliates provide care to patients at payment rates that are determined by the federal and state governments, regardless of actual cost. In some cases, these programs pay the FMOLHS Affiliates at amounts, which are less than their cost of providing services. The following table summarizes the amount of charges foregone (i.e., contractual adjustments) and the estimated losses incurred by the FMOLHS Affiliates due to inadequate payments by these programs and for charity for the years ended June 30, 2013 and 2012:

	2013		2012	
	Charges foregone	Estimated unreimbursed costs	Charges foregone	Estimated unreimbursed costs
Medicare	\$ 850,192	72,837	804,845	82,204
Medicaid	319,104	66,635	316,398	59,084
Other	8,322	2,332	6,713	1,544
Charity	38,576	13,734	30,305	11,216
	<u>\$ 1,216,194</u>	<u>155,538</u>	<u>1,158,261</u>	<u>154,048</u>

In addition to community services directly associated with providing hospital-based care, FMOLHS Affiliates serve their communities in numerous other ways. Although the FMOLHS Affiliates have estimated the cost of each of these efforts to serve their communities, management and the Boards of Directors believe that such costs represent only some of the many ways FMOLHS Affiliates serve their communities. The estimated costs for the years ended June 30, 2013 and 2012 are as follows:

	Net community benefit expense	
	2013	2012
Subsidized health services	\$ 11,154	27,985
Community health improvement services	2,590	3,504
Health professions education	6,849	7,474
Community building activities	610	1,212
Donations or in-kind contributions	4,449	1,419
Total	<u>\$ 25,652</u>	<u>41,594</u>

**FRANCISCAN MISSIONARIES OF OUR LADY HEALTH
SYSTEM, INC. AND AFFILIATED ORGANIZATIONS**

Service to the Community (Unaudited)

June 30, 2013 and 2012

Subsidized health services - Includes the discount provided, at cost, to all patients that have no form of insurance coverage. Programs such as St. Elizabeth Community Clinic, Scott Family Clinic, and St. Bernadette's Clinic. Outreach programs include Franciscan House, an adult day healthcare facility. Mental health services and palliative care are also provided to the community.

Community health improvement services – Includes activities carried out to improve community health and costs, which are underwritten by FMOLHS Affiliates. These services include Camp Bluebird, Lafayette Community Healthcare Clinic, a medication program, Congregational Health Services, Northside High School Health Center, community seminars, immunological support, parish nurse program, LakeLine Direct, St. Martha Activity Center, Care Bus health services to students, and depression/anxiety screening.

Health professions education – Includes assistance to future healthcare professionals, nursing students, and pharmacy students. Clinical setting for undergraduate, vocational training, internships, clerkships, and residencies. Collaboration with local colleges for supervision and clinical training in pharmacy, respiratory therapy, health information management, and medical technology. Registered nurse recruitment activities. OLOL College, and participation in Medicare's Graduate Medical Education through affiliation with Louisiana Medical School and Medical Center of Louisiana at New Orleans will continue to support availability of future healthcare professionals.

Community building activities – Includes leadership development and training for community members such as emergency preparedness programs; community health education such as classes on breast feeding, childbirth basics, sibling class, and ABC's of childcare; community support with Meals on Wheels; community-based clinical services, including health screenings, discounted services provided to Louisiana Baptist Children's Home, Veteran's Administration, Rural Hospitals, ULM Athletic Department, MDA, Wellspring, and Handicap Children; workforce development, including Area Health Education Center; and provides community clinics, St. Vincent DePaul Charitable Pharmacy and Mary Bird Perkins use of land and buildings.

Donations and in kind contributions – Includes donations to various area community organizations such as United Way. Families Helping Families, Children's Coalition, Wellspring, YMCA, Haiti Project, Prevent Child Abuse, Komen Foundation, Alzheimer's Foundation, March of Dimes, Junior Achievement, Cystic Fibrosis, Community Fund for the Arts, Miles Perret Cancer Foundation, and American Heart Association. Provides office space for The Family Tree Parenting Center, as well as employee costs associated with board and community involvement in various community organizations.